



Wafangdian Bearing Company Limited

2020 Midyear Report

2020-22

August ,2020

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

The Board of Directors, board of supervisors, directors, supervisors, and top management of the Company hereby guarantee that there are no false record, misleading statements and important omission of the material in this report, and assume the individual and associated responsibilities for the truth, accuracy and completeness of the contents.

Chairman Mr.Liu Jun , General Accountant Ms. Sun Najuan and accounting charger Ms. Sun Najuan declare: guarantee the truth and completeness of the financial report in the annual report.

All directors attended the Board meeting and discussed the report.

The company has described detailed description of the possible risks in this report.This part of the content does not constitute a substantial commitment to investors, investors should maintain sufficient risk awareness, and understand the differences between planning, forecasting and commitment.

The Company plans not to distribute cash dividends or bonus shares or turn capital reserve into share capital.

Table of Contents

Chapter I. Important Prompts, Table of Contents, and Definitions	2
Chapter II. Company Profile	5
Chapter III Business Summary	7
Chapter IV Discussion and Analysis of the Management.....	9
ChapterV. Significant Events.....	18
ChapterVI. Changes in Capital Stock and Shareholders	18
ChapterVII. Relevant information about preferred stock.....	21
ChapterVIII.Information about convertible company bonds	21
ChapterIX. Directors, Supervisors, Senior Management and Staff	21
ChapterX. Corporate debt related information	21
ChapterXI. Financial Report	21
ChapterXII. List of Documents Available for Inspection	113

Glossary

Terms	Defined as	Description
Company,the Company	Defined as	Wafangdian Bearing Company Limited
Wazhou Group	Defined as	Wafangdian Bearing Group Company
the report period, the current period	Defined as	January 1,2020–June 30,2020
Liaozhou Co.,Ltd	Defined as	Wazhou Liaoyang Bearing Manufacture Co.,Ltd
Dalian motor	Defined as	Dalian motor Bearing Co.,Ltd
SRB company	Defined as	Wazhou spherial roller bearing company limited
The Board of Directors	Defined as	Wafangdian Bearing Company Limited The Board of Directors
The Supervisory Committee	Defined as	Wafangdian Bearing Company Limited The Supervisory Committee
The Shareholders’ Meeting	Defined as	Wafangdian Bearing Company Limited The Shareholders’ Meeting
Shen Jiao Suo	Defined as	Shen Zhen Stock Exchange
SRC	Defined as	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	0411-39116369	0411-39116732
Fax	0411-39116738	0411-39116738
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 2019 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 2019 annual report.

IV. Main accounting data and financial indicators

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

Yes No

In RMB Yuan

	current period	previous period	+/-comparing with the previous period
Operating Income (yuan)	999,645,101.91	957,539,400.42	4.40%
Net profit attributable to shareholders of the listed company (yuan)	3,647,082.19	7,771,067.43	-53.07%
Net profit after deducting non-recurring gains and losses attributable to shareholders of the listed company (yuan)	-4,526,512.88	6,193,570.78	-173.08%
Net cash flow from operating activities (yuan)	72,521,427.05	57,453,880.86	26.23%
Basic earnings per Share (yuan/share)	0.01	0.02	-50.00%
Diluted earnings per Share (yuan/share)	0.01	0.02	-50.00%
Weighted average return on equity	0.30%	0.01%	0.29%
	End of 2019.06.30	End of 2018.12.31	Changed over last year (%)
Total Assets (RMB)	3,137,722,613.98	2,961,477,469.55	5.95%
Owner' s Equity Attributed to Shareholders of ListedCompany(RMB)	1,197,880,498.57	1,226,441,398.45	-2.33%

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
Gains and losses on disposal of non-current assets (including the write-off part of the asset impairment provisions already set aside)	276,766.15	
Government subsidies recorded into the current profit and loss	6,192,961.72	

(closely related to the business of the enterprise, except for government subsidies enjoyed in accordance with the unified national standard quota or quantitative)		
Debt restructuring gains and losses	664,574.71	
Other non-operating income and expenditure other than the items mentioned above	2,030,447.46	
Minus: Income tax impact	991,154.97	
Total	8,173,595.07	--

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering their Securities to the Public–Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering their Securities to the Public–Non-recurring Gains and Losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

Applicable Inapplicable

During the reporting period, there is no circumstance that the non-recurring profit and loss items listed in the explanatory announcement No. 1 on corporate information disclosure of publicly issued securities are defined as recurring profit and loss items.

Chapter III Business Summary

I. Principal Businesses in the Reporting Period

The company's business scope is: bearing, bearing spare parts, mechanical equipment, auto parts and related products manufacturing and sales; Bearing repair, maintenance and technical services; Lease of machinery and equipment and housing; Bearing and related mechanical equipment and measurement instruments, instrument testing.

The company has a strong manufacturing capacity and quality assurance ability, extensive services in railway, automobile, metallurgy, mining, and other industries and fields.

II. Significant Changes in the Prime Assets

1. Significant Changes in the Prime Assets

Major assets	Description of major changes
--------------	------------------------------

2. Major overseas assets

Applicable Inapplicable

III. Analysis of core competitiveness

As the largest bearing technology and product r&d and manufacturing base in China, the company has accumulated many years of practical experience in bearing and related fields, established a sound bearing technology innovation system, and maintained close cooperation with domestic research institutes and universities. As the main draftsman of several standards in the bearing industry, he grasps the latest technical trend of the development of the industry. It has established significant advantages in technology research and development, product manufacturing, marketing and user services.

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

The company has a complete product service system, with 24/7 dynamic service capability for product operation site. And to "ten value-added services" a good image by the majority of customers praise. The company has a strong production and manufacturing capacity and quality assurance capabilities, extensive services in railway, automobile, metallurgy, mining and other industries and fields.

At present, the company has established strategic cooperative relations with key customers in the field of domestic equipment application. By intervening in customer value project to carry out in-depth marketing, the company has firmly established its brand and influence in the domestic bearing market. In the international market, the company has obtained important target market certification qualifications, international visibility initially established.

Chapter IV Discussion and Analysis of the Management

I. General

During the reporting period, the company realized an operating income of 999.64 million yuan, an increase of 4.4% over the same period last year; Net profit was 3.65 million yuan, down 53.07 percent from the same period last year. At the end of the reporting period, the company's total assets were 3.338 billion yuan, an increase of 5.95% compared with the end of the previous year. The net assets attributable to shareholders of the listed company were 1.98 billion yuan, a decrease of 2.33% compared with the end of the previous year.

II Analysis on Principal Businesses

1. General

Refer to “I. General” of “Discussion and Analysis of the Management”

In RMB Yuan

Item	Report period	Last report period	(+/-) Compared with the same period last year	Change reason
Operating income	999,645,101.91	957,539,400.42	4.40%	
Operating cost	777,634,037.79	825,848,378.25	-5.84%	
Cost of sales	75,613,172.33	67,095,924.79	12.69%	
Management fees	39,172,811.53	28,965,222.08	35.24%	The one-off living security payment for laid-off workers increased year-on-year
Finance charges	17,025,231.12	15,972,275.91	6.59%	
R&d spending	88,374,018.61	5,958,788.14	1,383.09%	Research and development expenses of branch factories were included in operating costs last year and are shown separately this year
Net cash flow from operating activities	72,521,427.05	57,453,880.86	26.23%	
Net cash flow from investment activities	-875,861.59	-233,179.58	275.62%	Purchases of fixed assets increased during the current period
Net cash flow from financing activities	40,350,135.07	-170,032,237.93	-123.73%	Other increases in cash related to financing activities were received during the period
Net increase in cash and cash equivalents	112,950,609.87	-112,876,020.24	-200.07%	Mainly affected by operation and financing

The composition or source of profits of the company during the reporting period changes significantly

Applicable Inapplicable

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

Composition of operating income

In RMB Yuan

	__ Report period		Last report period		(+/-) Compared with the same period last year
	Amount	Proportion of operating income	Amount	Proportion of operating income	
Total operating Revenue	999,645,101.91	100%	957,539,400.42	100%	4.40%
Industry-classified					
Export	76,501,214.17	8.00%	96,496,753.19	10.00%	-20.72%
Domestic					
Including: Traffic Bearing	152,104,515.02	15.00%	180,697,403.07	19.00%	-15.82%
Special Bearing	331,196,412.85	33.00%	200,661,444.63	21.00%	65.05%
Common Bearing	275,107,503.10	28.00%	328,868,655.95	34.00%	-16.35%
Non-Bearing	164,735,456.77	16.00%	150,815,143.58	16.00%	9.23%
Products-classified					
Bearing	834,909,645.14	84.00%	806,724,256.84	84.00%	3.49%
Non-Bearing	164,735,456.77	16.00%	150,815,143.58	16.00%	9.23%
Region-classified					
Domestic	923,143,887.74	92.00%	861,042,647.23	90.00%	7.21%
Foreign	76,501,214.17	8.00%	96,496,753.19	10.00%	-20.72%

Industry, product or region accounting for more than 10% of the company's operating revenue or operating profit

 Applicable Inapplicable

In RMB Yuan

	The reporting period		Last report period		(+/-) Compared with the same period last year
	amount	Proportion of operating income	amount	Proportion of operating income	
Total operating Revenue	999,645,101.91	100%	957,539,400.42	100%	4.40%
Industry-classified					
Export	76,501,214.17	8.00%	96,496,753.19	10.00%	-20.72%
Domestic					
Including: Traffic Bearing	152,104,515.02	15.00%	180,697,403.07	19.00%	-15.82%
Special Bearing	331,196,412.85	33.00%	200,661,444.63	21.00%	65.05%
Common Bearing	275,107,503.10	28.00%	328,868,655.95	34.00%	-16.35%

Non-Bearing	164,735,456.77	16.00%	150,815,143.58	16.00%	9.23%
Product-classified					
Bearing	834,909,645.14	84.00%	806,724,256.84	84.00%	3.49%
Non-Bearing	164,735,456.77	16.00%	150,815,143.58	16.00%	9.23%
Region-classified					
Domestic	923,143,887.74	92.00%	861,042,647.23	90.00%	7.21%
Foreign	76,501,214.17	8.00%	96,496,753.19	10.00%	-20.72%

In case of adjustment of the company's main business data during the reporting period, the company's main business data in the most recent period shall be adjusted according to the end of the reporting period

Applicable Inapplicable

The reasons for the above 30% year-on-year change in relevant data are explained

Applicable Inapplicable

The income of special bearings increased by 65.05% year on year, which was mainly caused by the increase of 70.8 million yuan in the wind power industry, 14.2 million yuan in the steel industry and 12.54 million yuan in the cement machinery industry.

III . Non-main business analysis

Applicable Inapplicable

In RMB Yuan

	Amount	As a percentage of total profit	Cause statement	Sustainability or not
Fair value changes in profit and loss	-55,470.65	-1.52%	Fluctuations in the price of a stock	No
Non-operating income	3,047,531.19	83.56%	Mainly is the fine income and the verification accounts payable form income	No
Non-operating expenses	352,611.43	9.67%	Mainly is the debt reorganization loss	No

IV. Situation of assets and liabilities

1. Major change in asset item

In RMB Yuan

	End of 2020.06.30		End of 2019.06.30		Percentage of change(%)	Statement on major change
	Amount	Percent in total asset	Amount	Percent in total asset		
Monetary capital	322,113,224.45	10.27%	195,477,418.19	6.07%	4.20%	
Account receivable	1,130,080,667.60	36.02%	1,172,779,552.65	36.43%	-0.41%	
Inventories	674,721,549.32	21.50%	760,873,237.98	23.63%	-2.13%	
Investment property	115,868,845.10	3.69%	126,100,684.61	3.92%	-0.23%	

Long-term equity investment		0.00%		0.00%		
Fixed assets	548,518,964.26	17.48%	619,226,691.35	19.23%	-1.75%	
Construction in process	33,269,893.83	1.06%	44,320,267.34	1.38%	-0.32%	
Short term loan	769,000,000.00	24.51%	615,000,000.00	19.10%	5.41%	

2.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	Ending balance	item
Financial assets								
1. Transactional financial assets (excluding derivative financial assets)	285,057.50	-55,470.65						229,586.85
Investment real estate	122,930,874.57							115,868,845.10
The above total	123,215,932.07	-55,470.65						116,098,431.95
Financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Other changes

None

Whether there is a significant change in the measurement attributes of the company's main assets during the reporting period

Yes No

3. Restricted asset rights at the end of reporting period

In 2014, our company sold products to Xiangdian Wind Energy Co., LTD., and problems occurred in the process of use. In 2019, Xiangdian Wind Energy Co., LTD.and Xiangtan Arbitration Commission applied for property preservation. Xiangtan Arbitration Commission requests the local court of the company to freeze the company's bank deposit of RMB 16.0 million yuan. With no further progress in the case, it is impossible to predict whether compensation will be required and the amount of compensation. If the

arbitration commission decides the compensation in the future, the company intends to claim full compensation from Wafangdian Bearing Group Wind Power Bearing Co., LTD in accordance with the purchase contract.

