

# **Wafangdian Bearing Co., LTD**

2023 Midyear Report

2023-24



August 2023

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

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

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

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

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

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

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

## **File directory for future reference**

- (1) The 2023 half-year financial statement of the Company containing the signature and seal of the legal representative, the person in charge of accounting and the person in charge of accounting;**
- (2) the semi-annual report containing the signature of the legal representative of the company;**
- (3) Originals of all documents of the company publicly disclosed in newspapers designated by the CSRC during the reporting period and manuscripts of announcements.**

## Glossary

<b>Terms</b>	<b>Defined as</b>	<b>Description</b>
Company,the Company	<b>Defined as</b>	Wafangdian Bearing Company Limited
Wazhou Group	<b>Defined as</b>	Wafangdian Bearing Group Company
the report period, the current period	<b>Defined as</b>	January 1,2023–June 30,2023
Liaozhou Co.,Ltd	<b>Defined as</b>	Wazhou Liaoyang Bearing Manufacture Co.,Ltd
Dalian motor	<b>Defined as</b>	Dalian motor Bearing Co.,Ltd
SRB company	<b>Defined as</b>	Wazhou spherial roller bearing company limited
The Board of Directors	<b>Defined as</b>	Wafangdian Bearing Company Limited The Board of Directors
The Supervisory Committee	<b>Defined as</b>	Wafangdian Bearing Company Limited The Supervisory Committee
The Shareholders' Meeting	<b>Defined as</b>	Wafangdian Bearing Company Limited The Shareholders' Meeting
SZSE	<b>Defined as</b>	Shen Zhen Stock Exchange
SRC	<b>Defined as</b>	China Securities Regulatory Commission

## Chapter II. Company Profile

### I. Company Information

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

### II. Contacts

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

### III. Other information

#### 1. Company contact information

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

Applicable  Inapplicable

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

#### 2. Information disclosure and storage location

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

Applicable  Inapplicable

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

#### 3. Other relevant information

Whether other relevant information has changed during the reporting period

Applicable  Inapplicable

### IV. Main accounting data and financial indicators

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

Yes  No

	current period	previous period	+/-comparing with the previous period
Operating income (yuan)	1,252,039,349.60	1,085,817,104.92	15.31%
Net profit attributable to shareholders of the listed company (Yuan)	-35,377,661.16	-37,455,779.00	5.55%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (Yuan)	-44,830,403.75	-48,678,502.01	7.91%

Net cash flow from operating activities (Yuan)	-223,238,650.68	-13,585,174.40	-1,543.25%
Basic earnings per share (Yuan/share)	-0.0879	-0.0930	5.48%
Diluted earnings per share (Yuan/share)	-0.0879	-0.0930	5.48%
Weighted average return on equity	-7.78%	-6.35%	-1.43%
	current period	previous period	+/-comparing with the previous period
Total assets (yuan)	3,368,849,796.70	3,324,777,599.86	1.33%
Net assets attributable to shareholders of the listed company (Yuan)	438,828,562.62	470,302,993.46	-6.69%

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

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

Applicable  Inapplicable

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

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

Applicable  Inapplicable

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

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

Applicable  Inapplicable

In RMB Yuan

Items	Amount	Remarks
Non-current asset disposal gains and losses (including the write-off portion of the asset impairment provision)	817,370.49	
Government subsidies included in the current profits and losses (closely related to the business of the enterprise, except the government subsidies enjoyed in accordance with the national unified standard quota or quantitative)	3,473,971.34	
Debt restructuring gains and losses	4,328,977.57	
In addition to the normal business of the company effective hedging related business, tradable financial assets, derivative financial assets, tradable financial liabilities, changes in the fair value of the derivative financial liabilities to generate profits and losses, as well as the disposal of tradable financial assets, derivative financial assets, tradable financial liabilities, derivative financial liabilities and other creditor's rights investment returns	-27,735.32	
Non-operating income and expenses other than those mentioned above	543,960.73	
Other items of profit or loss that meet the definition of non-recurring profit or loss	2,000,000.00	
Less: income tax impact	1,683,802.22	
A combined	9,452,742.59	

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

Applicable  Not applicable

The current period received a dividend of 2 million yuan to Aimuyi Company.

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

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

Applicable  Not applicable

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

## Chapter III Management Discussion and analysis

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

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

### II. core competitiveness analysis

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

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

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

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

### III. Analysis of main business

An overview of the

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

Major financial data year-on-year changes

In RMB Yuan

	the current reporting period	Same period last year	(+/-) Compared with the same period last year	Cause of change
Operating income	1,252,039,349.60	1,085,817,104.92	15.31%	
Operating cost	1,066,462,907.57	915,897,528.27	16.44%	
Cost of sales	71,609,173.67	62,863,485.66	13.91%	
Management fees	54,076,395.99	49,468,091.40	9.32%	
Finance charges	17,137,347.89	18,083,986.81	-5.23%	
Income tax expense				
R&d spending	82,574,853.76	84,475,472.06	-2.25%	
Net cash flow from operating	-223,238,650.68	-13,585,174.40		Notes payable for the purchase of goods or services are due to

activities				pay larger monetary funds
Net cash flow from investing activities	-1,311,391.74	-733,295.01		The monetary funds for the purchase and construction of fixed assets were 3.31 million yuan, an increase of 910,000 yuan year-on-year. The cash inflow from investment activities increased by only 330,000 yuan
Net cash flow from financing activities	131,776,033.63	55,698,567.60	136.59%	Other net cash expenditures related to fundraising increased significantly year over year
Net increase in cash and cash equivalents	-90,359,882.17	42,245,002.93	-313.89%	The net cash flow from operating activities decreased significantly year on year

The composition or source of profit of the company during the reporting period has undergone major changes

Applicable  Not applicable

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

Composition of operating revenue

In RMB Yuan

	the current reporting period		Same period last year		(+/-) Compared with the same period last year
	Amount	Proportion of operating income	Amount	Proportion of operating income	
Total operating Revenue	1,252,039,349.60	100%	1,085,817,104.92	100%	15.31%
Industry-classified					
exit	115,875,716.37	9.25%	82,629,445.62	7.61%	40.24%
Traffic bearing	179,186,730.00	14.31%	222,735,286.82	20.51%	-19.55%
Special bearings	342,251,809.44	27.34%	114,520,039.71	10.55%	198.86%
General bearing	466,565,979.15	37.26%	537,584,763.94	49.51%	-13.21%
Industrial operation	36,937,561.61	2.95%	22,221,619.62	2.05%	66.22%
Other business income	111,221,553.03	8.88%	106,125,949.21	9.77%	4.80%
Products-classified					
bearing	1,103,880,234.96	88.17%	957,469,536.09	88.18%	15.29%
Industrial operation	36,937,561.61	2.95%	22,221,619.62	2.05%	66.22%
Other business income	111,221,553.03	8.88%	106,125,949.21	9.77%	4.80%
Region-classified					
domestic	1,136,163,633.23	90.75%	1,003,187,659.30	92.39%	13.26%
foreign	115,875,716.37	9.25%	82,629,445.62	7.61%	40.24%

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

Applicable  Not applicable

In RMB Yuan

	Operating income	Operating cost	Gross profit margin	Operating income compared with the same period last year	Operating costs increased or decreased compared to the same period of the previous year	Gross profit margin increased or decreased compared to the same period of the previous year

Industry-classified						
exit	115,875,716.37	110,069,348.12	5.01%	40.24%	41.36%	-0.76%
domestic	988,004,518.59	846,917,318.02	14.28%	12.94%	14.55%	-1.21%
Among them: traffic bearings	179,186,730.00	142,120,091.00	20.69%	-19.55%	-29.65%	11.39%
Special bearings	342,251,809.44	287,423,727.95	16.02%	198.86%	166.51%	10.19%
General bearing	466,565,979.15	417,373,499.07	10.54%	-13.21%	-2.82%	-9.57%
The bearing	148,159,114.64	109,476,241.43	26.11%	15.44%	10.95%	2.99%
Points products						
bearing	1,103,880,234.96	956,986,666.14	13.31%	15.29%	17.10%	-1.34%
The bearing	148,159,114.64	109,476,241.43	26.11%	15.44%	10.95%	2.99%
Points in						
domestic	1,136,163,633.23	956,393,559.45	15.82%	13.26%	14.12%	-0.64%
foreign	115,875,716.37	110,069,348.12	5.01%	40.24%	41.36%	-0.76%

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

Applicable  Not applicable

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

Applicable  Not applicable

#### V. Analysis of assets and liabilities

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

In RMB Yuan

	the current reporting period		Same period last year		The proportion of increase and decrease	Note on Major Changes
	Amount	Proportion of operating income	Amount	Proportion of operating income		
Monetary funds	246,695,745.57	7.32%	330,746,706.88	9.95%	-2.63%	
Accounts receivable	1,184,537,062.12	35.16%	1,136,295,329.59	34.18%	0.98%	
Contract assets			601,375.84		0.00%	
stock	669,733,492.85	19.88%	646,619,143.91	19.45%	0.43%	
Investment real estate	64,996,601.13	1.93%	67,211,806.69	2.02%	-0.09%	
Long-term equity investment					0.00%	
Fixed assets	423,297,598.59	12.57%	391,769,315.64	11.78%	0.79%	
Construction in progress	56,362,047.31	1.67%	81,891,139.54	2.46%	-0.79%	
Usufruct assets		0.00%			0.00%	
Short-term loan	598,000,000.00	17.75%	699,000,000.00	21.02%	-3.27%	
Contractual liability	32,782,316.67	0.97%	30,449,983.07	0.92%	0.05%	
Long-term loan	100,000,000.00	2.97%			2.97%	
Lease liability		0.00%			0.00%	

##### 2. Main overseas assets

Applicable  Inapplicable

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

Applicable  Inapplicable

In RMB Yuan

item	Opening balance	Changes in fair value for the current period	Changes in the accumulated fair value of an equity	Impairment of the current period	Current purchase amount	Current sale amount	Other changes	item
Financial assets								
1. Transactional financial assets (excluding derivative financial assets)	243,454.50	-27,735.32	-351,314.12	0.00	0.00	0.00	0.00	215,719.18
4. Investment in other equity instruments	11,926,856.64							11,926,856.64
Subtotal of financial assets	12,170,311.14	-27,735.32	-351,314.12	0.00	0.00	0.00	0.00	12,142,575.82
other			0.00	0.00	0.00	0.00		
Financing of receivables	30,996,930.63	0.00	0.00	0.00	0.00	0.00	45,079,066.61	76,075,997.24
Above total	43,167,241.77	-27,735.32	-351,314.12	0.00	0.00	0.00	45,079,066.61	88,218,573.06
Financial liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Other changes

none

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

Yes  No

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

None

## VI. Analysis of investment status

### 1. The general situation

Applicable  Inapplicable

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

Applicable  Inapplicable

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

Applicable  Inapplicable

### 4. Investment in financial assets

#### (1) Securities investment

In RMB Yuan

Varieties of securities	Stock code	The securities referred to as"	Initial investment cost	Accounting measurement model	Opening book value	Change in fair value for the current period	Changes in the cumulative fair value of	Current purchase amount	Current sale amount	Reporting period profit and loss	Ending book value	Accounting subject	Sources of funding
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							equity						
Domes tic and foreign stocks	60100 5	Chong qing iron and steel	567,03 3.30	Fair value measu rement	243,45 4.50	- 27,735 .32	- 351,31 4.12	0.00	0.00	- 27,735 .32	215,71 9.18	Transa ctional financi al assets	debt- for- equity
Total			567,03 3.30	--	243,45 4.50	- 27,735 .32	- 351,31 4.12	0.00	0.00	- 27,735 .32	215,71 9.18	--	--

## (2) Derivative investment

Applicable  Inapplicable

There were no derivatives investments during the reporting period.

**5. Use of raised funds**

Applicable  Not applicable

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

**VII Sale of major assets and shares**

## 1. Sale of major assets

Applicable  Inapplicable

No significant assets were sold during the reporting period.

## 2. Sale of major equity

Applicable  Inapplicable

**VII. Analysis of major holding companies**

Applicable  Inapplicable

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

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

In RMB Yuan

The name of the company	The company type	The main business	The registered capital	Total assets	Net worth	Operating income	Operating profit	Net profit
Wazhou liaoyang bearing manufacturing co., LTD	subsidiary	Production and sales of bearings and machinery manufacturing	193500000	273,950,078.20	-67,154,565.07	92,643,873.25	-1,053,676.47	-1,063,976.47
Dalian wazhou precision motor car bearing co., LTD	subsidiary	Production and sales of bearings and machinery manufacturing	10,000,000.00	188,109,815.45	-60,970,017.35	94,270,719.28	-13,864,318.43	-13,883,149.63
Wazhou precision spherical roller bearings (wafangdian) co., LTD	subsidiary	Production and sales of bearings and machinery manufacturing	194,000,000.00	321,307,121.10	139,627,331.14	128,187,874.18	-16,543,133.90	-16,551,778.07

## Acquisition and disposal of subsidiaries during the reporting period

Applicable  Not applicable

Description of main holding companies

**IX. Structured subjects controlled by the company**

Applicable  Inapplicable

**X. Risks faced by the Company and countermeasures**

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

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

**Chapter IV Corporate governance****I. The relevant annual general meeting and extraordinary general meeting held in the report period**

i. Shareholders' General Meeting in the report period

Meeting session	Type	Investor participation ratio	Meeting Date	Disclosure Date	Disclosure index
2022 Annual shareholders' Meeting	Annual shareholders' Meeting	80.30%	2022.05.31	2022.06.01	

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

Applicable  Inapplicable

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

Applicable  Inapplicable

Name	Position	Type	Date	Cause
Liu Yuping	Independent director	elected	May 31, 2023	elected
Zhang Yinghua	supervisor	elected	May 31, 2023	elected
Liang Shuang	Independent director	Leave office at the end of a term	May 31, 2023	Leave office at the end of a term
Wang Lin	supervisor	Leave one's post	April 10th, 2023	Leave one's post

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

Applicable  Inapplicable

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

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

Applicable  Inapplicable

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

## Chapter V Environmental and social responsibility

### I. Major environmental issues

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

Yes  No

Environmental protection related policies and industry standards

Comprehensive Emission Standard for Air Pollution (GB16297-1996)

Liaoning Province Sewage Comprehensive Discharge Standard (DB21-1627-2008)

Comprehensive Sewage Discharge Standard (GB8978-1996)

Non-organized Emission Control Standard for Volatile Organic Compounds (GB37822-2019)

Environmental protection administrative licensing situation

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

(The new version of the pollutant discharge permit has been completed on schedule and issued by Jinpu Ecological Environment Bureau after collective printing.)

Name of company or subsidiary	Types of main pollutants and characteristic pollutants	Name of major pollutants and characteristic pollutants	Discharge mode	Number of outfalls	Discharge outlet distribution	Emission concentration/intensity	Implementation of pollutant discharge standards	Total emission	Approved emissions total	Excessive condition	emission
Dalian Wazhou precision motor automobile bearing Co., LTD	NOx, other characteristic pollutants (non-methane total hydrocarbons,	Clean the exhaust gas and oil smoke	Organized, unorganized	5	The assembly workshop has 4 atmospheric discharge ports, and the canteen has 1 discharge port	Total non-methane hydrocarbon 19.7mg/m <sup>3</sup> oil fume 0.6mg/m <sup>3</sup>	Total non-methane hydrocarbon 120mg/Nm, oil fume 2.0mg/Nm, nitrogen oxide 240mg/Nm, hydrogen chloride 100mg/Nm, total non-methane hydrocarbon 4mg/Nm	74.46ton	none	none	

**Treatment of pollutants**

After centralized collection, the collection system is processed by 4 sets of oil mist essence devices, and the oil pollution purification device adopts centrifugal and filtration separation technology.

**Emergency plan for environmental emergencies**

The emergency plan for environmental emergencies shall be filed in the Ecological Environment Bureau of Jinpu New District (Jinzhou) of Dalian City.

File No. 210213S2020003-L

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

No sewage charges are required for quarterly declarations

**Environmental self-monitoring programme**

The subsidiary has developed an environmental self-monitoring program, and the self-monitoring program 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."

Administrative punishment for environmental problems during the reporting period

None

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

Applicable  Not applicable

(1) Adjust and optimize the energy structure closely around the dual-carbon strategy.

In the first half of the year, in the power market to seek high-quality electricity sales enterprises to cooperate, while through the power market to obtain wind power 10%, nuclear power 20%, clean energy utilization rate reached 30%, an increase of 25%, carbon emission level compared with the same period reduced by 10.25%. Breaking new records for clean energy use while further reducing fossil fuels. Laying a solid foundation for a carbon neutral strategy.

(2) Continue to promote photovoltaic power generation projects to achieve clean energy access diversification.

At the beginning of the year, we completed the energy management contract for the rooftop distributed photovoltaic power generation project of the North plant signed with the State Power Investment Group. In the first half of the year, we completed the design of the plant reinforcement work plan, and organized relevant units and departments to discuss the plan. In addition, the feasibility study of the rooftop photovoltaic power generation project outside the North district was carried out with Guoheng Company. The smooth implementation of photovoltaic projects provides a number of effective ways for the company to obtain clean energy and achieve diversified access to clean energy.

(3) Strengthen the cooperation of "green electricity and green certificate" institutions to provide a strong guarantee for green electricity qualification.

At the beginning of the year, China Power Investment Group, Huaneng Group and Guodian Group respectively carried out the supply cooperation intention on green electricity green certificate. Several power supply units can provide green electricity and green certificate services when needed in the future, providing a strong guarantee for the future cooperation with suppliers and customers to build a low-carbon and clean industrial chain.

(4) Strengthen the operation of the energy management system to ensure the external audit and certification.

In the first half of the year, the company communicated with a number of units with energy management system construction qualifications, and put forward a number of constructive suggestions for the company to establish an energy management system. At the same time, the company conducted demand research with import and export companies, marketing departments and other departments, further clarified the necessity of establishing an international recognition of energy management system, and provided a basis for the next step of system certification bidding.

Reasons for not disclosing other environmental information

There is no

## II. Social responsibility

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

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

## Chapter VI Significant Events

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

Applicable  Inapplicable

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

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

Applicable  Inapplicable

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

### III. Foreign guarantee in violation of regulations

Applicable  Inapplicable

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

### IV. Employment and dismissal of accounting firms

Whether the semi-annual financial report has been audited

Yes  No

The company's semi-annual report is unaudited.

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

Applicable  Inapplicable

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

Applicable  Inapplicable

### VII. Bankruptcy reorganization related matters

Applicable  Inapplicable

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

### VIII. Litigation Matters

Major litigation and arbitration matters

Applicable  Inapplicable

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

Other Litigation matters

Applicable  Inapplicable

### IX. Punishment and rectification

Applicable  Inapplicable

There is no punishment or rectification in the reporting period.

### X. The integrity status of the company and its controlling shareholders and actual controllers

Applicable  Inapplicable

### XI. Major related Party Transactions

#### 1. Related party transactions related to daily operations

Applicable  Inapplicable

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

Applicable  Inapplicable

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

#### 3. Related party transactions of joint foreign investment

Applicable  Inapplicable

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

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

Applicable  Inapplicable

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

Yes  No

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

#### 5. Dealings with related financial companies

Applicable  Inapplicable

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

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

Applicable  Inapplicable

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

#### 7. Other significant related party transactions

Applicable  Inapplicable

For the routine related party transactions, please refer to "Wafangdian Bearing Co., LTD. 's Announcement on the Expected Daily Related Party Transactions in 2023" disclosed by the Company on Juchao Information Network on April 28, 2023 and Section 10, Section 12, "Related Parties and Related Transactions" 5 "Related Party Transactions" of this report.

### XII. Major contracts and their performance

## **1. trusteeship, contracting, leasing matters**

### **(1) Trusteeship**

Applicable  Inapplicable

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

### **(2) Contracting situation**

Applicable  Inapplicable

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

### **(3) Leasing situation**

Applicable  Inapplicable

Lease information

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

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

Applicable  Not applicable

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

## **2. Material guarantee**

Applicable  Not applicable

There is no major guarantee during the reporting period.

## **3. Entrust financial management**

Applicable  Not applicable

There is no entrusted financial management during the reporting period.

## **4. Other major contracts**

Applicable  Not applicable

There are no other major contracts in the reporting period.

## **XII. Explanation of other major matters**

Applicable  Not applicable

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

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

Applicable  Not applicable

## Chapter VII Change of Shares and Particulars about Shareholders

### I. Changes in shares

#### 1. Changes in shares

Unit:share

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

Reasons for changes in shares

 Applicable  Inapplicable

Approval of changes in shares

 Applicable  Inapplicable

Changes in ownership of shares

 Applicable  Inapplicable

Implementation progress of share repurchase

 Applicable  Inapplicable

The implementation progress of share repurchase by means of collective bidding

 Applicable  Inapplicable

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

 Applicable  Inapplicable

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

Applicable  Inapplicable

## 2. Changes in restricted shares

Applicable  Inapplicable

## II. Securities issuance and listing

Applicable  Inapplicable

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

Unit:share

Total number of common shareholders at the end of reporting period		5,281	Total number of preferred shareholders with voting rights restored at the reporting End (if any) (see Note 8)		0			
Shares held by common shareholders holding more than 5% or the top 10 common shareholders								
Shareholder's name	Nature of the shareholders	stake	Number of common shares held at the end of the reporting period	Changes in the reporting period	Number of unlisted and tradable ordinary shares held	Number of listed and tradable ordinary shares held	The condition of a pledge, mark, or freeze	
							Shares in state	The number of
Wafangdian Bearing Group Co., Ltd.	State-owned legal person	60.61%	244,000,000		244,000,000			
AKTIEBOLAGET SKF	Foreign legal person	19.70%	79,300,000			79,300,000		
China Merchants Securities Hong Kong Limited	State-owned legal person	2.23%	8,962,695			8,962,695		
Huang Junyue	Domestic natural person	1.81%	7,302,709			7,302,709		
Hu Xiaofeng	Domestic natural person	0.47%	1,879,277			1,879,277		
BOCI SECURITIES LIMITED	Foreign legal person	0.33%	1,310,000			1,310,000		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.26%	1,037,111			1,037,111		
Meng Qingliang	Domestic natural person	0.24%	966,048			966,048		
Jin Yunhua	Domestic natural person	0.18%	727,900			727,900		
MAN,KWAI WING 文贵荣	Foreign natural person	0.18%	713,101			713,101		
Situations in which strategic investors or general legal persons are among the top 10 common shareholders due to the placement of new shares (if any) (see Note 3)	There is no							
A statement of such shareholder association or concerted action	Among the top ten shareholders of the company, there is no related relationship or concerted action between the largest shareholder and other shareholders, and the top ten shareholders of tradable shares. The related relationship and concerted action between other shareholders, the top ten shareholders of tradable shares and the top ten shareholders of tradable shares and other shareholders is unknown.							
The above shareholders involved in the trustee/trustee voting rights, waiver of voting rights of the explanation	There is no							

Special description of the existence of a repurchase account among the top 10 shareholders (if any) (see Note 11)	There is no		
The shareholding of the top 10 outstanding common shareholders			
Shareholder's name	Number of listed and circulating common shares held at the end of the report	Stake species	
		Stake species	The number of
AKTIEBOLAGET SKF	79,300,000	B	79,300,000
China Merchants Securities Hong Kong Limited	8,962,695	B	8,962,695
Huang Junyue	7,302,709	B	7,302,709
Hu Xiaofeng	1,879,277	B	1,879,277
BOCI SECURITIES LIMITED	1,310,000	B	1,310,000
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	1,037,111	B	1,037,111
Meng Qingliang	966,048	B	966,048
Jin Yunhua	727,900	B	727,900
MAN,KWAI WING 文贵荣	713,101	B	713,101
Jiang Guangsen	687,900	B	687,900
A description of the association or concerted action between the top 10 Unlimited-Sale common shareholders and the top 10 Unlimited-Sale Common Shareholders and the top 10 Common Shareholders	Among the top ten shareholders of the company, there is no related relationship or concerted action between the largest shareholder and other shareholders, and the top ten shareholders of tradable shares. The related relationship and concerted action between other shareholders, the top ten shareholders of tradable shares and the top ten shareholders of tradable shares and other shareholders is unknown.		
Description of Top 10 Common Shareholders Participating in Margin Trading (if any) (see Note 4)	There is no		

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

Yes  No

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

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

### personnel

Applicable  Inapplicable

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

## V.Change of controlling shareholder or actual controller

Change of controlling shareholder during reporting period

Applicable  Inapplicable

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

Actual controller changes during the reporting period

Applicable  Inapplicable

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

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

Applicable  Inapplicable

No preferred stock existed at the reporting period.

