

Stock code: 200706

Stock ID:Wazhou B

Announcement No.2020-03

Wafangdian Bearing Company Limited

2019Annual Report Abstract

1. Important Notes

This abstract was derived from the annual report, the annual report issued on the Shenzhen Stock Exchange web or other web appointed by and CSRC; details please refer to the whole annual report.

The board of directors, board of supervisors, directors, supervisors and the top management guarantee there is no false record, misleading statement or major omission in the report, and take responsibilities for the truth, accuracy and completeness of the contents.

All directors attended the Board meeting and discussed the report.

Reminder of the qualified auditor's opinions

Inapplicable

Preplan of Profit Distribution for Common Stock or Preplan for Capitalization of the Reserves in the Reporting Period Reviewed by the Board Meeting

The Company's profit distribution preplan upon review and approval of this board meeting: Based on the total 402,600,000 shares, a cash dividend of RMB 0.8 (tax included) will be distributed for every 10 shares held by shareholders.

Preplan of Profit Distribution for Preferred Shares in the Reporting Period Approved by the Resolution of the Board Meeting

Inapplicable

(2) Brief Information of the listed company

(i) Brief Information of the company

	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	0411-39116369	0411-39116732
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(ii). Principal Businesses in the Reporting Period

The scope of operation is: manufacture and sales of bearings, bearing components mechanical equipment, bearing maintenance and technology service, automobile parts and fittings and other related products, lease of mechanical equipment and buildings, and inspection of bearings and other related mechanical equipment and measure instruments.

Company has strong manufacturing capability and quality assurance capabilities, extensive services in railway, automobile, metallurgy, mining and other industries and fields.

(iii).Main accounting date**(1) Main accounting date in the near three years**

Are there any retrospective adjustments or restatement of financial information of previous year due to change of accounting policies or correcting of accounting errors?

Yes No

In RMB Yuan

	2019	2018		%	2017	
		Before adjustment	After adjustment		After adjustment	Before adjustment
Turnover(RMB)	1,855,489,141.65	2,168,398,656.83	-14.43%	2,190,412,052.05	1,855,489,141.65	2,168,398,656.83
Net profit attributable to shareholders of the listed company(Yuan)	-123,201,977.73	10,632,169.84	-1,258.77%	10,182,949.16	-123,201,977.73	10,632,169.84
Net profit attributable to the shareholders of the listed company after deducting of non-recurring gain/loss(RMB)	-135,336,054.17	-8,737,823.23	1,448.85%	-13,502,647.08	-135,336,054.17	-8,737,823.23
Net Cash flow generated by business operation (RMB)	157,914,340.86	228,603,893.98	-30.92%	-2,124,819.67	157,914,340.86	228,603,893.98
Basic earnings per share(Yuan/share)	-0.31	0.03	-1,133.33%	0.03	-0.31	0.03
Diluted earnings per share(Yuan/share)	-0.31	0.03	-1,133.33%	0.03	-0.31	0.03
Net return on equity(%)	-9.45%	0.77%	-10.22%	0.73%	-9.45%	0.77%
	2019	2018		%	2017	
		Before adjustment	After adjustment		After adjustment	Before adjustment
Total Assets (RMB)	2,961,477,469.55	3,298,167,332.49	-10.21%	3,213,772,171.61	2,961,477,469.55	3,298,167,332.49
Owner's Equity Attributed to Shareholders of Listed Company(RMB)	1,226,441,398.45	1,380,023,044.55	-11.13%	1,385,494,874.71	1,226,441,398.45	1,380,023,044.55

“The Notice of amendment to the standard enterprise’s financial statements format” (Caikuai[2018]No.15 File) was announced by the Ministry of Finance on June 15, 2018(hereinafter referred to as Caikuai No.15File). Due to the No.15 File, some of asset items and liability items have been merged and some of income statements items have been separated, and “interpretation of financial statement format for the company in 2018” was announced on September 7, 2018. Handling charge of personal income tax shall be clearly presented under “other income”, the actual government received shall be presented under operating cashflow column when preparing the cashflow statement regardless of asset related or income related.

The Company has prepared the financial statements in accordance with new statements format and retrospectively made adjustment to the changes mentioned and respectively adjusted the comparing figures in accordance with financial statements presentation, No 30, accounting standards applicable in China.