V. investment status analysis

1. General situation

Applicable Inapplicable

2. Significant equity investment acquired during the reporting period

Applicable Inapplicable

3. Major non-equity investments being made during the reporting period

Applicable Inapplicable

4. Financial assets measured at fair value

Applicable Inapplicable

In RMB Yuan

Asset classes	Initial investment cost	Change in fair value for the current period	Changes in the cumulative fair value of equity	Purchase amount during reporting period	Amount sold during the reporting period	Accumulated investment income	The final amount	Sources of funding
stock	567,033.30	-55,470.65	-281,975.80	0.00	0.00	0.00	229,586.85	debt-for-equity
A combined	567,033.30	-55,470.65	-281,975.80	0.00	0.00	0.00	229,586.85	--

5. Financial asset investment

(1) Securities investment

Applicable Inapplicable

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 equity	Current purchase amount	Current sale amount	Reporting period profit and loss	Ending book value	Accounting subject	Sources of funding
Domestic and foreign stocks	601005	Chongqing iron and steel	567,033.30	Fair value measurement	285,057.50	-55,470.65	-281,975.80	0.00	0.00	-55,470.65	229,586.85	Transactional assets	debt-for-equity
Total			567,033.30	--	285,057.50	-55,470.65	-281,975.80	0.00	0.00	-55,470.65	229,586.85	--	--
Date of disclosure announced by the Securities investment Examination and Approval Board													
Date of announcement of													

shareholders' Meeting on Securities Investment Approval (if any)	
--	--

(2) derivatives investment

Applicable Inapplicable

Company reporting period does not exist derivatives investment.

VI. Sales of major assets and equity

1. Sales of major assets

Applicable Inapplicable

The company did not sell major assets during the reporting period.

2. Sales of significant equity

Applicable Inapplicable

VII. Analysis on Principal Subsidiaries and Mutual Shareholding Companies

Applicable Inapplicable

Main subsidiaries and joint-stock companies with an impact of more than 10% on the company's net profit

In RMB Yuan

Company name	Company type	Principal business	The registered capital	Total assets	Net assets	Turnover in	Operating profit	Net profit
Wazhou Liaoyang Bearing manufacturing Co., LTD.	Subsidiary	Product and Sale Bearing and machine-electrical equipment	19,350,000.00	113,248,086.05	-57,920,417.27	47,629,715.16	2,306,580.50	2,306,580.50
Dalian Wazhou Precision Motor Automotive Bearing Co. LTD	Subsidiary	Product and Sale Bearing	10,000,000.00	63,487,325.15	-7,942,464.63	50,501,078.22	-3,746,426.31	-3,164,651.01
Wazhou Precision Spherical Roller Bearing (Wafangdian) Co. LTD	Subsidiary	Product and Sales Spherical Roller Bearing	194,000,000.00	236,193,941.13	204,284,269.43	60,577,940.18	1,308,640.38	1,750,312.72

Acquisition and disposal of subsidiaries during the reporting period

Applicable Inapplicable

Description of the main holding companies

VIII. Structured subject control of the company

Applicable Inapplicable

IX. Business performance forecast for January-September 2020

Applicable Inapplicable

It is predicted that the accumulated net profit from the beginning of the year to the end of the next reporting period may be a loss or a big change compared with the same period of last year

Applicable Inapplicable

X. The company faces risks and response measures

During the reporting period, the company was affected by COVID-19, and faced with increasing market demand and uncertainty of competitors. The market influence and product pricing of competitors were full of uncertainty, which brought great risks to the company's market and production operation. The company's labor costs are rising; Raw material price is high; The company's profit margins remain tight.

In the second half of the year, on the basis of the epidemic prevention and control work, adhere to the "four-step" strategy, go all out to expand the market, reduce costs and increase efficiency, adjust the structure of products, markets and customers, and ensure the scale, speed and operation quality of the enterprise grow simultaneously.

The company adheres to the principle of comprehensively improving operation quality and product quality, and provides users with more cost-effective and high-quality products. Based on the principles of "six things" and "four decisions", the company strives to build itself into an adaptive organization with the best quality and strength, so as to realize the common growth of employees, partners and enterprises. Constantly strengthen the company's management, 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.

Chapter V Significant Events

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
2019 Annual Shareholder's Meeting	Annual Shareholder's Meeting	80.31%	2020.05.19	2020.05.20	http://www.cninfo.com.cn

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

Applicable Inapplicable

II. Preplan for Profit Distribution and Conversion of Capital Reserve into Share Capital in the Reporting Period

Applicable Inapplicable

The Company plans not to distribute cash dividends or bonus shares or turn capital reserve into share capital.

III. Commitments finished in implementation by the Company, shareholders, actual controller, acquirer, directors, supervisors, senior executives or other related parties in the reporting period and commitments unfinished in implementation at the end of the reporting period

Applicable Inapplicable

IV. Engagement/Disengagement of CPAs

Applicable Inapplicable

V. Notice of the Board of Directors and the Supervisory Committee on the "non-standard audit report" of the accounting firm during the reporting period

Applicable Inapplicable

VI. The Board of Directors of the previous year, "non-standard audit report" the relevant circumstances of the note

Applicable Inapplicable

VII. Matters concerning Bankruptcy Reorganization

Applicable Inapplicable

VIII. Significant Lawsuits and Arbitrations

Applicable Inapplicable

IX. The media questioned the situation

Applicable Inapplicable

During this reporting period, the company had no questions from the media.

X. Penalty and Rectification

Applicable Inapplicable

XI. Integrity of the Company and its Controlling Shareholder and Actual Controller

Applicable Inapplicable

XII. Implementation of the Company's Equity Incentive Plan, Employee Stock Ownership Plan or other Employee Incentive Measures

Applicable Inapplicable

XIII. Important Related Transactions

1. The related transactions related to the day-to-day operations.

Applicable Inapplicable

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

2. Related transactions concerning acquisition and sales of assets or equity

Applicable Inapplicable

3. Related transactions concerning joint investment in foreign countries

Applicable Inapplicable

4. Current Associated Rights of Credit and Liabilities

Applicable Inapplicable

there are non-operating related debt and debt transactions Inapplicable

Applicable Inapplicable

5. Other Major Related Transactions

Applicable Inapplicable

The transactions between the Company and the related parties are detailed in Section XI, Financial Report 7, Notes to items in the consolidated financial Statements 11, Related Parties and Related Transactions 5. Related Transactions

XIV. Non-operational Occupancy of the Company's Capital by the Controlling Shareholder and its Related Parties

Applicable Inapplicable

During the reporting period of the company, there is no non-operating funds occupied by the controlling shareholders and their related parties to the listed company.

XV. Important Contracts and Implementation

1. Custody, Contracting and Leases

(1) Custody

Applicable Inapplicable

(2) Contracting

Applicable Inapplicable

(3) Leases

Lease fact sheet

All leases of the company are associated leases. See important items xii in section 5 for details.

The profit and loss brought to the company reaches more than 10% of the total profit during the reporting period

Applicable Inapplicable

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

2. Significant Guarantees

Applicable Inapplicable

3. Entrust financial management

Applicable Inapplicable

There is no entrusted financial management during the reporting period.

4. Other Major Contracts

Applicable Inapplicable

Company reporting period does not exist other major contracts.

XVI. Social Responsibility

1. Major environmental protection issues

Whether the listed company and its subsidiaries are key pollutant discharging units announced by environmental protection authorities
no

The company and its subsidiaries are not key pollutant discharging units announced by environmental protection authorities

2. Fulfillment of social responsibility for Targeted Poverty alleviation

(1) Targeted poverty alleviation program

(2) Semi-annual Targeted Poverty Alleviation Summary

In the first half of 2020, in accordance with the notice of the "2020 SasAC System East-west Poverty Alleviation Cooperation and Counterpart Support Work Plan", the company cooperated with the controlling shareholder Of the company, Tiexan Group Company, to complete the work of poverty alleviation through consumption, providing jobs for college graduates in poor areas, and helping village enterprises to form a pair.

(3) Targeted poverty alleviation

(4) Follow up the targeted poverty alleviation program

XVI. Notes to Other Significant Events

Applicable Inapplicable

There are no other major items that need to be explained during the reporting period of the company.

XVII. Significant Events of the Company's Subsidiaries

Applicable Inapplicable

Chapter VI. Changes in Capital Stock and Shareholders

I.Changes in Capital Stock

1. Changes of shares

Unit:share

	Before Changes		Changes in Shares					After Changes	
	Shares	Ratio	New Shares Issued	Bonus Shares	Conversion of Reserves to Share	Others	Subtotal	Shares	Ratio
1.Non-tradable Shares	244,000,000	60.61%						244,000,000	60.61%
a. Promoters' Shares	244,000,000	60.61%						244,000,000	60.61%
Including: State-owned share	244,000,000	60.61%						244,000,000	60.61%
2.Tradable shares	158,600,000	39.39%						158,600,000	39.39%
b.B shares	158,600,000	39.39%						158,600,000	39.39%
3.Total	402,600,000	100.00%						402,600,000	100.00%

Reason of Changes of Shares

Applicable Inapplicable

Approval of share changes

Applicable Inapplicable

The transfer of shares of

Applicable Inapplicable

Implementation progress of share repurchase

Applicable Inapplicable

Implementation progress of reducing share repurchase through centralized bidding

Applicable Inapplicable

The influence of share changes on the most recent year and the most recent period of basic earnings per share and diluted earnings per share, net assets per share attributable to the company's common shareholders and other financial indicators

Applicable Inapplicable

Other information the company deems necessary or required by the securities regulatory authorities to disclose

Applicable Inapplicable

2.Changes of restricted shares sold

Applicable Inapplicable

II.Issuing and Listing

Applicable Inapplicable

III. Shareholders and Actual Controlling Shareholder

Unit:share

Total number of shareholder at the end of report period		6,216		Total number of shareholder at the end of report period with preferred stock		0		
Common shareholders holding more than 5% or the top 10 common shareholders holding the situation								
Name	Nature	Ratio (%)	Total shares held	Increase or Decrease in hereport period	Non-current shares held	Current shares held	Impawned or Frozen Shares	
							Status	Amount
Wafangdian Bearing Group Corporation	State-owned shareholder	60.61%	244,000,000			244,000,000		
AKTIEBOLAGET SKF	Foreign shareholder	19.70%	79,300,000			79,300,000		
China Merchants Securities Hong Kong Co., Limited	State-owned shareholder	1.90%	7,655,492			7,655,492		
Huang Junyue	Domestic shareholder	1.66%	6,672,268			6,672,268		
Hu Xiaofeng	Domestic	0.47%	1,879,277			1,879,277		

	shareholder							
GUOTAI JUNAN SECURITIES(HONG KONG) LIMITED	Foreign shareholder	0.34%	1,365,900			1,365,900		
BOCI SECURITIES LIMITED	Foreign shareholder	0.33%	1,310,000			1,310,000		
Jin Yunhua	Domestic shareholder	0.19%	750,000			750,000		
Meng Qingliang	Domestic shareholder	0.18%	734,548			734,548		
MAN,KWAI WING 文贵荣	Domestic shareholder	0.18%	713,101			713,101		
A strategic investor or a general legal person becomes a top 10 common shareholder (if any) as a result of a placing of new shares (see Note 3)	Among the top ten shareholders of the company, there is no correlation or concerted action between the largest shareholder and other shareholders or among the top ten shareholders of tradable shares, and there is no correlation or concerted action between other shareholders or among the top ten shareholders of tradable shares or between the top ten shareholders and other shareholders.							
A description of the association or concerted action of the above shareholders	None							
Top Ten Tradable Shareholders								
Name	Current shares held at end of year	Category of Shares						
		Categories	Amount					
AKTIEBOLAGET SKF	79,300,000	B	79,300,000					
China Merchants Securities Hong Kong Co., Limited	7,655,492	B	7,655,492					
Huang Junyue	6,672,268	B	6,672,268					
Hu Xiaofeng	1,879,277	B	1,879,277					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	1,365,900	B	1,365,900					
BOCI SECURITIES LIMITED	1,310,000	B	1,310,000					
Jin Yunhua	750,000	B	750,000					
Meng Qingliang	734,548	B	734,548					
MAN,KWAI WING 文贵荣	713,101	B	713,101					
Jiang Guangsen	577,810	B	577,810					
A statement of the association or concerted action between the top 10	Among the top ten shareholders of the company, there is no correlation or concerted action between the largest shareholder and other shareholders or among the top ten shareholders of							

ordinary shareholders and between the top 10 ordinary shareholders and the top 10 ordinary shareholders	tradable shares, and there is no correlation or concerted action between other shareholders or among the top ten shareholders of tradable shares or between the top ten shareholders and other shareholders.
---	--

Whether the top 10 ordinary shareholders of the company and the top 10 ordinary shareholders of the company shall conduct agreed repurchase transactions during the reporting period

Applicable Inapplicable

The top 10 ordinary shareholders of the company and the top 10 ordinary shareholders of the company under the conditions of unlimited sale did not carry out the agreed repurchase transaction during the reporting period.