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

Applicable  Inapplicable

## Chapter X Financial Reports

### I. Audit report

Whether the semiannual report is audited

Yes  No

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

### II. Financial statements

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

#### 1. Consolidated balance sheet

Establishment unit: Wafangdian Bearing Co., LTD

In RMB Yuan

Item	2023.6.30	2023.1.1
Current Assets:		
Monetary fund	246,695,745.57	330,746,706.88
Provision for settlement		
Lending money,		
Trading financial assets	215,719.18	243,454.50
Derivative financial assets		
Notes receivable	483,020,714.60	469,784,593.61
Accounts receivable	1,184,537,062.12	1,136,295,329.59
Financing of receivables	76,075,997.24	30,996,930.63
prepayments	40,861,834.86	52,901,066.01
Premiums receivable		
Reinsurance accounts receivable		
Reserves for reinsurance contracts receivable		
Other Accounts Receivable	13,550,871.27	10,555,282.33
Among them: interest receivable		
Dividends receivable		
Buy financial assets for resale		
inventory	669,733,492.85	646,619,143.91
Contract assets		601,375.84
Holding assets for sale		
Non-current assets due within one year		
Other current assets	20,958,305.30	15,681,599.83
Total current assets	2,735,649,742.99	2,694,425,483.13
Non-current assets:		
Make loans and advances		
Creditor's rights investment		
Other creditor's rights investment		

Long term receivables		
Long-term equity investment		
Investment in other equity instruments	11,926,856.64	11,926,856.64
Other non-current financial assets		
Investment real estate	64,996,601.13	67,211,806.69
Fixed assets	423,297,598.59	391,769,315.64
Projects under construction	56,362,047.31	81,891,139.54
Productive biological asset		
Oil and gas assets		
Assets for use		
Intangible assets	75,268,366.43	77,438,618.71
The development of spending goodwill		
Long-term deferred expenses	1,348,583.61	114,379.51
Deferred tax assets		
Other non-current assets		
Total non-current assets	633,200,053.71	630,352,116.73
Total assets	3,368,849,796.70	3,324,777,599.86
Current liabilities:		
Short-term borrowing	598,000,000.00	699,000,000.00
Borrow from the central bank		
Funds borrowed from		
Trading financial liabilities		
Derivative financial liability		
Notes payable	473,700,714.10	462,446,562.00
Accounts payable	1,389,154,471.02	1,300,975,034.72
Advance payment		
Contract liability	32,782,316.67	30,449,983.07
Sell to repurchase financial assets		
Absorb deposits and interbank deposits		
Agent buying and selling securities		
Acting underwriting securities		
Staff remuneration payable	17,419,046.73	46,797,303.83
Payable taxes	20,846,582.30	26,467,193.95
Other payables	194,520,164.51	180,459,153.26
Among them: interest payable		
Dividends payable		
Charges and commissions payable		
Reinsurance accounts payable		
Holding liabilities for sale		
Non-current liabilities due within one year		
Other current liabilities	4,255,853.73	4,294,078.63

Total current liabilities	2,730,679,149.06	2,750,889,309.46
Non-current Liabilities:		
Insurance contract reserve		
Long-term borrowing	100,000,000.00	
Bonds payable		
Among them: Preferred stock		
Sustainable debt		
Lease liability		
Long term payables	344,974.84	344,974.84
Long-term employee compensation payable		
Estimated debts	52,195,219.26	54,288,933.94
Deferred revenue	46,174,981.90	48,324,479.14
Deferred tax liability	626,909.02	626,909.02
Other non-current liabilities		
Total non-current liabilities	199,342,085.02	103,585,296.94
Total liabilities	2,930,021,234.08	2,854,474,606.40
Owner's equity:		
equity	402,600,000.00	402,600,000.00
Other equity instruments		
Among them: Preferred stock		
Sustainable debt		
Capital reserves	485,691,050.47	485,691,050.47
Minus: Treasury stock		
Other comprehensive income		
The special reserve	5,836,440.18	1,933,209.86
Surplus reserves	136,770,391.01	136,770,391.01
General risk provision		
Undistributed profit	-592,069,319.04	-556,691,657.88
Total owner's equity attributable to parent company	438,828,562.62	470,302,993.46
Minority shareholders' equity		
Total owners' equity	438,828,562.62	470,302,993.46
Total liabilities and equity	3,368,849,796.70	3,324,777,599.86

Chairman: Liu Jun

General Accountant : Sun Najuan

Accounting charger: Sun Xinyan

## 2. Balance sheet of parent company

In RMB Yuan

Item	2023.6.30	2023.1.1
Current Assets:		
Monetary fund	234,099,015.42	318,183,659.51
Trading financial assets	215,719.18	243,454.50
Derivative financial assets		
Notes receivable	370,299,330.21	364,368,224.60
Accounts receivable	1,155,873,920.00	1,091,791,757.46

Financing of receivables	75,425,997.24	29,782,015.63
prepayments	39,521,047.48	50,382,150.52
Other Accounts Receivable	301,418,628.46	326,487,410.20
Among them: interest receivable		
Dividends receivable	11,843,105.36	11,843,105.36
inventory	418,360,483.57	372,399,880.38
Contract assets		601,375.84
Holding assets for sale		
Non-current assets due within one year		
Other current assets	20,958,305.30	15,681,599.83
Total current assets	2,616,172,446.86	2,569,921,528.47
Non-current assets:		
Creditor's rights investment		
Other creditor's rights investment		
Long term receivables		
Long-term equity investment	225,693,897.67	225,693,897.67
Investment in other equity instruments	11,926,856.64	11,926,856.64
Other non-current financial assets		
Investment real estate	59,356,728.08	61,104,869.06
Fixed assets	271,563,993.17	246,219,058.48
Projects under construction	35,997,585.44	50,350,325.78
Productive biological asset		
Oil and gas assets		
Assets for use		
Intangible assets	60,505,793.84	62,341,050.02
The development of spending		
goodwill		
Long-term deferred expenses	1,348,583.61	114,379.51
Deferred tax assets		
Other non-current assets		
Total non-current assets	666,393,438.45	657,750,437.16
Total assets	3,282,565,885.31	3,227,671,965.63
Current liabilities:		
Short-term borrowing	598,000,000.00	699,000,000.00
Trading financial liabilities		
Derivative financial liability		
Notes payable	473,700,714.10	462,446,562.00
Accounts payable	1,146,600,846.34	1,086,746,790.62
Advance payment		
Contract liability	32,686,751.82	30,867,278.74
Staff remuneration payable	12,311,427.91	39,688,497.98
Payable taxes	17,891,378.97	17,639,022.52

Other payables	177,610,525.96	162,798,263.19
Among them: interest payable		
Dividends payable		
Holding liabilities for sale		
Non-current liabilities due within one year		
Other current liabilities	4,255,853.73	3,432,952.76
Total current liabilities	2,463,057,498.83	2,502,619,367.81
Non-current Liabilities:		
Long-term borrowing	100,000,000.00	
Bonds payable		
Among them: Preferred stock		
Sustainable debt		
Lease liability		
Long term payables	244,974.84	244,974.84
Long-term employee compensation payable		
Estimated debts	52,166,021.59	54,260,539.91
Deferred revenue	17,714,609.70	19,864,106.94
Deferred tax liability		
Other non-current liabilities		
Total non-current liabilities	170,125,606.13	74,369,621.69
Total liabilities	2,633,183,104.96	2,576,988,989.50
Owner's equity:		
equity	402,600,000.00	402,600,000.00
Other equity instruments		
Among them: Preferred stock		
Sustainable debt		
Capital reserves	485,678,443.26	485,678,443.26
Minus: Treasury stock		
Other comprehensive income		
The special reserve	3,085,981.39	441,390.04
Surplus reserves	136,770,391.01	136,770,391.01
Undistributed profit	-378,752,035.31	-374,807,248.18
Total owners' equity	649,382,780.35	650,682,976.13
Total liabilities and equity	3,282,565,885.31	3,227,671,965.63

### 3. Consolidated income statement

In RMB Yuan

project	Half year 2023	Half of 2022
I. Total operating income	1,252,039,349.60	1,085,817,104.92
Among them: operating income	1,252,039,349.60	1,085,817,104.92
Interest income		
The premium has been made		
Fee and commission income		

2. Total operating cost	1,298,813,216.40	1,137,250,489.49
Among them: operating cost	1,066,462,907.57	915,897,528.27
The interest payments		
Fees and commission expenses		
Surrender gold		
Net payout for claims		
Draw the net insurance liability reserve		
Policy bonus payout		
Reinsurance expenses		
Taxes and surcharges	6,952,537.52	6,461,925.29
Cost of sales	71,609,173.67	62,863,485.66
Management fees	54,076,395.99	49,468,091.40
Research and development costs	82,574,853.76	84,475,472.06
Finance charges	17,137,347.89	18,083,986.81
Among them: interest expense	14,529,197.00	16,136,493.70
Interest income	819,334.29	621,277.50
Plus: other benefits	3,473,971.34	4,020,036.02
Investment income (loss marked with "-")	6,328,977.57	3,841,851.38
Among them: income from investment in joint ventures and joint ventures		
Financial assets measured at amortized cost terminate recognition of earnings		
Exchange gain (marked with "-" for loss)		
Net exposure hedging gain (loss marked with "-")		
Income from change in fair value (marked with "-" for loss)	-27,735.32	-27,735.33
Credit impairment loss (marked with "-")	259,660.83	761,253.49
Asset impairment loss (marked with "-")		
Gain on disposal of assets (loss marked with "-")	827,119.70	1,916,580.72
3. Operating profit (loss marked with "-")	-35,911,872.68	-40,921,398.29
Plus: non-operating income	618,827.99	3,510,232.39
Less: non-operating expenses	84,616.47	44,613.10
Iv. Total profit (total loss marked with "-")	-35,377,661.16	-37,455,779.00
Less: Income tax expense		
V. Net profit (Net loss marked with "-")	-35,377,661.16	-37,455,779.00
(a) classification according to business continuity		
1. Net profit from continuing operations (net loss marked with "-")	-35,377,661.16	-37,455,779.00
2. Net profit from terminated operations (net loss marked with "-")		
(2) Classification according to ownership		
1. Net profit attributable to the owner of the parent company	-35,377,661.16	-37,455,779.00
2. Profit and loss of minority shareholders		
VI. Net after tax of other comprehensive income		
Net after tax of other comprehensive income attributable to owner of parent company		
(1) Other comprehensive income that cannot be reclassified into profit or loss		
1. Re-measure the amount of change in the set benefit plan		

2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. The fair value change of the enterprise's own credit risk		
5. Other		
(2) Other comprehensive income reclassified into profit and loss		
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. The amount of financial assets reclassified into other comprehensive income		
4. Provision for impairment of other creditor's rights investment credit		
5. Cash flow hedging reserve		
6. Translation difference of foreign currency financial statements		
7. Other		
Net after tax of other comprehensive income attributable to minority shareholders		
7. Total comprehensive income	-35,377,661.16	-37,455,779.00
Total comprehensive income attributable to owner of parent company	-35,377,661.16	-37,455,779.00
Total comprehensive income attributable to minority shareholders		
8. Earnings per Share		
(1) Basic earnings per share	-0.0879	-0.0930
(2) Diluted earnings per share	-0.0879	-0.0930

Chairman: Liu Jun

General Accountant : Sun Najuan

Accounting charger: Sun Xinyan

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

In RMB Yuan

ITEM	Half year 2023	Half of 2022
I. Operating income	1,269,357,840.79	1,107,035,197.98
Minus: Operating costs	1,069,068,985.86	930,698,932.84
Taxes and surcharges	5,582,719.99	5,640,635.84
Cost of sales	67,125,310.66	59,438,922.62
Management fees	44,197,962.91	39,762,798.70
Research and development costs	79,798,958.91	82,248,626.79
Finance charges	17,154,726.73	17,842,133.27
Including: interest expense	14,529,197.00	16,136,493.70
Interest income	791,227.98	583,954.05
Plus: Other benefits	3,446,353.19	3,643,789.38
Investment income (Loss marked with "-")	4,980,548.02	2,313,263.02
Among them: income from investment in joint ventures and joint ventures		
Income from termination of recognition of financial assets measured at amortized cost (loss is marked with "-")		
Net exposure hedging gain (loss marked with "-")		
Gains from changes in fair value (loss marked with "-")	-27,735.32	-27,735.33
Credit impairment loss (marked with "-")	259,660.83	760,946.12

Asset impairment loss (marked with "-")		
Income from asset disposal (marked with "-" for loss)	395,223.53	1,916,580.72
II. Operating profit (Loss marked with "-")	-4,516,774.02	-19,990,008.17
Add: non-operating income	613,959.19	2,838,150.86
Less: non-operating expenses	41,972.30	38,477.14
III. Total profit (Total loss marked with "-")	-3,944,787.13	-17,190,334.45
Less: income tax expense		
IV. Net Profit (Net loss marked with "-")	-3,944,787.13	-17,190,334.45
(1) Net profit from continuing operations (net loss marked with "-")	-3,944,787.13	-17,190,334.45
(2) Net profit from discontinued operations (net loss marked with "-")		
V. Net after-tax income of other comprehensive income		
(1) other comprehensive income that cannot be reclassified into profit or loss		
1. Remeasure the change amount of the set benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instruments		
4. Changes in fair value of the enterprise's own credit risk		
5. Other		
(2) other comprehensive income that is reclassified into profit and loss		
1. Other comprehensive income that can be converted to profit or loss under the equity method		
2. Changes in fair value of other creditor's rights investments		
3. The amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provisions for other debt investments		
5. Cash flow hedging reserves		
6. Foreign currency financial statements translation difference		
7. Other		
VI Total comprehensive income	-3,944,787.13	-17,190,334.45
VII. Earnings per Share:		
(1) Basic earnings per share	-0.0098	-0.0427
Diluted earnings per share	-0.0098	-0.0427

## 5. Consolidated cash flow statement

In RMB Yuan

project	Half year 2023	Half of 2022
I. Cash flow generated by operating activities:		
Cash received from selling goods and providing services	466,045,627.31	511,896,957.53
Net increase in customer deposits and interbank deposits		
Net increase in borrowing from central banks		
Net increase in funds borrowed from other financial institutions		
Cash obtained by receipt of premiums from the original insurance contract		
Net cash received for reinsurance operations		
Net increase in deposit and investment funds		

Cash that receives interest, charges and commissions		
Net increase in borrowed funds		
Net increase in funds for repurchase operations		
Net cash received from agents buying and selling securities		
Refund of taxes received	21,803,913.81	18,818,823.87
Other cash received in connection with operating activities	25,638,280.70	34,460,789.75
Subtotal of cash inflow from operating activities	513,487,821.82	565,176,571.15
Cash paid for goods and services	409,419,550.13	291,471,686.75
Net increase in customer loans and advances		
Net increase in deposits with central banks and interbank funds		
Cash for payment of claims under the original insurance contract		
Net increase in divestment funds		
Cash to pay interest, fees and commissions		
Cash to pay policy dividends		
Cash paid to and for employees	200,757,829.66	199,414,904.76
All taxes and fees paid	53,378,233.96	21,623,679.34
Other cash payments related to operating activities	73,170,858.75	66,251,474.70
Subtotal of cash outflow from operating activities	736,726,472.50	578,761,745.55
Net cash flow from operating activities	-223,238,650.68	-13,585,174.40
II. Cash flow generated by investing activities:		
Recoup cash received on investment		
Cash received for investment income	2,000,000.00	18,821.12
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets		1,651,190.00
Net cash received from disposal of subsidiaries and other business units		
Other cash received in connection with investing activities		
Subtotal of cash inflow from investing activities	2,000,000.00	1,670,011.12
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	3,311,391.74	2,403,306.13
Cash paid for investment		
Net increase in pledged loans		
Obtain net cash paid by subsidiaries and other business units		
Other cash payments related to investment activities		
Subtotal of cash outflow from investing activities	3,311,391.74	2,403,306.13
Net cash flow from investing activities	-1,311,391.74	-733,295.01
III. Cash flow generated by financing activities:		
Absorb cash received from investment		
Among them: the subsidiary absorbs the cash received from the investment of minority shareholders		
Obtain the cash received from the loan	478,000,000.00	723,000,000.00
Other cash received in connection with financing activities	288,883,986.11	169,643,983.71
Subtotal of cash inflow from financing activities	766,883,986.11	892,643,983.71
Cash paid to repay debts	479,000,000.00	646,000,000.00

Cash used to distribute dividends, profits, or repay interest payments	14,342,277.50	15,405,252.29
Among them: dividends and profits paid by subsidiaries to minority shareholders		
Payment of other cash in connection with financing activities	141,765,674.98	175,540,163.82
Subtotal of cash outflows from financing activities	635,107,952.48	836,945,416.11
Net cash flow from financing activities	131,776,033.63	55,698,567.60
IV. Effect of exchange rate changes on cash and cash equivalents	2,414,126.62	864,904.74
V. Net increase in cash and cash equivalents	-90,359,882.17	42,245,002.93
Plus: Cash and cash equivalents balance at the beginning of the period	227,357,291.37	209,847,896.42
VI. Cash and cash equivalents balance at the end of the period	136,997,409.20	252,092,899.35

## 6. Cash flow statement of parent company

In RMB Yuan

project	Half year 2023	Half of 2022
I. Cash flow generated by operating activities:		
Cash received from selling goods and providing services	446,720,657.51	433,983,928.87
Net increase in customer deposits and interbank deposits	21,803,913.81	14,374,954.28
Net increase in borrowing from central banks	23,697,223.83	33,818,212.48
Net increase in funds borrowed from other financial institutions	492,221,795.15	482,177,095.63
Cash obtained by receipt of premiums from the original insurance contract	463,706,703.93	247,385,038.07
Net cash received for reinsurance operations	164,433,778.96	158,079,199.48
Net increase in deposit and investment funds	38,583,393.18	16,804,801.43
Cash that receives interest, charges and commissions	49,507,200.24	56,132,270.61
Net increase in borrowed funds	716,231,076.31	478,401,309.59
Net increase in funds for repurchase operations	-224,009,281.16	3,775,786.04
Net cash received from agents buying and selling securities		
Refund of taxes received		
Other cash received in connection with operating activities	2,000,000.00	18,821.12
Subtotal of cash inflow from operating activities		1,651,190.00
Cash paid for goods and services		
Net increase in customer loans and advances		
Net increase in deposits with central banks and interbank funds	2,000,000.00	1,670,011.12
Cash for payment of claims under the original insurance contract	2,574,444.04	1,918,581.58
Net increase in divestment funds		3,340,000.00
Cash to pay interest, fees and commissions		
Cash to pay policy dividends		
Cash paid to and for employees	2,574,444.04	5,258,581.58
All taxes and fees paid	-574,444.04	-3,588,570.46
Other cash payments related to operating activities		
Subtotal of cash outflow from operating activities		
Net cash flow from operating activities	478,000,000.00	723,000,000.00
II. Cash flow generated by investing activities:	288,883,986.11	99,305,239.27
Recoup cash received on investment	766,883,986.11	822,305,239.27
Cash received for investment income	479,000,000.00	646,000,000.00

Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	14,342,277.50	15,405,252.29
Net cash received from disposal of subsidiaries and other business units	141,765,674.98	101,500,000.00
Other cash received in connection with investing activities	635,107,952.48	762,905,252.29
Subtotal of cash inflow from investing activities	131,776,033.63	59,399,986.98
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	2,414,126.62	864,904.74
Cash paid for investment	-90,393,564.95	60,452,107.30
Net increase in pledged loans	214,794,244.00	189,762,214.30
Obtain net cash paid by subsidiaries and other business units	124,400,679.05	250,214,321.60

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

In RMB Yuan

ITEM	Half year 2022														
	Owner's equity in the parent company													Minority shareholders' equity	Owner's equity
	Capital stock	Other equity instruments			Capital public reserves	less: treasury stock	other comprehensive income	appropriate reserve	Surplus public reserves	General provision for risk	Undistributed profits	Others	total		
Prefe red shares		Perpetual Capital Securities	Oth er												
I. Ending balance of the previous year	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
Plus: Accounting policy change															
Early error correction															
Merger of businesses under the same control															
other															
II, the beginning balance of this year	402,600,000.00				485,691,050.47			1,933,209.86	136,770,391.01			-556,691,657.88		470,302,993.46	470,302,993.46
III. Amount of increase or decrease in the current period (marked with "-" for decrease)								3,903,230.32				-35,377,661.16		-31,474,430.84	-31,474,430.84
(1) Total comprehensive income												-35,377,661.16		-35,377,661.16	-35,377,661.16
(2) Owner investment and capital reduction															
1.															

Common stock invested by the owner															
2.															
Other equity instrument holders invested capital															
(3) Profit distribution															
1. Withdraw surplus reserves															
2. Extract general risk provision															
3. Distribution to owners (or shareholders)															
4. Other															
(4) Internal carry-over of owners' equity															
1. Capital reserves to increase capital (or equity)															
2. Surplus reserves into increased capital (or equity)															
3. Surplus reserves cover losses															
4. Set the change of benefit plan to carry forward retained earnings															
5. Other comprehensive income carried															

forward retained earnings															
6. Other															
(5) Special reserves								3,903,230.32					3,903,230.32		3,903,230.32
1. Current withdrawal								7,379,219.48					7,379,219.48		7,379,219.48
2. Use this period								3,475,989.16					3,475,989.16		3,475,989.16
(6) Others															
IV. Ending balance of the current period	402,600,000.00				485,691,050.47			5,836,440.18	136,770,391.01				-592,069,319.04	438,828,562.62	438,828,562.62

The amount of the previous period

In RMB Yuan

ITEM	Half year 2021														Minority shareholders' equity	Owner's equity	
	Owner's equity in the parent company																
	Capital stock	Other equity instruments			Capital public reserves	less: treasury stock	other comprehensive income	appropriate reserve	Surplus public reserves	General provision for risk	Undistributed profits	Others	total				
Preferred shares		Perpetual Capital Securities	Other														
I. Ending balance of the previous year	402,600,000.00				485,691,050.47				136,770,391.01					-416,794,159.01	608,267,282.47		608,267,282.47
Plus: Accounting policy change																	
Early error correction																	
Merger of businesses under the same control																	
other																	
II, the beginning balance of this year	402,600,000.00				485,691,050.47				136,770,391.01					-416,794,159.01	608,267,282.47		608,267,282.47



into increased capital (or equity)															
3. Surplus reserves cover losses															
4. Set the change of benefit plan to carry forward retained earnings															
5. Other comprehensive income carried forward retained earnings															
6. Other															
(5) Special reserves							853,381.29					853,381.29		853,381.29	
1. Current withdrawal							5,481,896.62					5,481,896.62		5,481,896.62	
2. Use this period							4,628,515.33					4,628,515.33		4,628,515.33	
(6) Others															
IV. Ending balance of the current period	402,600,000.00				485,691,050.47		853,381.29	136,770,391.01			-454,249,938.01		571,664,884.76		571,664,884.76

## 8. Statement of changes in owner's equity of the parent company

This amount

In RMB Yuan

Item	Amount in previous period											Owner's equity
	Capital stock	Other equity instruments			Capital public reserves	less: treasure stock	Other comprehensive income	appropriate reserve	Surplus public reserves	General provision for risk	Undistributed profits	
		Preferr ed stock	Perpetual Capital Securities	Other								
I. Balance at the end of last	402,600,000.00				485,678,443.26			441,390.	136,770,391.01	-374,807,248.18		650,682,976.13

year							04				
Plus: Change in accounting policy											
Previous error correction											
other											
II. The beginning balance of the current year	402,600,000.00			485,678,443.26			441,390.04	136,770,391.01	-374,807,248.18		650,682,976.13
III. Amount of increase or decrease in the current period (marked with "-" for decrease)							2,644,591.35		-3,944,787.13		-1,300,195.78
(1) Total comprehensive income									-3,944,787.13		-3,944,787.13
(2) The owner invests and reduces the capital											
1. Common stock invested by the owner											
2. Other equity instrument holders invested capital											
3. The amount of a share payment included in the owner's equity											
4. other											
(3) Profit distribution											
1. Extract the surplus reserve											
2. Distribution to owners (or shareholders)											
3. other											
(4) Internal carry-over of owners' equity											
1. Conversion of capital reserves into increased capital (or equity)											

2. Surplus reserve into increased capital (or equity)												
3. Surplus reserves cover losses												
4. Set benefit plan changes carried forward to retained earnings												
5. Other consolidated earnings carried forward to retained earnings												
6. other												
(5)Special reserves								2,644,591.35				2,644,591.35
1. This extract								5,121,784.00				5,121,784.00
2. In current use								2,477,192.65				2,477,192.65
(6) Others												
IV. Ending balance	402,600,000.00				485,678,443.26			3,085,981.39	136,770,391.01	-378,752,035.31		649,382,780.35

The amount of the previous period

In RMB Yuan

Item	Amount in previous period											
	Capital stock	Other equity instruments			Capital public reserves	less: treasure stock	Other comprehensive income	appropriate reserve	Surplus public reserves	General provision for risk	Undistributed profits	Owner's equity
		Preferred stock	Perpetual Capital Securities	Other								
I. Balance at the end of last year	402,600,000.00				485,678,443.26				136,770,391.01	-295,864,551.04		729,184,283.23
Plus: Change in accounting policy												
Previous error correction												

other											
II. The beginning balance of the current year	402,600,000.00			485,678,443.26				136,770,391.01	-295,864,551.04		729,184,283.23
III. Amount of increase or decrease in the current period (marked with "-" for decrease)							853,381.29		-17,190,334.45		-16,336,953.16
(1) Total comprehensive income									-17,190,334.45		-17,190,334.45
(2) The owner invests and reduces the capital											
1. Common stock invested by the owner											
2. Other equity instrument holders invested capital											
3. The amount of a share payment included in the owner's equity											
4. other											
(3) Profit distribution											
1. Extract the surplus reserve											
2. Distribution to owners (or shareholders)											
3. other											
(4) Internal carry-over of owners' equity											
1. Conversion of capital reserves into increased capital (or equity)											
2. Surplus reserve into increased capital (or equity)											
3. Surplus reserves cover losses											

4. Set benefit plan changes carried forward to retained earnings											
5. Other consolidated earnings carried forward to retained earnings											
6. other											
Special reserves							853,381.29				853,381.29
1. This extract							3,587,411.10				3,587,411.10
2. In current use							2,734,029.81				2,734,029.81
(6) Others											
IV. Ending balance	402,600,000.00				485,678,443.26		853,381.29	136,770,391.01	-313,054,885.49		712,847,330.07

### III. Basic information of the company

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

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

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

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

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

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

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

The company belongs to the bearing manufacturing industry, mainly engaged in all kinds of bearing production and sales business. Registered place: No. 1, Section 1, Beitaxa Street, Wafangdian City, Liaoning Province, Legal representative: Liu Jun. Business Scope: Permitted items: inspection and testing services, import and export of goods, import and export of technologies (for items subject to approval according to law, business activities can only be carried out after approval by relevant departments, and the specific business items shall be subject to the approval results) Bearing manufacturing, bearings, gears and transmission components manufacturing, high speed precision heavy-duty bearing sales, sales bearings, gears and transmission parts, bearing sales, general equipment manufacturing (excluding special equipment manufacturing), high-speed rail equipment, parts manufacturing, machinery and equipment sales, rail transportation equipment, key system and parts sales, sales of lubricating oil, high-speed rail equipment and accessories sales, Wind generators and spare parts sales,

machinery parts, spare parts sales, railway locomotive vehicle accessories manufacturing, railway locomotive vehicle accessories sales, auto parts and accessories manufacturing, auto parts wholesale and retail auto parts, metal products repair, sales metal materials, metal products sales, metal surface treatment and heat treatment processing, quenching process, Machinery parts, parts processing, Land use right leasing, Housing leasing, Non-residential real estate leasing, Machinery and equipment leasing, Computer and communication equipment leasing, Transportation equipment leasing services, Office Equipment leasing services, Storage equipment leasing services, Special equipment leasing, Labor Services (excluding labor dispatch), Technical services, technology development, technology consultation, technology exchange, technology transfer and technology promotion (except for the projects subject to approval according to law, independently carry out business activities according to law with the business license). These financial statements were approved by the Board of Directors of the Company on April 26, 2023.

