

Stock code: 000706

Stock ID: Wazhou B

No.2021-29

Wafangdian Bearing Company Limited

The Third Quarterly Report for 2021

The Company and whole members of the BOD guarantee that the information disclosed is true, accurate and complete, and there are no any fictitious records, misleading statements or important omissions.

Important content reminder:

1. Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of Wafangdian Bearing Company Limited (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.
2. Principal of the Company, Person in Charge of Accounting Works and Person in Charge of Accounting Organ (Accounting Officer) hereby confirm that the Financial Report of the Third Quarterly Report is authentic, accurate and complete.
3. Whether the Third Quarterly Report has been audited or not

Yes No

I. Main financial data

(i) Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data or not

Yes No

Retrospective adjustment or restatement reason

Changes in accounting policies

	Current period	Same period of the previous year		Increase/decrease in the period compared with the same period of the previous year	Year-begin to period-end	Same period of the previous year		Increase/decrease from year-begin to period-end compared with the same period of the previous year
		Before adjustment	After adjustment	After adjustment		Before adjustment	After adjustment	After adjustment
Operating income (Yuan)	641,570,596.17	440,207,250.31	414,418,180.35	54.81%	1,722,635,449.83	1,439,852,352.22	1,311,150,415.21	31.38%

Net profit attributable to shareholders of the listed company (Yuan)	-8,428,274.25	-13,769,643.48	-13,769,643.48	-38.79%	-4,236,131.01	-10,122,561.29	-10,122,561.29	-58.15%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (Yuan)	-12,361,343.82	-16,011,963.22	-16,011,963.22	-22.80%	-11,112,874.15	-20,538,476.10	-20,538,476.10	-45.89%
Net cash flow arising from operating activities (Yuan)	—	—	—	—	-5,519,604.75		136,258,773.63	-104.05%
Basic earnings per share (Yuan/Share)	-0.02	-0.03	-0.03	-33.33%	-0.01	-0.03	-0.03	-66.67%
Diluted earnings per share (Yuan/Share)	-0.02	-0.03	-0.03	-33.33%	-0.01	-0.03	-0.03	-66.67%
Weighted average ROE	-1.04%	-1.16%	-1.16%	-10.34%	-0.52%	-0.84%	-0.84%	-38.10%
	End of current period		End of previous year				Increase/decrease at the period-end compared with the end of the previous year	
			Before adjustment		After adjustment		After adjustment	
Total assets (Yuan)	3,356,755,442.52		3,133,942,842.94		3,133,942,842.94		7.11%	
Net assets attributable to shareholder of listed company (Yuan)	809,768,836.88		814,004,967.89		814,004,967.89		-0.52%	

(ii) Items and amounts of non-recurring profit (gains)/losses

√ Applicable □ Not applicable

Unit: Yuan

Item	Amount for the period	Amount from year-begin to period-end	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	2,427,294.87	1,606,924.53	
Government subsidy recorded in current gains/losses (except those closely related to the Company's normal operation, and those continuously enjoyed on a fixed or quantitative basis with certain standards in accordance with national policy regulations)	2,016,917.94	5,080,579.21	
Gains/losses of debt restructuring	-138,709.18	173,558.47	
Losses/gains from changes of fair values occurred in holding trading financial assets and trading financial liabilities, and investment income obtaining from the disposal of trading financial assets and trading financial liability, excluded effective hedging business relevant with normal operations of the Company	-21,571.92	161,789.39	
Other non-operating income and expenses other than the above	348,162.83	1,049,265.28	
Less: impact on income tax	699,024.97	1,195,373.74	
Total	3,933,069.57	6,876,743.14	--

Other gain/loss items that qualified the definition of non-recurring profit (gains)/losses:

□ Applicable √ Not applicable

The Company does not have other gain/loss items that qualified the definition of non-recurring profit (gains)/losses

Explanation on those non-recurring gain/loss listed in the "Q&A Announcement No.1 on Information Disclosure for Companies