IV Change of Controlling Shareholder Actual Controller in the Report Period

Change of controlling shareholder during the reporting period

Applicable Inapplicable

The controlling shareholders have not changed during the reporting period.

The actual controller changes during the reporting period

Applicable Inapplicable

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

Chapter VII. Relevant information about preferred stock

Applicable Inapplicable

No preferred shares exist during the reporting period.

Chapter VIII. Information about convertible company bonds

Applicable Inapplicable

There are no convertible bonds in the company during the reporting period.

Chapter IX. Directors, Supervisors, Senior Management and Staff

I. Shares holding change in Directors, Supervisors, Senior Management

Applicable Inapplicable

The shareholding of directors, supervisors and senior managers of the company has not changed during the reporting period. For details, please refer to the 2019 annual report.

II. Changes of Directors, Supervisors and Senior Management

Applicable Inapplicable

Name	Position held	Type	Date	Reason
Duan Tongjiang	supervisor	Outgoing	2020.02.27	
Zhang Fuxiang	supervisor	Be elected	2020.02.28	

Chapter X. Corporate bonds

Does the company have corporate bonds which are publicly issued and listed on the stock exchange and which are not due on the date of approval of the semi-annual report or which are not redeemed in full at maturity

No

Chapter XI. Financial Report

I. Audit Report

The financial report is unaudited

II. Financial Statement

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

1. Consolidated Balance Sheet.

Organization unit: Wafangdian bearing co. LTD

Unit: yuan

Item	2020.6.30	2019.12.31
Current assets:		
Monetary fund	322,113,224.45	183,648,867.58
Settlement provisions		
Lending money,		
Transactional financial assets	229,586.85	285,057.50
Derivative financial assets		
Notes receivable		
Accounts receivable	1,130,080,667.60	995,091,454.06
Receivables financing	155,889,835.20	179,578,623.48
prepayments	31,253,915.50	27,516,943.54
Premiums receivable		
Reinsurance receivable		
Reserve for reinsurance contracts receivable		
Other receivables	30,589,443.99	27,646,966.02
Among them: receivable interest		
Dividends receivable		
Buy and sell back financial assets		
inventory	674,721,549.32	704,467,062.61
Contract assets		
Hold assets for sale		
Non-current assets maturing within one year		
Other current assets	183,623.58	3,510,607.86
Total current Assets	2,345,061,846.49	2,121,745,582.65
Non-current assets:		
Make loans and advances		
Creditor's rights investment		
Other debt 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	115,868,845.10	122,930,874.57
Fixed assets	548,518,964.26	587,452,012.49
Projects under construction	33,269,893.83	33,932,882.85
Productive biological assets		
Oil and gas assets		
Usufruct		
Intangible assets	82,379,761.07	82,629,398.56
The development of spending		
goodwill		
Long-term deferred expenses	696,446.59	859,861.79
Deferred income tax assets		
Other non-current assets		
Total non-current assets	792,660,767.49	839,731,886.90
Total assets	3,137,722,613.98	2,961,477,469.55
Current liabilities:		
Short-term borrowing	769,000,000.00	655,000,000.00
Borrow from the central bank		
Funds borrowed from		
Transactional financial liabilities		
Derivative liability		
Notes payable	226,236,383.28	250,019,501.69
Accounts payable	691,979,411.57	632,352,299.59
Advance payment		27,488,588.61
Contract liability	30,191,925.84	
The sale or repurchase of a financial asset		
Take deposit and deposit in the same bank		
Acting as an agent for buying and selling securities		
Acting as an underwriter of securities		
Employee compensation payable	24,568,997.40	23,693,082.54
Payable taxes	10,961,102.73	4,724,698.30

Other payables	125,305,826.53	79,351,154.37
Among them: payable interest	20,000.00	934,134.38
Dividends payable		360,000.00
Fees and commissions payable		
Reinsurance payable		
Hold liabilities for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,878,243,647.35	1,672,629,325.10
Non-current liabilities:		
Reserve for insurance contracts		
Long-term borrowing		
Bonds payable		
Among them: Preferred stock		
Sustainable debt		
Lease liability		
Long-term payables	344,974.84	344,974.84
Employee compensation payable on a long-term basis		
Estimated debts		
Deferred revenue	60,467,832.97	61,276,110.91
Deferred income tax liabilities	785,660.25	785,660.25
Other non-current liabilities		
Total non-current liabilities	61,598,468.06	62,406,746.00
Total liabilities	1,939,842,115.41	1,735,036,071.10
Owners' 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: Inventory stock		
Other comprehensive income		
The special reserve	17.93	
Surplus reserves	136,770,391.01	136,770,391.01

General risk provision		
Undistributed profit	172,819,039.16	201,379,956.97
Total equity attributable to the parent company	1,197,880,498.57	1,226,441,398.45
Minority equity		
Total owners' equity	1,197,880,498.57	1,226,441,398.45
Total liabilities and owner's equity	3,137,722,613.98	2,961,477,469.55

Chairman: Liu Jun

General Accountant : Sun Najuan

Accounting charger: Sun Najuan

2. Balance Sheet of Parent Company

Unit:yuan

Item	2020.6.30	2019.12.31
Current assets:		
Monetary fund	286,195,645.13	147,541,012.52
Transactional financial assets	229,586.85	285,057.50
Derivative financial assets		
Notes receivable		
Accounts receivable	1,168,030,900.75	1,056,081,183.54
Receivables financing	147,920,504.49	174,925,481.58
prepayments	30,223,851.17	24,128,739.35
Other receivables	13,561,427.43	10,316,683.41
Among them: receivable interest		
Dividends receivable		
inventory	631,012,908.35	645,572,153.92
Contract assets		
Hold assets for sale		
Non-current assets maturing within one year		
Other current assets		2,402,110.21
Total current Assets	2,277,174,824.17	2,061,252,422.03
Non-current assets:		
Creditor's rights investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	211,583,897.67	211,583,897.67
Investment in other equity instruments	11,926,856.64	11,926,856.64
Other non-current financial assets		

Investment real estate	101,362,108.99	107,928,780.98
Fixed assets	375,425,465.97	405,972,163.82
Projects under construction	31,435,506.11	33,315,133.75
Productive biological assets		
Oil and gas assets		
Usufruct		
Intangible assets	65,463,315.56	65,377,956.95
The development of spending goodwill		
Long-term deferred expenses	589,390.36	724,877.66
Deferred income tax assets		
Other non-current assets		
Total non-current assets	797,786,541.30	836,829,667.47
Total assets	3,074,961,365.47	2,898,082,089.50
Current liabilities:		
Short-term borrowing	769,000,000.00	655,000,000.00
Transactional financial liabilities		
Derivative liability		
Notes payable	226,236,383.28	250,019,501.69
Accounts payable	615,366,427.21	562,483,695.40
Advance payment		27,712,137.64
Contract liability	33,544,848.49	
Employee compensation payable	18,234,548.37	15,853,058.39
Payable taxes	7,263,661.62	2,539,819.22
Other payables	100,481,184.06	56,658,107.69
Among them: payable interest		934,134.38
Dividends payable		360,000.00
Hold liabilities for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,770,127,053.03	1,570,266,320.03
Non-current liabilities:		
Long-term borrowing		
Bonds payable		

Among them: Preferred stock		
Sustainable debt		
Lease liability		
Long-term payables	244,974.84	244,974.84
Employee compensation payable on a long-term basis		
Estimated debts		
Deferred revenue	28,855,140.00	29,663,417.94
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	29,100,114.84	29,908,392.78
Total liabilities	1,799,227,167.87	1,600,174,712.81
Owners' 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: Inventory stock		
Other comprehensive income		
The special reserve		
Surplus reserves	136,770,391.01	136,770,391.01
Undistributed profit	250,685,363.33	272,858,542.42
Total owners' equity	1,275,734,197.60	1,297,907,376.69
Total liabilities and owner's equity	3,074,961,365.47	2,898,082,089.50

3. Consolidated Income Sheet.

Unit: yuan

Item	Account for the current period of 2020	Account for the current period of 2019
I. Total revenue	999,645,101.91	957,539,400.42
Among them: operating income	999,645,101.91	957,539,400.42
Interest income		
The premium has been made		
Fee and commission income		
II. Total operating cost	1,005,114,405.67	951,356,615.60

Among them: operating cost	777,634,037.79	825,848,378.25
The interest payments		
Charges and commissions		
Surrender gold		
Net claims		
Draw a net reserve for insurance liability		
Policy dividend payout		
Reinsurance expenses		
Taxes and Surcharges	7,295,134.29	7,516,026.43
Cost of sales	75,613,172.33	67,095,924.79
Management fees	39,172,811.53	28,965,222.08
Research and development costs	88,374,018.61	5,958,788.14
Finance charges	17,025,231.12	15,972,275.91
Wherein: interest expense	15,282,652.60	14,684,202.27
Interest income	404,634.33	976,354.49
Plus: Other benefits	6,192,961.72	3,841,477.86
Investment income (loss marked with "-")		
Among them: income from investment in joint ventures and joint ventures		
Financial assets measured at amortized cost cease to recognize income		
Exchange gain (loss marked with "-")		
Net exposure hedge gain (loss marked with "-")		
Income from changes in fair value (loss marked with "-")	-55,470.65	10,785.96
Credit impairment loss (marked with "-")	7,311.38	
Impairment loss of assets (marked with "-")		
Income from asset disposal (loss marked with "-")	276,663.74	-1,050,156.19
III. Operating profit (loss marked with "-")	952,162.43	8,984,892.45
Plus: Non-operating income	3,047,531.19	3,709,347.85
Minus: non-operating expenses	352,611.43	4,923,172.87
IV. Total profit (total loss marked with "-")	3,647,082.19	7,771,067.43
Less: Income tax expense		
V. Net Profit (net loss marked with "-")	3,647,082.19	7,771,067.43
(I) Classification according to business continuity		
1. Net profit from continuing operations (net loss marked with "-")	3,647,082.19	7,771,067.43
2. Termination of net operating profit (net loss marked with "-")		

(2) Classification according to ownership		
1. Net profit attributable to the owner of the parent company	3,647,082.19	7,771,067.43
2. Profit and loss of minority shareholders		
6. After-tax net of other comprehensive income		
After-tax net of other comprehensive income attributable to the owner of the parent company		
(1) other comprehensive income that cannot be reclassified into profits and losses		
1. Re-measure changes in the defined benefit plan		
2. Other comprehensive income that cannot be transferred under the equity method		
3. Changes in the fair value of other equity instruments		
4. Changes in the fair value of credit risk of the enterprise		
5. Other		
(2) other comprehensive income reclassified into profit and loss		
1. Other comprehensive income of transferable gains and losses under the equity method		
2. Changes in the fair value of other debt investments		
3. The amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other creditor's rights investment		
5. Cash flow hedge reserve		
6. Translation balance of foreign currency financial statements		
7. Other		
After-tax net of other comprehensive earnings attributable t		
VII. Total comprehensive income	3,647,082.19	7,771,067.43
The total amount of consolidated income attributable to the owner of the parent company	3,647,082.19	7,771,067.43
The total amount of comprehensive income attributable to minority shareholders		
VIII. Earnings per Share		
(I) Basic earnings per share	0.01	0.02
(II) Diluted earnings per share	0.01	0.02

Chairman: Liu Jun

General Accountant : Sun Najuan

Accounting charger: Sun Najuan

4. Income Sheet of Parent Company.

Unit: RMB Yuan

Item	Account for the current period of 2020	Account for the current period of 2019
I. Operating income	1,008,986,433.13	967,098,461.53
Minus: Operating costs	792,238,326.44	837,264,253.17
Taxes and Surcharges	5,964,290.11	6,114,398.13
Cost of sales	74,331,649.69	66,239,051.53
Management fees	29,227,235.02	18,787,601.68
Research and development costs	87,464,042.25	5,382,277.77
Finance charges	17,198,370.63	15,979,982.34
Wherein: interest expense	15,282,652.60	14,684,202.27
Interest income	223,957.21	960,302.24
Plus: Other benefits	5,920,067.26	3,841,477.86
Investment income (loss marked with "-")		
Among them: income from investment in joint ventures and joint ventures		
Termination of recognition of income of financial assets measured at amortized cost (loss marked with "-")		
Net exposure hedge gain (loss marked with "-")		
Income from changes in fair value (loss marked with "-")	-55,470.65	10,785.96
Credit impairment loss (marked with "-")	-12,688.62	
Impairment loss of assets (marked with "-")		
Income from asset disposal (loss marked with "-")	-51,078.19	3,591.74
II. Operating profit (loss marked with "-")	8,363,348.79	21,186,752.47
Plus: Non-operating income	2,001,883.55	3,023,847.85
Minus: non-operating expenses	330,411.43	4,858,827.87
III. Total profit (total loss marked with "-")	10,034,820.91	19,351,772.45
Less: Income tax expense		
IV. Net Profit (net loss marked with "-")	10,034,820.91	19,351,772.45
(I) Net profit from continuing operations (net loss marked with "-")	10,034,820.91	19,351,772.45
(2) Termination of net operating profit (net loss marked with "-")		
V. Net after tax of other comprehensive income		
(1) other comprehensive income that cannot be reclassified into profits and losses		
1. Re-measure changes in the defined benefit plan		
2. Other comprehensive income that cannot be transferred under the equity method		