The relevant information of the Company's subsidiaries is detailed in this note "IX. Interests in Other Entities".

Changes in the scope of consolidation during the reporting period are detailed in this note "VIII. Changes in the scope of Consolidation".

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

### **1. Establishment basis**

These financial statements are in accordance with the Accounting Standards for Business Enterprises - Basic Standards and various specific accounting standards, the Application Guide of Accounting Standards for Business Enterprises, the interpretation of Accounting Standards for Business Enterprises and other relevant provisions promulgated by the Ministry of Finance (hereinafter collectively referred to as "Accounting Standards for Business Enterprises"). And the relevant provisions of the China Securities Regulatory Commission "Information Disclosure and Reporting Rules for Companies that Publicly Issue Securities No. 15 - General Provisions for Financial Reports".

### **2. Going concern**

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

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

Specific accounting policies and accounting estimates tips:

Specific accounting policies and accounting estimates formulated by the Group based on actual production and operation characteristics include the operating cycle, the recognition and measurement of bad debt provisions for receivables, the measurement of issued inventories, the classification and depreciation of fixed assets, the amortization of intangible assets, the capitalization conditions for research and development expenses, and the recognition and measurement of revenue.

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

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance and give a true and complete view of the Company's consolidated and parent company financial position as of December 31, 2022, and the consolidated and parent company's operating results and cash flows for the year 2022.

### **2. Accounting period**

A fiscal year begins on January 1 and ends on December 31.

### **3. Business cycle**

The business cycle of the company is 12 months.

### **4. Functional currency**

The Group takes RMB as its functional currency.

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

Business combination under the same control: the assets and liabilities acquired by the merging party in the business combination (including the goodwill formed by the acquisition of the merged party by the ultimate controlling party) are measured on the basis of the carrying value of the assets and liabilities of the merged party in the consolidated financial statements of the ultimate controlling party at the merger date. 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 the issued shares), the capital premium in the capital reserve is adjusted, and the retained earnings are adjusted if the capital premium in the capital reserve is insufficient to be written off.

Business combination under non-identical control: The cost of combination is the fair value of the assets paid by the purchaser, liabilities incurred or assumed, and equity securities issued by the purchaser to acquire control of the purchaser on the purchase date. The difference between the cost of the merger and the acquiree's share of the fair value of identifiable net assets obtained in the merger is recognized as goodwill; The difference in the cost of the merger that is less than the acquiree's share of the fair value of identifiable net assets acquired in the merger is recognized in profit or loss for the period. The identifiable assets, liabilities and contingent liabilities of the acquiree that are eligible for recognition acquired in the merger are measured at fair value at the purchase date.

The expenses directly related to the business combination are recognized in the current profit or loss when incurred; Transaction costs incurred in the issuance of equity or debt securities for the purpose of a business combination are included in the initial recognition amount of the equity or debt securities.

## 6. Preparation method of consolidated financial statements

### Merge scope

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

### ? Merge program

The Company regards the entire enterprise Group as one accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial position, operating results and cash flows of the enterprise Group. The effect of internal transactions between the Company and its subsidiaries or subsidiaries shall be offset. If the internal transaction indicates that the relevant asset has an impairment loss, the loss shall be fully recognized. If the accounting policies and accounting periods adopted by the subsidiary are inconsistent with those of the Company, necessary adjustments shall be made in accordance with the accounting policies and accounting periods of the Company when preparing the consolidated financial statements.

Subsidiary owners' equity, current period net profit and loss and the share of minority shareholders in the current period comprehensive income are shown separately under owners' equity in the consolidated balance sheet, under net profit in the consolidated income statement and under total comprehensive income, respectively. The loss shared by the minority shareholders of the subsidiary in the current period exceeds the balance formed by the minority shareholders' share in the initial owner's equity of the subsidiary, and the shareholders' equity is reduced by several.

### (1) Add subsidiaries or businesses

During the reporting period, if a business combination under the same control increases a subsidiary or business, the operating results and cash flows of the subsidiary or business combination from the beginning of the current period to the end of the reporting period are included in the consolidated financial statements, while adjustments are made to the opening number of the consolidated financial statements and the relevant items in the comparative statements, and the consolidated reporting entity is deemed to have existed since the point at which the ultimate

controlling party began to control.

If the investee under the same control can be controlled due to additional investment or other reasons, the equity investment held before the acquisition of the control of the merged party, the relevant profit and loss, other comprehensive income and other changes in net assets have been recognized between the date of the acquisition of the original equity and the date on which the merging party and the merged party are under the same control and the date of the merger, Offset the opening retained earnings or current profit and loss of the comparative statement period respectively.

During the reporting period, if a subsidiary or business is added as a result of a business combination not under the same control, it is included in the consolidated financial statements from the purchase date on the basis of the fair value of each identifiable asset, liability and contingent liability identified at the purchase date.

If the investee that is not under the same control can be controlled due to additional investment or other reasons, the equity held by the purchaser before the purchase date shall be remeasured according to the fair value of the equity on the purchase date, and the difference between the fair value and the carrying value shall be included in the current investment income. Other comprehensive income related to the equity held by the purchaser before the purchase date, which can be reclassified into profit or loss later, and other changes in owners' equity under the equity method are converted into investment income for the current period of the purchase date.

## (2) Disposal of subsidiaries

### ① General treatment methods

When the control of the investee is lost due to the disposal of part of the equity investment or for other reasons, the remaining equity investment after disposal shall be remeasured according to its fair value on the date of the loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the share of the original subsidiary's net assets and the sum of goodwill that should have been continuously calculated from the purchase date or the merger date based on the original shareholding ratio, is included in the investment income during the period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary, which can be reclassified into profit or loss later, and other changes in owner's equity under the equity method of accounting, are converted to current investment income when the right of control is lost.

### ② Dispose of subsidiaries step by step

Where an equity investment in a subsidiary is disposed of progressively through multiple transactions until control is lost, the terms, conditions and economic effects of each transaction in which the equity investment in the subsidiary is disposed of meet one or more of the following circumstances, which generally indicate that the multiple transaction is a package transaction:

- I. The transactions were entered into at the same time or with regard to their mutual effects;
- ii. These transactions as a whole can achieve a complete business outcome;
- iii. The occurrence of one transaction depends on the occurrence of at least one other transaction;
- Iv.. A transaction is uneconomic in isolation, but it is economic when taken together with other transactions.

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

If each transaction is not a package transaction, before the loss of the right of control, the equity investment of the subsidiary shall be disposed of in part according to the condition that the right of control is not lost. When the right of control is lost, the accounting treatment is carried out in accordance with the general treatment of the disposal of subsidiaries.

**(3) Purchase of minority shares in subsidiaries**

The difference between the newly acquired long-term equity investment due to the purchase of minority shares and the share of net assets of the subsidiary that should be continuously calculated from the purchase date or the merger date based on the proportion of the newly acquired shares is adjusted for the equity premium in the capital reserve in the consolidated balance sheet, and if the equity premium in the capital reserve is insufficient to be offset, the retained earnings are adjusted.

**(4) Partial disposal of the equity investment in the subsidiary without loss of control**

The difference between the disposal price and the disposal of long-term equity investment and the share of net assets continuously calculated by the subsidiary since the purchase date or the merger date shall be adjusted for the equity premium in the capital reserve in the consolidated balance sheet, and if the equity premium in the capital reserve is insufficient to be offset, the retained earnings shall be adjusted.

**7. Classification of joint venture arrangement and accounting treatment of joint operation****8. Determination criteria for cash and cash equivalents**

Cash means cash on hand of the Company and deposits that can be used for payment at any time. Cash equivalents refer to investments held by the Company with a short term, strong liquidity, easy to convert into known amounts of cash, and little risk of changes in value.

**9. Translation of foreign currency business and foreign currency statements****1. Foreign currency transactions**

For foreign currency business, the spot exchange rate on the date of occurrence of the transaction is used as the conversion rate to convert the amount of foreign currency into RMB.

The balance of foreign currency monetary items at the balance sheet date is translated at the spot rate at the balance sheet date, and the resulting exchange difference, except for the exchange difference arising from special foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization in accordance with the principle of capitalization of borrowing costs, is recognized in the profit or loss of the current period.

**2. Translation of foreign currency financial statements**

The assets and liabilities in the balance sheet shall be translated at the spot exchange rate at the balance sheet date; Owners' equity items are translated at the spot exchange rate at the time of occurrence, except for "undistributed profit" items. The income and expense items in the income statement are translated using the spot exchange rate on the date of occurrence of the transaction.

When disposing of an overseas operation, the difference in the translation of foreign currency financial statements related to the overseas operation is transferred from the owner's equity item to the profit or loss of the disposal period.

**10. Financial instruments**

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

**1. Classification of financial instruments**

Based on the Company's business model of managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at initial recognition into: financial assets measured at amortized cost, financial assets measured at fair value and whose changes are included in other comprehensive income, and financial assets measured at fair value and whose changes are included in current profit or loss.

The Company classifies financial assets measured at amortized cost that are not designated at fair value and whose changes are recognized in profit or loss for the current period and meet both of the following conditions:

- The business model aims to collect contract cash flow;

Contract cash flow is only the payment of the principal and interest based on the outstanding principal amount.

The Company classifies financial assets (debt instruments) measured at fair value and recorded in other comprehensive income as financial assets (debt instruments) measured at fair value that meet the following conditions and are not designated as fair value and whose changes are recorded in profit or loss for the current period:

- A business model aimed at both collecting contract cash flows and selling the financial asset;

Contract cash flow is only the payment of the principal and interest based on the outstanding principal amount.

For investments in non-trading equity instruments, the Company may, upon initial recognition, irrevocably designate them as financial assets (equity instruments) that are measured at fair value and whose changes are included in other comprehensive income. The designation is made on the basis of a single investment and the underlying investment meets the definition of an equity instrument from the point of view of the issuer. In addition to the above financial assets measured at amortized cost and at fair value and whose changes are included in other comprehensive income, the Company classifies all remaining financial assets as financial assets measured at fair value and whose changes are included in current profit or loss. At initial recognition, if accounting misalignments can be eliminated or significantly reduced, the Company may irrevocably designate financial assets that should be classified as measured at amortized cost or at fair value and whose changes are recorded in other comprehensive income as financial assets that are measured at fair value and whose changes are recorded in profit or loss for the current period.

Financial liabilities are classified at initial recognition into financial liabilities measured at fair value and whose changes are recognised in profit or loss for the period and financial liabilities measured at amortised cost.

A financial liability that meets one of the following criteria may be designated as a financial liability measured at fair value at initial measurement and whose changes are recognised in profit or loss for the current period:

- 1) This designation can eliminate or significantly reduce accounting mismatches.
- 2) Manage and evaluate the performance of a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities on a fair value basis in accordance with the enterprise risk management or investment strategy as set out in the formal written documents, and report internally to key management on this basis.
- 3) The financial liability contains embedded derivatives that need to be spun off separately.

## **2. Basis for recognition and measurement of financial instruments**

### **(1) Financial assets measured at amortized cost**

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, debt investments, etc., which are initially measured at fair value, and related transaction costs are included in the initial recognized amount; Receivables that do not contain a significant financing component, and receivables that the Company decides not to take into account a financing component that is less than one year old, are initially measured at the contract transaction price.

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

At the time of recovery or disposal, the difference between the price obtained and the carrying value of the financial asset is included in the current profit or loss.

### **(2) Financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income**

Financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, including receivables financing, other debt investments, etc., are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial asset is subsequently measured at fair value, and changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains and losses calculated using the effective interest method.

Upon termination of recognition, the accumulated gains or losses previously recognized in other comprehensive income are transferred out of

other comprehensive income and recognized in current profit or loss.

(3) Financial assets measured at fair value and whose changes are included in other comprehensive income (equity instruments)

Financial assets (equity instruments) measured at fair value and whose changes are included in other comprehensive income, including investments in other equity instruments, are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial asset is subsequently measured at fair value and changes in fair value are included in other comprehensive income. Dividends earned are included in current profit or loss.

Upon termination of recognition, accumulated gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income and recognized in retained earnings.

(4) Financial assets measured at fair value and whose changes are recognized in profit or loss for the current period

Financial assets that are measured at fair value and whose changes are included in current profit or loss include transactional financial assets, derivative financial assets, other non-current financial assets, etc., which are initially measured at fair value and related transaction costs are included in current profit or loss. The financial asset is subsequently measured at fair value and changes in fair value are recognized in profit or loss for the period.

(5) Financial liabilities measured at fair value and whose changes are recognized in profit or loss for the current period

Financial liabilities that are measured at fair value and whose changes are included in current profit or loss include transactional financial liabilities, derivative financial liabilities, etc., which are initially measured at fair value and related transaction costs are included in current profit or loss. This financial liability is subsequently measured at fair value and changes in fair value are recognized in profit or loss for the period.

Upon termination of recognition, the difference between the carrying value and the consideration paid is included in the current profit or loss.

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost, including short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable, long-term payables, are initially measured at fair value, and related transaction expenses are included in the initial recognition amount.<sup>1</sup>

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

Upon termination of recognition, the difference between the consideration paid and the carrying value of the financial liability is included in the current profit or loss.

### 3. Termination of recognition and transfer of financial assets

The Company terminates the recognition of financial assets when one of the following conditions is met:

- Termination of contractual rights to receive cash flows from financial assets;
- The financial assets have been transferred and virtually all the risks and rewards of ownership of the financial assets have been transferred to the transferring party;
- The financial assets have been transferred, although the Company neither transfers nor retains virtually all of the risks and rewards in the ownership of the financial assets, but does not retain control of the financial assets.

When a financial asset is transferred, if almost all the risks and rewards in the ownership of the financial asset are retained, the recognition of the financial asset is not terminated.

When judging whether the transfer of financial assets meets the above conditions for termination of recognition of financial assets, the principle of substance over form is adopted.

The company divides the transfer of financial assets into whole transfer and partial transfer of financial assets. If the overall transfer of financial assets meets the conditions for termination of recognition, the difference between the following two amounts shall be included in the current

profit or loss:

- (1) the book value of the transferred financial assets;
- (2) The sum of the consideration received as a result of the transfer and the accrued amount of the change in fair value originally credited directly to owners' equity (where the financial asset involved in the transfer is a financial asset (debt instrument) measured at fair value and whose change is credited to other comprehensive income).

If the partial transfer of financial assets meets the conditions for termination of recognition, the overall carrying value of the transferred financial assets shall be apportioned between the terminated part and the unterminated part according to their relative fair value, and the difference between the following two amounts shall be included in the current profit or loss:

- (1) Terminate the book value of the part recognized;
- (2) The sum of the consideration for the portion of the termination of recognition and the amount corresponding to the portion of the termination of recognition in the cumulative amount of the change in fair value that was originally directly included in the owner's equity (where the financial asset involved in the transfer is a financial asset (debt instrument) that is measured at fair value and whose change is included in other comprehensive income).

If the transfer of financial assets does not meet the conditions for termination of recognition, the financial assets continue to be recognized and the consideration received is recognized as a financial liability.

#### **4. Termination of recognition of financial liabilities**

If the present obligation of a financial liability has been discharged in whole or in part, the recognition of the financial liability or part thereof shall be terminated; If the Company signs an agreement with creditors to assume a new financial liability to replace the existing 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 shall be terminated and the new financial liability shall be recognized at the same time.

If all or part of the contract terms of the existing financial liability are materially modified, the recognition of the existing financial liability or part of the existing financial liability is terminated, and the financial liability after the modification is recognized as a new financial liability.

When a financial liability is fully or partially terminated for recognition, the difference between the carrying value of the financial liability terminated for recognition and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) is recognized in profit or loss for the current period.

If the Company repurchases part of the financial liability, the carrying value of the whole financial liability shall be allocated on the repurchase date according to the relative fair value of the continuing recognition part and the terminated recognition part. The difference between the carrying value assigned to the discontinued recognition portion and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) is recognised in profit or loss for the period.

#### **Methods for determining the fair value of financial assets and financial liabilities**

A financial instrument in which there is an active market and its fair value is determined by the quotation in the active market. Financial instruments for which there is no active market are determined at fair value 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 input values that are consistent with the characteristics of the asset or liability considered by market participants in the transaction of the underlying asset or liability, and gives preference to the relevant observable input values. Unobservable input values are used only if the relevant observable input values are unavailable or impractical to obtain.

#### **1. Test methods and accounting treatment for impairment of financial assets**

The Company estimates, individually or in combination, expected credit losses on financial assets measured at amortized cost, financial assets

(debt instruments) measured at fair value and whose changes are included in other comprehensive income, and financial guarantee contracts.

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

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss reserve at an amount equivalent 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 the initial recognition, the Company measures its loss reserve at an amount equivalent to the expected credit loss of the financial instrument over the next 12 months. The resulting increase or reversal of the loss provision is recognised in the current profit or loss as impairment loss or gain.

The Company compares the risk of default of the financial instruments at the balance sheet date with the risk of default at the initial recognition date to determine the relative change in the risk of default over the expected life of the financial instruments to assess whether the credit risk of the financial instruments has increased significantly since the initial recognition. Generally, the Company considers that the credit risk of the financial instrument has increased significantly if the maturity exceeds 30 days, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the 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 its initial recognition.

If there is objective evidence that a financial asset has suffered credit impairment, the Company shall make an impairment provision for the financial asset on an individual basis.

For receivables and contractual assets formed from transactions regulated by Accounting Standard for Enterprises 14 - Revenue (2017), whether or not they contain a significant financing component, the Company always measures its loss provision at an amount equal to expected credit losses over the entire duration.

For lease receivables, the Company chooses to always measure its loss provision at an amount equal to expected credit losses over the entire duration.

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

The Group divides notes receivable and accounts receivable into several combinations based on the credit risk characteristics, and calculates the expected credit losses on the basis of the combination. The basis for determining the combination is as follows:

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

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

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

combination	On the basis of
Other receivables 1	Combination of related parties
Other receivables 2	Aging combination

Other receivables 3	Risk-free portfolio (categorize the portfolio according to the reputation of the transaction object, the nature of the money, the transaction safeguard measures, etc.)
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For other receivables grouped into portfolios, the Group calculates expected credit losses based on default risk exposure and expected credit loss rates over the duration, taking into account historical credit loss experience, current conditions and projections of future economic conditions.

If the Company no longer reasonably expects that the cash flow of the financial asset contract can be recovered in whole or in part, it shall directly write down the book balance of the financial asset.

#### **11. Notes receivable**

#### **12. Accounts receivable**

#### **13. Receivables financing**

#### **14. Other receivables**

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

## 15. inventory

### (1) Classification and cost of inventory

Inventory is classified into: raw materials, packaging, low-value consumables, products in process, goods in stock, etc.

Inventory is initially measured at cost, which includes procurement costs, processing costs, and other expenses incurred to bring the inventory to its current location and condition.

### (2) Valuation method for issued inventory

Inventory is priced using the real-time moving weighted average method when issued.

### (3) The basis for determining the net realizable value of different categories of inventories

At the balance sheet date, inventory shall be measured at the lower of cost or net realizable value. When the cost of the inventory is higher than its net realizable value, a provision shall be made for the decline of the inventory price. Net realizable value is the amount of the estimated selling price of inventory in daily activities less the estimated costs to be incurred at completion, estimated selling expenses and related taxes.

The net realizable value of commodity inventories directly used for sale, such as finished products, goods in stock and materials used for sale, shall be determined in the normal course of production and business by the estimated selling price of the inventory less the estimated selling expenses and related taxes; The net realizable value of the inventory of materials to be processed is determined in the normal course of production and business by the estimated selling price of the finished goods produced less the estimated costs to be incurred at the time of completion, estimated selling expenses and related taxes; The net realizable value of the inventory held for the purpose of executing the sales contract or service contract shall be calculated on the basis of the contract price. If the quantity of the inventory held is greater than the quantity ordered under the sales contract, the net realizable value of the excess inventory shall be calculated on the basis of the general sales price.

After the provision for inventory depreciation, if the factors affecting the previous reduction of inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its carrying value, the amount of the original provision for inventory depreciation shall be reversed, and the amount of the reversal shall be included in the current profit or loss.

### (4) Inventory system

Adopt a perpetual inventory system.

### (5) The amortization method of low-value consumables and packaging

1) Low-value consumable products use a resale method;

2) The packaging adopts a resale method.

## 16. Contractual assets

The Company shows contractual assets or contractual liabilities in the balance sheet according to the relationship between the performance obligations and the customer's payments. The right to receive consideration for goods or services that the Company has transferred to the customer (and that right depends on factors other than the passage of time) is shown as a contract asset. Contract assets and contract liabilities under the same contract are shown in net terms. The Company's unconditional (depending only on the passage of time) right to collect consideration from the customer is shown separately as receivables.

The determination method and accounting treatment of expected credit losses of contract assets are detailed in this note "(IX) 6. Test Method and accounting Treatment Method for Impairment of Financial Assets".

## **17. Contract cost**

Contract cost includes contract performance cost and contract acquisition cost.

The cost incurred by the Company for the performance of the contract, which does not fall within the scope of relevant standards such as inventory, fixed assets or intangible assets, shall be recognized as an asset as the performance cost of the contract when the following conditions are met:

This cost is directly related to a current or expected contract.

This cost increases the Company's resources to meet performance obligations in the future.

This cost is expected to be recovered.

The incremental cost incurred by the Company to obtain a contract is recognized as an asset if it is expected to be recovered as a contract acquisition cost.

Assets related to contract costs are amortized on the same basis as the recognition of revenue of goods or services related to that asset; However, if the amortization period of contract acquisition costs does not exceed one year, the Company will recognize it in the profit and loss of the current period when it occurs. If the carrying value of an asset related to the contract cost is higher than the difference between the following two items, the Company shall make an impairment provision for the excess and recognize it as an asset impairment loss:

(a) the remaining consideration expected to be obtained as a result of the transfer of goods or services related to the asset;

2. Estimate the costs to be incurred for the transfer of the relevant goods or services.

If the factors of impairment in previous periods change later, making the aforementioned difference higher than the carrying value of the asset, the Company shall revert to the original provision for impairment and record it in the profit or loss of the current period, provided that the carrying value of the asset after the reversal shall not exceed the carrying value of the asset on the date of reversal if no provision for impairment is assumed.

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

## **19. Debt investment**

## **20. Other debt investment**

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

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

Common control, significant influence criteria

Joint control refers to the common control of an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be agreed upon by the participants who share control. Where the Company, together with other joint ventures, exercises joint control over the investee and enjoys rights over the net assets of the investee, the investee shall be a joint venture of the Company.

Significant influence refers to having the power to participate in the decision-making of the financial and operational decisions of the investee, but not being able to control or jointly control the formulation of these policies with other parties. Where the Company is able to exert significant influence on the investee, the investee is an associate enterprise of the Company.