(2)Financial Data Summary based on Quarters

In RMB Yuan

	1s Quarter	2nd Quarter	3rd Quarter	4th Quarter
Operating revenue	475,596,504.32	481,942,896.10	439,006,040.14	458,943,701.09
Net profit attributable to the Company's shareholders	3,072,545.00	4,698,522.43	-18,609,107.09	-112,363,938.07
Net profit attributable to the Company's shareholders less the non-recurring profit and loss	53,267.40	6,140,303.38	-21,897,768.34	-119,631,856.61

Net cash flows arising from operating activities	-40,453,537.22	5,717,418.08	138,166,380.02	54,484,079.98
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Whether the financial indicators or the total number of company has disclose quarterly reports, semi-annual report related financial indicators exist significant differences

no

(iv) Shareholders and shares

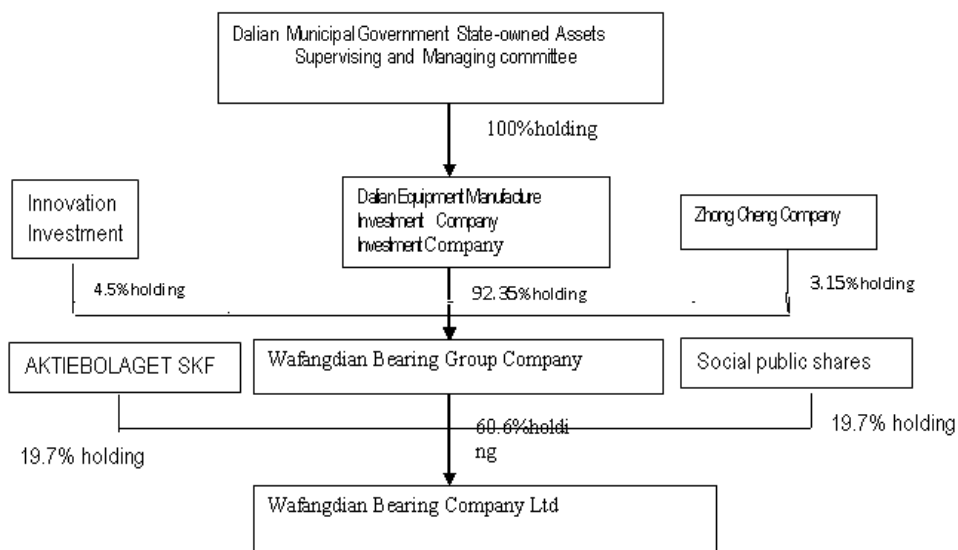
(1) Information on the top 10 shareholders

Total common shareholders in the reporting period	6,337	Total common shareholders at the end of the month before the date of disclosing the annual report	6,249	Total preference shareholders with the voting power covered at the end of the reporting period (if any)	0	Total preference shareholders with the voting power not recovered at the end of the month before the day of disclosing the annual report	0
Shares held by the shareholders holding over 5% shares or the top ten shareholders							
Shareholder names	Shares held by the top ten shareholders	Share held by the top ten shareholders (%)	Quantity at the end of the reporting period	Number of the non-restricted shares held	Pledging or freezing		
					Status of the shares	Quantity	
Wafangdian Bearing Group Corporation	State-owned shareholder	60.61%	244,000,000	244,000,000			
AKTIEBOLAGET SKF	Foreign shareholder	19.70%	79,300,000				
China merchants securities Hong Kong limited	State-owned shareholder	1.86%	7,493,592				
Huang Junyue	Domestic shareholder	1.62%	6,528,768				
Hu Xiaofeng	Domestic shareholder	0.47%	1,879,277				
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign shareholder	0.37%	1,477,206				
Jin Yunhua	Domestic shareholder	0.25%	1,021,256				
Chen Haitao	Domestic shareholder	0.19%	750,996				
MAN, KWAI WING 文贵荣	Domestic shareholder	0.18%	713,101				
Meng Qingliang	Domestic shareholder	0.17%	694,948				
About the fact that a strategic investor or ordinary corporate became one of the top ten shareholders due to placement of new shares (if any) (Refer to Note 3)	There was no relationship and consistent activities between the first big shareholder and other shareholders or the top ten common stock holders; The relationship among other shareholders, top ten circulation shareholders, top ten circulation shareholders and other shareholders was not clear.						
Explanation on associated relationship or consistent action of the above shareholders							

(2) Total Preference Shareholders and the Shares Held by the Top 10 Preference Shareholders

Inapplicable

(3) Relationship of the property right and controlling between the Company and actual controller:



3. Discussion and analysis

(1) General information in the reporting period

In 2019 the board of directors to supervise and support the development of the company management to carry out high quality basic requirement, firmly grasp the opportunity of global market supply and demand change, the domestic macroeconomic uncertainty increased, the market competition is more intense and other adverse factors, adhere to improve operation quality and product quality as the center, to the users of the products with higher cost performance and high quality products, in order to "six issues" and "four rules" for the principle, efforts to bring the company into the most competitive quality and adaptive organization, staff, partners, enterprises grow together. Constantly strengthen the management of the company, seize every rare market and various development opportunities, timely adjust the business strategy, adhere to the "quality first" strategy, enhance the competitiveness of the company, to achieve the ideal economic benefits and the development of the company to do a good job of support.