3. Changes in the fair value of other equity instruments		
4. Changes in the fair value of credit risk of the enterprise		
5. Other		
(2) other comprehensive income reclassified into profit and loss		
1. Other comprehensive income of transferable gains and losses under the equity method		
2. Changes in the fair value of other debt investments		
3. The amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other creditor's rights investment		
5. Cash flow hedge reserve		
6. Translation balance of foreign currency financial statements		
7. Other		
VI. Total comprehensive income	10,034,820.91	19,351,772.45
VII. Earnings per Share		
(I) Basic earnings per share	0.02	0.05
(II) Diluted earnings per share	0.02	0.05

5. Consolidated Cash Flow Statement.

Unit: RMB yuan

Item	Account for the current period	Account for the prior period
I. Cash flow generated from business activities:		
Cash received from the sale of goods or services	582,774,122.01	577,148,383.49
Net increase in customer deposits and inter-bank deposits		
Net increase in borrowing from the central bank		
Net increase in borrowing from other financial institutions		
Cash received from the premium of the original insurance contract		
Net cash received from reinsurance inward		
The net increase in savings and investment funds		
Cash that charges interest, fees and commissions		
Net increase in borrowing funds		
Net increase in repurchase business funds		
Net cash received from buying or selling securities on behalf of an agent		
Tax refund received		
Other cash received in connection with business activities	10,270,237.51	63,574,455.78

Subtotal cash inflows from operating activities	593,044,359.52	640,722,839.27
Cash paid for goods and services	280,077,473.08	282,865,029.33
Net increase in customer loans and advances		
Net increase in deposits of central bank and inter-bank funds		
Cash to pay claims under the original insurance contract		
Net increase of funds taken out		
Cash to pay interest, charges and commissions		
Cash to pay policy dividends		
Cash paid to and for employees	143,554,226.02	126,331,776.48
Taxes and fees paid	25,632,251.85	21,808,215.69
To pay other cash related to business activities	71,258,981.52	152,263,936.91
Subtotal cash outflow from operating activities	520,522,932.47	583,268,958.41
Net cash flow from operating activities	72,521,427.05	57,453,880.86
II. Cash flow generated by investment activities:		
Recovery of cash received from investments		
Cash received for the receipt of investment income		
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	329,175.16	875,012.42
Disposal of net cash received by subsidiaries and other business units		
Other cash received in connection with investment activities		
Subtotal cash inflows from investment activities	329,175.16	875,012.42
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	1,205,036.75	1,108,192.00
Cash paid for an investment		
Net increase in pledged loans		
Obtain the net cash paid by subsidiaries and other business units		
To pay other cash related to investment activities		
Subtotal cash outflow from investment activities	1,205,036.75	1,108,192.00
Net cash flow from investment activities	-875,861.59	-233,179.58
Iii. Cash flow generated from financing activities:		
Cash received from investments		
Among them: the subsidiary absorbs the cash that minority shareholder invests to receive		
To obtain cash from a loan	509,000,000.00	45,000,000.00
Other cash received in connection with financing activities	41,567,823.29	33,843,584.00

Subtotal cash inflows from financing activities	550,567,823.29	78,843,584.00
Cash paid to repay a debt	395,000,000.00	50,000,000.00
Cash that distributes dividends, profits, or pays interest	48,107,688.22	13,170,374.03
Among them: dividends and profits paid by the subsidiary to minority shareholders		
To pay other cash related to financing activities	67,110,000.00	185,705,447.90
Subtotal cash outflow from financing activities	510,217,688.22	248,875,821.93
Net cash flow from financing activities	40,350,135.07	-170,032,237.93
IV.The impact of exchange rate fluctuations on cash and cash equivalents	954,909.34	-64,483.59
V.Net increase in cash and cash equivalents	112,950,609.87	-112,876,020.24
Plus: Balance of beginning cash and cash equivalents	137,324,488.53	188,431,805.23
VI..Ending balance of cash and cash equivalents	250,275,098.40	75,555,784.99

6. Cash Flow Statement Of Parent Company.

Unit: RMB yuan

Item	Account for the current period	Account for the prior period
I. Cash flow generated from business activities:		
Cash received from the sale of goods or services	868,958,768.09	550,559,888.92
Tax refund received		
Other cash received in connection with business activities	9,779,044.10	3,606,912.93
Subtotal cash inflows from operating activities	878,737,812.19	554,166,801.85
Cash paid for goods and services	593,706,724.17	227,158,557.86
Cash paid to and for employees	124,085,830.07	105,551,900.80
Taxes and fees paid	20,543,127.41	16,552,862.63
To pay other cash related to business activities	67,388,001.75	51,892,148.31
Subtotal cash outflow from operating activities	805,723,683.40	401,155,469.60
Net cash flow from operating activities	73,014,128.79	153,011,332.25
II. Cash flow generated by investment activities:		
Recovery of cash received from investments		
Cash received for the receipt of investment income		
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	4,175.16	875,012.42
Disposal of net cash received by subsidiaries and other business units		

Other cash received in connection with investment activities		
Subtotal cash inflows from investment activities	4,175.16	875,012.42
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	524,567.59	1,093,952.00
Cash paid for an investment		
Obtain the net cash paid by subsidiaries and other business units		
To pay other cash related to investment activities		
Subtotal cash outflow from investment activities	524,567.59	1,093,952.00
Net cash flow from investment activities	-520,392.43	-218,939.58
III. Cash flow generated from financing activities:		
Cash received from investments		
To obtain cash from a loan	509,000,000.00	45,000,000.00
Other cash received in connection with financing activities	41,567,823.29	33,843,584.00
Subtotal cash inflows from financing activities	550,567,823.29	78,843,584.00
Cash paid to repay a debt	395,000,000.00	50,000,000.00
Cash that distributes dividends, profits, or pays interest	48,107,688.22	13,170,374.03
To pay other cash related to financing activities	67,110,000.00	185,705,447.90
Subtotal cash outflow from financing activities	510,217,688.22	248,875,821.93
Net cash flow from financing activities	40,350,135.07	-170,032,237.93
IV.The impact of exchange rate fluctuations on cash and cash equivalents	954,909.34	-64,483.59
V.Net increase in cash and cash equivalents	113,798,780.77	-17,304,328.85
Plus: Balance of beginning cash and cash equivalents	101,216,633.47	87,388,834.89
VI.Ending balance of cash and cash equivalents	215,015,414.24	70,084,506.04

7. Consolidated Sheet Of Changes In Shareholder' s Equity

Current amount

Unit: RMB Yuan

Item	Amount in current period														Minority shareholders' equity	Owner's equity
	Owner's equity attributable to parent company															
	Capital stock	Other equity instruments			Capital public reserves	less: treasury stock	other comprehensive income	appropriative reserve	Surplus public reserves	General provision for risk	Undistributed profits	Others	total			
	Preferred shares	Perpetual Capital Securities	Other													
I. Balance at the end of last year	402,600,000.00				485,691,050.47				136,770,391.01		201,379,956.97		1,226,441,398.45		1,226,441,398.45	
Plus: Change in accounting policy																
Previous error correction																
Under the same control enterprise merger																
other																
II. The beginning	402,600,000.00				485,691,050.47				136,770,391.01		201,379,956.97		1,226,441,398.45		1,226,441,398.45	

balance of the current year															
III. Amount of increase or decrease in the current period (marked with "-" for decrease)							17.93				-28,560,917.81			-28,560,899.88	-28,560,899.88
(1) Total comprehensive income											3,647,082.19			3,647,082.19	3,647,082.19
(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											-32,208,000.00		-32,208,000.00		-32,208,000.00
1. Extract the surplus reserve															
2. Extract general risk provisions															
3. Distribution to owners (or shareholders)											-32,208,000.00		-32,208,000.00		-32,208,000.00
4. 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							17.93						17.93		17.93
1. This extract							17.93						17.93		17.93
2. In current use															
(6) Others															
IV. Ending balance of the current period	402,600,000.00				485,691,050.47		17.93	136,770,391.01		172,819,039.16		1,197,880,498.57		1,197,880,498.57	

The amount of the previous period

Unit: yuan

Item	Amount in previous period														Minority shareholders' equity	Owner's equity
	Owner's equity attributable to 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. Balance at the end of last year	402,600,000.00				485,691,050.47				136,770,391.01		354,961,603.07		1,380,023,044.55		1,380,023,044.55	
Plus: Change in accounting policy											-14,275,668.37		-14,275,668.37		-14,275,668.37	
Previous error correction																
Under the same control enterprise merger																
other																
II. The beginning	402,600,000.00				485,691,050.47				136,770,391.01		340,685,934.70		1,365,747,376.18		1,365,747,376.18	

4. other															
(3) Profit distribution											-16,104,000.00		-16,104,000.00		-16,104,000.00
1. Extract the surplus reserve															
2. Extract general risk provisions															
3. Distribution to owners (or shareholders)												-16,104,000.00		-16,104,000.00	-16,104,000.00
4. 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															
1. This extract															
2. In current use															
(6) Others															
IV. Ending balance of the current period	402,600,000.00				485,691,050.47				136,770,391.01		201,379,956.97		1,226,441,398.45		1,226,441,398.45

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

Current amount

Unit: RMB yuan

Item	Amount in current period											
	Capital stock	Other equity instruments			Capital public reserves	less: treasure stock	Other comprehensive income	appropriative reserve	Surplus public reserves	General provision for risk	Undistributed profits	Owner' s equity
		Preferr ed 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	272,858,542.42		1,297,907,376.69
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	272,858,542.42		1,297,907,376.69
III. Amount of increase or decrease in the current period (marked with "-" for decrease)										-22,173,179.09		-22,173,179.09
(1) Total comprehensive income										10,034,820.91		10,034,820.91
(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										-32,208,000.00		-32,208,000.00
1. Extract the surplus reserve												
2. Distribution to owners (or shareholders)										-32,208,000.00		-32,208,000.00
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												
1. This extract												
2. In current use												
(6) Others												
IV. Ending balance	402,600,000.00				485,678,443.26				136,770,391.01	250,685,363.33		1,275,734,197.60

Last term amount

Unit: RMB yuan

Item	Amount in previous period											
	Capital stock	Other equity instruments			Capital public reserves	less: treasure stock	Other comprehensive	appropria tive	Surplus public reserves	General provision for risk	Undistri buted	Owner' s equity
		Preferre	Perpetual	Other								

		d stock	Capital Securities			income	reserve			profits	
I. Balance at the end of last year	402,600,000.00				485,678,443.26			136,770,391.01	396,638,220.08		1,421,687,054.35
Plus: Change in accounting policy									-14,275,668.37		-14,275,668.37
Previous error correction											
other											
II. The beginning balance of the current year	402,600,000.00				485,678,443.26			136,770,391.01	382,362,551.71		1,407,411,385.98
III. Amount of increase or decrease in the current period (marked with "-" for decrease)									-109,504,009.29		-109,504,009.29
(1) Total comprehensive income									-93,400,009.29		-93,400,009.29
(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										-16,104,000.00		-16,104,000.00
1. Extract the surplus reserve												
2. Distribution to owners (or shareholders)										-16,104,000.00		-16,104,000.00
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												
1. This extract												
2. In current use												
(6) Others												

IV. Ending balance	402,600,000.00				485,678,443.26				136,770,391.01	272,858,542.42		1,297,907,376.69
--------------------	----------------	--	--	--	----------------	--	--	--	----------------	----------------	--	------------------

III. General Information

Wafangdian Bearing Company Limited (the “Company”, the “Group” is referred to “Company” together with its subsidiaries) is a joint stock limited company established in the People’s Republic of China (the “PRC”) on 16 July, 1997. In the opinion of the directors, its parent and ultimate holding company is Wafangdian Bearing Group Company Limited (“Wazhou Group”).