#### Determination of initial investment costs

##### (1) Long-term equity investment formed by business merger

For a long-term equity investment in a subsidiary formed by a combination of enterprises under the same control, the initial investment cost of the long-term equity investment is based on the share of the acquired owner's equity in the book value of the consolidated financial statements of the ultimate controlling party on the merger date. The difference between the initial investment cost of long-term equity investment and the book value of the consideration paid, and the equity premium in the capital reserve; The retained earnings are adjusted when the equity premium in the capital reserve is insufficient to write off. If the investore under the same control can be controlled due to additional investment or other reasons, the difference between the initial investment cost of long-term equity investment recognized in accordance with the above principles and the sum of the book value of long-term equity investment before the merger plus the book value of the new consideration for further shares acquired on the merger date shall be adjusted for the equity premium, and the retained earnings shall be deducted if the equity premium is insufficient.

For a long-term equity investment in a subsidiary formed by a merger of enterprises not under the same control, the merger cost determined on the purchase date shall be regarded as the initial investment cost of the long-term equity investment. If the investee under different control can be controlled due to additional investment or other reasons, the initial investment cost shall be the sum of the book value of the equity investment originally held plus the cost of the new investment.

##### (2) Long-term equity investments made through means other than business consolidation

For long-term equity investment obtained by cash payment, the initial investment cost shall be based on the purchase price actually paid.

For long-term equity investments obtained by issuing equity securities, the initial investment cost shall be based on the fair value of the equity securities issued.

#### Subsequent measurement and profit and loss recognition methods

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

The Company's long-term equity investments in subsidiaries are accounted for using the cost method, unless the investment is held for sale. In addition to the cash dividends or profits declared but not yet paid in the price or consideration actually paid at the time of investment acquisition, the Company recognizes the current investment income according to the cash dividends or profits declared and paid by the investee.

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

Long-term equity investments in associates and joint ventures shall be accounted for using the equity method. If the initial investment cost is greater than the investment, it shall enjoy the difference in the share of the fair value of the identifiable net assets of the investee, without adjusting the initial investment cost of long-term equity investment; When the initial investment cost is less than the investment, the difference in the share of the fair value of the identifiable net assets of the investee shall be included in the current profit or loss, and the cost of long-term equity investment shall be adjusted.

The Company recognizes investment income and other comprehensive income respectively according to the share of net profit and loss and other comprehensive income realized by the investee, and adjusts the book value of long-term equity investment; The book value of long-term equity investment shall be reduced accordingly in accordance with the profit or cash dividend declared by the investee; For changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution of the investee (" Other owner's equity changes "), the carrying value of long-term equity investments is adjusted and included in owner's equity.

When recognizing the share of the investee's net profit and loss, other comprehensive income and other changes in owner's equity, it is recognized on the basis of the fair value of the investee's identifiable net assets at the time of acquisition of the investment, and after adjusting the net profit and other comprehensive income of the investee in accordance with the company's accounting policies and accounting periods.

The profit or loss of unrealized internal transactions between the company and its associate or joint venture shall be offset by the part attributable to the company calculated in proportion to its share, and the investment income shall be recognized on this basis, except where the assets invested or sold constitute business. If the unrealized internal transaction loss occurred with the investee is an asset impairment loss, it shall be fully recognized.

The net loss incurred by the Company to the joint venture or associated enterprise, except for the obligation to bear additional losses, shall be limited to the carrying value of the long-term equity investment and other long-term interests that substantially constitute the net investment in the joint venture or associated enterprise. If a joint venture or associate enterprise later realizes net profit, the company shall resume the recognition of the income sharing amount after the income sharing amount has made up the unrecognized loss sharing amount.

### (3) Disposal of long-term equity investments

If a long-term equity investment is disposed of, the difference between the carrying value and the actual purchase price shall be included in the current profit or loss.

If part of the long-term equity investment accounted for by the equity method is disposed of, and the remaining equity is still accounted for by the equity method, the other comprehensive income recognized by the original equity method is carried forward on the same basis as the relevant assets or liabilities directly disposed of by the investee, and the changes in other owners' equity are transferred to the current profit or loss in proportion.

Where the common control or significant influence on the investee is lost due to the disposal of equity investment or other reasons, other comprehensive income recognized by the original equity investment as a result of the equity method accounting shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee when the equity method accounting is terminated. All other changes in owners' equity are transferred to current profit or loss upon termination of the equity method.

If the company loses the control over the investee due to the disposal of part of the equity investment or other reasons, and the remaining equity can jointly control or significantly affect the investee when preparing individual financial statements, it shall be calculated according to the equity method, and when the remaining equity is regarded as self-acquired, it shall be adjusted by the equity method. Other comprehensive income recognized before the acquisition of the control of the investee is carried forward on the same basis as the direct disposal of related assets or liabilities by the investee, and the changes in other owner's equity recognized by the equity method are transferred to the current profit or loss on a proportional basis; If the remaining equity cannot jointly control or exert significant influence on the investee, it is recognized as a financial asset, and the difference between the fair value and the carrying value on the date of loss of control is included in the current profit or loss, and all other comprehensive income and other changes in owners' equity recognized before the acquisition of the control of the investee are carried forward.

If the equity investment of the subsidiary is disposed of step by step through multiple transactions until the control is lost, and it is a package transaction, each transaction shall be accounted for as a transaction that disposed of the equity investment of the subsidiary and lost the control. The difference between the disposal price of each disposal and the book value of the disposed equity against the entitled long-term equity investment before the loss of control is first recognized as other comprehensive income in individual financial statements, and then transferred to the loss and profit of the current period when the control is lost. If it is not a package transaction, each transaction shall be accounted for separately.

## 23. Investment real estate

Investment real estate measurement model

Cost measurement

Depreciation or amortization method

Investment real estate refers to real estate held for the purpose of earning rent or capital appreciation, or both, including land use rights that have been leased, land use rights that have been held and are to be transferred after appreciation, and buildings that have been leased (including buildings that have been leased after completion of self-construction or development activities, and buildings that are under construction or development and will be leased in the future).

Subsequent expenditures related to investment real estate are included in the cost of investment real estate when the related economic benefits are likely to flow in and their costs can be reliably measured; Otherwise, it is charged to current profit or loss when incurred.

The Company adopts a cost model for the measurement of existing investment real estate. The depreciation policy for investment real estate - leased buildings measured according to the cost model is the same as that for the Company's fixed assets, and the amortization policy for leased land use rights is the same as that for intangible assets.

## 24. Fixed assets

### (1) Confirm the conditions

Fixed assets refer to tangible assets with a unit value of more than 2,000 yuan that are held for the purpose of producing commodities, providing services, renting or operating management and have a service life exceeding one fiscal year. Fixed assets are recognized when both of the following conditions are met:

- (1) The economic benefits related to the fixed assets are likely to flow into the enterprise;
- (2) The cost of the fixed asset can be measured reliably.

Fixed assets are initially measured at cost (taking into account the impact of anticipated disposal cost factors).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when the economic benefits related to them are likely to flow in and their costs can be reliably measured; To terminate the recognition of the book value of the replaced portion; All other subsequent expenses are recognised in profit or loss as incurred.

### (2) Depreciation method

category	Depreciation method	Depreciation fixed number of year	Salvage	Yearly depreciation
Houses and buildings				
Where: Buildings	Average age method	15	3	6.47
Production house	Average age method	30	3	3.23
Non-productive housing	Average age method	35	3	2.77
Road facilities	Average age method	30	3	3.23
Machinery and equipment	Average age method	10-15	3	6.47-9.70
Transport equipment	Average age method	6	3	16.17
Electronic equipment	Average age method			

Among them: electronic computers	Average age method	4	3	24.25
Universal test instrument	Average age method	7	3	13.86
Special electronic equipment	Average age method	8	3	12.13
Automatic control equipment	Average age method	8	3	12.13
Automatic control instrument	Average age method	8	3	12.13
Other equipment	Average age method			
Among them: industrial kiln	Average age method	7	3	13.86
Tools and other tools of production	Average age method	9	3	10.78
Conduction equipment	Average age method	15	3	6.47
Non-production equipment and appliances	Average age method	18	3	5.39

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

## 25. Construction in progress

Construction in progress is measured at actual cost incurred. Actual costs include construction costs, installation costs, capitalized borrowing costs, and other expenditures necessary to bring the construction in progress to its intended serviceability. When the construction under construction reaches the intended serviceable state, it shall be transferred to fixed assets and depreciation shall be calculated from the following month.

## 26. Borrowing costs

## 27. Biological assets

## 28. Oil and gas assets

## 29. Use assets

### 30. Intangible assets

#### (1) Valuation method, service life and impairment test

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

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

#### (2) Accounting policies for internal research and development expenditures

### 31. Impairment of long-term assets

Long-term equity investments, investment real estate measured by the cost model, fixed assets, construction in progress, use rights assets, intangible assets with limited useful life, oil and gas assets and other long-term assets, where there are signs of impairment at the balance sheet date, impairment tests shall be conducted. If the impairment test results show that the recoverable amount of the asset is lower than its carrying value, an impairment provision shall be made according to the difference and included in the impairment loss. The recoverable amount is the higher of the fair value of the asset, net of disposal costs, and the present value of the asset's expected future cash flows. The asset impairment reserve is calculated and recognized on the basis of individual assets, and if it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined on the basis of the asset group to which the asset belongs. An asset group is the smallest portfolio of assets that can independently generate cash inflows.

For goodwill formed as a result of business merger, intangible assets with uncertain service life, intangible assets that have not yet reached the usable state, regardless of whether there are signs of impairment, at least at the end of each year impairment tests.

The Company conducts goodwill impairment tests, and the carrying value of goodwill formed as a result of the business combination is apportioned to the relevant asset group in a reasonable way from the date of purchase; If it is difficult to apportion to the relevant asset group, it is apportioned to the relevant asset group combination. An associated asset group or combination of asset groups is an asset group or combination that can benefit from the synergies of a business combination.

When conducting an impairment test on the related asset group or asset group combination containing goodwill, if there are signs of impairment in the asset group or asset group combination related to goodwill, the impairment test is first conducted on the asset group or asset group combination excluding goodwill, and the recoverable amount is calculated and compared with the relevant carrying value to recognize the corresponding impairment loss. Then, an impairment test is conducted on the asset group or asset group combination containing goodwill to compare its carrying value with the recoverable amount. If the recoverable amount is lower than the carrying value, the impairment loss amount is first offset against the carrying value of the goodwill in the asset group or asset group combination. The book value of the other assets is then reduced proportionally according to the proportion of the book value of the asset group or the asset group combination of other assets other than goodwill. Once the above-mentioned asset impairment loss is recognized, it will not be reversed in the subsequent accounting period.

### 32. Long-term deferred expenses

Long-term deferred expenses are expenses that have already been incurred but are liable for the current and subsequent periods for an apportionment period of more than one year. Such expenses are amortized evenly over the benefit period, and if the long-term unamortized expense item does not benefit subsequent accounting periods, the full amortized value of the item that has not been amortized is carried to profit or loss for the current period.

### **33. Contractual liabilities**

The Company shows contractual assets or contractual liabilities in the balance sheet according to the relationship between the performance obligations and the customer's payments. Obligations of the Company to transfer goods or provide services to customers for which consideration has been received or received from customers are shown as contractual liabilities. Contract assets and contract liabilities under the same contract are shown in net terms.

### **34. Employee compensation**

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

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

The Company shall, during the accounting period in which the employees provide services to the Company, calculate and determine the corresponding amount of salary for the employees according to the prescribed basis and proportion of the provision of social insurance premiums and housing provident funds, as well as the funds for the trade union and the education of the employees as prescribed.

The employee welfare expenses incurred by the Company are included in the current profit or loss or related asset costs according to the actual amount incurred when actually incurred, among which non-monetary benefits are measured at fair value.

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

##### **(1) Set a drawdown plan**

The Company shall pay basic pension insurance and unemployment insurance for its employees in accordance with the relevant regulations of the local government. During the accounting period when the employees provide services to the Company, the amount payable shall be calculated according to the payment base and proportion prescribed by the local regulations, recognized as liabilities, and included in the profit or loss of the current period or the cost of related assets. In addition, the Company participates in the Enterprise annuity plan/Supplementary pension insurance fund approved by the relevant state authorities. The Company pays contributions to the annuity plan/local social insurance institution according to a certain proportion of the total salary of the employees, and the corresponding expenditure is included in the profit and loss of the current period or the cost of related assets.

##### **(2) Set a benefit plan**

According to the formula determined by the expected cumulative benefit unit method, the Company will attribute the benefit obligation arising from the defined benefit plan to the period during which the employee provides the service, and record it in the current profit or loss or related asset cost.

A deficit or surplus resulting from the present value of defined benefit plan obligations less the fair value of defined benefit plan assets is recognized as a defined benefit plan net liability or net asset. If there is surplus in the defined benefit plan, the Company shall measure the net assets of the defined benefit plan by whichever is lower than the surplus of the defined benefit plan or the upper limit of assets.

All defined benefit plan obligations, including those expected to be paid within twelve months after the end of the annual reporting period in which the employee rendered services, are discounted at the balance sheet date based on the market yield of Treasury bonds or high-quality corporate bonds in an active market that match the maturity and currency of defined benefit plan obligations.

The cost of services incurred by the defined benefit Plan and the net interest on the net liabilities or net assets of the defined benefit plan are recognised in profit or loss or the cost of the related assets for the period; Changes resulting from the remeasurement of net liabilities or net assets of defined benefit plans are recognized in other comprehensive income and are not carried back to profit or loss in subsequent accounting periods, and the portion originally recognized in other comprehensive income is fully carried forward to undistributed profit within equity at the termination of the original defined benefit plan.

At the time of settlement of defined benefit plans, settlement gains or losses are recognized based on the difference between the present value of defined benefit plan obligations and the settlement price determined on the settlement date.

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

If the Company provides termination benefits to employees, the employee compensation liability arising from the termination benefits shall be recognized at an early date and recorded in the current profit or loss of either of the following: If the Company cannot unilaterally withdraw the termination benefits provided by the termination of labor relations plan or reduction proposal; When the Company recognizes costs or expenses associated with restructuring involving the payment of termination benefits.

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

#### **35. Lease liabilities**

#### **36. Expected liabilities**

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

- (1) The obligation is a current obligation of the Company;
- (2) the performance of the obligation is likely to result in the outflow of economic benefits from the Company;
- (3) The amount of the obligation can be measured reliably.

Projected liabilities are initially measured at the best estimate of the expenditure required to meet the relevant current obligations.

In determining the best estimate, factors such as risks, uncertainties and the time value of money associated with contingencies are taken into account. Where the time value of money is significant, the best estimate is determined by discounting the relevant future cash outflows.

Where there is a continuous range of required expenditures within which outcomes are equally likely to occur, the best estimate is determined at the midpoint of the range; In other cases, the best estimates are treated as follows:

Contingencies involving a single item are determined according to the amount most likely to occur.

Contingencies involving multiple items shall be determined according to the calculation of various possible outcomes and relevant probabilities.

Where all or part of the expenditure required to satisfy the projected liability is expected to be compensated by a third party, the amount of compensation is recognized separately as an asset when it is basically certain that it will be received, and the amount of compensation recognized does not exceed the carrying value of the projected liability.

The Company reviews the carrying value of the projected liabilities at the balance sheet date and adjusts the carrying value according to the current best estimate if there is solid evidence that the carrying value does not reflect the current best estimate.

### **37. Payment in shares**

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

### **39. income**

Accounting policies used to recognize and measure revenue

#### **Accounting policies used to recognize and measure revenue**

The Company has fulfilled its contractual performance obligations by recognizing revenue when the customer acquires control of the relevant goods or services. Gaining control of a relevant good or service means being able to dominate the use of that good or service and derive almost all of the economic benefits from it.

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

Transaction Price refers to the amount of consideration that the Company expects to be entitled to receive as a result of the transfer of goods or services to the Customer, excluding amounts received 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, in conjunction with its previous customary practice, and in determining the transaction price, takes into account the impact of factors such as variable consideration, significant financing elements present in the contract, non-cash consideration, and consideration payable to customers. The Company determines the transaction price including the variable consideration at an amount not exceeding an amount that is highly unlikely to result in a material reversal of cumulative recognized revenue upon the elimination of the relevant uncertainty. Where there is a significant financing component to the contract, the Company determines the transaction price based on the amount payable in cash that is assumed to be paid by the customer upon acquisition of control of the goods or services, and amortizes the difference between the transaction price and the contract consideration using the effective interest method over the term of the contract. If one of the following conditions is met, the performance obligation shall be performed within a certain period of time; otherwise, the performance obligation shall be performed at a certain point:

The customer obtains and consumes the economic benefits brought about by the performance of the Contract by the Company at the same time.

The customer can control the goods under construction in the course of the company's performance.

The products produced by the Company during the performance of the Contract have irreplaceable uses, and the Company is entitled to receive payment for the performance completed so far during the entire contract period.

For performance obligations performed within a certain period of time, the Company recognizes revenue in accordance with the performance progress during that period of time, except where the performance progress cannot be reasonably determined. Considering the nature of the goods or services, the Company adopts the output method or the input method to determine the performance progress. If the performance progress cannot be reasonably determined, and the costs already incurred are expected to be compensated, the Company will recognize revenue at the amount of the costs already incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point in time, the Company recognizes revenue when the customer obtains control of the relevant 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 current collection right in respect of the goods or services, that is, the customer has a current payment obligation in respect of the goods or services.

The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods.

The Company has physically transferred the goods to the customer, that is, the customer has physically taken possession of the goods.

The Company has transferred the main risks and rewards of the ownership of the goods to the Customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods.

The customer has accepted the goods or services etc.

The Group's right to receive consideration for the transfer of goods or services to a customer is shown as a contract asset

Impairment is provided on the basis of expected credit losses. The Group's unconditional right to collect consideration from customers is shown as receivables. The Group's obligation to transfer goods or services to customers for which consideration has been received or received from customers is shown as a contractual liability.

The use of different business models in the same business leads to differences in revenue recognition accounting policies

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

type

Government subsidies refer to monetary assets or non-monetary assets obtained free of charge by the Company from the government, which are divided into government subsidies related to assets and government subsidies related to income.

Government subsidies related to assets refer to government subsidies obtained by the Company for the purchase and construction or other forms of long-term assets. Revenue-related government subsidies refer to government subsidies other than those related to assets.

The Company's specific criteria for classifying government grants as asset-related are government grants obtained by the Group for the acquisition, construction or otherwise formation of long-term assets

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

If the government documents do not clearly specify the object of the subsidy, the Company will classify the government subsidy as asset-related or revenue-related based on the following judgment: The Group will make a judgment according to the above distinction principle, and if it is difficult to distinguish, the whole government subsidy is classified as revenue-related.

Confirmation time

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

Accounting treatment

Government subsidies related to assets, write-down of the book value of related assets or recognized as deferred income. If it is recognized as deferred income, it shall be included in the profit or loss of the current period in a reasonable and systematic way during the service life of the relevant assets (if it is related to the daily activities of the Company, it shall be included in other income; If it is not related to the daily activities of the Company, it is included in non-operating income);

Government grants related to revenue that are used to compensate the Company for related costs or losses in subsequent periods are recognized as deferred revenue and are recognized in current profit or loss during the period in which the related costs or losses are recognized

(other income if related to the Company's daily activities; If it is not related to the daily activities of the Company, it is included in non-operating income) or written off the related costs or losses; If it is used to compensate the relevant costs or losses incurred by the Company, it is directly included in the current profit and loss (if it is related to the daily activities of the Company, it is included in other income; If it is not related to the daily activities of the Company, it is included in non-operating income) or written off related costs or losses.

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

Income tax includes current income tax and deferred income tax. In addition to income tax arising from business mergers and transactions or events that are directly included in owners' equity (including other comprehensive income), the Company recognizes current income tax and deferred income tax in current profit or loss.

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

Deferred income tax assets are recognized for deductible temporary differences to the extent that taxable income is likely to be obtained in future periods to offset deductible temporary differences. For deductible losses and tax credits that can be carried forward to subsequent years, the corresponding deferred tax assets are recognized to the extent that future taxable income is likely to be obtained to offset the deductible losses and tax credits.

For taxable temporary differences, deferred income tax liabilities are recognized, except in exceptional circumstances.

Exceptional circumstances in which deferred tax assets or deferred tax liabilities are not recognized include:

Initial recognition of goodwill;

Transactions or events that are neither a business combination nor affect accounting profit and taxable income (or deductible losses) at the time of occurrence.

Deferred tax liabilities are recognized for taxable temporary differences related to 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 likely that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences related to investments in subsidiaries, associates and joint ventures when the temporary difference is likely to be reversed in the foreseeable future and taxable income to offset the deductible temporary differences is likely to be obtained in the future.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates applicable to the period during which the underlying asset is expected to be recovered or the underlying liability is settled, in accordance with the tax laws.

On the balance sheet date, the Company reviews the carrying value of the deferred tax assets. If it is likely that it will not be possible to obtain sufficient taxable income to offset the benefit of the deferred tax asset in future periods, write down the carrying value of the deferred tax asset. When sufficient taxable income is likely to be obtained, the amount reduced is reversed.

Current income tax assets and current income tax liabilities are presented as the net offset when there is a statutory right to net settlement and the intention is to net settlement or to acquire assets and settle liabilities simultaneously.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are shown as net offsets when both of the following conditions are met:

The taxpayer has the legal right to net settlement of current income tax assets and current income tax liabilities;

Deferred income tax assets and deferred income tax liabilities are related to income tax levied by the same tax administration on the same taxpayer or to different tax entities, provided that during the period in which each future material deferred income tax asset and liability is reverted, The taxpayer involved intends to net the current income tax assets and liabilities or to acquire assets and pay off liabilities at the same time.

## 42. lease

### (1) Accounting treatment of operating lease

Lease receipts from operating leases are recognised as rental income on a straight-line basis during each period of the lease term. The Company capitalises the initial direct expenses incurred in relation to the operating lease and apportionments them to profit or loss during the lease period on the same basis as rental income is recognised. Variable lease payments that are not included in lease collections are recognised in current profit or loss when actually incurred. If an operating lease is changed, the Company will account for it as a new lease from the effective date of the change, and the amount received in advance or receivable from the lease before the change will be regarded as the amount received from the new lease.

### (2) Accounting treatment of finance lease

On the commencement date of the lease, the Company recognizes the financial lease receivable for the financial lease and terminates the recognition of the financial lease assets. When the Company makes the initial measurement of the financial lease receivable, the net lease investment is taken as the recorded value of the financial lease receivable. The net lease investment is the sum of the unsecured balance and the present value of the lease proceeds not yet received at the commencement date of the lease term, discounted at the intrinsic interest rate of the lease.

The Company calculates and recognises interest income for each period of the lease term at a fixed cyclical rate. The termination recognition and impairment of financial lease receivables are accounted for in accordance with "III. (IX) Financial Instruments" of this note.

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

If a financial lease changes and the following conditions are met, the Company will account for the change as a separate lease:

The change expands the scope of the lease by adding the right to use one or more of the leased assets;

The increased consideration is equivalent to the separate price for the extended portion of the lease, adjusted for the circumstances of the contract.

If the change of the finance lease is not accounted for as a separate lease, the Company shall deal with the changed lease under the following circumstances:

If the change takes effect on the commencement date of the lease, the lease will be classified as an operating lease, and the Company will account for it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the lease asset;

If the change takes effect on the commencement date of the lease and the lease is classified as a finance lease, the Company will account for it in accordance with the policy of "Financial Instruments" in this note on modification or renegotiation of the contract.