During the reporting period, the company also faced new development challenges. The high-end bearings in the bearing industry were in short supply and the low-end bearings were in serious surplus. The cost of raw materials and auxiliary materials was on the rise, which brought pressure to bearing enterprises. Enterprise competition environment is more hot; More diversified customer demands have brought great difficulty to the production organization, and the company's operation quality is not high in 2019.

During the reporting period, the company realized the operating income of RMB 1855.49 million, 14.43% less than that of the previous year; Net profit loss of RMB 123.2 million. By the end of 2019, the company's total assets were 2.961 billion yuan, down 10.21% from the end of the previous year. The net assets attributable to the shareholders of the listed company were 1.226 billion yuan, down 11.13% from the end of the previous year.

(2) Did there exist any significant change in the principal business in the reporting period

No

(3) Products taking over 10% of the Operating Revenue or Operating Profit

	Operating revenue	Operating profit	Gross profit rate	Year-on-year increase/decrease of operating revenue over the previous year	Year-on-year increase/decrease of operating profit over the previous year	Year-on-year increase/decrease of gross profit rate over the previous year
General bearing	1,569,225,523.86	353,581,773.47	22.53%	-13.64%	-21.56%	7.82%

(4) Did there exist seasonal or periodic characteristics necessary to pay special attention to

No.

(5) Note to operating revenue, operation cost or total profit attributable to the Company's common shareholders in the reporting period or composition of significant change in the previous reporting period

Inapplicable

(6) Potential suspension and delisting

Inapplicable

(7) Matters concerning the Financial Report

(i) Note to the change in the accounting policy, accounting estimate and accounting method in comparison with the financial report of the previous year

Important accounting policy changes

(1) Updated non-monetary asset exchange standard and updated debt restructuring standard

The Ministry of Finance announced amendment to "Accounting Standards for Business Enterprises No.7-non monetary asset exchange" and "Accounting Standards for Business Enterprises No.12-debt restructuring" and updated standards respectively took effect since June 10th 2019 and June 17th, 2019. Any non-monetary exchange and debt restructuring incurred prior to January 1st, 2019, there is no retrospective adjustment requested. In 2019, there are no such transactions, so there is no significant effect on the company due to the updated standards.

(2) Financial statements format

On April 30th, 2019, the Ministry of Finance announced the "Notice of amending and issuing financial statements format" (No.6 Caikuai[2019]). On September 19th, 2019, the Ministry of Finance announced the "Notice of amending and issuing consolidated financial statements format" (No.16 Caikuai[2019]) The company has prepared the financial statements for the year ended as of December 31st, 2019 in accordance with the notice mentioned above. No.6 Caikuai[2019] and No.16 Caikuai[2019] amended the presentation of balance sheet, profit or loss, cash flow statement and Statement of Changes in Shareholder's Equity. "right-of-use asset" and "lease liability" items are added into the statements. Under "investment income" on the consolidated income statement, "gain on derecognition of financial assets measured at amortized cost" is added to the statement. "Notes receivable and account receivable" are split into 3 items: "accounts receivable", "notes receivable" and "receivable financing". "Notes payable and account payable" are split into 2 items: "accounts payable", "notes payable". Previously listed as "asset impairment loss", "credit impairment loss" in an income statement is adjusted. "Net increase of gain on holding tradable financial asset" and "cash receipt on issuing bond" is deleted. "Chartered reserve" is added into previous consolidated balance sheet and statement of change in shareholders.

(3) Effect of updated financial instrument standard adoption

In March, 2017, the Ministry of Finance announced amendment to "Accounting Standards for Business Enterprises No.22-financial instrument recognition and measurement " and No 23-financial asset transfer" and No 24-hedging" and "No 37-financial instrument presentation" (hereinafter referred to as "updated financial instrument standard"). The company adopted the updated financial instrument standards since January 1, 2019. The company shall classify and measure the financial instruments in accordance with updated standards since the effective date. Any inconsistency with prior period's comparing figures; no adjustment is made for comparing figures. The difference between the previous book value of financial instrument and new book value of it shall be recorded into retained earnings and other items in the statements as of January 1, 2019.

For details of the adjustment, please refer to section XII, section V, important accounting policies and accounting estimates of the annual report.

(ii) Note to the situation that it is necessary to make retrospective restatement to order to correct the serious accounting errors in the reporting period

Inapplicable

(iii) Note to the change of the scope of the consolidated statements in comparison with the previous year.

Inapplicable