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

The parent company is Wazhou Group. General shareholders meeting is the company’s authority and have the resolution power over company’s business policy, financing, investment and profit appropriation etc. significant events in accordance with relevant law. Board of directors is responsible for general meeting and has the power over the company’s decision making. Management is in charge of implementation of resolution made by general meeting and board meeting and is responsible for operation management. The company has the following functional departments including: procurement department, portfolio investment department, operating department, HR, marketing department, manufacturing and construction department, quality control department, financial department and logistic department. Wholly owned subsidiaries include Wazhou Liaoyang Bearing Manufacturing Co., Ltd (“Liaoyang Bearing”), Dalian Wazhou Precision Electric Motor Car Bearing (“Dalian Electrical Motor”), and Wazhou Precision of Spherical Roller Bearings (Wafangdian) Co., Ltd (“Spherical Bearings”).

The addresses of the registered office and principal place of business of the Company are No.1, Phrase 1, Gongji Street, Wafangdian North, Liaoning Province, and the PRC. Legal representative is Meng Wei.

The Company is principally engaged in the manufacturing and sale of bearing, bearing spare parts, engineering equipment, automobile spare parts and relating products, bearing repair, maintenance and technology service etc and also in renting mechanical equipment and estate, inspection of bearings, mechanical equipment, measuring instruments and meters.

Financial Statement Consolidation Scope

The Group’s financial statements consolidation includes Liaoyang Bearing, Dalian Wazhou Precision Motor Car Bearing Company and Spherical Bearing three companies. There is no change for consolidation scope by comparing to last year.

Please refer to “VII. Change of consolidation scope” and “VIII. Equity within other entity” in the Note to the financial statements.

IV. Financial Statements Preparation Basis

(1) Basis of preparation

The Company's financial statements are prepared on the basis of going concern assumption, according to the actual occurred transactions and events and in accordance with 'Accounting Standards for Business Enterprises' and relevant regulations, and also based on the note IV "Significant Accounting Policies, Accounting Estimates".

(2) Going concern

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

V. Significant Accounting Policies and Accounting Estimates

Specific accounting policy and estimates reminder: the group established the accounting policy and estimate, such as operation cycle, bad debt recognition and measurement, dispatched inventory measurement and classification of fixed assets and FA's depreciation, intangible asset's amortization, revenue recognition and measurement based on the actual characters of business operation.

1. Declaration for compliance with accounting standards for business enterprises

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

2. Accounting period

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

3. Operating cycle

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

4. Functional currency

The Group adopts RMB as functional currency.

5. Accounting for business combination under same control and not under same control

As an acquirer, the assets and liabilities that The Group obtained in a business combination under the same control should be measured on the basis of their carrying amount in the consolidated financial statements on the combining date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it, the capital surplus shall be adjusted. If the capital surplus is not sufficient to be offset, the retained earnings shall be adjusted.

For a business combination not under same control, the asset, liability and contingent liability obtained from the acquirer shall be measured at the fair value on the acquisition date. The combination cost shall

be the fair value, on the acquisition date, of the assets paid, the liabilities incurred or assumed and equity securities issued by the acquirer in exchange for the control of the acquire, and sum of all direct expenses(if the combination is achieved in stages, the combination cost shall be the sum of individual transaction). The difference when combination cost exceeds proportionate share of the fair value of identifiable net assets of acquiree should be recognized as goodwill. If the combination cost is less than proportionate share of the fair value of identifiable net assets of acquiree, firstly, fair value of identifiable asset, liability or contingent liability shall be reviewed, and so the fair value of non-monetary assets or equity instruments issued in the combination consideration , after review, still the combination cost is less than proportionate share of the fair value of identifiable net assets of acquire, the difference should be recognized as non-operating income.

6. Method of preparation of consolidated financial statements

All subsidiaries controlled by the Group and structured entities are within the consolidation scope.

If subsidiaries adopt different accounting policy or have different accounting period from the parent company, appropriated adjustments shall be made in accordance with the Group policy in preparation of the consolidated financial statements.

All significant intragroup transactions, outstanding balances and unrealized profit shall be eliminated in full when preparing the consolidated financial statements. Portion of the subsidiary' s equity not belonging to the parent, profit, loss for the current period, portion of other comprehensive income and total comprehensive belonging to minority interest, shall be presented separately in the consolidated financial statements under “ minority interest of equity ” , “ minority interest of profit and loss ” , “ other comprehensive income attributed to minority interest ” and “ total comprehensive income attributed to minority interest ” title.

If a subsidiary is acquired under common control, its operation results and cash flow shall be consolidated since the beginning of the consolidation period. When preparing the comparative consolidated financial statements, adjustments shall be made to relevant items of comparative figures as regarded that reporting entity established through consolidation has been always there since the point when the ultimate controlling party starts to have the control.

If a business consolidation under common control is finally achieved in stages, consolidation accounting method shall be disclosed additionally for the period in which the control is obtained. For example, if a business consolidation under common control is finally achieved in stages, when preparing the consolidated financial statements, adjustments shall be made for the current consolidation status as if consolidation has always been there since the point when the ultimate controlling party starts to control. In preparation of comparative figures, asset and liability of the acquiree shall be consolidated into the Group' s comparative financial statements, but to the extent no earlier than the point when the Group and acquiree are both under ultimate control and relevant items under equity in comparative financial statements shall be adjusted for net asset increased in combination. To avoid the duplicated computation of net asset of acquiree, for long-term equity investment held by the Group before the consolidation, relevant profit and loss, other comprehensive income and movement in other net asset, recognized for the period between the combination date and later date when original shareholding is obtained and when the Group and the acquiree are under common control of same ultimate controlling party, shall be respectively used for writing down the opening balance of retained earnings of comparative financial statements and profit and loss for the current period.

If a subsidiary is acquired not under common control, its operation results and cash flow shall be consolidated since the beginning of the consolidation period. In preparation of the consolidated financial statements, adjustments shall be made to subsidiary's financial statements based on the fair value of its all identifiable assets, liability or contingent liability on the acquisition date.

If a business consolidation under non-common control is finally achieved in stages, consolidation accounting method shall be disclosed additionally for the period in which the control is obtained. For example, if a business consolidation not under common control is finally achieved in stages, when preparing the consolidated financial statements, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss as investment income for the current period. Other comprehensive income, under equity method accounting rising from the interest held in acquiree in relation to the period before the acquisition, and changes in the value of its other equity other than net profit or loss, other comprehensive income and profit appropriation shall be transferred to investment gain or loss for the period in which the acquisition incurs, excluding the other comprehensive income from the movement on the remeasurement of net asset or liability of defined benefit plan.

When the Group partially disposes of the long-term equity investment in subsidiary without losing the control over it, in the consolidated financial statements, the difference, between disposals price and respective disposed value of share of net assets in the subsidiary since the acquisition date or combination date, shall be adjusted for capital surplus or share premium, no enough capital surplus, then adjusted for retained earnings.

When the Group partially disposes of the long-term equity investment in subsidiary and lose the control over it, in preparation of consolidated financial statements, remaining share of interest in the subsidiary shall be remeasured on the date of losing control. Sum of the share disposal consideration and fair value of remaining portion of shareholding minus the share of the net assets in the subsidiary held based on the previous shareholding percentage since the acquisition date or combination date, the balance of above is recognized as investment gain/loss for the period and goodwill shall be written off accordingly. Other comprehensive income relevant to share investment in subsidiary shall be transferred to investment gain/loss for the period on the date of losing control.

When the Group partially disposes of the long-term equity investment in subsidiary and lose the control over it by stages, if all disposing transactions are bundled, each individual transaction shall be seen as a transaction of disposal of a subsidiary by losing control. The difference between the disposal price and the share of the net assets in the subsidiary held before the date of losing control, shall be recognize as other comprehensive income until the date of losing control where it is transferred into investment gain/loss for the current period.

7. Joint arrangement classification and joint operation accounting

8. Cash and cash equivalent

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

9. Translation of foreign currency

Foreign currency transaction

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

Translation of foreign currency financial statements

The asset and liability items in the foreign currency balance sheet should be translated at a spot exchange rate at the balance sheet date. Among the owner's equity items except "undistributed profit", others should be translated at the spot exchange rate when they are incurred. The income and expense should be translated at spot exchange rate when the transaction incurs. Translation difference of foreign currency financial statements should be presented separately under the other comprehensive income title. Foreign currency cash flows are translated at the spot exchange rate on the day when the cash flows incur. The amounts resulted from change of exchange rate are presented separately in the cash flow statement.

10. Financial instruments

The group recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract.

Financial assets

Classification, recognition basis and measurement method of financial assets

According to the business model of financial assets management and the contractual cash flow characteristics of financial assets, the group classifies financial assets 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 and loss.

The group will also meet the following conditions of the financial assets classified as financial assets measured by the amortized cost: ①management of the financial assets of the business model is to receive contract cash flow as the goal.②The terms of the contract of the financial asset stipulate that the cash flow generated on a particular date shall only be the payment of the principal and interest based on the outstanding principal amount. Such financial assets shall be initially measured in accordance with the fair value, and relevant transaction costs shall be included in the initial recognized amount; Carry out subsequent measurement with amortized cost. Except for those designated as the hedged item, the difference between the initial amount and the due amount shall be amortized according to the effective interest rate method, and the amortization, impairment, exchange gains and losses, as well as the gains or losses generated when the recognition is terminated, shall be recorded into the current profit and loss.

The group will also meet the following conditions of the financial assets classified as a fair value measured and its changes into other comprehensive income financial assets: ① the management of the financial assets of the business model is not only to receive the contract cash flow as the goal but also to sell

the financial assets as the goal.②The terms of the contract of the financial asset stipulate that the cash flow generated on a particular date shall only be the payment of the principal and interest based on the outstanding principal amount. Such financial assets shall be initially measured in accordance with fair value, and relevant transaction costs shall be included in the initial recognized amount. In addition to credit impairment loss or gain, exchange gain or loss, and interest on the financial asset calculated according to the effective interest rate method, other gains or losses of such financial asset shall be included in other comprehensive income; Upon termination of recognition of financial assets, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred out of other comprehensive income and recorded into current profit and loss.

The group recognizes interest income in accordance with the effective interest rate method. The interest income shall be calculated based on the book balance of the financial asset multiplied by the actual interest rate, except for the following cases: (1) For the financial asset that has incurred credit impairment acquired or generated, the interest income shall be calculated according to the amortized cost of the financial asset and the actual interest rate adjusted by credit since the initial recognition. (2) Interest income shall be determined according to the amortized cost and the actual interest rate of the financial asset acquired or generated without credit impairment but which becomes the financial asset with credit impairment during the subsequent period.

The Group designates non-trading equity instrument investments as financial assets measured at fair value and whose changes are included in other comprehensive income. The designation, once made, shall not be revoked. Non-trading equity instrument investment designated by the Group that is measured at fair value and its changes are included in other comprehensive income shall be initially measured in accordance with fair value, and relevant transaction costs shall be included in the initial amount recognized; Except for dividends (which belong to the part of investment cost recovery), other relevant gains and losses (including exchange gains and losses) are booked into other comprehensive income, and shall not be transferred into current profits and losses later. When the recognition is terminated, the accumulated gains or losses previously booked into other comprehensive earnings are transferred out of other comprehensive earnings and booked into retained earnings.

Financial assets other than those classified as financial assets measured at amortized cost and those classified as financial assets measured at fair value and whose changes are included in other comprehensive income. The group classifies two financial assets that are measured at fair value and whose changes are booked into current profits and losses. Such financial assets are initially measured in accordance with fair value, and relevant transaction costs are directly recorded into the current profit and loss. Gains or losses of such financial assets shall be booked into current profits and losses.

If the contingent consideration recognized by the Group in the business combination under different control constitutes a financial asset, the financial asset shall be classified as a financial asset measured at fair value and its changes shall be recorded into the current profit and loss.

The confirmation basis and measurement method of financial assets transfer

The Group will terminate the recognition of the financial assets that meet one of the following

conditions: (1) the termination of the contractual right to receive the cash flow of the financial assets; The transfer of financial assets, the group transferred almost all the risks and rewards on the ownership of financial assets; When financial assets are transferred, the group neither transfers nor retains almost all the risks and rewards on the ownership of financial assets, and does not retain control over the financial assets.

Transfer the entire financial asset meet the recognition criteria of termination, the book value of the transferred financial asset, and received by transfer of value and the fair value originally recorded in other comprehensive income amount corresponds to the portion whose recognition has been stopped in the accumulative amount of changes (provisions relating to transfer of financial assets of the terms of the contract, the cash flow at a specific date, is only on the principal and on the basis of the outstanding principal amount of the interest payments) of the difference between the sum of all accounted for as current profit or loss.

The transfer of a financial asset part meet the recognition criteria of termination, will be the entire book value of the transferred financial asset, between the parts and not terminate qualification recognition has been stopped, apportion them according to their relative fair value, and will be received by transfer of value and share to terminate identified previously included in the other part of the changes in fair value of the accumulative amount of comprehensive income the amount of which corresponds to the portion whose recognition has been stopped (provisions relating to transfer of financial assets of the terms of the contract, the cash flow at a specific date, is only for the principal and interest on the basis of the outstanding principal amount of the payment), the sum of The difference with the amortized overall book value of the said financial assets is booked into the current profit and loss.