## 43. Other important accounting policies and estimates

## 44. Significant changes in accounting policies and estimates

(1) Changes in important accounting policies

Applicable  Not applicable

(2) Changes in important accounting estimates

Applicable  Not applicable

(3) The first implementation of the new accounting standards from 2023 to adjust the financial statements related to the first implementation of the year

Applicable  Not applicable

45.other

## VI.Taxation

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

tax	Plan tax basis	Tax rate
The VAT	Output tax shall be 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. After deducting the input tax allowable for deduction in the current period, the difference shall be the VAT payable	13%、9%、6%、5%
Urban maintenance and construction tax	The tax shall be calculated according to the actual VAT and consumption tax paid	7%
Corporate income tax	The tax shall be paid on the basis of taxable income	15%、25%
Education fee surcharge	The tax shall be calculated according to the actual VAT and consumption tax paid	3%
Local education surcharge	The tax shall be calculated according to the actual VAT and consumption tax paid	2%
The property tax	70% of the original value of the property for self-use or rental income from the rented property	1.2%or12%
Land use tax	Area of land use right	6yuan/Square meter

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

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

## 2. Tax benefits

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

## 3. other

# VII. Notes to consolidated financial statements

## 1. Monetary fund

In RMB Yuan

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

## 2. Trading financial assets

In RMB Yuan

project	The ending balance	Beginning balance
Financial assets measured at fair value and whose changes are recorded in current profit or loss	215,719.18	243,454.50
A combined	215,719.18	243,454.50

## 3. Derivative financial assets

## 4. Notes receivable

### (1) Category of notes receivable

In RMB Yuan

Items	Closing Balance	Opening Balance
Bank acceptance notes	377,521,719.62	415,924,381.54
Trade acceptance notes	109,774,381.39	58,140,598.48
Bad debt reserve	-4,275,386.41	-4,280,386.41
Total	483,020,714.60	469,784,593.61

In RMB Yuan

category	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	amount	scale	amount	Provision ratio		amount	scale	amount	Provision ratio	
Among them:										
Notes receivable for provision for doubtful accounts on a combined basis	487,296,101.01	100.00%	4,275,386.41	0.89%	483,020,714.60	474,064,980.02	100.00%	4,280,386.41	0.90%	469,784,593.61
Among them:										
Commercial acceptance	109,774,381.39	22.53%	4,275,386.41	3.89%	105,498,994.98	58,140,598.48	12.26%	4,280,386.41	7.36%	53,860,212.07
Banker's acceptance	377,521,719.62	77.47%			377,521,719.62	415,924,381.54	87.74%			415,924,381.54
total	487,296,101.01	100.00%	4,275,386.41	0.88%	483,020,714.60	474,064,980.02	100.00%	4,280,386.41	0.90%	469,784,593.61

Provision for bad debts by combination: 4275386.41yuan

In RMB Yuan

name	Ending balance		
	Book balance	Bad debt reserve	Provision ratio
Commercial acceptance	109,774,381.39	4,275,386.41	3.89%
total	109,774,381.39	4,275,386.41	

Instructions for determining the basis of the combination:

If the provision for notes receivable is made in accordance with the general model of expected credit losses, please disclose the relevant information of the provision for doubtful accounts by referring to other methods of disclosure of receivables:

Applicable  Not applicable

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

Bad debt provision of notes receivable:

In RMB Yuan

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collected/reversed	Written-off	others	
Bad debt provision	4,280,386.41				5,000.00	4,275,386.41
<b>Total</b>	<b>4,280,386.41</b>				<b>5,000.00</b>	<b>4,275,386.41</b>

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

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

Item	Closing amount no more recognized	Closing amount still recognized
Bank acceptance notes		307,636,072.57
Trade acceptance notes		55,932,936.37
<b>Total</b>		<b>363,569,008.94</b>

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

## 5.Accounts receivable

(1) Category of accounts receivable

In RMB Yuan

Items	Closing Balance					Opening Balance				
	Booking balance		Provision		Booking value	Booking balance		Provision		Booking value
	Amount	%	Amount	%		Amount	%	Amount	%	
Accounts receivable with individual bad debt provision	85,699,076.75	7.32%	85,699,076.75	100.00%		87,004,581.38	7.56%	87,004,581.38	100.00%	
Accounts receivable with bad debt provision based on the characters of credit risk portfolio	1,084,427,682.38	92.68%	64,990,113.11	5.99%	1,019,437,569.27	1,064,444,421.51	92.44%	64,990,113.11	6.11%	999,454,308.40
-Aging portfolio	927,236,246.01	79.24%	64,990,113.11	7.01%	862,246,132.90	889,978,615.10	77.29%	64,990,113.11	7.30%	824,988,501.99

-Related party portfolio	157,191,436.37	13.43%			157,191,436.37	174,465,806.41	15.15%			174,465,806.41
Total	1,170,126,759.13		150,689,189.86		1,019,437,569.27	1,151,449,002.89	100.00%	151,994,694.49		999,454,308.40

Provision for bad debts on an individual basis: 77,765,538.08yuan

Name	Ending balance			
	Book balance	Bad debt reserve	Provision ratio	Reason for provision
Wafangdian bearing Group special steel Co., LTD	5,092,669.00	5,092,669.00	100.00%	It is not expected to be recoverable
Liaoning Yinheng galvanized color coated steel plate Co., LTD	3,213,308.67	3,213,308.67	100.00%	It is not expected to be recoverable
Shandong Hengji New material Co., LTD	2,284,666.96	2,284,666.96	100.00%	It is not expected to be recoverable
Heilongjiang Longmei Logistics Co., LTD	2,134,140.98	2,134,140.98	100.00%	It is not expected to be recoverable
Shandong Yuanda board industry Technology Co., LTD	1,804,722.77	1,804,722.77	100.00%	It is not expected to be recoverable
Yingkou Steel Co., LTD	1,696,318.44	1,696,318.44	100.00%	It is not expected to be recoverable
Hegang Co., LTD. Handan branch	1,608,611.42	1,608,611.42	100.00%	It is not expected to be recoverable
Angang Steel Company Limited	1,595,050.69	1,595,050.69	100.00%	It is not expected to be recoverable
Bazhou Tianli system pipe Co., LTD	1,325,600.76	1,325,600.76	100.00%	It is not expected to be recoverable
Zhejiang Yesheng New Material Co., LTD	1,301,760.00	1,301,760.00	100.00%	It is not expected to be recoverable
Zhongxin Heavy Machinery Co., LTD	1,128,791.54	1,128,791.54	100.00%	It is not expected to be recoverable
Henan Taihang vibration machinery Co., LTD	989,207.41	989,207.41	100.00%	It is not expected to be recoverable
Donghai New Material Co., LTD	942,558.20	942,558.20	100.00%	It is not expected to be recoverable
Shanghai Jieru Heavy Industry electromechanical equipment Co., LTD	923,603.80	923,603.80	100.00%	It is not expected to be recoverable
Tangshan Guofeng Iron and Steel Co., LTD	883,297.41	883,297.41	100.00%	It is not expected to be recoverable
Jilin Chengzhong Auto Parts Co., LTD	872,874.22	872,874.22	100.00%	It is not expected to be recoverable
Shandong Changhua Machinery Technology Co., LTD	846,943.06	846,943.06	100.00%	It is not expected to be recoverable
China's second heavy machinery Group (Deyang) Wanxin engineering equipment	795,887.92	795,887.92	100.00%	It is not expected to be recoverable
Benxi Beiyang Iron and Steel (Group) Co., LTD	775,804.98	775,804.98	100.00%	It is not expected to be recoverable
Shantui Construction Machinery Co., Ltd.	772,850.38	772,850.38	100.00%	It is not expected to be recoverable
Fujian Zhongguang Environmental protection Technology Co., LTD	761,374.62	761,374.62	100.00%	It is not expected to be recoverable
Shandong Yuntong new material Technology Co., LTD	711,438.94	711,438.94	100.00%	It is not expected to be recoverable
Dongfeng Automobile Transmission Co., LTD	704,098.23	704,098.23	100.00%	It is not expected to be recoverable
Shanghai Wei Qiang Heavy Industry	673,595.42	673,595.42	100.00%	It is not expected to be

Machinery Co., LTD				recoverable
Dalian Tianyuan Motor Co., LTD	666,383.31	666,383.31	100.00%	It is not expected to be recoverable
Shanxi Hongda Steel Co., LTD	657,373.00	657,373.00	100.00%	It is not expected to be recoverable
Shanxi Hande axle Co., Ltd. Xi 'an branch	644,075.33	644,075.33	100.00%	It is not expected to be recoverable
Dandong Shuguang heavy axle limited liability company	642,833.42	642,833.42	100.00%	It is not expected to be recoverable
Hangzhou Qianjin Gear box Group Co., LTD	634,135.80	634,135.80	100.00%	It is not expected to be recoverable
Wolong Electric Huaian Qingjiang Motor Co., LTD	601,859.03	601,859.03	100.00%	It is not expected to be recoverable
Xingtai Iron and Steel Co., LTD	590,148.98	590,148.98	100.00%	It is not expected to be recoverable
Qinghai Lufeng new material Co., LTD	525,743.44	525,743.44	100.00%	It is not expected to be recoverable
Xi 'an Zhuoshibo hydraulic Engineering Co., LTD	514,938.87	514,938.87	100.00%	It is not expected to be recoverable
Jiangsu Laixie Heavy Machinery Co., LTD	506,477.77	506,477.77	100.00%	It is not expected to be recoverable
Bengang Steel Plates Co.,Ltd	487,064.68	487,064.68	100.00%	It is not expected to be recoverable
Dongfeng Commercial Vehicle Co., LTD	486,019.87	486,019.87	100.00%	It is not expected to be recoverable
Gaotang Lvyin environmental protection technology Co., LTD	477,691.81	477,691.81	100.00%	It is not expected to be recoverable
Mudanjiang city reducer factory	467,905.65	467,905.65	100.00%	It is not expected to be recoverable
Shandong Zhangqiu Blower Co., Ltd.	461,708.13	461,708.13	100.00%	It is not expected to be recoverable
07-256 factory	460,854.77	460,854.77	100.00%	It is not expected to be recoverable
Beijing Jingcheng Star Technology Development Co., LTD	450,000.00	450,000.00	100.00%	It is not expected to be recoverable
Hunan Chaoyang electromechanical Co., LTD	446,627.60	446,627.60	100.00%	It is not expected to be recoverable
Liaoyang Su Dong trading company	444,946.96	444,946.96	100.00%	It is not expected to be recoverable
Shandong Guanzhou Co., LTD	434,439.09	434,439.09	100.00%	It is not expected to be recoverable
Xiangtan Motor Co., LTD	416,549.65	416,549.65	100.00%	It is not expected to be recoverable
Shanxi Taigang Stainless Steel Co.,Ltd	402,332.21	402,332.21	100.00%	It is not expected to be recoverable
Chengdu Gaoyuan electromechanical equipment Co., LTD	383,615.52	383,615.52	100.00%	It is not expected to be recoverable
Boshan Motor Factory Group Co., LTD	373,700.65	373,700.65	100.00%	It is not expected to be recoverable
Xuzhou Xugong material supply Co., LTD	373,237.55	373,237.55	100.00%	It is not expected to be recoverable
Qingdao Double Star Tire Industry Co., LTD	371,251.58	371,251.58	100.00%	It is not expected to be recoverable
Shandong Quanlin paper Co., LTD	370,734.92	370,734.92	100.00%	It is not expected to be recoverable
Liaohu Machinery Factory	362,280.30	362,280.30	100.00%	It is not expected to be recoverable

Nanjing Institute of Astronomical Optics, National Astronomical Observatories, Chinese Academy of Sciences	352,660.01	352,660.01	100.00%	It is not expected to be recoverable
Rigang Yingkou plate Co., LTD	351,890.29	351,890.29	100.00%	It is not expected to be recoverable
Taian Tianhua Economic and trade Co., LTD	346,554.01	346,554.01	100.00%	It is not expected to be recoverable
Guanxian Hongshun composite material Co., LTD	343,820.00	343,820.00	100.00%	It is not expected to be recoverable
Hengfengtai Precision Machinery Co., LTD	318,948.38	318,948.38	100.00%	It is not expected to be recoverable
Shandong Tancheng Xinya light industry Machinery Co., LTD	318,488.87	318,488.87	100.00%	It is not expected to be recoverable
Northeast Special Steel Group Beiman Special Steel Co., LTD	315,004.72	315,004.72	100.00%	It is not expected to be recoverable
General Technology Group Kunming Machine tool Co., LTD	312,093.91	312,093.91	100.00%	It is not expected to be recoverable
Shengli oil field Yinghai building materials Co., LTD	310,948.58	310,948.58	100.00%	It is not expected to be recoverable
Taicang Hutai Chang 'e Papermaking Equipment Co., LTD	310,361.32	310,361.32	100.00%	It is not expected to be recoverable
Shaanxi Hande axle Co., LTD	309,157.59	309,157.59	100.00%	It is not expected to be recoverable
Pingdingshan Tianan Coal industry Co., LTD	305,579.25	305,579.25	100.00%	It is not expected to be recoverable
Panzhuhua Steel Group Chengdu Iron and Steel Co., LTD	303,305.45	303,305.45	100.00%	It is not expected to be recoverable
Hebei Jinxi Iron and Steel Group Co., LTD	301,978.67	301,978.67	100.00%	It is not expected to be recoverable
Harbin Haguo Electric Power Technology Co., LTD	297,905.32	297,905.32	100.00%	It is not expected to be recoverable
Waxing Group Liaoyang bearing manufacturing Co., Ltd. sales branch	294,203.05	294,203.05	100.00%	It is not expected to be recoverable
Sichuan Ningjiang Shanchuan machinery Co., LTD	288,157.60	288,157.60	100.00%	It is not expected to be recoverable
Jiangsu Xinrui gear system Co., LTD	286,949.88	286,949.88	100.00%	It is not expected to be recoverable
Erzhong Group (Deyang) Jingheng transmission Equipment Co., LTD	286,935.03	286,935.03	100.00%	It is not expected to be recoverable
Siemens Motors (China) Co., LTD	284,110.82	284,110.82	100.00%	It is not expected to be recoverable
Langfang Shenhua Industry and trade Co., LTD	282,645.16	282,645.16	100.00%	It is not expected to be recoverable
Taiyuan Heavy Industry Co. LTD	275,596.93	275,596.93	100.00%	It is not expected to be recoverable
Shandong Guanpeng Metal Sheet Co., LTD	273,748.84	273,748.84	100.00%	It is not expected to be recoverable
Baotou Tianli Huanfa electromechanical company	273,597.67	273,597.67	100.00%	It is not expected to be recoverable
Zhuzhou gear Co., LTD	270,087.40	270,087.40	100.00%	It is not expected to be recoverable
Zhonggang Xi 'an Heavy Machinery Co., LTD	265,321.47	265,321.47	100.00%	It is not expected to be recoverable
Anhui Jianghuai Automobile Group Co., LTD. Light commercial vehicle branch	264,521.67	264,521.67	100.00%	It is not expected to be recoverable

Baoji Zhongcheng industry and trade Co., LTD	256,372.12	256,372.12	100.00%	It is not expected to be recoverable
Shandong Huali Motor Group Suzhou Manufacturing Co., LTD	244,801.28	244,801.28	100.00%	It is not expected to be recoverable
Zibo city Boshan Qianjin reducer factory Co., LTD	244,579.32	244,579.32	100.00%	It is not expected to be recoverable
Yanggu Dangyu Sheet Co., LTD	243,280.00	243,280.00	100.00%	It is not expected to be recoverable
Tonghua Iron and Steel Co., LTD	240,568.39	240,568.39	100.00%	It is not expected to be recoverable
Shijiazhuang Qiangda slurry pump Co., LTD	238,749.98	238,749.98	100.00%	It is not expected to be recoverable
Neimenggu Hongji Technology new energy Co., LTD	231,610.81	231,610.81	100.00%	It is not expected to be recoverable
Taizhong coal machine Co., LTD	215,142.12	215,142.12	100.00%	It is not expected to be recoverable
Qinhuangdao Shouqin metal material Co., LTD	213,911.48	213,911.48	100.00%	It is not expected to be recoverable
Chongqing Tiema Industrial Group Co., LTD	211,196.98	211,196.98	100.00%	It is not expected to be recoverable
Shangqi Yiweike Hongyan Commercial Vehicle Co., LTD	210,860.60	210,860.60	100.00%	It is not expected to be recoverable
Shandong Quanlin straw comprehensive utilization Co., LTD	207,409.46	207,409.46	100.00%	It is not expected to be recoverable
Panzhuhua steel Vanadium Co., LTD. Panzhuhua Steel Group	203,004.70	203,004.70	100.00%	It is not expected to be recoverable
Fujian Wuhang stainless steel Products Co., LTD	202,936.71	202,936.71	100.00%	It is not expected to be recoverable
Taizhou Luqiao Meitian motorcycle Co., LTD	200,562.00	200,562.00	100.00%	It is not expected to be recoverable
Xinxiang Xinlanbeike vibration motor Co., LTD	200,000.00	200,000.00	100.00%	It is not expected to be recoverable
Tianjin Rongtai new composite material Co., LTD	200,000.00	200,000.00	100.00%	It is not expected to be recoverable
Baoji Huawei Mining Machinery Co., LTD	200,000.00	200,000.00	100.00%	It is not expected to be recoverable
Hebei Wenfeng Steel Co., LTD	197,979.65	197,979.65	100.00%	It is not expected to be recoverable
Suzhou province Prospect electromechanical equipment Co., LTD	192,173.26	192,173.26	100.00%	It is not expected to be recoverable
Zhucheng Shuguang axle limited liability company	191,824.38	191,824.38	100.00%	It is not expected to be recoverable
Guangzhou Motor Factory	189,128.68	189,128.68	100.00%	It is not expected to be recoverable
Jiangsu Xuzhou Forging Machine Tool Factory Group Co., LTD	188,906.34	188,906.34	100.00%	It is not expected to be recoverable
Hubei Wazhou Xinsheng Technology Co., LTD	188,136.00	188,136.00	100.00%	It is not expected to be recoverable
Hanbang (Jiangyin) Petrochemical Co., LTD	187,499.99	187,499.99	100.00%	It is not expected to be recoverable
Handan Sida Motor Co., LTD	186,191.80	186,191.80	100.00%	It is not expected to be recoverable
Nanjing Light Industry Machinery Factory Co., LTD	185,079.54	185,079.54	100.00%	It is not expected to be recoverable
Shanghai Sule textile Machinery Co., LTD	176,984.10	176,984.10	100.00%	It is not expected to be recoverable
Shijiazhuang Motor Co., LTD	172,543.31	172,543.31	100.00%	It is not expected to be

				recoverable
Xuzhou Zhongcai Equipment Heavy Machinery Co., LTD	170,930.05	170,930.05	100.00%	It is not expected to be recoverable
Taiyuan Tongze Heavy Industry Co., LTD	170,178.79	170,178.79	100.00%	It is not expected to be recoverable
Shanghai Zhongli Machinery Manufacturing Co., LTD	164,864.37	164,864.37	100.00%	It is not expected to be recoverable
Xuzhou Meichi axle Co., LTD	163,037.45	163,037.45	100.00%	It is not expected to be recoverable
Siping Blower Co., LTD	160,053.21	160,053.21	100.00%	It is not expected to be recoverable
Anyang coal mine motor factory	159,537.60	159,537.60	100.00%	It is not expected to be recoverable
Xiangdian Heavy equipment Co., LTD	158,854.17	158,854.17	100.00%	It is not expected to be recoverable
Zhongshan Weite Motor Co., LTD	158,593.79	158,593.79	100.00%	It is not expected to be recoverable
Shanxi Motor Factory	158,021.97	158,021.97	100.00%	It is not expected to be recoverable
Shandong Kerui steel plate Co., LTD	156,702.16	156,702.16	100.00%	It is not expected to be recoverable
Hubei Quanli Machinery Group Co., LTD	152,489.82	152,489.82	100.00%	It is not expected to be recoverable
Angang steel machinery development metallurgical electrical appliance repair factory	150,734.55	150,734.55	100.00%	It is not expected to be recoverable
Wafangdian Hongda constant velocity universal joint manufacturing Co., LTD	148,466.32	148,466.32	100.00%	It is not expected to be recoverable
Xinxiang Risheng CNC bearing equipment Co., LTD	141,314.86	141,314.86	100.00%	It is not expected to be recoverable
Shandong Maitli heavy machine Co., LTD	137,806.10	137,806.10	100.00%	It is not expected to be recoverable
Shenzhen Jiyang intelligent technology Co., LTD	133,560.00	133,560.00	100.00%	It is not expected to be recoverable
Anhui Anfeng fan Co., LTD	131,355.36	131,355.36	100.00%	It is not expected to be recoverable
Shanghai Sule textile Machinery Co., LTD	126,752.70	126,752.70	100.00%	It is not expected to be recoverable
Zhejiang Zhonghong Motor Co., LTD	126,348.05	126,348.05	100.00%	It is not expected to be recoverable
Shenyang Qunding machinery Equipment Co., LTD	126,286.35	126,286.35	100.00%	It is not expected to be recoverable
Tangshan Dunshi machinery manufacturing Co., LTD	124,474.60	124,474.60	100.00%	It is not expected to be recoverable
Nantong Hengrong machine pump factory Co., LTD	123,407.18	123,407.18	100.00%	It is not expected to be recoverable
Guangxi Tianyang Huamei paper Co., LTD	122,629.00	122,629.00	100.00%	It is not expected to be recoverable
Shenye Heavy Equipment (Shenyang) Co., LTD	121,909.54	121,909.54	100.00%	It is not expected to be recoverable
Hubei Tongfang Gaoke Pump industry Co., LTD	121,727.00	121,727.00	100.00%	It is not expected to be recoverable
Harbin First machine Manufacturing Group Co., LTD	121,033.33	121,033.33	100.00%	It is not expected to be recoverable
Nantong Motor Factory	113,634.74	113,634.74	100.00%	It is not expected to be recoverable
Shanghai Yaotai Engineering	113,054.61	113,054.61	100.00%	It is not expected to be

Technology Co., LTD				recoverable
Qinhuangdao Huaye Motor Co., LTD	111,564.44	111,564.44	100.00%	It is not expected to be recoverable
Beijing Machinery Industry Automation Research Institute	111,484.00	111,484.00	100.00%	It is not expected to be recoverable
Shandong Baoding coal coking Co., LTD	110,528.29	110,528.29	100.00%	It is not expected to be recoverable
Lingyuan Steel Co., LTD	110,000.00	110,000.00	100.00%	It is not expected to be recoverable
Shenyang SAIC Jinbei Automobile transmission Co., LTD	109,908.15	109,908.15	100.00%	It is not expected to be recoverable
Dalian Dalma Motor Co., LTD	109,553.86	109,553.86	100.00%	It is not expected to be recoverable
Taigang Group Oriental Steel Co., LTD	108,997.44	108,997.44	100.00%	It is not expected to be recoverable
Yingkou Jiachen combustion Co., LTD	108,451.55	108,451.55	100.00%	It is not expected to be recoverable
Tianma Automobile Group Co., LTD	107,121.10	107,121.10	100.00%	It is not expected to be recoverable
Shenyang Sanming Heavy Machinery Co., LTD	105,807.39	105,807.39	100.00%	It is not expected to be recoverable
Tongchuan explosion-proof motor factory	105,476.07	105,476.07	100.00%	It is not expected to be recoverable
Weichai (Weifang) medium-sized diesel Engine Co., LTD	104,548.21	104,548.21	100.00%	It is not expected to be recoverable
China Pingmei Shenma t Energy Chemical Group Co., LTD.	104,296.17	104,296.17	100.00%	It is not expected to be recoverable
DBI Corporation, USA	102,568.64	102,568.64	100.00%	It is not expected to be recoverable
Jiamusi Ji Chi tractor manufacturing Co., LTD	101,605.17	101,605.17	100.00%	It is not expected to be recoverable
Changchun power generation equipment limited liability company	100,536.11	100,536.11	100.00%	It is not expected to be recoverable
Yangmei Xinzhou General Machinery Co., LTD	100,447.88	100,447.88	100.00%	It is not expected to be recoverable
Other individual provisions	10,334,775.34	10,334,775.34	100.00%	It is not expected to be recoverable
total	77,765,538.08	77,765,538.08		

Provision for bad debts on a portfolio basis: 57,311,228.56

名称	Ending balance		
	Book balance	Bad debt reserve	Provision ratio
Aging portfolio	986,345,044.75	57,311,228.56	4.61%
Combination of related parties	255,503,245.93		
total	1,241,848,290.68	57,311,228.56	

Aging disclosure

In RMB Yuan

aging	Ending balance
Within 1 year (inclusive)	1,047,374,470.74
1 to 2 years	176,945,852.12
2 to 3 years	36,587,357.00
More than 3 years	58,706,148.90

3 to 4 years	8,448,563.73
Four to five years	14,065,231.25
More than 5 years	36,192,353.92
total	1,319,613,828.76

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

Current provision for bad debts:

In RMB Yuan

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Other increase	Collected/reversed	Written-off	
bad debts	135,308,007.64			231,241.00		135,076,766.64
total	135,308,007.64			231,241.00		135,076,766.64

(3) Accounts receivable written off in current period

Item	Written-off Amount
Accounts receivable written off	231,241.00

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

In RMB Yuan

Items	Ending balance of accounts receivable	Percentage of total ending balance of accounts receivable	Ending balance of allowance for doubtful accounts
China National Railway Group Corporation Limited and its subsidiaries	98,990,343.84	7.50%	4,727,751.02
Wafangdian bearing Group precision rolling body Co., LTD	84,585,772.18	6.41%	
Wafangdian bearing Group wind power bearing Co., LTD	79,995,003.37	6.06%	
Wafangdian bearing precision forging Co., LTD	36,115,143.72	2.74%	
Wafangdian bearing Group precision transmission bearing Co., LTD	25,813,481.19	1.96%	
total	325,499,744.30	24.67%	

## 6. Financing of receivables

In RMB Yuan

Items	Closing Balance	Opening balance
Bank acceptance notes	76,075,997.24	30,996,930.63
Total	76,075,997.24	30,996,930.63

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

Applicable  Not applicable

Items	Balance at the end of last year	New in the current period	Current termination recognition	Other changes	Ending balance	The accumulation of loss reserves recognized in other comprehensive income
Bank acceptance notes	30,996,930.63	76,075,997.24	30,996,930.63		76,075,997.24	
Total	30,996,930.63	76,075,997.24	30,996,930.63		76,075,997.24	

If the financing impairment provision for receivables is made in accordance with the general model of expected credit losses, please disclose the

relevant information of the impairment provision in accordance with the disclosure method of other receivables:

Applicable  Not applicable

## 7.Prepayment

In RMB Yuan

### (1) Aging of advances to suppliers

Items	Closing Balance		Opening Balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	39,659,912.21	97.06%	52,055,924.36	98.40%
1 to 2 years	900,173.56	2.20%	543,392.56	1.03%
2 to 3 years	301,749.09	0.74%	301,749.09	0.57%
Total	40,861,834.86		52,901,066.01	

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

Items	Closing Balance	Proportion of receivable(%)
Fushun Special Steel Co., LTD	5,642,438.90	13.81
Zhejiang RIFA Precision Machinery Co., Ltd.	5,320,000.00	13.02
Daye Special Steel Co. LTD	4,180,321.20	10.23
Sofina GMBH Co. LTD	2,670,085.60	6.53
Bengang Steel Plates Co.,Ltd	2,330,118.96	5.70
total	20,142,964.66	49.30

## 8.Other receivables

Items	Closing Balance	Opening Balance
Other receivable	13,550,871.27	10,555,282.33
Total	13,550,871.27	10,555,282.33

- (1)Interest receivable  
(2)Dividends receivable  
(3) Other receivable

### 1) The categories of other receivable by nature

In RMB Yuan

Nature	Closing Balance	Opening Balance
Deposits and deposits	7,420,750.21	7,570,216.18
Personal reserve fund	2,799,366.50	1,464,007.16
Other money	10,458,935.33	8,649,239.76
Total	20,679,052.04	17,683,463.10

### 2) Categories of other receivable

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)	
January 1, 2023 balance	7,128,180.77			7,128,180.77
January 1, 2023 Balance in the current period				
June 30, 2023 balance	7,128,180.77			7,128,180.77

Other receivables listed by aging

In RMB Yuan

Aging	Closing Balance
Within 1 year (including 1year)	11,078,792.03
1-2 years	3,197,949.53
2-3 years	520,211.96
Over 3 years	5,882,098.52
3-4years	254,121.72
4-5years	119,264.25
Over 5 years	5,508,712.55
Total	20,679,052.04

## 3) Bad debt provision accrued or reversed

In RMB Yuan

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collected/ reversed	Written-off	Others	
Provision for bad debt	7,128,180.77					7,128,180.77
Total	7,128,180.77					7,128,180.77

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

(5) Other receivables from the top 5 debtors

In RMB Yuan

Name	Category	Closing Balance	Aging	% of the total OR	Closing Balance of Provision
State Grid Liaoning Electric Power Co., LTD. Dalian power Supply company	Prepaid electricity	1,484,538.49	Within 1 year	7.18%	
Anhui conch cement Co., LTD	Security deposit	1,300,000.00	Within 1 year	6.29%	65,000.00
CRRC Logistics Limited	Security deposit	800,000.00	Within 1 year	3.87%	40,000.00
Shanghai Zhenhua Port Machinery Heavy Industry Co., LTD	Security deposit	400,000.00	Within 1 year	1.93%	20,000.00
Hebei Zongheng Group Fengnan Steel Co., LTD	Security deposit	300,000.00	Within 1 year	1.45%	15,000.00
Total		4,284,538.49		20.72%	140,000.00

## 9. Inventories

(1) Categories of inventories

In RMB Yuan

Items	Closing Balance			Opening Balance		
	Book value	Provision for decline	Net book value	Book value	Provision for decline	Net book value
Raw materials	77,854,161.28	12,156,616.26	65,697,545.02	65,513,831.20	14,443,357.39	51,070,473.81
WIP	205,888,852.46	28,070,009.33	177,818,843.13	189,136,443.02	28,175,457.17	160,960,985.85
Finished goods	540,156,780.96	114,510,717.83	425,646,063.13	554,976,127.46	121,372,831.96	433,603,295.50
Turnover material	571,041.57		571,041.57	507,593.55		507,593.55
Delivery of goods				476,795.20		476,795.20
Total	824,470,836.27	154,737,343.42	669,733,492.85	810,610,790.43	163,991,646.52	646,619,143.91

(2) Provision for decline in the value of inventories

In RMB Yuan

Items	Opening Balance	Increase		Reduction in current period		The ending balance
		Accrual	Other	To turn back or sell	other	

			off	
The raw materials	14,443,357.39		2,286,741.13	12,156,616.26
In the product	28,175,457.17		105,447.84	28,070,009.33
Inventory goods	121,372,831.96		6,862,114.13	114,510,717.83
A combined	163,991,646.52		9,254,303.10	154,737,343.42

(3) A statement that the ending balance of inventories contains the capitalized amount of borrowing costs

(4) Description of the amortization amount of contract performance costs in the current period

## 10. Contractual assets

project	Closing Balance			Beginning balance		
	Book value	Provision for decline	Net book value	Book value	Provision for decline	Net book value
Payment for performance of the contract				633,027.20	31,651.36	601,375.84
A combined				633,027.20	31,651.36	601,375.84

Current contract assets impairment provisions:

In RMB Yuan

item	Provision for current period	Current reversal	Current write-off/write-off	reason
Performance contract money			31,651.36	
total			31,651.36	

## 11. Holding assets for sale

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

## 13. Other current assets

In RMB Yuan

project	The ending balance	Beginning balance
VAT to be deducted	13,229,359.50	12,418,324.43
Value-added tax pending certification	7,728,945.80	3,257,445.02
Advance income tax		5,830.38
A combined	20,958,305.30	15,681,599.83

## 14. Bond investment

## 15. Other debt investments

## 16. Long-term receivables

## 17. Long-term equity investment

## 18. Investment in other equity instruments

In RMB Yuan

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

## 19. Other non-current financial assets

## 20. Investment real estate

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

Applicable  Not applicable

In RMB Yuan

project	Houses. Buildings.	Land use right	Projects under construction	A combined
I. Original book value				
1. Opening balance	84,454,019.02	52,861,118.81		137,315,137.83
2. Increase in current period	9,260,216.26			9,260,216.26
(1) Outsourcing				
(2) inventory \ fixed assets \ Construction in progress transfer	9,260,216.26			9,260,216.26
(3) Business mergers increased				
3. Reduction in current period	1,795,076.49			1,795,076.49
(1) Disposal	247,757.37			247,757.37
(2) Other transfer out	1,547,319.12			1,547,319.12
4. Closing balance	91,919,158.79	52,861,118.81		144,780,277.60
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	48,860,526.58	21,242,804.56		70,103,331.14
2. Increase in current period	10,041,943.88	660,755.94		10,702,699.82
(1) Provision or amortization	1,633,333.73	660,755.94		2,294,089.67
3. Reduction in current period	8,408,610.15			8,408,610.15
(1) Disposal	1,022,354.49			1,022,354.49
(2) Other transfer out				
4. Closing balance	1,022,354.49			1,022,354.49
III. Impairment provision	57,880,115.97	21,903,560.50		79,783,676.47
1. Opening balance				
2. Increase in current period				
(1) Provision and withdrawal				
3. Reduction in current period				
(1) Disposal				
(2) Other transfer out				
4. Closing balance				
IV. Book value				
1. Ending book value				
2. Beginning book value	34,039,042.82	30,957,558.31		64,996,601.13

## (2) Investment real estate with fair value measurement mode

Applicable  Not applicable

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

## 21. Fixed assets

project	The ending balance	Beginning balance
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Fixed assets	423,297,598.59	391,769,315.64
A combined	423,297,598.59	391,769,315.64

## (1) Fixed assets

project	House building	Machinery and equipment	Transportation equipment	Electronic equipment	Other equipment	A combined
I. Original book value:						
1. Opening balance	277,999,210.75	1,005,957,103.34	21,403,612.37	48,062,629.71	220,675,446.76	1,574,098,002.93
2. Increase in current period	14,426,901.26	16,501,379.47	639,823.00	1,479,552.25	27,902,020.45	60,949,676.43
(1) Purchase	811,899.37	12,816,688.92	106,194.70	197,366.61	392,799.29	14,324,948.89
(2) Transfer of projects under construction	13,615,001.89	3,684,690.55	533,628.30	1,282,185.64	27,509,221.16	46,624,727.54
(3) Business mergers increased						
3. Reduction in current period	8,152,446.36	10,573,966.01		691,358.32	553,382.51	19,971,153.20
(1) Disposal or scrapping	439,549.22	10,573,966.01		691,358.32	553,382.51	12,258,256.06
Other roll-out	7,712,897.14					7,712,897.14
4. Closing balance	284,273,665.65	1,011,884,516.80	22,043,435.37	48,850,823.64	248,024,084.70	1,615,076,526.16
II. Accumulated depreciation						
1. Opening balance	198,847,353.39	732,582,937.65	16,693,054.45	37,304,780.10	163,740,773.04	1,149,168,898.63
2. Increase in current period	4,635,529.46	20,651,094.95	372,283.93	1,122,370.24	3,832,633.39	30,613,911.97
(1) Provision and withdrawal	4,635,529.46	20,651,094.95	372,283.93	1,122,370.24	3,832,633.39	30,613,911.97
3. Reduction in current period	8,842,430.58	11,114,369.70		659,606.75	531,750.19	21,148,157.22
(1) Disposal or scrapping	433,820.43	11,114,369.70		659,606.75	531,750.19	12,739,547.07
Other roll-out	8,408,610.15					8,408,610.15
4. Closing balance	194,640,452.27	742,119,662.90	17,065,338.38	37,767,543.59	167,041,656.24	1,158,634,653.38
III. Impairment provision						
1. Opening balance	1,063,718.18	31,389,664.20	17,101.18	575,038.53	114,266.57	33,159,788.66
2. Increase in current period						
(1)						

Provision and withdrawal						
3. Reduction in current period		6,165.04		9,349.43		15,514.47
(1) Disposal or scrapping		6,165.04		9,349.43		15,514.47
4. Closing balance	1,063,718.18	31,383,499.16	17,101.18	565,689.10	114,266.57	33,144,274.19
IV. Book value						
1. Ending book value	88,569,495.20	238,381,354.74	4,960,995.81	10,517,590.95	80,868,161.89	423,297,598.59
2. Beginning 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) Temporarily idle fixed assets

project	The original value of the book	Accumulated depreciation	Impairment loss	The book value	note
House building	44,392,007.34	36,932,509.59		7,459,497.75	
Machinery and 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 equipment	1,036,879.02	927,128.65	82,538.92	27,211.45	
Other equipment	7,057,283.11	6,747,631.12	112,640.64	197,011.35	
A combined	132,423,043.67	99,866,728.20	19,763,474.14	12,792,841.33	

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

project	Ending book value
Houses and buildings	33,652,066.11
Machinery and equipment	46,420,809.37
Transport equipment	90,370.92
Electronic equipment	821,891.96
Other equipment	585,378.10
total	81,570,516.46

project	The book value	Reasons for not completing the title certificate
Dalian wazhou precision motor car bearing plant	26,949,000.50	In the process

**22. Construction in progress**

project	The ending balance	Beginning balance
Projects under construction	56,362,047.31	81,891,139.54
A combined	56,362,047.31	81,891,139.54

## (1) Construction in progress details

Improvement of 7 <sup>th</sup> finished products	Closing Balance			Opening Balance		
	Book Balance	Provision	Book Value	Book Balance	Provision	Book Value
Seven finished product transformation	4,190,539.28	3,735,902.11	454,637.17	4,190,539.28	3,735,902.11	454,637.17
Secondary product transformation	2,785,840.68		2,785,840.68	1,847,681.42		1,847,681.42
New plant project	6,905,703.74		6,905,703.74	6,717,773.55		6,717,773.55
Angular contact ball bearing production line			0.00	8,849,557.51		8,849,557.51
Plant area renovation project			0.00	1,470,077.93		1,470,077.93
Spherical roller bearing assembly line	1,321,112.55	1,110,842.55	210,270.00	1,321,112.55	1,110,842.55	210,270.00
Grinding machine modification	79,646.02		79,646.02			0.00
1250 salt bath martensite heat treatment production line press investment transformation			0.00	9,601,769.92		9,601,769.92
Maintenance and renovation of grinding production line	741,000.00	741,000.00	0.00	741,000.00	741,000.00	0.00
Precision bearing factory renovation	9,363,716.84		9,363,716.84	9,962,216.12		9,962,216.12
Thielenhaus Super precision machine			0.00	2,123,893.74		2,123,893.74
Railway reconstruction	625,647.85	24,854.40	600,793.45	625,647.85	24,854.40	600,793.45
Super precision machine installation project	456,878.68	456,878.68	0.00	456,878.68	456,878.68	0.00
Channel Two construction project	256,249.27	225,762.32	30,486.95	259,161.89	225,762.32	33,399.57
Crane works	255,382.52		255,382.52	255,382.52		255,382.52
Overhaul branch renovation	4,168,172.47		4,168,172.47	348,672.56		348,672.56
Precision rolling element transformation	166,937.61		166,937.61	166,937.61		166,937.61
Grinding production line	38,957.26		38,957.26	38,957.26		38,957.26

Computer engineering	25,623.93		25,623.93	25,623.93		25,623.93
Dalian Industrial Park project	5,590.45		5,590.45	5,590.45		5,590.45
Dalian precision automatic assembly line	12,121,496.75		12,121,496.75	12,179,730.00		12,179,730.00
Bearing parts manufacturing branch plant renovation	619,469.03		619,469.03	7,835,712.44		7,835,712.44
Liaoyang reconstruction project	1,096,504.43		1,096,504.43	1,426,189.39		1,426,189.39
Double pusher type railway bearing carburizing production line	4,986,725.68		4,986,725.68	712,389.38		712,389.38
other	13,245,087.14	798,994.81	12,446,092.33	17,822,878.43	798,994.81	17,023,883.62
<b>total</b>	<b>63,456,282.18</b>	<b>7,094,234.87</b>	<b>56,362,047.31</b>	<b>88,985,374.41</b>	<b>7,094,234.87</b>	<b>81,891,139.54</b>

(2) Change in the significant construction in progress

The project name	Budget number	Beginning balance	Current increase amount	Amount transferred to fixed assets in current period	Other reduced amounts in the current period	The ending balance	The cumulative investment of the project accounts for the proportion of the budget	Progress of the project	Cumulative amount of interest capitalization	Including: current period interest capitalization amount	Current interest capitalization rate	Sources of funding
New plant project	7,358,120.12	6,717,773.55	187,930.19			6,905,703.74	93.85%	93.85%				other
Dalian precision automatic assembly line	14,539,900.00	12,179,730.00		58,233.25		12,121,496.75	84.00%	84.00%				other
Railway reconstruction	14,472,691.67	625,647.85			0.00	625,647.85	97.78%	97.78%				other
Seven finished product transformation	107,106,101.50	4,190,539.28				4,190,539.28	54.78%	54.78%				other
Precision rolling element transformation	27,209,771.00	166,937.61				166,937.61	51.25%	51.25%				other
Precision bearing factory renovation	5,500,815.00	9,962,216.12		598,499.28		9,363,716.84	100.00%	100.00%				other
Dalian Industrial Park project	39,164,803.61	5,590.46				5,590.46	21.04%	21.04%				other
Overhaul branch renovation	2,513,380.00	348,672.56				4,168,172.47	100.00%	100.00%				other
Grinding production line	21,862,000.00	38,957.26				38,957.26	13.56%	13.56%				other
total	239,727,582.90	34,236,064.69	187,930.19	656,732.53		37,586,762.26						

**23. Productive biological assets****(1) Productive biological assets using the cost measurement model**

Applicable  Not applicable

**(2) Productive biological assets that adopt the fair value measurement model**

Applicable  Not applicable

**24. Oil and gas assets**

Applicable  Not applicable

**25. Use of assets****26. Intangible assets****(1) Intangible assets**

project	Land use right	The patent right	Non patent technology	software	total
I. Original book value					
1. Opening balance	123,328,608.93			11,842,255.70	135,170,864.63
2. Increase in current period					
(1) Purchase					
(2) Internal research and development					
(3) Business mergers increased					
3. Reduction in current period					
(1) Disposal					
4. Closing balance	123,328,608.93			11,842,255.70	135,170,864.63
II. Cumulative amortization					
1. Opening balance	50,856,731.62			6,875,514.30	57,732,245.92
2. Increase in current period	2,194,753.76			636,254.46	2,831,008.22
(1) Provision and withdrawal	2,194,753.76			636,254.46	2,831,008.22
3. Reduction in current period	660,755.94				660,755.94
(1) Disposal	660,755.94				660,755.94
4. Closing balance	52,390,729.44			7,511,768.76	59,902,498.20

III. Impairment provision					
1. Opening balance					
2. Increase in current period					
(1) Provision and withdrawal					
3. Reduction in current period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Ending book value	70,937,879.49			4,330,486.94	75,268,366.43
2. Beginning book value	72,471,877.31			4,966,741.40	77,438,618.71

**(2) The situation of land use right without certificate of title****27. Development expenditures****28.Reputation****29. Long-term deferred expenses**

project	Beginning balance	Current increase amount	Amount of amortization for the current period	Other reduction amount	The ending balance
The cost of building repairs	114,379.51	1,334,862.40	100,658.30		1,348,583.61
A combined	114,379.51	1,334,862.40	100,658.30		1,348,583.61

**30. Deferred tax assets and deferred tax liabilities**

(1) Deferred tax assets before offsetting: None.

(2) Deferred tax liabilities before offsetting

Items	Closing Balance		Opening Balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Asset evaluation increment in business combination without the same control	4,179,393.43	626,909.02	4,179,393.43	626,909.02
Total	4,179,393.43	626,909.02	4,179,393.43	626,909.02

(3) Unrecognized deferred tax assets details

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

			period	
Deferred tax liability		626,909.02		626,909.02

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

project	The ending balance	Beginning balance
Deductible temporary differences	406,214,774.41	406,214,774.41
Deductible loss	838,843,796.79	838,843,796.79
A combined	1,245,058,571.20	1,245,058,571.20

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

year	The ending balance	Beginning balance	note
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	710,421,261.25	

### 31. Other non-current assets

### 32. Short-term borrowing

(1) Classification of short-term loans

project	The ending balance	Beginning balance
Credit borrowing	598,000,000.00	699,000,000.00
A combined	598,000,000.00	699,000,000.00

### 33. Transactional financial liabilities

### 34. Derivative financial liabilities

### 35. Notes payable

species	The ending balance	Beginning balance
Commercial acceptance bill	16,530,628.50	140,000,000.00
Banker's acceptance bill	457,170,085.60	322,446,562.00
A combined	473,700,714.10	462,446,562.00

### 36. Accounts payable

(1) Presentation of accounts payable

project	The ending balance	Beginning balance
Payment for goods	1,331,274,433.95	1,266,080,898.13
The payment	51,245,679.26	30,528,086.00
other	6,634,357.81	4,366,050.59
A combined	1,389,154,471.02	1,300,975,034.72

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

project	The ending balance	Beginning balance
Obligations under contract to be performed	32,782,316.67	30,449,983.07
A combined	32,782,316.67	30,449,983.07

**39. Employee compensation payable**

(1) Salaries payable to employees are listed

project	Beginning balance	Increase in current	The reduced	The ending balance
I. Short-term compensation	40,889,276.33	146,793,246.36	174,996,069.53	12,686,453.16
II. Post-employment benefits - Set up an escrow plan	5,431,700.50	18,677,862.31	19,428,774.24	4,680,788.57
III. Dismissal benefits	476,327.00	626,403.00	1,050,925.00	51,805.00
A combined	46,797,303.83	166,097,511.67	195,475,768.77	17,419,046.73

(2) Listing of short-term remuneration

project	Beginning balance	Increase in current	The reduced	The ending balance
1. Salary and bonus. Allowances and Subsidies	35,350,531.29	109,198,735.68	135,547,598.03	9,001,668.94
2. Employee welfare fee	1,698,260.88	8,921,151.52	10,614,236.89	5,175.51
3. Social insurance premiums	510.00	12,185,104.86	12,185,104.86	510.00
Among them: medical insurance premium	510.00	9,604,389.65	9,604,389.65	510.00
Work injury insurance premium		1,478,343.86	1,478,343.86	0.00
Maternity insurance premium		1,102,371.35	1,102,371.35	0.00
4. Housing provident fund	2,723,387.67	14,920,288.76	14,953,425.68	2,690,250.75
5. Union funds and staff education funds	1,116,586.49	1,567,965.54	1,695,704.07	988,847.96
A combined	40,889,276.33	146,793,246.36	174,996,069.53	12,686,453.16

(3) Set up the escrow schedule

project	Beginning balance	Increase in current	The reduced	The ending balance
1. Basic endowment insurance	5,361,841.68	18,110,008.74	18,860,920.67	4,610,929.75
2. Unemployment insurance	69,858.82	567,853.57	567,853.57	69,858.82
A combined	5,431,700.50	18,677,862.31	19,428,774.24	4,680,788.57

**40. Taxes payable**

project	The ending balance	Beginning balance
Value-added tax	18,217,175.37	22,583,213.56
Individual income tax	148,925.71	151,164.11
City maintenance and construction tax	285,053.72	905,007.18
Vehicle and vessel tax		277.11
House tax	729,550.15	761,554.52
Education surcharge	55,065.86	611,185.48
Land use tax	608,428.81	608,428.81
Local education fees surcharge	38,553.55	23,861.56
Stamp duty	763,829.13	822,501.62
total	20,846,582.30	26,467,193.95

**41. Other payables**

project	The ending balance	Beginning balance
Other payables	194,520,164.51	180,459,153.26
A combined	194,520,164.51	180,459,153.26

(1) Interest payable

(2) Dividends payable

(3) Other payables

1) List other payables according to the nature of payment

Item	The ending balance	Beginning balance
Bid security	1,445,890.00	744,408.75
Amounts due to group	39,861,361.91	29,201,965.04
Authorized dealer margin	92,448,622.76	85,246,975.76
other	60,764,289.84	65,265,803.71
total	194,520,164.51	180,459,153.26

**42. Holding liabilities for sale****43. Non-current liabilities due within one year****44. Other current liabilities**

Item	The ending balance	Beginning balance
Tax on items to be transferred	4,255,853.73	4,294,078.63
A combined	4,255,853.73	4,294,078.63

**45. Long-term borrowing****(1) Classification of long-term loans**

Unit:yuan

Item	The ending balance	Beginning balance
Credit loan	100,000,000.00	
合计	100,000,000.00	

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

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

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

Item	The ending balance	Beginning balance
equipments	100,000.00	100,000.00

Other notes:

**(2) Special payables**

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

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

project	The ending balance	Beginning balance	Reasons for the formation
Product quality assurance	575,764.32	829,233.94	Withholding product quality indemnity

Wind power product quality claim	51,619,454.94	53,459,700.00	Product quality problems, by the customer to claim compensation
A combined	52,195,219.26	54,288,933.94	Reasons for the formation

### 51. Deferred earnings

project	Beginning balance	Increase in current	The reduced	The ending balance	reasons for the formation
Government subsidies	23,668,478.95		2,149,497.24	21,518,981.71	Receive government subsidy
Compensation for relocation of the old factory	24,656,000.19			24,656,000.19	Plant and land payment for building new factory due to demolition of old factory in Liaozhou
A combined	48,324,479.14		2,149,497.24	46,174,981.90	

Projects involving government subsidies:

liabilities	Beginning balance	This period of new subsidy amount	This period is included in the amount of non-operating income	Other income amounts are included in this period	Amount of current period write-down cost expense	Other changes	The ending balance	Related to assets/related to earnings
Dalian branch factory demolition compensation	16,225,414.71			1,352,117.94			14,873,296.77	Related to assets
Special subsidy fund for intelligent manufacturing equipment development	2,577,777.79			644,444.40			1,933,333.39	Related to assets
Transformation project of bearing base of high-end equipment manufacturing industry							0.00	Related to assets
Discount subsidy for heavy bearing load projects	700,000.00			120,000.00			580,000.00	Related to assets
Skills master studio construction subsidy	317,512.38			32,934.90			284,577.48	Related to assets
Grant from Master Liu Changfu	43,402.07						43,402.07	Related to assets
Liaozhou company industry development fund	3,804,372.00						3,804,372.00	Related to assets
A combined	23,668,478.95			2,149,497.24			21,518,981.71	Related to assets/related to earnings

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

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

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

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

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

project	Beginning balance	Increase in current	The reduced	The ending balance
Safety production fee	1,933,209.86	7,379,219.48	3,475,989.16	5,836,440.18
A combined	1,933,209.86	7,379,219.48	3,475,989.16	5,836,440.18

**59. Surplus reserve**

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

**60. Undistributed profits**

project	This period	Last period
Undistributed profit at the end of last period before adjustment	-556,691,657.88	-416,794,159.01
Adjust later period initial undistributed profit	-556,691,657.88	-416,794,159.01

Plus: Net profit attributable to the owner of the parent company for the current period	-35,377,661.16	-37,455,779.00
Undistributed profit at the end of the period	-592,069,319.04	-454,249,938.01

### 61. Operating income and operating costs

project	current period		Last period	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Main business	1,140,817,796.57	978,989,529.29	979,691,155.71	838,101,350.15
Other business	111,221,553.03	87,473,378.28	106,125,949.21	77,796,178.12
A combined	1,252,039,349.60	1,066,462,907.57	1,085,817,104.92	915,897,528.27

