

Wafangdian Bearing Co., LTD Announcement

Notice on Change of Accounting Policy

Our company, the whole members of the board of directors and top managements ensured the truth, accuracy, completeness, no false record, misleading statement and fatal omit of the announcement.

1.Summary of accounting policy changes

(1)Reasons for accounting policy changes

1) on December 30, the Ministry of Finance 2021 a circular on the issuance of accounting standards for enterprises No. 15(Accounting [2021] No. 35)(hereinafter referred to as “ Interpretation No. 15”) , provisions of “On the trial sales of accounting treatment”, “On the loss of contract judgment” from January 1,2022.

2) the Ministry of Finance issued Financial Statement [2022] No. 13 on 19 May 2022, again adjusting the scope of the relevant rent concessions that allow for the simplified approach, the limitation of the simplified approach to the application of the original “Concession for lease payments payable only until 30 June 2022” was removed. For concessions to lease payments due after 30 June 2022, lessees and lessors may continue to opt for accounting treatment using the simplified method of accounting norm [2022]13, other applicable conditions remain unchanged. The company has adopted a simplified accounting method for all the lease contracts that meet the conditions before the adjustment of the scope of application, similarly, similar lease contracts that meet the conditions after the adjustment of the scope of application are all accounted for using the simplified method, and relevant lease contracts that have been accounted for using lease changes before the notice is issued are retroactively adjusted, however, no adjustments are made to the prior period comparative financial statement data; adjustments are made to related rental concessions that occurred between 1 January 2022 and the date of the notification that were not accounted for under the terms of the notification.

(3) implementation of accounting standards for Enterprises Interpretation No. 16 dated 30 November 2022, the Ministry of Finance has issued a circular on the issuance of accounting standards for enterprises No. 16(Accounting [2022] No. 31)(hereinafter referred to as“ Interpretation No. 16”) , it stipulates that “Deferred income tax relating to assets and liabilities arising from a single transaction shall not be subject to the accounting treatment of the initial recognition exemption” from January 1, the 2023 date; The contents of “Accounting treatment of the

effects of income tax on dividends related to financial instruments classified as equity instruments by the issuer” and “Accounting treatment of the modification of the enterprise's cash-settled share payments into equity-settled share payments” shall be implemented as of the date of promulgation.

(2)The accounting policy used before the change

Before this accounting policy change, the company implements the Ministry of Finance's “Enterprise Accounting standards-basic standards” as well as various specific accounting standards, the subsequent issuance and revision of Enterprise Accounting Standards, the application guide of Enterprise Accounting Standards, enterprise accounting standards interpretation announcement and other relevant provisions.

(3)The accounting policy adopted after the change

Following the change of accounting policy, the company will implement the requirements of Interpretation No. 15, Accounting (2022) No. 13, and Interpretation No. 16 issued by the Ministry of Finance. Other than the above-mentioned policy changes, it is still in accordance with the “Enterprise Accounting standards-basic standards” issued earlier by the Ministry of Finance and various specific accounting standards, Enterprise Accounting Standards Application Guide, Enterprise Accounting Standards Interpretation announcement and other relevant provisions.

2. The accounting policy changes on the impact of the company

This accounting policy change is a reasonable change made by the company in accordance with the relevant regulations issued by the Ministry of Finance, and conforms to the relevant laws and regulations and the actual situation of the company, will not have a significant impact on the company's financial position, operating results and cash flow, there is no damage to the interests of the company and all shareholders.

3.The board of directors deliberates on this change in accounting policy

The Board of directors of the company considers that this change in accounting policy is a reasonable change in accordance with the latest accounting standards revised and promulgated by the Ministry of Finance, and conforms to relevant provisions, the implementation of accounting policy changes can objectively and fairly reflect the company's financial position and operating results, will not have a significant impact on the company's financial statements. Therefore, agree to this change of accounting policy.

4.The Board of Supervisors shall consider the current change of accounting policy

The Board of Supervisors considered that the change in the company's

accounting policy was a reasonable change in accordance with the circular issued by the Ministry of Finance on the issuance of interpretation of accounting standards for enterprises No. 16, according to the relevant state regulations and the actual situation of the company, the examination and approval and decision-making procedures comply with the laws and regulations and the Articles of Association of the company. Agree to this change of accounting policy.

5. Independent Director's opinion

The company shall, in accordance with the relevant regulations and requirements of the Ministry of Finance, make changes to the company's accounting policies so that the company's accounting policies comply with the relevant regulations of the Ministry of Finance, the Securities Regulatory Commission and the Shenzhen Stock Exchange, etc. , can objectively and fairly reflect the company's financial situation and operating results, in line with the interests of the company and all shareholders. The decision-making procedure of this change of accounting policy is in accordance with the relevant laws, regulations and articles of association.

6. Directory of files for reference

- (1)Resolution of the fourth meeting of the ninth board of directors of Wafangdian Bearing Co. , Ltd;
- (2)Wafangdian Bearing Co. , Ltd. . The ninth fourth meeting of the Board of Supervisors Resolution;
- (3)Independent Director's opinion.

Hereby noticed

Board of Director of Wafangdian Bearing
Company limited
April 27,2023