Offering Their Securities to the Public --- Extraordinary Profit/loss” defined as recurring gain/loss

Applicable Not applicable

The Company does not have the non-recurring gain/loss listed in the “Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss” defined as recurring gain/loss

(iii) Particulars about changes in items of main accounting data and financial index and explanations of reasons

Applicable Not applicable

Item	First three quarters of 2021	First three quarters of 2020	(+,-) Increase or decrease ratio	Reason for change
Trading financial assets	389,835.39	228,046.00	70.9%	Stock price of CISC up from the beginning of the year.
Prepayments	20,288,215.51	53,772,465.49	-62.3%	Arrival of the materials purchased in advance
Other current assets	5,900,487.42	24,610,448.93	-76.0%	The input tax to be deducted decreased from the beginning of the period
Long-term prepaid expenses	261,792.23	511,188.11	-48.8%	Due to the amortization.
Employee compensation payable	22,161,302.10	52,677,141.09	-57.9%	The accrued performance pay and compensation payout
Operating income	1,722,635,449.83	1,311,150,415.21	31.4%	Rise in main business revenue
Operating costs	1,336,105,856.80	1,000,116,393.92	33.6%	Rise in main business costs
Management costs	73,784,856.78	50,614,963.66	45.8%	The payroll costs increased
Other income	5,080,579.21	7,372,435.46	-31.1%	The high-quality development of manufacturing funds larger in last period
Gains from changes in fair value	161,789.39	-57,011.50	-383.8%	Gains from the movements of stock price of CISC
Asset disposal income	2,442,295.42	1,059,231.16	130.6%	Income from disposal of fixed assets
Non-operating income	1,176,749.45	2,229,133.90	-47.2%	Revenue from fines declined in the period
Non-operating expense	962,855.06	238,114.87	304.4%	The damage & scrap losses of non-current assets increased
Other cash received related to operating activities	65,957,997.31	10,919,258.95	504.1%	The deposits received from customers are reported in the item while reported as net income & expenditures in prior period
Cash paid for purchasing goods and receiving labor services	527,343,266.72	387,220,558.40	36.2%	Increase in the monetary expenses from buying goods
Other cash payments related to operating activities	96,922,442.60	65,740,381.57	47.4%	The deposits paid to customers are reported in the item and no such item presented in the prior period
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	2,108,032.16	1,204,175.16	75.1%	The sale of equipment payments received in the period increased
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	1,181,706.32	857,517.63	37.8%	Increase in the monetary expenses from purchase & construction of fixed assets
Other cash received in connection with financing activities	82,895,652.78	41,567,823.29	99.4%	The discounted funds received in the period increased compared to the previous period
Cash paid for distribution of dividends, profits or repayment of interest	22,230,442.85	56,481,232.67	-60.6%	There was no dividend paid in the period, and 32.21 million yuan are paid last year

II. Shareholders Information

(i) Total number of common shareholders and preference shareholders with voting rights recovered and top ten common shareholders