### 62. Taxes and surcharges

project	current period	Last period
Urban maintenance and construction tax	1,435,915.09	1,253,558.49
Education fee surcharge	843,826.00	538,989.27
The property tax	1,620,437.67	1,880,694.14
Land use tax	1,373,521.62	1,270,658.38
Stamp duty	1,524,637.01	1,441,258.04
other	154,200.13	76,766.97
A combined	6,952,537.52	6,461,925.29

### 63. Selling expenses

project	current period	Last period
Employee compensation	34,023,670.18	33,607,001.53
The quality of reparations	5,178,280.97	3,057,106.21
The freight	1,288,938.64	493,682.94
travel	10,312,809.09	8,921,342.49
Trademark royalties	8,956,515.24	7,262,617.08
Business activity expense	2,619,689.85	3,889,359.90
rent	340,116.90	1,171,050.15
""	65,957.54	95,556.00
Other fees	8,823,195.26	4,365,769.36
A combined	71,609,173.67	62,863,485.66

### 64. Administrative expenses

project	current period	Last period
Employee compensation	42,992,367.07	35,434,550.92
Amortization of intangible assets	2,864,923.46	2,463,020.79
Guard fire cost	1,163,756.98	1,163,756.98

Depreciation cost	2,668,126.12	2,589,503.18
Operational hospitality	164,355.39	117,999.09
travel	1,195,440.35	594,820.52
Other fees	3,027,426.62	7,104,439.92
A combined	54,076,395.99	49,468,091.40

#### 65. Research and development costs

project	current period	Last period
Material input	71,947,349.46	76,984,219.22
Technical service fee. Design fee. New process specification development fee (equipment debugging fee - new product tooling)		1,663.01
Artificial cost	3,857,590.23	834,075.19
Depreciation expense and long-term expense amortization	633,317.49	3,085,522.25
Fuel power	982,264.15	306,116.26
R & D equipment repair and rental costs	231,827.87	36,127.13
Processing fee	23,038.14	1,589,926.92
Test fee		181,238.15
Other fees	4,899,466.42	1,456,583.93
A combined	82,574,853.76	84,475,472.06

#### 66. Financial costs

project	current period	Last period
Interest charges	14,529,197.00	16,136,493.70
Minus: interest income	819,334.29	621,277.50
Plus: exchange loss	-3,799,004.55	-2,178,542.62
Other spending	7,226,489.73	4,747,313.23
A combined	17,137,347.89	18,083,986.81

#### 67. Other income

Generate other sources of revenue	current period	Last period
Dalian branch plant demolition subsidy	1,352,117.94	1,352,117.94
Job stabilization subsidy	104,221.53	790,453.12
High-end equipment manufacturing industry bearing base renovation project		236,160.00
Special subsidies for the development of intelligent manufacturing equipment	644,444.40	644,444.40
Large axle load project discount subsidy	120,000.00	120,000.00
Personal income tax fee refund	85,052.57	68,487.96
6296845157 Electronic return		7,845.61
Skill Master studio construction grant	32,934.90	26,459.34
Dalian Science and Technology Bureau key research	1,134,700.00	

and development in 2022 mid-term acceptance grant funds		
Pay for training on behalf of workers		29,560.00
Competition subsidy		1,500.00
Receivacai (direct) [2022] 3 grant		18,400.00
Dalian Municipal Bureau of Commerce 2019 mid-small opening fund 401-847		186,240.00
The Social Security Bureau subsidizes one-time work-stay training		500.00
Dalian Science and Technology Bureau received 2021 mid-term evaluation and acceptance grant funds		521,500.00
Collect social Security unemployment benefits		1,696.46
Return of fees for withholding corporate income tax in 2020		13,571.19
Dalian Jinpu New Area employment and social insurance division award		1,100.00
The district social security fund will centrally refund unemployment insurance	500.00	
total	3,473,971.34	4,020,036.02

**68. Investment income**

project	current period	Last period
Dividend income from investment in other equity instruments during the holding period	2,000,000.00	18,821.12
Proceeds from debt restructuring	4,328,977.57	3,823,030.26
A combined	6,328,977.57	3,841,851.38

**69. Net exposure hedging gain****70. Fair value change income**

The source of fair value change income	current period	Last period
Trading financial assets	-27,735.32	-27,735.33
A combined	-27,735.32	-27,735.33

**71. Credit impairment loss**

project	current period	Last period
Accounts receivable bad debt loss	259,660.83	761,253.49
A combined	259,660.83	761,253.49

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

Source of income from disposal of assets	current period	Last period
Gain on disposal of non-current assets	827,119.70	1,916,580.72

**74. Non-operating income**

project	current period	Last period	The amount included in the non-recurring profit and loss of the current period
Fine income	112,589.37	2,561,794.00	112,589.37
Write-off of payments that cannot be made	178,495.36	680,868.30	178,495.36
other	327,743.26	267,570.09	327,743.26
total	618,827.99	3,510,232.39	618,827.99

**75. Non-operating expenses**

project	current period	Last period	The amount included in the non-recurring profit and loss of the current period
Loss of non-current assets destroyed and scrapped	9,749.21	2,207.38	9,749.21
A fine spending	61,068.00	34,773.08	61,068.00
other	13,799.26	7,632.64	13,799.26
A combined	84,616.47	44,613.10	

**76. Income tax expense、**

(1) Income tax expense statement

(2) Accounting profit and income tax expense adjustment process

Unit: Yuan

item	Current amount
Gross profit	-35,377,661.16
Income tax expense at statutory/applicable tax rates	-5,306,649.17
Effect of different tax rates applied to subsidiaries	-2,737,424.55
The impact of non-deductible costs, expenses and losses	9,160.20
The effect of deductible temporary differences or deductible losses on deferred tax assets was not recognized in the current period	8,034,913.52

**77. Other comprehensive income**

See notes for details

**78. Cash flow statement items**

(1) Other cash received in connection with operating activities

project	current period	Last period
Interest income	950,201.70	357,464.63
Government subsidies	2,719,721.53	2,085,647.11

Come-and-go money	21,783,982.26	23,882,801.24
Return the deposit	33,934.00	237,297.11
other	150,441.21	7,897,579.66
A combined	25,638,280.70	34,460,789.75

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

project	current period	Last period
Cost of sales	11,248,725.32	19,237,719.99
Management fees	3,486,299.84	5,229,473.91
Finance charges	1,405,677.07	347,239.12
other	57,030,156.52	41,437,041.68
A combined	73,170,858.75	66,251,474.70

## (3) Other cash received in connection with investing activities

## (4) Other cash paid in connection with investment activities

## (5) Other cash received in connection with financing activities

project	current period	Last period
Bill discount	288,883,986.11	169,643,983.71
A combined	288,883,986.11	169,643,983.71

## (6) other cash paid in connection with financing activities

project	current period	Last period
deposit	141,765,674.98	175,540,163.82
A combined	141,765,674.98	175,540,163.82

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

## (1) Supplementary information of the cash flow statement

Additional information	current period	Last period
1. Adjusting net profit to cash flow from operating activities:		
Net profit	-35,377,661.16	-37,455,779.00
Plus: asset impairment provision		
Depreciation of fixed assets. Depletion of oil and gas assets. Depreciation of productive biological assets	33,170,984.62	38,806,326.19
Depreciation of right of use		
Amortization of intangible assets	2,864,923.46	1,810,337.00
Amortization of long-term deferred expenses	100,658.30	51,535.18
Loss on disposal of fixed assets, intangible assets and other long-term assets (marked with "-" for income)	-827,119.70	-1,916,580.72

Loss on the scrapping of fixed assets (income marked with "-")	9,749.21	
Loss from change in fair value (marked with "-" for income)	27,735.32	27,735.33
Financial expense (income marked with "-")	17,137,347.89	18,083,986.81
Investment loss (return marked with "-")	-6,328,977.57	-3,841,851.38
Decrease in deferred tax assets (marked with "-" for increase)		
Increase in deferred tax liability (marked with "-" for decrease)		
Decrease in inventory (increase marked with "-")	-23,114,348.94	-43,326,497.65
Reduction of operational receivables (increase marked with "-")	-97,513,277.92	-52,432,861.31
Increase in operational items payable (decrease marked with "-")	-113,648,325.02	65,847,221.66
other	259,660.83	761,253.49
Net cash flow from operating activities	-223,238,650.68	-13,585,174.40
2. Significant investment and financing activities that do not involve cash receipts and payments:		
Debt to capital		
Convertible corporate bonds maturing within one year		
Financing leases fixed assets		
3. Net Change in Cash and cash equivalents:		
Ending balance of cash	136,997,409.20	252,092,899.35
Less: Opening balance of cash	227,357,291.37	209,847,896.42
Plus: Ending balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-90,359,882.17	42,245,002.93

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

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

(4) Composition of cash and cash equivalents

project	current period	Last period
A cash.	136,997,409.20	227,357,291.37
Among them: cash on hand	456.30	292.91
A bank deposit that is readily available for payment	136,996,952.90	227,356,998.46
iii. Ending cash and cash equivalents balance	136,997,409.20	227,357,291.37

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

#### 81. Assets whose ownership or access is restricted

item	Ending book value	Limiting reason
Monetary funds	109,698,336.37	Security deposit
total	109,698,336.37	

**82. Foreign currency monetary items**

(1) Foreign currency monetary items

project	Ending balance in foreign currency	Discount rate	The balance will be converted into RMB at the end of the period
Monetary fund			
Where: U.S. Dollar			31,183,987.62
The euro	3,430,865.52	7.2258	24,790,748.07
Hong Kong dollars	811,623.51	7.8771	6,393,239.55
Accounts receivable			47,231,914.88
Where: U.S. Dollar	5,350,927.99	7.2258	38,664,735.47
The euro	1,087,605.77	7.8771	8,567,179.41
Hong Kong dollars			
Long-term borrowing			
Where: U.S. Dollar			
The euro			
Hong Kong dollars			

**83. The hedging****84. Government subsidies**

(1) Basic information on government subsidies

species	amount	Presentation project	The amount recorded in the current profit and loss
Dalian branch factory demolition compensation	48,676,244.95	Deferred income/other income	1,352,117.94
Special subsidies for the development of intelligent manufacturing equipment	8,000,000.00	Deferred income/other income	644,444.40
High-end equipment manufacturing industry bearing base renovation project	4,723,200.00	Deferred income/other income	
Large axle load project discount subsidy	2,400,000.00	Deferred income/other income	120,000.00
Skill Master studio construction grant	700,000.00	Deferred income/other income	32,934.90
Master Liu Changfu grant	100,000.00	Deferred income/other income	
Liao Axis company industrial development fund	4,877,400.00	Deferred income/other income	
Job stabilization subsidy	104,221.53	Other income	104,221.53
Personal income tax fee refund	85,052.57	Other income	85,052.57
Dalian Science and Technology Bureau key research and development in 2022 mid-term acceptance grant funds	1,134,700.00	Other income	1,134,700.00
The district social security fund will centrally refund unemployment insurance	500.00	Other income	500.00
total	70,801,319.05		3,473,971.34

(2) Return of government subsidies

 Applicable  Not applicable**85. The other****VIII. Changes in the scope of incorporation**

Rights and interests in other subjects

**VIII Interests in other entities**

## 1. Interests in subsidiaries

(1) The composition of enterprise group

Subsidiary name	Principal place of operation	Place of registration	Business nature	Shareholding ratio		Acquisition mode
				direct	indirect	
Wazhou Liaoyang Bearing Manufacture Co.,Ltd	Liaoyang City, Liaoning Province	Wangshuitai street, Taizihe District, Liaoyang City	Production and sales of bearing and machinery manufacturing	100.00%		Business combination
Dalian motor Bearing Co.,Ltd	Daliang City, Liaoning Province	Dalian Free Trade Zone 13 Li Yongsheng Street No. 12	Production and sales of bearing and machinery manufacturing	100.00%		Investment and establishment
Wazhou spherial roller bearing company limited	Wafangdian, Liaoning Province	No. 1 Beigongji Street, Wafangdian City, Liaoning Province, China.	Production and sales of bearing and machinery manufacturing	100.00%		Business combination

**X. Risks associated with financial instruments****XI. Disclosure of fair value**

## 1. The ending fair value of assets and liabilities measured at fair value

item	Ending fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Ongoing fair value measurement	--	--	--	--
(1) Trading financial assets	215,719.18			215,719.18
1. Financial assets measured at fair value and whose changes are recorded in profit or loss for the period	215,719.18			215,719.18
(2) Investment in equity	215,719.18			215,719.18

instruments				
2. Non-continuous fair value measurement	--	--	--	--

## 2. The basis for determining the market price of continuous and non-continuous first-level fair value measurement items

The Group's investment in certain equity instruments in trading financial assets is based on the unadjusted closing price of the shares on the publicly traded market as at 30 June 2023.

## XII. Related Parties and related Transactions

### 1. The parent company of the company

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

A description of the parent company of the enterprise

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

### 2. Information about subsidiaries of the company

Details of the Company's subsidiaries are set out in the notes.

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

### 4. Other related parties

### 5. Related transactions

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

Table of goods purchased/services accepted

The affiliated party	Content of Related Transactions	Current amount	Approved trading quotas	Whether it exceeds the trading limit	Amount of previous period
Wafangdian Bearing Group	Purchase of goods and equipment	195,035,189.45	500,000,000.00	No	116,944,687.61
Wafangdian Bearing Precision Forging Co., Ltd	Purchase of goods and equipment	149,910,303.81	320,000,000.00	No	179,504,286.09
Wafangdian bearing group precision roller co., LTD	The purchase of goods	18,449,231.72	50,000,000.00	No	21,011,624.59
Wafangdian bearing Group High-end Auto Bearing Co., Ltd.	The purchase of goods	38,467,029.50	83,000,000.00	No	27,072,625.64
Wafangdian Bearing Group Precision Retainer Co., Ltd.	The purchase of goods	76,263,894.84	200,000,000.00	No	98,473,875.79
Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	Purchase equipment	2,545,775.36	6,000,000.00	No	6,615,765.27

Wafangdian Bearing Power Co., Ltd.	Purchase equipment	31,835,390.76	66,000,000.00	No	18,784,809.42
Dalian Wazhou Fengyuan Machinery Co., Ltd.	The purchase of goods	8,506,261.69	37,000,000.00	No	1,902,967.60
Wafangdian bearing Group wind power bearing Co., LTD	The purchase of goods				460,644.89
Dalian Wazhou Jinzhou Machinery Co., Ltd.	The purchase of goods				7,608,142.47
Wafangdian Bearing Group Engineering Technology Research Center	Accepting labor services,	9,445,217.53	25,000,000.00	No	9,336,716.83
Wafangdian Bearing Education and Training Center	Accepting labor services,	27,663.72	100,000.00	No	5,000.00
Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	Accepting labor services,	3,242,369.60	7,000,000.00	No	335,687.50
Wafangdian Tongda Bearing Manufacturing Co., Ltd.	Accepting labor services,	1,483,488.00	6,000,000.00	No	1,492,157.00
Wafangdian Bearing Power Co., Ltd.	Accepting labor services,	1,622,607.13	17,000,000.00	No	3,476,832.42
Wafangdian Bearing Group Co., Ltd.	Accepting labor services,	12,076,128.67	24,900,000.00	No	9,492,928.25
Total	-	548,910,551.78	1,342,000,000.00		502,518,751.37

Table of goods/services offered for sale

Related party	Content of Related Transactions	Current amount	Amount of previous period
Wafangdian Bearing Precision Forging Co., Ltd	Sales of goods	51,072,193.10	42,348,727.60
Wafangdian Bearing Group (U.S.A.) Co., Ltd.	Sales of goods	33,405,570.91	31,395,819.74
Wafangdian bearing group precision roller co., LTD	Sales of goods	28,848.85	7,845.00
Wafangdian Bearing Group Wind Power BearingCo., Ltd.	Sales of goods	87,546,337.99	36,139,871.29
Wafangdian Bearing Group	Sales of goods	82,115,832.79	20,053,147.02
Wafangdian bearing Group High-end Auto Bearing Co., Ltd.	Sales of goods	3,468,642.98	6,340,894.14
Germany Leipzig Roller and Ball Bearing Co., Ltd.	Sales of goods	9,299,092.26	4,186,674.04
Wazhou Group Precision Drive Bearing Co., Ltd.	Sales of goods	966,738.90	759,469.56
ZWZBearingEuropeGmbH	Sales of goods		
Wafangdian bearing Group special precision bearing Co., LTD	Sales of goods	1,036,498.71	206,472.06
Wafangdian Tongda bearing manufacturing Co., LTD	Sales of goods	37,788.18	
Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.		96,267.03	227,337.28
Wafangdian bearing Group precision retainer Co., LTD	Sales of goods	25,316.39	105,072.79
Wafangdian Bearing Group Engineering Technology Research Center	Sales of goods	6,922.95	247,333.28
Wafangdian bearing Group precision rolling body Co., LTD	Provide labor services	2,123,327.86	
Wafangdian bearing Group precision transmission bearing Co., LTD	Provide labor services	25,511,650.85	7,368,340.78
Wafangdian bearing Group special precision bearing Co., LTD	Provide labor services	375,116.64	172,956.81
Dalian Waxing Jinzhou machinery Co., LTD	Provide labor services		437,635.45
Wafangdian bearing Group high-end automobile bearing limited liability company	Provide labor services	2,466,534.70	
Wafangdian bearing precision forging Co., LTD	Provide labor services	4,415,982.88	879,977.17
Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	Provide labor services	251,361.35	90,313.52

Wafangdian Tongda bearing manufacturing Co., LTD	Provide labor services	2,421,277.70	2,471,701.11
Wafangdian bearing Group precision retainer Co., LTD	Provide labor services	27,256.64	82,801.25
Wafangdian Bearing Group	Provide labor services	13,631,475.90	8,469,756.25
Wafangdian bearing Group wind power bearing Co., LTD	Provide labor services	826,767.44	1,554,911.62
Wafangdian Bearing Group	Sales of equipment	298,462.79	
Wafangdian bearing Group precision retainer Co., LTD	Sales of equipment	132,000.00	
Total	-	321,587,265.79	163,547,057.76

Instructions on related transactions for the purchase and sale of commodities, provision and acceptance of services

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

(3) Associated lease

As the lessor, the Company:

Name of the lessee	Types of leased assets	Lease income recognized in the current period	Lease income recognized in the previous period
Wafangdian Bearing Precision Forging Co., Ltd	land	664,365.00	664,365.00
Wafangdian Bearing Group Precision Retainer Co., Ltd.	land	132,727.50	132,727.50
Wafangdian Bearing Group Co., Ltd.	land	296,580.00	240,330.00
Wazhou Group Precision Drive Bearing Co., Ltd.	land	29,338.81	
Wafangdian bearing Group High-end Auto Bearing Co., Ltd.	housing	509,922.60	509,922.60
Wafangdian Bearing Precision Forging Co., Ltd	housing	586,525.00	586,525.00
Wafangdian Bearing Group Precision Retainer Co., Ltd.	housing	459,978.30	459,978.30
Wafangdian bearing Group Co., LTD	housing	798,525.85	584,028.00
Dalian Wazhou Fengyuan Machinery Co., Ltd.	housing	187,461.60	53,730.00
Wazhou Group Precision Drive Bearing Co., Ltd.	housing	138,882.00	
Wafangdian bearing Group High-end Auto Bearing Co., Ltd.	equipment	1,612,991.56	4,995,470.46
Wafangdian bearing group precision roller co., LTD	equipment	171,241.56	187,846.60
Wafangdian Bearing Group Precision Retainer Co., Ltd.	equipment	266,354.10	280,659.12
Wafangdian Bearing Group Co., Ltd.	equipment	3,863,046.52	4,217,156.68
Wafangdian Bearing Precision Forging Co., Ltd	equipment	426,402.54	555,670.74

The Company as the lessee:

Name of lessor	Types of leased assets	Simplified treatment of rental costs for short term leases and low value asset leases (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		The rent paid		Interest expenses incurred on lease liabilities		Increased use of assets	
		Amount incurred in current period	The amount of the previous period	Amount incurred in current period	The amount of the previous period	Amount incurred in current period	The amount of the previous period	Amount incurred in current period	The amount of the previous period	Amount incurred in current period	The amount of the previous period
Wafangdian Bearing Group	housing	548,892.40	823,338.60								
Wafangdian Bearing Group	housing	137,815.70	1,370,139.03								
Wafangdian Bearing Group	housing	2,426.99	1,213.49								

Group											
Wafangdian Bearing Group	housing	1,367,784.60	1,367,784.70								
Wafangdian Bearing Group	housing	1,055,566.80									
Wafangdian Bearing Group	housing	1,176,725.40	1,176,725.40								
Wafangdian Bearing Group	housing	358,957.50	179,478.75								
Wafangdian Bearing Group	housing		35,218.67								
Wafangdian Bearing Group	land	103,882.16	155,823.23								
Wafangdian Bearing Group	land	24,251.55	239,427.14								
Wafangdian Bearing Group	land	455,700.00	227,850.00								
Wafangdian Bearing Group	land	263,025.00	263,025.00								
Wafangdian Bearing Group	land	287,175.00	258,684.72								
Wafangdian Bearing Group	land	224,475.00	224,475.00								
Wafangdian Bearing Group	land	190,417.50	190,417.50								
Wafangdian Bearing Group	equipment	44,445.72	104,195.55								
Wafangdian Bearing Group	equipment		150,222.00								
Wafangdian Bearing Group	equipment										
Wafangdian Bearing Group	equipment	458,538.90	458,620.98								
Wafangdian Bearing Group	equipment	253,925.86	53,547.78								
Wafangdian Bearing Group	equipment	466,110.54	466,110.55								

(4) Related guarantee

(5) Related party lending

(6) Assets transfer and debt restructuring of related parties

(7) Compensation of key management personnel

item	Current amount	Last period amount
Pay in total	536,590.40	486,382.80

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

(1) Receivable items

The project name	Related party	Ending balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable	Wafangdian Bearing Group Wind Power Bearing Co., Ltd.	79,995,003.37		51,601,405.24	
Accounts receivable	Wafangdian bearing group precision roller co., LTD	84,585,772.18		84,978,681.79	
Accounts receivable	Wafangdian Bearing Group (U.S.A.) Co., Ltd.	20,042,683.27		16,834,162.48	
Accounts receivable	Wafangdian Bearing Group			418,776.87	
Accounts receivable	Wazhou Group Precision Drive Bearing Co., Ltd.	25,813,481.19		30,335,154.70	
Accounts receivable	Germany Leipzig Roller and Ball Bearing Co., Ltd.	6,456,627.89		274,528.41	
Accounts receivable	Wafangdian Tongda Bearing Manufacturing Co., Ltd.	2,494,534.31			
Accounts receivable	Wafangdian Bearing Precision Forging Co., Ltd	36,115,143.72		38,999,730.40	
Advance payment	Wafangdian Bearing Power Co., Ltd.	958,024.91		149,056.71	
Advance payment	Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	782,852.56		99,477.71	
Advance payment	Wafangdian Bearing Group Engineering Technology Research Center	2,500.00			
Other Accounts Receivable	Wafangdian Bearing Group			54,005.53	
Other Accounts Receivable	Wafangdian Bearing Precision Forging Co., Ltd	794,027.00			

(2) Items payable

The project name	Related party	Closing book balance	Starting book balance
Accounts payable	Wafangdian Bearing Group	117,313,503.58	132,706,895.33
Accounts payable	Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	2,288,550.31	10,821,238.70
Accounts payable	Wafangdian Tongda Bearing Manufacturing Co., Ltd.		80,793.56
Accounts payable	Dalian Wazhou Fengyuan Machinery Co., Ltd.	22,029,971.35	8,834,110.73
Accounts payable	Wafangdian Bearing Group Engineering Technology Research Center	13,228,246.95	12,560,399.01
Accounts payable	Wafangdian bearing Group precision	40,221,330.29	27,868,567.48

payable	retainer Co., LTD		
Accounts payable	Wafangdian Bearing Power Co., Ltd.	6,450,368.24	3,061,174.63
Accounts payable	Wafangdian bearing Group High-end Auto Bearing Co., Ltd.	40,183,731.76	32,490,015.05
Accounts payable	Wafangdian bearing Group special precision bearing Co., LTD	2,626,139.80	2,972,132.13
Other payables	Wafangdian Bearing Education and Training Center	194,570.00	
Other payables	Wafangdian Bearing Group	39,861,361.91	29,201,965.04
Other payables	Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	6,818,446.38	
Other payables	Wafangdian bearing Group wind power bearing Co., LTD	2,375,852.90	1,027,263.84

## 7. Related party commitment

There is no

## 8. Others

**XIII. Share payment**

## 1. The general situation of share payment

Applicable  Inapplicable

## 2. Share payments settled with equity

Applicable  Not applicable

## 3. Share payments settled in cash

Applicable  Inapplicable

## 4. Modification and termination of share payment

## 5. other

**XIV. Commitments and contingencies**

## 1. Important commitments

Significant commitments existing at balance sheet date

## 2. Contingencies

(1) Significant contingencies existing at the balance sheet date

(2) If the company has no important contingencies that need to be disclosed, it should also be explained

The Company has no material contingencies that need to be disclosed.