Financial liabilities

Classification, recognition basis and measurement method of financial liabilities

When the group's financial liabilities are initially recognized, they are classified into financial liabilities and other financial liabilities that are measured at fair value and whose changes are booked into current profits and losses.

Financial liabilities that are measured by fair value and whose changes are included in current profit and loss, including trading financial liabilities and financial liabilities that are designated at the initial recognition to be measured by fair value and whose changes are included in current profit and loss (relevant classification shall be disclosed according to the classification of financial assets). Subsequent measurement is made according to the fair value, and gains or losses resulting from changes in the fair value as well as dividends and interest expenses related to the financial liabilities are recorded into the current profit and loss.

For other financial liabilities, the method of real interest rate shall be adopted and subsequent measurement shall be made according to amortized cost. In addition to the following, the group will be financial liabilities classified as financial liabilities measured at the amortized cost: (1) measured at fair value and the changes are recorded into the profits and losses of the current financial liabilities, including transactional financial liabilities (including the derivatives for financial liabilities) and designated as at fair value and whose fluctuations are recorded into the profits and losses of the current financial liabilities. (2) financial assets that do not meet the conditions for the termination of recognition or continue to be involved in the transfer of financial assets formed by the financial liabilities. A financial security contract not under or

of the foregoing, and a loan undertaking not under of the above that lends money at below-market rates.

If the contingent consideration recognized by the Group as a purchaser forms a financial liability in a business combination not under the same control, it shall be measured at fair value and the change thereof shall be recorded into the current profit and loss.

Financial liability termination recognition conditions

Termination of recognition of the financial liability or the part of the obligation that has been discharged when the current obligation of the financial liability has been discharged in whole or in part. If the group and the creditors sign an agreement to replace the existing financial liabilities by assuming the new financial liabilities, and the contract terms of the new financial liabilities and the existing financial liabilities are substantially different, the recognition of the existing financial liabilities shall be terminated and the new financial liabilities shall be recognized at the same time. If the Group substantially modifies all or part of the contract terms of the existing financial liability, it shall terminate the recognition of the existing financial liability or part thereof, and recognize the financial liability after the modification of the terms as a new financial liability. The difference between the book value of the part terminated and the consideration paid

The fair value determination method of financial assets and financial liabilities

The group measures the fair value of financial assets and financial liabilities at the prices of major markets. In the absence of major markets, the group measures the fair value of financial assets and financial liabilities at the prices of the most favorable markets, and adopts valuation techniques that are applicable at the time and are supported by enough available data and other information. The input value used in fair value measurement is divided into three levels, that is, the input value in the first level is the unadjusted quotation of the same asset or liability in the active market that can be obtained on the measurement day; Input values at the second level are directly or indirectly observable input values of related assets or liabilities in addition to input values at the first level; The third level input values are unobservable input values for the related assets or liabilities. This group USES the first level of input values first and then the third level of input val

The group's investment in equity instruments is measured at fair value. However, in limited circumstances, if the recent information used to determine the fair value is insufficient, or the possible estimated amount of the fair value is widely distributed, and the cost represents the best estimate of the fair value within that range, the cost may represent its appropriate estimate of the fair value within that distribution range.

The offsetting of financial assets and financial liabilities

The financial assets and liabilities of the group shall be separately listed in the balance sheet and not offset against each other.

(1) The Group has the legal right to set off the recognized amount, and such legal right is currently enforceable;

(2) The Group plans to net settle, or simultaneously liquidate, the financial assets and pay off the financial liabilities.

Financial liabilities and equity instruments of the distinction and related treatment methods

The group distinguishes between financial liabilities and equity instruments in accordance with the following principles : (1) if the group cannot unconditionally avoid performing a contractual obligation by delivering cash or other financial assets, the contractual obligation complies with the definition of a financial liability. Some financial instruments may indirectly form contractual obligations through other terms and conditions, although they do not explicitly contain terms and conditions for obligations to deliver cash or other financial assets. (2) if a financial tools must be used or the group settlement's own equity instruments are available, and need to be considered for settlement of the tool of the group's own equity instruments, as a substitute for cash or other financial assets, or in order to make the tool holder enjoy after deducting all liabilities of the issuer of the residual interest in the assets. If the former, the instrument is the financial liability of the issuer; If the latter, the instrument is the issuer's equity instrument. In some cases, this group is to be a financial instrument contract with their rights or available tools to settle the financial tools, including contractual rights or obligations under a contract amount equal to the available or have to pay when multiplied by the number of its own equity instruments and settlement of the fair value, no matter the amount of the contract rights or obligations are fixed, or completely or partly based on besides the market value of the group's own equity instruments of the variables (such as interest rate, the price of a commodity or the price of a financial instrument) and the change of change, the contract is classified as financial liabilities.

In classifying financial instruments (or their components) in the Consolidated statements of the Group, all terms and conditions agreed between the Group members and the holders of the financial instruments are taken into account. If the Group as a whole is obligated as a result of the instrument to deliver cash, other financial assets, or settle in any other manner that causes the instrument to become a financial liability, the instrument shall be classified as a financial liability.

If the financial instrument or its components are financial liabilities, the relevant interest, dividend (or dividend), gain or loss, as well as the gain or loss arising from redemption or refinancing, etc. shall be recorded into the current profit and loss of the Group.

If a financial instrument or its components are equity instruments, the group shall deal with the issue (including refinancing), repurchase, sale or write-off as the change of equity, and shall not recognize the change in the fair value of the equity instruments.

Impairment of financial instruments

On the basis of expected credit losses, the Company conducts impairment treatment on financial assets measured at amortized cost, debt instrument investment measured at fair value and its changes included in other comprehensive income, and recognizes loss reserves.

The credit loss refers to the difference between all the contract cash flows receivable under the contract and all the expected cash flows received by the Group discounted at the original effective interest rate, namely the present value of the total cash shortage. Among them, for the financial assets purchased by the Group or derived from which credit impairment has occurred, the discount shall be based on the actual credit-adjusted interest rate of the financial assets.

For receivables that do not contain a significant financing component, the group USES a simplified

measurement method to measure the loss provision according to the amount of expected credit loss equivalent to the entire duration.

On each balance sheet date, the Group evaluates whether its credit risk has significantly increased since the initial recognition. If the credit risk has significantly increased since the initial recognition, the Group will calculate the loss reserve at the amount equivalent to the expected credit loss during the entire duration; If the credit risk does not increase significantly after the initial recognition, the Group shall measure the loss reserve at the amount equivalent to the advance credit loss within the next 12 months.

The Group takes into account all reasonable and evidence-based information, including forward-looking information, in its assessment of expected credit losses.

When the Group no longer reasonably expects to recover all or part of the contracted cash flow of a financial asset, the Group shall directly write down the book balance of the financial asset.

In addition to the assessment of overdue credit losses on a single item basis for some financial assets, the Group also evaluates the expected credit losses on financial assets measured at amortized cost on the basis of the aging portfolio.

According to the credit risk characteristics, the Group divides notes receivable, accounts receivable and other receivables into several portfolios, and calculates the expected credit loss on the basis of the portfolio, and determines the portfolio based on the following:

Notes receivable 1: Bank acceptance

Notes receivable 2: a collection of trade acceptances from related parties

Notes receivable 3: other trade acceptance bills

Accounts Receivable 1: Associated party combination

Accounts Receivable 2: Aging combination

For the receivables divided into portfolios, the company shall, by referring to the experience of historical credit losses and combining with the current situation and the forecast of the future economic situation, compile a table comparing the aging of receivables with the expected credit loss rate of the whole period to calculate the expected credit loss.

The company divides other receivables into several portfolios according to the credit risk characteristics, calculates the expected credit loss on the basis of the portfolio, and determines the portfolio based on the following:

Other Receivables 1: Related party combination

Other Receivables 2: Aging portfolio

3: other receivables risk free portfolio (according to the transaction object, the nature of the money, reputation, classifies the trade protection measures such as combination)

For other receivables divided into portfolios, the Company calculates the expected credit loss through the default risk exposure and the expected credit loss rate of the entire duration by referring to the experience of historical credit losses and combining the current situation and the forecast of future economic conditions.

11. Notes receivable

See Note IV, 9 (6) Impairment of financial instruments.

12. Accounts receivable

See Note IV, 9 (6) Impairment of financial instruments.

13. Receivables financing

If the financial assets meet the following conditions, they shall be classified as financial assets measured at fair value and recorded into other comprehensive income as changes thereof: The business model of the Company to manage such financial assets is aimed at both receiving contract cash flow and selling financial assets; The contractual terms of the financial asset provide that the cash flow generated at a particular date will only be the payment of the principal and interest based on the outstanding principal amount. The company will hold notes receivable, transfer in the form of discount or endorsement, and this kind of business is relatively frequent, involves the amount is larger, the charge contract management business model in both cash flow and sell, in accordance with the relevant provisions of rule of financial instruments, its classification and measured at fair value changes and the changes are recorded in the financial assets of other comprehensive income.

14. Other receivables

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

See Note IV, 9 (6) Impairment of financial instruments.

15, inventory

The group's inventory mainly includes raw materials, packaging materials, low-value consumables, in-process products, goods in stock, etc.

A perpetual inventory system shall be implemented for inventories, which shall be priced at actual cost upon acquisition; The actual cost of receiving or issuing inventory shall be determined by the weighted average method. Low-value consumables and packaging materials are amortized by the one-time distribution method.

The net realizable value of goods in stock, goods in stock, materials for sale, etc. that are directly for sale shall be determined on the basis of the estimated selling price of the goods in stock minus the estimated selling expenses and the relevant taxes and duties; The net realisable value of the inventory of materials held for production shall be determined on the basis of the estimated selling price of the finished products produced minus the estimated costs to be incurred at the time of completion, the estimated selling expenses and related taxes.

16. Contract assets

17. Contract cost

18. Hold assets for sale

19. Debt investment

20. Other debt investments

21. Long-term receivables

22. Long-term equity investment

The group's long-term equity investment mainly consists of investment in subsidiaries, joint ventures and joint ventures.

The Group's judgment of common control is based on all participants or participants combining collective control of the arrangement, and the policy of the activities related to the arrangement must be agreed by all participants in the collective control of the arrangement.

When the group directly or indirectly owns more than 20% (including) of the invested entity but less than 50% of the voting rights of the invested entity, it is generally considered to have a significant influence on the invested entity. Holding less than 20% of the votes by the invested entity, you also need to consider in the invested entity's board of directors or similar authority sent on behalf of, or participate in the financial and operating policy making process by the invested entity, or important transactions taking place between the invested entity, or sent executives to the invested entity, or to the key technical data provided by the invested entity, such as facts and judging has a significant influence on the invested entity.

Where control is formed over the invested entity, it is a subsidiary of the group. A long-term equity investment obtained through a merger of enterprises under the same control shall, on the date of merger, be regarded as the initial investment cost of the long-term equity investment in accordance with the share of the book value of the net assets of the merged party in the consolidated statement of the final controlling party. If the book value of the net assets of the merged party is negative at the date of merger, the long-term equity investment cost shall be determined at zero.

If the equity of the investee under the same control is acquired step by step through multiple transactions, and the final enterprise merger is formed, the treatment method for the long-term equity investment disclosed in the parent company's financial statements shall be supplemented during the reporting period when the control right is acquired. For example, through multiple transactions, the equity of the investee under the same control is acquired step by step, and finally a business combination is formed, which belongs to a package transaction. The group will treat each transaction as a transaction to obtain the control right for

accounting treatment. If the transaction is not listed, the initial investment cost of the long-term equity investment shall be based on the share of the consolidated net assets of the merged party in the consolidated financial statements of the final controlling Party after the merger. The difference between the initial investment cost and the sum of the

Long-term equity investments obtained through business mergers under different control take the merger cost as the initial investment cost.

If the equity of the investee under different control is acquired step by step through multiple transactions, and the final enterprise merger is formed, the long-term equity investment cost treatment method disclosed in the parent company's financial statements shall be supplemented during the reporting period when the control right is acquired. For example, through multiple transactions, the equity of the investee under different control is acquired step by step, and the final result is the enterprise merger, which belongs to a package transaction. The group will treat each transaction as a transaction to obtain control right for accounting treatment. If the transaction is not listed, the original equity investment book value plus the sum of the new investment cost shall be regarded as the initial investment cost calculated according to the cost method. If the equity held before the date of purchase is accounted by the equity method, the relevant other comprehensive income calculated by the original equity method is not adjusted for the time being, and the investment is disposed on the same basis as the invested entity directly disposed of the relevant assets or liabilities. If the equity held before the purchase date is accounted at fair value in the financial assets available for sale, the accumulated fair value changes originally included in other comprehensive income shall be transferred to the current investment gains and losses on the merger date.