Unit: Share

Total common shareholders at the end of report period		5,771		Total preference shareholders with voting rights recovered at end of reporting period (if applicable)		0	
Top ten shareholders							
Shareholder's name	Nature of shareholder	Proportion of shares held	Amount of shares held	Number of non-tradable shares held	Information of shares pledged, tagged or frozen		
					State of share		Amount
Wafangdian Bearing Group Corporation	State-owned legal person	60.61%	244,000,000	244,000,000			
AKTIEBOLAG ET SKF	Foreign legal person	19.70%	79,300,000				
China Merchants Securities Hong Kong Co., Limited	State-owned legal person	1.99%	8,000,391				
Huang Junyue	Domestic natural person	1.74%	7,025,268				
Hu Xiaofeng	Domestic natural person	0.47%	1,879,277				
BOCI SECURITIES LIMITED	Foreign legal person	0.33%	1,310,000				
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.22%	884,811				
Jin Yunhua	Domestic natural person	0.19%	750,000				
Meng Qingliang	Domestic natural person	0.18%	734,548				
MAN,KWAI WING 文贵荣	Foreign natural person	0.18%	713,101				
Shareholding of the top 10 shareholders of tradable shares							
Shareholders' name	Number of listed shares held	Type of shares					
		Type	Amount	Amount			
AKTIEBOLAGET SKF	79,300,000	Foreign-listed foreign shares	79,300,000				
China Merchants Securities Hong Kong Co., Limited	8,000,391	Foreign-listed foreign shares	8,000,391				
Huang Junyue	7,025,268	Foreign-listed foreign shares	7,025,268				
Hu Xiaofeng	1,879,277	Domestically listed foreign shares	1,879,277				
BOCI SECURITIES LIMITED	1,310,000	Foreign-listed foreign shares	1,310,000				
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	884,811	Foreign-listed foreign shares	884,811				
Jin Yunhua	750,000	Foreign-listed foreign shares	750,000				
Meng Qingliang	734,548	Foreign-listed foreign shares	734,548				
MAN,KWAI WING 文贵荣	713,101	Foreign-listed foreign shares	713,101				
Zhou Junlin	575,301	Foreign-listed foreign shares	575,301				
Explanation on associated relationship among the aforesaid shareholders	Among the top 10 shareholders of the company, there is no association or consistent action between the largest shareholder and other shareholders or top 10 shareholders of tradable shares, and it is unknown whether there is any association or consistent action between other shareholders, top 10 shareholders of tradable shares or top 10 shareholders of tradable shares and other shareholders.						

(ii) Total shareholders with preferred stock held and shares held by top ten shareholders with preferred stock held

□ Applicable √ Not applicable

III. Other significant events

□ Applicable √ Not applicable

IV. Quarterly financial statements**(i) Financial statement****1. Consolidate balance sheet**

Prepared by Wafangdian Bearing Company Limited

September 30, 2021

Unit: Yuan

Item	September 30, 2021	December 31, 2020
Current assets:		
Monetary fund	211,602,377.85	194,152,280.08
Settlement provisions		
Capital lent		
Trading financial assets	389,835.39	228,046.00
Derivative financial assets		
Note receivable	482,589,484.19	416,044,578.48
Account receivable	1,059,648,250.52	975,628,091.12
Receivable financing	143,333,321.67	130,600,545.59
Accounts paid in advance	20,288,215.51	53,772,465.49
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	12,180,333.54	14,204,144.25
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	787,468,082.55	615,656,946.30
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	5,900,487.42	24,610,448.93
Total current assets	2,723,400,388.64	2,424,897,546.24
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment		

Investment in other equity instrument	11,926,856.64	11,926,856.64
Other non-current financial assets		
Investment real estate	72,757,799.66	117,516,482.39
Fixed assets	443,860,197.54	474,109,923.22
Construction in progress	24,348,423.50	24,254,985.16
Productive biological asset		
Oil and gas asset		
Right-of-use assets	690,676.81	
Intangible assets	79,509,307.50	80,725,861.18
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	261,792.23	511,188.11
Deferred income tax asset		
Other non-current asset		
Total non-current asset	633,355,053.88	709,045,296.70
Total assets	3,356,755,442.52	3,133,942,842.94
Current liabilities:		
Short-term loans	677,000,000.00	670,000,000.00
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable	258,474,249.64	274,654,535.65
Account payable	1,289,991,635.83	1,044,801,896.85
Accounts received in advance		
Contractual liability	38,432,107.58	39,456,304.55
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	22,161,302.10	52,677,141.09
Taxes payable	4,176,084.68	3,688,168.68
Other account payable	153,691,133.96	129,476,061.47
Including: Interest payable		
Dividend payable		
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities	4,944,757.56	5,129,319.58
Total current liabilities	2,448,871,271.35	2,219,883,427.87
Non-current liabilities:		
Insurance contract reserve		
Long-term loans		
Bonds payable		
Including: Preferred stock		