## 3. Others

**XV. Events after the balance sheet date****XVI. Other important matters****XVII. Annotation of major items in the parent company's financial statements**

## 1. Accounts receivable

(1) Classified disclosure of accounts receivable

category	ending balance					Beginning balance				
	Book balance		Provision for bad debt		The book value	Book balance		Provision for bad debt		The book value
	account	ratio	account	Provision ratio		account	ratio	account	Provision ratio	
Accounts receivable with bad debt provision	68,147,261.25	5.32%	68,147,261.25	100.00%		68,147,261.25	5.60%	68,147,261.25	100.00%	

drawn on a single item											
Among them:											
Accounts receivable with a combination of bad debt provisions	1,212,707,699.91	94.68%	56,833,779.91	4.69%	1,155,873,920.00	1,148,856,778.37	94.40%	57,065,020.91	4.97%	1,091,791,757.46	
Among them:											
Wherein: aging combination	1,061,881,419.79	82.90%	56,833,779.91	5.35%	1,005,047,639.88	935,284,105.16	76.85%	57,065,020.91	6.10%	878,219,084.25	
Where: combination of related parties	150,826,280.12	11.78%			150,826,280.12	213,572,673.21	17.55%			213,572,673.21	
Total	1,280,854,961.16	100.00%	124,981,041.16		1,155,873,920.00	1,217,004,039.62	100.00%	125,212,282.16		1,091,791,757.46	

## Provision for bad debts on an individual basis

名称	期末余额			
	账面余额	坏账准备	计提比例	计提理由
Liaoning Yinheng galvanized color coated steel plate Co., LTD	3,213,308.67	3,213,308.67	100.00%	non-recoverable
Shandong Hengji New material Co., LTD	2,284,666.96	2,284,666.96	100.00%	non-recoverable
Heilongjiang Longmei Logistics Co., LTD	2,134,140.98	2,134,140.98	100.00%	non-recoverable
Shandong Yuanda board industry Technology Co., LTD	1,804,722.77	1,804,722.77	100.00%	non-recoverable
Yingkou Steel Co., LTD	1,696,318.44	1,696,318.44	100.00%	non-recoverable
Hegang Co., LTD. Handan branch	1,608,611.42	1,608,611.42	100.00%	non-recoverable
Angang Steel Company Limited	1,595,050.69	1,595,050.69	100.00%	non-recoverable
Bazhou Tianli system pipe Co., LTD	1,325,600.76	1,325,600.76	100.00%	non-recoverable
Zhejiang Yesheng New Material Co., LTD	1,301,760.00	1,301,760.00	100.00%	non-recoverable
Zhongxin Heavy Machinery Co., LTD	1,128,791.54	1,128,791.54	100.00%	non-recoverable
Henan Taihang vibration machinery Co., LTD	989,207.41	989,207.41	100.00%	non-recoverable
Donghai New Material Co., LTD	942,558.20	942,558.20	100.00%	non-recoverable
Shanghai Jieru Heavy Industry electromechanical equipment Co., LTD	923,603.80	923,603.80	100.00%	non-recoverable
Tangshan Guofeng Iron and Steel Co., LTD	883,297.41	883,297.41	100.00%	non-recoverable
Jilin Chengzhong Auto Parts Co., LTD	872,874.22	872,874.22	100.00%	non-recoverable
Shandong Changhua Machinery Technology Co., LTD	846,943.06	846,943.06	100.00%	non-recoverable
China's second heavy machinery Group (Deyang) Wanxin engineering equipment	795,887.92	795,887.92	100.00%	non-recoverable

Benxi Beiyong Iron and Steel (Group) Co., LTD	775,804.98	775,804.98	100.00%	non-recoverable
Shantui Construction Machinery Co., Ltd.	772,850.38	772,850.38	100.00%	non-recoverable
Fujian Zhongguang Environmental protection Technology Co., LTD	761,374.62	761,374.62	100.00%	non-recoverable
Shandong Yuntong new material Technology Co., LTD	711,438.94	711,438.94	100.00%	non-recoverable
Dongfeng Automobile Transmission Co., LTD	704,098.23	704,098.23	100.00%	non-recoverable
Shanghai Wei Qiang Heavy Industry Machinery Co., LTD	673,595.42	673,595.42	100.00%	non-recoverable
Dalian Tianyuan Motor Co., LTD	666,383.31	666,383.31	100.00%	non-recoverable
Shanxi Hongda Steel Co., LTD	657,373.00	657,373.00	100.00%	non-recoverable
Shanxi Hande axle Co., Ltd. Xi 'an branch	644,075.33	644,075.33	100.00%	non-recoverable
Dandong Shuguang heavy axle limited liability company	642,833.42	642,833.42	100.00%	non-recoverable
Hangzhou Qianjin Gear box Group Co., LTD	634,135.80	634,135.80	100.00%	non-recoverable
Wolong Electric Huaian Qingjiang Motor Co., LTD	601,859.03	601,859.03	100.00%	non-recoverable
Xingtai Iron and Steel Co., LTD	590,148.98	590,148.98	100.00%	non-recoverable
Qinghai Lufeng new material Co., LTD	525,743.44	525,743.44	100.00%	non-recoverable
Xi 'an Zhuoshibo hydraulic Engineering Co., LTD	514,938.87	514,938.87	100.00%	non-recoverable
Jiangsu Laixie Heavy Machinery Co., LTD	506,477.77	506,477.77	100.00%	non-recoverable
Bengang Steel Plates Co.,Ltd	487,064.68	487,064.68	100.00%	non-recoverable
Dongfeng Commercial Vehicle Co., LTD	486,019.87	486,019.87	100.00%	non-recoverable
Gaotang Lvyin environmental protection technology Co., LTD	477,691.81	477,691.81	100.00%	non-recoverable
Mudanjiang city reducer factory	467,905.65	467,905.65	100.00%	non-recoverable
Shandong Zhangqiu Blower Co., Ltd.	461,708.13	461,708.13	100.00%	non-recoverable
07-256 factory	460,854.77	460,854.77	100.00%	non-recoverable
Beijing Jingcheng Star Technology Development Co., LTD	450,000.00	450,000.00	100.00%	non-recoverable
Hunan Chaoyang electromechanical Co., LTD	446,627.60	446,627.60	100.00%	non-recoverable
Shandong Guanzhou Co., LTD	434,439.09	434,439.09	100.00%	non-recoverable
Xiangtan Motor Co., LTD	416,549.65	416,549.65	100.00%	non-recoverable
Shanxi Taigang Stainless Steel Co.,Ltd	402,332.21	402,332.21	100.00%	non-recoverable
Chengdu Gaoyuan electromechanical equipment Co., LTD	383,615.52	383,615.52	100.00%	non-recoverable
Xuzhou Xugong material supply Co., LTD	373,237.55	373,237.55	100.00%	non-recoverable
Qingdao Double Star Tire Industry Co., LTD	371,251.58	371,251.58	100.00%	non-recoverable
Shandong Quanlin paper Co., LTD	370,734.92	370,734.92	100.00%	non-recoverable
Nanjing Institute of Astronomical	352,660.01	352,660.01	100.00%	non-recoverable

Optics, National Astronomical Observatories, Chinese Academy of Sciences				
Rigang Yingkou plate Co., LTD	351,890.29	351,890.29	100.00%	non-recoverable
Taian Tianhua Economic and trade Co., LTD	346,554.01	346,554.01	100.00%	non-recoverable
Guanxian Hongshun composite material Co., LTD	343,820.00	343,820.00	100.00%	non-recoverable
Hengfengtai Precision Machinery Co., LTD	318,948.38	318,948.38	100.00%	non-recoverable
Shandong Tancheng Xinya light industry Machinery Co., LTD	318,488.87	318,488.87	100.00%	non-recoverable
Northeast Special Steel Group Beiman Special Steel Co., LTD	315,004.72	315,004.72	100.00%	non-recoverable
General Technology Group Kunming Machine tool Co., LTD	312,093.91	312,093.91	100.00%	non-recoverable
Shengli oil field Yinghai building materials Co., LTD	310,948.58	310,948.58	100.00%	non-recoverable
Taicang Hutai Chang 'e Papermaking Equipment Co., LTD	310,361.32	310,361.32	100.00%	non-recoverable
Shaanxi Hande axle Co., LTD	309,157.59	309,157.59	100.00%	non-recoverable
Pingdingshan Tianan Coal industry Co., LTD	305,579.25	305,579.25	100.00%	non-recoverable
Panzhuhua Steel Group Chengdu Iron and Steel Co., LTD	303,305.45	303,305.45	100.00%	non-recoverable
Hebei Jinxi Iron and Steel Group Co., LTD	301,978.67	301,978.67	100.00%	non-recoverable
Harbin Haguo Electric Power Technology Co., LTD	297,905.32	297,905.32	100.00%	non-recoverable
Sichuan Ningjiang Shanchuan machinery Co., LTD	288,157.60	288,157.60	100.00%	non-recoverable
Jiangsu Xinrui gear system Co., LTD	286,949.88	286,949.88	100.00%	non-recoverable
Erzhong Group (Deyang) Jingheng transmission Equipment Co., LTD	286,935.03	286,935.03	100.00%	non-recoverable
Siemens Motors (China) Co., LTD	284,110.82	284,110.82	100.00%	non-recoverable
Langfang Shenhua Industry and trade Co., LTD	282,645.16	282,645.16	100.00%	non-recoverable
Taiyuan Heavy Industry Co. LTD	275,596.93	275,596.93	100.00%	non-recoverable
Shandong Guanpeng Metal Sheet Co., LTD	273,748.84	273,748.84	100.00%	non-recoverable
Baotou Tianli Huanfa electromechanical company	273,597.67	273,597.67	100.00%	non-recoverable
Zhuzhou gear Co., LTD	270,087.40	270,087.40	100.00%	non-recoverable
Zhonggang Xi 'an Heavy Machinery Co., LTD	265,321.47	265,321.47	100.00%	non-recoverable
Anhui Jianghuai Automobile Group Co., LTD. Light commercial vehicle branch	264,521.67	264,521.67	100.00%	non-recoverable
Baoji Zhongcheng industry and trade Co., LTD	256,372.12	256,372.12	100.00%	non-recoverable
Shandong Huali Motor Group Suzhou Manufacturing Co., LTD	244,801.28	244,801.28	100.00%	non-recoverable
Zibo city Boshan Qianjin reducer factory Co., LTD	244,579.32	244,579.32	100.00%	non-recoverable
Yanggu Dangyu Sheet Co., LTD	243,280.00	243,280.00	100.00%	non-recoverable

Tonghua Iron and Steel Co., LTD	240,568.39	240,568.39	100.00%	non-recoverable
Shijiazhuang Qiangda slurry pump Co., LTD	238,749.98	238,749.98	100.00%	non-recoverable
Neimenggu Hongji Technology new energy Co., LTD	231,610.81	231,610.81	100.00%	non-recoverable
Taizhong coal machine Co., LTD	215,142.12	215,142.12	100.00%	non-recoverable
Qinhuangdao Shouqin metal material Co., LTD	213,911.48	213,911.48	100.00%	non-recoverable
Chongqing Tiema Industrial Group Co., LTD	211,196.98	211,196.98	100.00%	non-recoverable
Shangqi Yiweike Hongyan Commercial Vehicle Co., LTD	210,860.60	210,860.60	100.00%	non-recoverable
Shandong Quanlin straw comprehensive utilization Co., LTD	207,409.46	207,409.46	100.00%	non-recoverable
Panzhuhua steel Vanadium Co., LTD. Panzhuhua Steel Group	203,004.70	203,004.70	100.00%	non-recoverable
Fujian Wuhang stainless steel Products Co., LTD	202,936.71	202,936.71	100.00%	non-recoverable
Xinxiang Xinlanbeike vibration motor Co., LTD	200,000.00	200,000.00	100.00%	non-recoverable
Tianjin Rongtai new composite material Co., LTD	200,000.00	200,000.00	100.00%	non-recoverable
Baoji Huawei Mining Machinery Co., LTD	200,000.00	200,000.00	100.00%	non-recoverable
Hebei Wenfeng Steel Co., LTD	197,979.65	197,979.65	100.00%	non-recoverable
Zhucheng Shuguang axle limited liability company	191,824.38	191,824.38	100.00%	non-recoverable
Jiangsu Xuzhou Forging Machine Tool Factory Group Co., LTD	188,906.34	188,906.34	100.00%	non-recoverable
Hubei Wazhou Xinsheng Technology Co., LTD	188,136.00	188,136.00	100.00%	non-recoverable
Hanbang (Jiangyin) Petrochemical Co., LTD	187,499.99	187,499.99	100.00%	non-recoverable
Nanjing Light Industry Machinery Factory Co., LTD	185,079.54	185,079.54	100.00%	non-recoverable
Xuzhou Zhongcai Equipment Heavy Machinery Co., LTD	170,930.05	170,930.05	100.00%	non-recoverable
Taiyuan Tongze Heavy Industry Co., LTD	170,178.79	170,178.79	100.00%	non-recoverable
Shanghai Zhongli Machinery Manufacturing Co., LTD	164,864.37	164,864.37	100.00%	non-recoverable
Xuzhou Meichi axle Co., LTD	163,037.45	163,037.45	100.00%	non-recoverable
Siping Blower Co., LTD	160,053.21	160,053.21	100.00%	non-recoverable
Xiangdian Heavy equipment Co., LTD	158,854.17	158,854.17	100.00%	non-recoverable
Zhongshan Weite Motor Co., LTD	158,593.79	158,593.79	100.00%	non-recoverable
Shandong Kerui steel plate Co., LTD	156,702.16	156,702.16	100.00%	non-recoverable
Hubei Quanli Machinery Group Co., LTD	152,489.82	152,489.82	100.00%	non-recoverable
Angang steel machinery development metallurgical electrical appliance repair factory	150,734.55	150,734.55	100.00%	non-recoverable
Wafangdian Hongda constant velocity universal joint manufacturing Co., LTD	148,466.32	148,466.32	100.00%	non-recoverable

Xinxiang Risheng CNC bearing equipment Co., LTD	141,314.86	141,314.86	100.00%	non-recoverable
Shandong Maitli heavy machine Co., LTD	137,806.10	137,806.10	100.00%	non-recoverable
Shenzhen Jiyang intelligent technology Co., LTD	133,560.00	133,560.00	100.00%	non-recoverable
Anhui Anfeng fan Co., LTD	131,355.36	131,355.36	100.00%	non-recoverable
Zhejiang Zhonghong Motor Co., LTD	126,348.05	126,348.05	100.00%	non-recoverable
Shenyang Qunding machinery Equipment Co., LTD	126,286.35	126,286.35	100.00%	non-recoverable
Tangshan Dunshi machinery manufacturing Co., LTD	124,474.60	124,474.60	100.00%	non-recoverable
Nantong Hengrong machine pump factory Co., LTD	123,407.18	123,407.18	100.00%	non-recoverable
Guangxi Tianyang Huamei paper Co., LTD	122,629.00	122,629.00	100.00%	non-recoverable
Shenye Heavy Equipment (Shenyang) Co., LTD	121,909.54	121,909.54	100.00%	non-recoverable
Hubei Tongfang Gaoke Pump industry Co., LTD	121,727.00	121,727.00	100.00%	non-recoverable
Harbin First machine Manufacturing Group Co., LTD	121,033.33	121,033.33	100.00%	non-recoverable
Shanghai Yaotai Engineering Technology Co., LTD	113,054.61	113,054.61	100.00%	non-recoverable
Beijing Machinery Industry Automation Research Institute	111,484.00	111,484.00	100.00%	non-recoverable
Shandong Baoding coal coking Co., LTD	110,528.29	110,528.29	100.00%	non-recoverable
Lingyuan Steel Co., LTD	110,000.00	110,000.00	100.00%	non-recoverable
Taigang Group Oriental Steel Co., LTD	108,997.44	108,997.44	100.00%	non-recoverable
Yingkou Jiachen combustion Co., LTD	108,451.55	108,451.55	100.00%	non-recoverable
Tianma Automobile Group Co., LTD	107,121.10	107,121.10	100.00%	non-recoverable
Shenyang Sanming Heavy Machinery Co., LTD	105,807.39	105,807.39	100.00%	non-recoverable
Weichai (Weifang) medium-sized diesel Engine Co., LTD	104,548.21	104,548.21	100.00%	non-recoverable
China Pingmei Shenma t Energy Chemical Group Co., LTD.	104,296.17	104,296.17	100.00%	non-recoverable
DBI Corporation, USA	102,568.64	102,568.64	100.00%	non-recoverable
Jiamusi Ji Chi tractor manufacturing Co., LTD	101,605.17	101,605.17	100.00%	non-recoverable
Changchun power generation equipment limited liability company	100,536.11	100,536.11	100.00%	non-recoverable
Yangmei Xinzhou General Machinery Co., LTD	100,447.88	100,447.88	100.00%	non-recoverable
other	9,396,331.15	9,396,331.15	100.00%	non-recoverable
total	68,147,261.25	68,147,261.25		

Provision for bad debts on a portfolio basis: 56,833,779.91

name	Ending balance		
	Book balance	Bad debt reserve	Provision ratio

Aging portfolio	972,442,619.40	56,833,779.91	4.69%
Combination of related parties	240,265,080.48		
total	1,212,707,699.91	56,833,779.91	

Provision for bad debts on a portfolio basis: 56,833,779.91

name	Ending balance		
	Book balance	Bad debt reserve	Provision ratio
Within 1 year	902,750,136.48	45,137,506.82	5.00%
1 to 2 years	40,087,413.37	4,008,741.34	10.00%
2 to 3 years	26,764,706.82	5,352,941.36	20.00%
3 to 4 years	892,038.53	446,019.27	50.00%
Four to five years	298,765.55	239,012.44	80.00%
More than 5 years	1,649,558.68	1,649,558.68	100.00%
Combination of related parties	240,265,080.48		
total	1,212,707,699.91	56,833,779.91	

Instructions for determining the basis of the combination:

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

Applicable  Not applicable

Disclosure by age

aging	Closing balance
Within 1 year (including 1 year)	1,027,336,126.49
1 to 2 years	156,669,213.71
2 to 3 years	48,424,810.48
More than 3 years	48,424,810.48
3 to 4 years	7,136,880.88
4 to 5 years	15,097,127.48
More than 5 years	26,190,802.12
Total	1,280,854,961.16

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

Provision for bad debts in current period:

category	Beginning balance	Current change amount				The ending balance
		provision	To withdraw or turn back	Cancel after verification	other	
Provision for bad debt	125,212,282.16			231,241.00		124,981,041.16
Total	125,212,282.16			231,241.00		124,981,041.16

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

Project	write-off amount
Accounts receivable actually written off	231,241.00

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

Name	Ending balance of accounts receivable	The proportion of total ending balance of accounts receivable	Ending balance of allowance for bad debts
Wafangdian Bearing Precision Forging Co., Ltd	141,978,924.70	11.08%	
Wafangdian Bearing Group Wind Power BearingCo., Ltd.	98,349,512.59	7.68%	
Wafangdian bearing	93,624,683.85	7.31%	

group precision roller co., LTD			
Wafangdian bearing Group Co., LTD	63,529,148.46		4.96%
Wafangdian bearing Group Co., Ltd. precision roller manufacturing branch	61,883,753.37		4.83%
<b>total</b>	<b>459,366,022.97</b>		<b>35.86%</b>

## 2. Other receivables

item	Closing balance	Opening balance
Dividends receivable	11,843,105.36	11,843,105.36
Other accounts receivable	289,575,523.10	314,644,304.84
<b>total</b>	<b>301,418,628.46</b>	<b>326,487,410.20</b>

## (2) Dividends receivable

## 1) Dividend receivable classification

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

## (3) Other accounts receivable

## 1) Classification of other receivables by nature

Nature of money	Closing book balance	Starting book balance
Related party loan	276,651,433.00	304,433,271.67
Deposits and deposits	4,581,512.94	7,260,746.37
Personal reserve fund	2,799,366.50	1,464,007.16
Electric charge	495,121.67	1,155,078.82
Other money	5,048,088.99	331,200.82
<b>total</b>	<b>289,575,523.10</b>	<b>314,644,304.84</b>

## 2) Provision for bad debts

Provision for bad debt	The first stage	The second stage	The third stage	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment occurs)	Expected credit loss for the entire duration (credit impairment incurred)	
Balance as of January 1, 2023	5,994,647.88			5,994,647.88
January 1, 2023 balance in current period				
Balance on June 30, 2023	5,994,647.88			5,994,647.88

Loss provision Changes in current period significant changes in book balance

 Applicable  Inapplicable

## Disclosure by age

aging	Closing balance
Within 1 year (including 1 year)	288,491,007.69
1 to 2 years	47,595.00
2 to 3 years	2,354,054.24
More than 3 years	4,677,514.05
3 to 4 years	507,736.11
4 to 5 years	25,958.36
More than 5 years	4,143,819.58
Total	295,570,170.98

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

## Provision for bad debts in the current period:

category	Opening balance	Current change amount				Closing balance
		provision	withdraw or reverse	Cancel after verification	other	
bad debt provision	5,994,647.88		29,787.40			5,994,647.88
Total	5,994,647.88		29,787.40			5,994,647.88

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

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

Name	Category	Closing Balance	Aging	% of the total OR	Closing Balance of Provision
Dalian Wazhou Precision Motor Automobile Bearing Co., Ltd.	Related party loan	128,593,120.52	Within 1 year	43.51%	
Wazhou Liaoyang Bearing Construction Co.,Ltd	Related party loan	102,381,156.58	Within 1 year	34.63%	
Wazhou Precision of Spherical Roller Bearings(Wafangdian)Co., Ltd	Related party loan	45,677,155.90	Within 1 year	15.45%	
State Grid Liaoning Electric Power Co., LTD. Dalian Power Supply Company	Prepaid electricity	495,121.67	Within 1 year	0.17%	
Dalian Economic and Technological Development Zone Dayou high-tech ceramics Co., LTD	Advance payment	45,000.00	Within 1 year	0.02%	
合计		277,191,554.67		93.78%	

## 3. Category of long-term equity investments

Item	Closing Balance			Opening Balance		
	Closing Balance	Provision	Book Value	Opening Balance	Provision	Book Value
Investment in subsidiaries	225,693,897.67		225,693,897.67	225,693,897.67		225,693,897.67
合计	225,693,897.67		225,693,897.67	225,693,897.67		225,693,897.67

## (1) Investments into subsidiaries

Subsidiaries names	Opening Balance	Change				Closing Balance	Closing Balance of provision
		Increase	Decrease	Provision in current period	Others		
Wazhou Liaoyang Bearing Construction Co.,Ltd	31,447,259.95					31,447,259.95	
Dalian Wazhou Precision Motor Car Bearing Company Limited	45,478,956.37					45,478,956.37	
Wazhou Precision of Spherical Roller Bearings(Wafangdian)Co., Ltd	148,767,681.35					148,767,681.35	
Total	225,693,897.67					225,693,897.67	

## 4. Operating revenue and cost

project	current year		prior year	
	Revenue	Cost	Revenue	Cost
Item	1,135,958,921.84	983,525,942.90	980,699,092.66	855,080,947.83
Revenue from main operation	133,398,918.95	85,543,042.96	126,336,105.32	75,617,985.01
Revenue from other operation	1,269,357,840.79	1,069,068,985.86	1,107,035,197.98	930,698,932.84

## 5. Investment income

Items	current year	prior year
Dividend income obtained during the holding period of long-term equity investment	2,000,000.00	18,821.12
Gain on debt restructuring	2,980,548.02	2,294,441.90
Total	4,980,548.02	2,313,263.02

## 6. Others

## XVIII. Supplementary Information to the Financial Statements

## 1. Non-recurring profit and loss statement for the current period

Applicable  Inapplicable

Items	Current year	Notes
Gain or loss from disposal of non-current assets	817,370.49	
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)	3,473,971.34	
Profit or loss from debts restructuring	4,328,977.57	
In addition to the effective hedging business related to the normal operation of the company, it holds transactional financial assets. The profit and loss of fair value	-27,735.32	

variation arising from transaction financial liabilities, and the investment income of transaction financial liabilities and available-for-sale financial assets from the disposal of transaction financial assets		
Other non-operating income and expenditure other than those mentioned above	543,960.73	
Other items of profit or loss that meet the definition of non-recurring profit or loss	2,000,000.00	
Less: Income tax impact	1,683,802.22	
total	9,452,742.59	--

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

Applicable  Not applicable

The current period received a dividend of 2 million yuan to Aimuyi Company.

The non-recurring profit and loss items listed in Explanatory Announcement No. 1 on Information Disclosure of Publicly Issued Securities Companies - Non-recurring Profit and Loss are defined as the fact sheet of the regular profit and loss items

Applicable  Not applicable

## 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	-7.78%	-0.0879	-0.0879
Net profit after deducting non-recurring gains and losses attributable to shareholders of parent company	-9.86%	-0.1114	-0.1114

## 3. Differences in accounting data under domestic and foreign accounting standards

(1) The difference between net profit and net assets in financial reports disclosed under both international accounting standards and Chinese accounting standards

Applicable  Not applicable

(2) The difference between net profit and net assets in financial reports disclosed under both foreign accounting standards and Chinese accounting standards

Applicable  Not applicable

(3) Explanation of the reasons for the difference of accounting data under domestic and foreign accounting standards, the name of the overseas audit institution should be indicated if the difference adjustment is made to the data audited by the overseas audit institution

## 4. Others