In addition to the long-term equity investment obtained through the enterprise merger mentioned above, the long-term equity investment obtained by paying cash shall be taken as the investment cost based on the purchase price actually paid; The long-term equity investment obtained by issuing equity securities shall be taken as the investment cost according to the fair value of the equity securities issued; The long-term equity investment invested by the investor shall be regarded as the investment cost according to the value agreed upon in the investment contract or agreement; [If a company has long-term equity investment obtained by means of debt restructuring or non-monetary asset exchange, it shall disclose the method to determine the investment cost according to the provisions of relevant accounting standards for enterprises and the actual situation of the company.

The group adopts the cost method to calculate the investment of subsidiaries and the equity method to calculate the investment of joint ventures and associated enterprises.

The subsequent measurement of the long-term equity investment calculated by the cost method will increase the book value of the long-term equity investment cost according to the fair value of the cost paid by the additional investment and the relevant transaction fees incurred during the additional investment. The cash dividends or profits declared and distributed by the invested entity shall be recognized as the current investment income according to the amount to be enjoyed.

The subsequent measurement of the long-term equity investment calculated by the equity method shall increase or decrease the book value of the long-term equity investment according to the changes in the owner's equity of the invested unit. In confirm the invested entity shall be accorded to the share of the net profits and losses, in order to obtain the invested entity, when the fair value of the identifiable assets such as

basis, in accordance with the accounting policies and accounting periods of the group, and offset and associated enterprises and joint ventures between insider trading profits and losses according to the shareholding calculation belongs to part of the investing enterprise, net income of the invested entity after adjustment for confirmation.

In the disposal of long-term equity investment, the difference between the book value and the actual price obtained shall be recorded into the current investment income. If a long-term equity investment calculated by the equity method is included in the owner's equity due to other changes in the owner's equity other than the net profit and loss of the invested entity, the part originally included in the owner's equity shall be transferred to the current investment profit and loss in accordance with the corresponding proportion at the time of disposal of the investment.

If the joint control or significant influence on the investee is lost due to the disposal of part of the equity investment, the remaining equity after disposal shall be accounted as financial assets available for sale, and the difference between the fair value and the book value of the remaining equity on the date of the loss of the joint control or significant influence shall be recorded into the current profit and loss. Other comprehensive income recognized by the original equity investment as a result of the equity accounting method shall be accounted on the same basis as the invested entity's direct disposal of related assets or liabilities when the equity accounting method is terminated.

For disposal of long-term equity investment has lost control of the invested entity, after the disposal of the remaining stake to the invested entity do joint control or significant influences, to change, according to the equity method accounting disposal of the difference between the book value of equity and disposal of value included in the investment returns, and the remaining shares shall be regarded as must pick up adjust measured by employing the equity method, namely; After the disposal of the remaining equity of the invested entity not joint control or significant influences, to change in accordance with the relevant provisions of the available for sale financial assets accounting, the disposal of the difference between the book value of equity and disposal of value included in the investment returns, the fair value of the remaining equity in the day of loss of control and the difference between the book value included in the current investment gains and losses.

For the transactions from the step-by-step disposal of the equity to the loss of the controlling interest, which are not part of a package transaction, the group shall conduct accounting treatment for each transaction separately. Belonged to the "package deal", will the deal as a disposal of subsidiaries and loss of control of accounting transactions, but a transaction before losing control disposal cost of a long-term equity investment and equity corresponding disposal by the difference between the book value, identified as other comprehensive income, to loss of control and then were transferred to losing control of the profits and losses of the current period.

23. Investment real estate

Investment real estate measurement model

Cost measurement

Method of depreciation or amortization

The investment property of the group is depreciated or amortized by a straight-line method.

The expected service life, net salvage value rate and annual depreciation (amortization) rate of various investment real estate are as follows:

category	Depreciation Life (year)	Estimated salvage rate (%)	Yearly depreciation (%)
Land use right	40		8.33
Building construction			
Where: Buildings	15	3	6.47
Production house	30	3	3.23
Non-productive housing	35	3	2.77

24. Fixed assets

(1) Confirm the conditions

The fixed assets of the Group refer to the tangible assets with the following characteristics at the same time, namely, the tangible assets held for the purpose of producing goods, providing labor services, renting or operating management, with the service life of more than one year and unit value of more than 2,000 yuan. Fixed assets are recognized when the economic benefits associated with them are likely to flow into the group and their costs can be measured reliably. The fixed assets of the group include houses and buildings, machinery and equipment, transportation equipment, electronic equipment and others.

(2) Depreciation method

category	Depreciation method	Depreciation fixed number of year	Salvage	Yearly depreciation
Building construction				
Where: Buildings	Age averaging method	15	3	6.47
Production house	Age averaging method	30	3	3.23
Non-productive housing	Age averaging method	35	3	2.77
Machinery and equipment	Age averaging method	10-15	3	6.47~9.70
Transportation equipment	Age averaging method	6	3	16.17
Electronic equipment	Age averaging method			
Among them: electronic computer	Age averaging method	4	3	24.25
General testing instrument	Age averaging method	7	3	13.86
Special electronic equipment	Age averaging method	8	3	12.13
Automatic control equipment	Age averaging method	8	3	12.13
Automatic control instrument	Age averaging method	8	3	12.13

Other equipment	Age averaging method			
Among them: industrial kiln	Age averaging method	7	3	13.86
Tools and other production appliances	Age averaging method	9	3	10.78
Transmission equipment	Age averaging method	15	3	6.47
Non-production equipment and appliances	Age averaging method	18	3	5.39

At the end of each year, the group reviews the expected service life, estimated net salvage value and depreciation method of the fixed assets, and if there is any change, it will be treated as the change of accounting estimate.

(3) Identification basis, valuation and depreciation method of fixed assets leased from financing

25. Construction in progress

From the date when the project in construction reaches the predetermined usable state, according to the project budget, cost or actual project cost, etc., carry forward fixed assets according to the estimated value, the depreciation shall start from the next month, and adjust the original value difference of fixed assets after finishing the final accounting procedures.

26. Borrowing costs

Happened can be directly attributable to require more than one year of acquisition and construction or production activities to achieve the expected conditions for use or sale of fixed assets, investment real estate and inventory cost of borrowing in the asset spending has already occurred, borrowing costs have been, to make the asset to the expected conditions for use or sale of acquisition and construction or production activities necessary has already started, start capitalization; When the purchase, construction or production of assets that meet the capitalization conditions reach the predetermined state of usable or marketable, the capitalization shall be stopped, and the borrowing costs incurred thereafter shall be recorded into the current profit and loss. If an abnormal interruption occurs in the construction or production of assets eligible for capitalization, and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended.

The actual interest expense incurred in the current period of the special loan shall be capitalized after deducting the interest income obtained from the unutilized loan funds deposited in the bank or the investment income obtained from the temporary investment;

The capitalized amount of general borrowing is determined by multiplying the weighted average of the accumulated asset expenditures over the portion of the special borrowing by the capitalization rate of the occupied general borrowing.

The capitalization rate is calculated based on the weighted average interest rate of general borrowings.

27. Biological assets

28. Oil and gas assets

29. Assets with the right to use

30. Intangible assets

(1) Pricing method, service life and impairment test

Intangible assets of the group include land use right, ERP software and other intangible assets, which shall be measured according to the actual cost at the time of acquisition. Among them, intangible assets purchased shall be regarded as the actual cost based on the actual payment and other related expenses. For the intangible assets invested by the investor, the actual cost shall be determined according to the value agreed in the investment contract or agreement, but if the value agreed in the contract or agreement is not fair, 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 grant starting from the date of grant; ERP software and other intangible assets are amortized in the shortest time according to the estimated useful life, the beneficial life stipulated in the contract and the effective life stipulated by law. The amortization amount shall be booked into the cost of relevant assets and current profits and losses according to the beneficiary. The expected service life and amortization method of intangible assets with limited service life shall be reviewed at the end of each year. If there is any change, it will be treated as accounting estimate change.

(2) Internal research and development expenditure accounting policy

31. Impairment of long-term assets

On each balance sheet date, the Group inspects long-term equity investments, investment real estate measured by cost model, fixed assets, projects under construction, intangible assets with limited service life, etc., and conducts impairment tests when there is any indication of impairment. For goodwill and intangible assets with uncertain service life, impairment tests shall be conducted at the end of each year regardless of whether there is any indication of impairment.

The recoverable amount is determined by the higher value between the net value of the asset after deducting the disposal expense and the present value of the asset's expected future cash flow. The group estimates the recoverable amount on the basis of individual assets; If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined on the basis of the asset group to which the asset belongs. The determination of an asset group is based on whether the main cash inflow generated by the asset group is independent of other assets or the cash inflow generated by the asset group.

After the impairment test, if the carrying value of the asset exceeds its recoverable amount, the difference shall be recognized as an impairment loss. Once the impairment loss of the asset is recognized, it shall not be reversed in the subsequent accounting period.

32. Long-term deferred expenses

The group's long-term deferred expenses refer to the expenses that have been paid but should be amortized by the current period and subsequent periods for more than 1 year (excluding 1 year). Such expenses are amortized equally during the benefit period. If long-term deferred expense items do not benefit future accounting periods, the amortized value of the item that has not been amortized is transferred to the current profit and loss.

33. Contractual liabilities

34. Employee compensation

(1) Accounting treatment of short-term compensation

Short-term compensation mainly include employee salaries, bonuses, allowances and subsidies, employee welfare, social

insurance and housing accumulation fund, employee education funds and union funds, provide service in the worker of the accounting period, actual short-term compensation will be recognized as liabilities, and according to the benefit object recorded into the profits and losses of the current or the relevant asset costs.

(2) Accounting treatment of after-service benefits

The after-service benefits mainly include basic endowment insurance, unemployment insurance, etc. According to the risks and obligations undertaken by the company, they are classified into defined drawing plan and defined benefit plan. As for the established escrow plan, it is recognized as a liability according to the escrow paid to a separate entity on the balance sheet date in exchange for the services provided by the employee during the accounting period, and it is recorded into the current profit and loss or the cost of related assets according to the beneficiary.

(3) Accounting treatment method for dismiss welfare

(4) Other accounting treatment methods for long-term employee benefits

35. Lease liabilities

36. Estimated liabilities

The Group recognizes as liabilities any business related to external guarantee, trade acceptance bill discounting, pending litigation or arbitration, product quality assurance or other contingencies that meet the following conditions: the obligation is the current obligation undertaken by the Group; The fulfillment of this obligation may lead to the outflow of economic benefits from the enterprise. The amount of the obligation can be measured reliably.

The estimated liabilities are initially measured in accordance with the best estimate of the expenditure required to perform the relevant current obligations, and factors such as risks, uncertainties and time value of money related to contingencies are considered comprehensively. If the time value of money has a significant impact, the best estimate can be determined by discounting the relevant future cash outflow. The book value of the estimated liabilities is reviewed at each balance sheet date and adjusted to reflect the current best estimate if there is any change.

37. Payment by shares

A share-based payment settled in equity in exchange for services provided by an employee, measured at the fair value of the equity instrument granted to the employee on the date of grant. If the amount of the fair value is feasible only after completing the service during the waiting period or meeting the specified performance conditions, it shall be calculated into relevant costs or expenses according to the straight-line method in the waiting period based on the best estimate of the number of feasible right equity instruments, and the capital reserve shall be increased accordingly.

Cash-settled share-based payments shall be measured in accordance with the fair value of the liabilities assumed by the Group on the basis of shares or other equity instruments. If the right becomes feasible immediately after the grant, the fair value of the liability shall be recorded into relevant costs or expenses on the grant date, and the liability shall be increased correspondingly; If the service during the waiting period is to be completed or after the specified performance conditions are met, on each balance sheet date of the waiting period, based on the best estimate of the right of feasibility, the service acquired in the current period shall be included in the cost or expense according to the fair value of the liability borne by the Group, and the liability shall be adjusted accordingly.

On each balance sheet date and settlement date before the relevant liabilities are settled, the fair value of the liabilities shall be re-measured, and the changes thereof shall be recorded into the current profit and loss.

38. Preferred shares, perpetual bonds and other financial instruments

39. income

Accounting policies used for revenue recognition and measurement

The operating income of the Group mainly includes income from selling goods, providing services and transferring the right to use assets. The revenue recognition policy is as follows:

When the contract between the Group and the customer simultaneously satisfies the following conditions, the Group recognizes the revenue when the customer acquires the relevant commodity control rights:

(1) The parties to the contract have approved the contract and undertake to perform their respective obligations;

(2) The contract specifies the rights and obligations of the parties in relation to the transferred goods or services (hereinafter referred to as "the transferred goods");

(3) The contract has explicit payment terms related to the transferred commodity;

(4) The contract has a commercial substance, that is, the performance of the contract will change the risk, time distribution or amount of the enterprise's future cash flow;

(5) The consideration to which the enterprise is entitled as a result of the transfer of the goods to the customer is likely to be recovered.