Perpetual capital securities		
Lease liability	966,728.92	
Long-term account payable	344,974.84	344,974.84
Long-term wages payable		
Accrual liability	39,695,201.65	39,032,270.91
Deferred income	56,373,980.53	59,942,753.08
Deferred income tax liabilities	734,448.35	734,448.35
Other non-current liabilities		
Total non-current liabilities	98,115,334.29	100,054,447.18
Total liabilities	2,546,986,605.64	2,319,937,875.05
Owner's equity:		
Share capital	402,600,000.00	402,600,000.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	485,691,050.47	485,691,050.47
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	136,770,391.01	136,770,391.01
Provision of general risk		
Retained profit	-215,292,604.60	-211,056,473.59
Total owner's equity attributable to parent company	809,768,836.88	814,004,967.89
Minority interests		
Total owner's equity	809,768,836.88	814,004,967.89
Total liabilities and owner's equity	3,356,755,442.52	3,133,942,842.94

Legal Representative: Liu Jun Person in charge of accounting works: Sun Najuan

Person in charge of accounting institute: Zhang Yajing

2. Consolidated Profit Statement (from the year-begin to the period-end)

Unit: Yuan

Item	Current period	Last period
I. Total operating income	1,722,635,449.83	1,311,150,415.21
Including: Operating income	1,722,635,449.83	1,311,150,415.21
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	1,735,766,473.63	1,332,645,283.78
Including: Operating cost	1,336,105,856.80	1,000,116,393.92
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		

Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	11,278,021.34	11,566,445.91
Sales expense	128,174,664.17	110,640,932.16
Administrative expense	73,784,856.78	50,614,963.66
R&D expense	157,697,555.28	128,764,259.54
Financial expense	28,725,519.26	30,942,288.59
Including: Interest expenses	21,414,324.63	23,656,010.79
Interest income	294,592.53	829,345.93
Add: other income	5,080,579.21	7,372,435.46
Investment income (Loss is listed with “-”)	965,004.59	999,321.75
Including: Investment income on affiliated company and joint venture		
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	161,789.39	-57,011.50
Loss of credit impairment (Loss is listed with “-”)	30,000.00	7,311.38
Losses of devaluation of asset (Loss is listed with “-”)	1,329.79	
Income from assets disposal (Loss is listed with “-”)	2,442,295.42	1,059,231.16
III. Operating profit (Loss is listed with “-”)	-4,450,025.40	-12,113,580.32
Add: Non-operating income	1,176,749.45	2,229,133.90
Less: Non-operating expense	962,855.06	238,114.87
IV. Total profit (Loss is listed with “-”)	-4,236,131.01	-10,122,561.29
Less: Income tax expense		
V. Net profit (Net loss is listed with “-”)	-4,236,131.01	-10,122,561.29
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	-4,236,131.01	-10,122,561.29
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	-4,236,131.01	-10,122,561.29
2.Minority shareholders’ gains and losses		
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(i) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method		

that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-4,236,131.01	-10,122,561.29
Total comprehensive income attributable to owners of parent Company	-4,236,131.01	-10,122,561.29
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	-0.01	-0.03
(ii) Diluted earnings per share	-0.01	-0.03

Legal Representative: Liu Jun

Person in charge of accounting works: Sun Najuan

Person in charge of accounting institute: Zhang Yajing

3. Consolidated Cash Flow Statement (from the year-begin to the period-end)

Unit: Yuan

Item	Current period	Last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	856,242,985.96	841,605,275.72
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	17,508,213.30	
Other cash received concerning operating activities	65,957,997.31	10,919,258.95
Subtotal of cash inflow arising from operating activities	939,709,196.57	852,524,534.67
Cash paid for purchasing commodities and receiving labor service	527,343,266.72	387,220,558.40
Net increase of customer loans and advances		

Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	277,417,352.15	214,649,071.08
Taxes paid	43,545,739.85	48,655,749.99
Other cash paid concerning operating activities	96,922,442.60	65,740,381.57
Subtotal of cash outflow arising from operating activities	945,228,801.32	716,265,761.04
Net cash flows arising from operating activities	-5,519,604.75	136,258,773.63
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	18,821.12	
Net cash received from disposal of fixed, intangible and other long-term assets	2,108,032.16	1,204,175.16
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	2,126,853.28	1,204,175.16
Cash paid for purchasing fixed, intangible and other long-term assets	1,181,706.32	857,517.63
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	1,181,706.32	857,517.63
Net cash flows arising from investing activities	945,146.96	346,657.53
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	617,000,000.00	769,000,000.00
Other cash received concerning financing activities	82,895,652.78	41,567,823.29
Subtotal of cash inflow from financing activities	699,895,652.78	810,567,823.29
Cash paid for settling debts	610,093,645.83	754,000,000.00
Cash paid for dividend and profit distributing or interest paying	22,230,442.85	56,481,232.67
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	75,500,000.00	145,935,000.00
Subtotal of cash outflow from financing activities	707,824,088.68	956,416,232.67
Net cash flows arising from financing activities	-7,928,435.90	-145,848,409.38
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-757,984.06	-934,229.54
V. Net increase of cash and cash equivalents	-13,260,877.75	-10,177,207.76
Add: Balance of cash and cash equivalents at the	127,620,944.91	137,324,488.53

period-begin		
VI. Balance of cash and cash equivalents at the period-end	114,360,067.16	127,147,280.77

(ii) Explanation on financial statement adjustment**1. Financial statement adjustment at the beginning of the first year when implementation of new leasing standards from 2021**

√ Applicable □ Not applicable

Whether to adjust the balance sheet account at the beginning of the year

√ Yes □ No

Consolidate balance sheet

Unit: Yuan

Item	December 31, 2020	January 1, 2021	Adjustment amount
Current assets:			
Monetary fund	194,152,280.08	194,152,280.08	
Settlement provisions			
Capital lent			
Trading financial assets	228,046.00	228,046.00	
Derivative financial assets			
Note receivable	416,044,578.48	416,044,578.48	
Account receivable	975,628,091.12	975,628,091.12	
Receivable financing	130,600,545.59	130,600,545.59	
Accounts paid in advance	53,772,465.49	53,772,465.49	
Insurance receivable			
Reinsurance receivables			
Contract reserve of reinsurance receivable			
Other account receivable	14,204,144.25	14,204,144.25	
Including: Interest receivable			
Dividend receivable			
Buying back the sale of financial assets			
Inventories	615,656,946.30	615,656,946.30	
Contractual assets			
Assets held for sale			
Non-current asset due within one year			
Other current assets	24,610,448.93	24,610,448.93	
Total current assets	2,424,897,546.24	2,424,897,546.24	
Non-current assets:			
Loans and payments on behalf			
Debt investment			
Other debt investment			
Long-term account receivable			
Long-term equity investment			
Investment in other equity	11,926,856.64	11,926,856.64	

instrument			
Other non-current financial assets			
Investment real estate	117,516,482.39	117,516,482.39	
Fixed assets	474,109,923.22	474,109,923.22	
Construction in progress	24,254,985.16	24,254,985.16	
Productive biological asset			
Oil and gas asset			
Right-of-use assets		1,256,680.47	1,256,680.47
Intangible assets	80,725,861.18	80,725,861.18	
Expense on Research and Development			
Goodwill			
Long-term expenses to be apportioned	511,188.11	511,188.11	
Deferred income tax asset			
Other non-current asset			
Total non-current asset	709,045,296.70	710,301,977.17	
Total assets	3,133,942,842.94	3,135,199,523.41	
Current liabilities:			
Short-term loans	670,000,000.00	670,000,000.00	
Loan from central bank			
Capital borrowed			
Trading financial liability			
Derivative financial liability			
Note payable	274,654,535.65	274,654,535.65	
Account payable	1,044,801,896.85	1,044,801,896.85	
Accounts received in advance			
Contractual liability	39,456,304.55	39,456,304.55	
Selling financial asset of repurchase			
Absorbing deposit and interbank deposit			
Security trading of agency			
Security sales of agency			
Wage payable	52,677,141.09	52,677,141.09	
Taxes payable	3,688,168.68	3,688,168.68	
Other account payable	129,476,061.47	129,476,061.47	
Including: Interest payable			
Dividend payable			
Commission charge and commission payable			
Reinsurance payable			
Liability held for sale			
Non-current liabilities due within one year			
Other current liabilities	5,129,319.58	5,129,319.58	
Total current liabilities	2,219,883,427.87	2,219,883,427.87	
Non-current liabilities:			

Insurance contract reserve			
Long-term loans			
Bonds payable			
Including: Preferred stock			
Perpetual capital securities			
Lease liability		1,256,680.47	1,256,680.47
Long-term account payable	344,974.84	344,974.84	
Long-term wages payable			
Accrual liability	39,032,270.91	39,032,270.91	
Deferred income	59,942,753.08	59,942,753.08	
Deferred income tax liabilities	734,448.35	734,448.35	
Other non-current liabilities			
Total non-current liabilities	100,054,447.18	101,311,127.65	
Total liabilities	2,319,937,875.05	2,321,194,555.52	
Owner's equity:			
Share capital	402,600,000.00	402,600,000.00	
Other equity instrument			
Including: Preferred stock			
Perpetual capital securities			
Capital public reserve	485,691,050.47	485,691,050.47	
Less: Inventory shares			
Other comprehensive income			
Reasonable reserve			
Surplus public reserve	136,770,391.01	136,770,391.01	
Provision of general risk			
Retained profit	-211,056,473.59	-211,056,473.59	
Total owner's equity attributable to parent company	814,004,967.89	814,004,967.89	
Minority interests			
Total owner's equity	814,004,967.89	814,004,967.89	
Total liabilities and owner's equity	3,133,942,842.94	3,135,199,523.41	

Statement of adjustment

Particular about the implementation of new leasing standards- For the policy adopted during the transition period, the new leasing standards allows for two approaches: Method 1 - to allow the enterprise to use retroactive adjustments; Method 2 - according to the cumulative effect from the implementation of the new standards for the first time, the amounts of retained earnings and other related items in the financial statements at the beginning of the year of first-time implementation of the new standards are adjusted, and the information of comparable period shall not be adjusted. Meanwhile, Method 2 provides several simplified processing arrangements.

Combined with the provisions of the new leasing standards, BOD agrees to implement the new leasing standards from 1 January 2021, adopt Method 2 above mentioned during the transition period and adopting simplified processing, that is: the leasing liability is equal to the present value of remaining lease payments, the right-of-use asset equals the amount of the leasing liability with the necessary adjustment. The adoption of this method will not affect the retained earnings at the beginning of the year of 2021.

Impact of implementation of the new leasing standards- according to the above mentioned regulations, on 1 January 2021, the Company recognized right-of-use assets and leasing liabilities for all leases (except for the short-term lease and leases of low-value assets for which simplified treatment is chosen) and recognizes their depreciation and interest expenses respectively.

According to the policy during transition, for those companies chosen to simplify the treatment when implementing the new leasing standard, there is no need to adjusting the retained earnings at beginning of the 2021 and no need to adjusting the information in

comparable period.

2. Retrospective adjustment of the comparative data for initial implementation of new leasing standards from 2021

Applicable Not applicable

(iii) Audit report

Whether the 3rd quarterly report has been audited or not

Yes No

The 3rd quarterly report of the Company has not been audited.

Board of Directors of
Wafangdian Bearing Company Limited