If a contract satisfies the conditions of the preceding paragraph on the date of the commencement of the contract, the enterprise need not re-evaluate it during the subsequent period, unless there are indications that the relevant facts and circumstances have changed significantly. The commencement date of a contra

Different operating modes in the same kind of business lead to different accounting policies for revenue recognition

40. Government subsidies

Government subsidy refers to the group's free acquisition of monetary assets or non-monetary assets from the government. Among them, the government subsidy related to assets refers to the government subsidy obtained by the Group for the purchase and construction or other forms of long-term assets; The government subsidy related to income refers to the government subsidy in addition to the government subsidy related to assets. If the object of subsidy is not clearly specified in the government document, the group shall make a judgment according to the above principle of differentiation. If it is difficult to distinguish, the whole group shall be classified as government subsidy related to income.

If the government subsidy is a monetary asset, it shall be measured according to the amount actually received; if the subsidy is allocated according to a fixed quota standard, or if there is conclusive evidence at the end of the year that it can meet the relevant conditions stipulated by the financial support policy and is expected to receive the financial support fund, it shall be measured according to the amount receivable; If the government subsidy is a non-monetary asset, it shall be measured according to the fair value; if the fair value cannot be obtained reliably, it shall be measured according to the nominal amount (1 yuan).

The government subsidy related to the asset shall be recognized as deferred income, and the government subsidy related to the asset shall be recognized as deferred income and be recorded into the current profit and loss in the straight-line method in stages within the service life of the relevant asset.

If the relevant asset is sold, transferred, scrapped or damaged before the end of its useful life, the balance of the undistributed

deferred income shall be transferred to the profit and loss of the current period of asset disposal.

The government subsidy related to income, which is used to compensate the relevant costs or losses in the future period, shall be recognized as deferred income, and shall be recorded into the current profit and loss during the period when the relevant costs or losses are recognized. Government subsidies related to daily activities shall be included in other income according to the substance of economic business. Government subsidies unrelated to daily activities shall be included in non-business income and expenditure.

If the group obtains the discount interest of policy-based preferential loans, the accounting treatment shall be conducted according to the following principles respectively in the case that the finance transfers the discount interest funds to the lending bank and the finance transfers the discount interest funds directly to the group:

(1) fiscal interest discount funds allocated to the loan bank, by the lending bank to provide loans policy preferential interest rate to the group, the group's borrowing is received by the actual amount as borrowing costs, according to the loan principal and the preferential interest rate policy related to borrowing costs (or in the fair value of the loan as borrowing costs and borrowing costs, which according to the actual interest rate method to calculate the actual amount received and borrowing the difference between the fair value shall be recognized as deferred income. Deferred income shall be amortized by the effective interest rate method within the duration of borrowing to offset the relevant borrowing costs.

(2) The finance will directly transfer the discount interest funds to the Group, and the Group will offset the corresponding discount interest against the relevant borrowing costs.

If the government subsidy confirmed by the Group needs to be returned, accounting treatment shall be conducted in accordance with the following provisions in the case of the current period that needs to be returned:

- 1) If the book value of relevant assets is written off at the initial recognition, the book value of assets shall be adjusted.
- 2) If there is related deferred income, the carrying balance of related deferred income shall be written off, and the excess part shall be recorded into the current profit and loss.
- 3) Under other circumstances, it shall be directly recorded into the current profits and losses.

41. Deferred income tax assets/deferred income tax liabilities

The deferred income tax assets and deferred income tax liabilities of the Group are calculated and recognized based on the difference (temporary difference) between the tax base of the assets and liabilities and their book value. For the deductible loss that can be deducted from the taxable income amount in the following years in accordance with the provisions of the tax law, the corresponding deferred income tax assets shall be recognized. For temporary differences arising from the initial recognition of goodwill, the corresponding deferred income tax liabilities are not recognized. The corresponding deferred income tax assets and deferred income tax liabilities are not recognized for temporary differences resulting from the initial recognition of assets or liabilities arising from non-merger transactions that neither affect accounting profits nor taxable income (or deductible losses). On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured

The Group recognizes deferred income tax assets to the extent that it is likely to obtain future taxable income used to offset the deductible temporary differences, deductible losses and tax deductions.

42. lease

- (1) Accounting treatment methods for operating leases

The rent of the group as an operating leaseholder shall be recorded in the cost of relevant assets or current profits and losses in each period of the lease term according to the straight-line method.

(2) Accounting treatment of financial leasing

43. Other important accounting policies and estimates

44. Major changes in accounting policies and estimates

(1) Major accounting policy changes

Applicable Inapplicable

(2) Changes in important accounting estimates

Applicable Inapplicable

(3) The first implementation of the adjustment of the new income standards and the new lease standards since 2020; the first implementation of projects related to the financial statements at the beginning of the year

Applicable

Do you need to adjust the balance sheet account at the beginning of the year

Yes No

Consolidated balance sheet

Unit:yuan

item	2019.12.31	2020.01.01.	The adjusted number
Current assets:			
Monetary fund	183,648,867.58	183,648,867.58	
The settlement cover			
Lending money,			
Transactional financial assets	285,057.50	285,057.50	
Derivative financial assets			
Notes receivable			
Accounts receivable	995,091,454.06	995,091,454.06	
Receivables financing	179,578,623.48	179,578,623.48	
prepayments	27,516,943.54	27,516,943.54	
Premiums receivable			
Reinsurance receivable			
Reserve for reinsurance contracts receivable			
Other receivables	27,646,966.02	27,646,966.02	
Among them: receivable interest			
Dividends receivable			

Buy and sell back financial assets			
inventory	704,467,062.61	704,467,062.61	
Contract assets			
Hold assets for sale			
Non-current assets maturing within one year			
Other current assets	3,510,607.86	3,510,607.86	
Total current Assets	2,121,745,582.65	2,121,745,582.65	
Non-current assets:			
Make loans and advances			
Creditor's rights investment			
Other debt 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	122,930,874.57	122,930,874.57	
Fixed assets	587,452,012.49	587,452,012.49	
Projects under construction	33,932,882.85	33,932,882.85	
Productive biological assets			
Oil and gas assets			
Usufruct			
Intangible assets	82,629,398.56	82,629,398.56	
The development of spending			
goodwill			
Long-term deferred expenses	859,861.79	859,861.79	
Deferred income tax assets			
Other non-current assets			
Total non-current assets	839,731,886.90	839,731,886.90	
Total assets	2,961,477,469.55	2,961,477,569.55	
Current liabilities:			
Short-term borrowing	655,000,000.00	655,000,000.00	
Borrow from the central bank			
Funds borrowed from			

Transactional financial liabilities			
Derivative liability			
Notes payable	250,019,501.69	250,019,501.69	
Accounts payable	632,352,299.59	632,352,299.59	
Advance payment	27,488,588.61		-27,488,588.61
Contract liability		27,488,588.61	27,488,588.61
The sale or repurchase of a financial asset			
Take deposit and deposit in the same bank			
Acting as an agent for buying and selling securities			
Acting as an underwriter of securities			
Employee compensation payable	23,693,082.54	23,693,082.54	
Payable taxes	4,724,698.30	4,724,698.30	
Other payables	79,351,154.37	79,351,154.37	
Among them: payable interest	934,134.38	934,134.38	
Dividends payable	360,000.00	360,000.00	
Fees and commissions payable			
Reinsurance payable			
Hold liabilities for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	1,672,629,325.10	1,672,629,325.10	
Non-current liabilities:			
Reserve for insurance contracts			
Long-term borrowing			
Bonds payable			
Among them: Preferred stock			
Sustainable debt			
Lease liability			
Long-term payables	344,974.84	344,974.84	
Employee compensation payable on a long-term basis			
Estimated debts			
Deferred revenue	61,276,110.91	61,276,110.91	

Deferred income tax liabilities	785,660.25	785,660.25	
Other non-current liabilities			
Total non-current liabilities	62,406,746.00	62,406,746.00	
Total liabilities	1,735,036,071.10	1,735,036,071.10	
Owners' 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: Inventory stock			
Other comprehensive income			
The special reserve			
Surplus reserves	136,770,391.01	136,770,391.01	
General risk provision			
Undistributed profit	201,379,956.97	201,379,956.97	
Total equity attributable to the parent company	1,226,441,398.45	1,226,441,398.45	
Minority equity			
Total owners' equity	1,226,441,398.45	1,226,441,398.45	
Total liabilities and owner's equity	2,961,477,469.55	2,961,477,469.55	

Balance sheet of parent company

Unit:yuan

item	2019.12.31	2020.01.01	The adjusted number
Current assets:			
Monetary fund	147,541,012.52	147,541,012.52	
Transactional financial assets	285,057.50	285,057.50	
Derivative financial assets			
Notes receivable			
Accounts receivable	1,056,081,183.54	1,056,081,183.54	
Receivables financing	174,925,481.58	174,925,481.58	
prepayments	24,128,739.35	24,128,739.35	
Other receivables	10,316,683.41	10,316,683.41	
Among them: receivable interest			
Dividends receivable			

inventory	645,572,153.92	645,572,153.92	
Contract assets			
Hold assets for sale			
Non-current assets maturing within one year			
Other current assets	2,402,110.21	2,402,110.21	
Total current Assets	2,061,252,422.03	2,061,252,422.03	
Non-current assets:			
Creditor's rights investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	211,583,897.67	211,583,897.67	
Investment in other equity instruments	11,926,856.64	11,926,856.64	
Other non-current financial assets			
Investment real estate	107,928,780.98	107,928,780.98	
Fixed assets	405,972,163.82	405,972,163.82	
Projects under construction	33,315,133.75	33,315,133.75	
Productive biological assets			
Oil and gas assets			
Usufruct			
Intangible assets	65,377,956.95	65,377,956.95	
The development of spending			
goodwill			
Long-term deferred expenses	724,877.66	724,877.66	
Deferred income tax assets			
Other non-current assets			
Total non-current assets	836,829,667.47	836,829,667.47	
Total assets	2,898,082,089.50	2,898,082,089.50	
Current liabilities:			
Short-term borrowing	655,000,000.00	655,000,000.00	
Transactional financial liabilities			
Derivative liability			
Notes payable	250,019,501.69	250,019,501.69	
Accounts payable	562,483,695.40	562,483,695.40	

Advance payment	27,712,137.64		-27,712,137.64
Contract liability		27,712,137.64	27,712,137.64
Employee compensation payable	15,853,058.39	15,853,058.39	
Payable taxes	2,539,819.22	2,539,819.22	
Other payables	56,658,107.69	56,658,107.69	
Among them: payable interest	934,134.38	934,134.38	
Dividends payable	360,000.00	360,000.00	
Hold liabilities for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	1,570,266,320.03	1,570,266,320.03	
Non-current liabilities:			
Long-term borrowing			
Bonds payable			
Among them: Preferred stock			
Sustainable debt			
Lease liability			
Long-term payables	244,974.84	244,974.84	
Employee compensation payable on a long-term basis			
Estimated debts			
Deferred revenue	29,663,417.94	29,663,417.94	
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	29,908,392.78	29,908,392.78	
Total liabilities	1,600,174,712.81	1,600,174,712.81	
Owners' 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: Inventory stock			
Other comprehensive income			

The special reserve			
Surplus reserves	136,770,391.01	136,770,391.01	
Undistributed profit	272,858,542.42	272,858,542.42	
Total owners' equity	1,297,907,376.69	1,297,907,376.69	
Total liabilities and owner's equity	2,898,082,089.50	2,898,082,089.50	

Adjustment status Statement

(4) The new income standard and the new lease standard will be implemented for the first time since 2020

Applicable Inapplicable

According to the new income standard, the money received in advance should be listed as contractual liabilities.

45.other

VI.tax

1. Main taxes and tax rates

tax	Plan tax basis	rate
The VAT	Value-added taxable income	13%, 9%, 6%, 5%
Urban maintenance and construction tax	VAT payable	7%
Corporate income tax	Taxable income	15%
Education surcharge	VAT payable	3%
Local education surcharge	VAT payable	2%
The property tax	70% of the original value of the property for personal use or rental income from the leased property	1.2% or 12%
Land use tax	Land use area	6 yuan per square meter

Where there are different tax rates of enterprise income tax, the description of disclosure

Name of taxpayer	Income tax rate
Tile Shaft Liaoyang Bearing Manufacturing Co. LTD	15%
Dalian tile shaft Precision Motor Automobile Bearing Co. LTD	25%
Tile shaft precision spherical roller bearing (Tile Shop) Co. LTD	25%

2. Tax incentives

On November 29, 2017, the company obtained the high-tech enterprise accreditation qualification. The high-tech Enterprise accreditation certificate no. GR201721200199 is valid for 3 years. The company's subsidiary, WafangLiaoyang Bearing

Manufacturing Co., LTD., obtained the high-tech enterprise accreditation qualification on November 17, 2017. The high-tech Enterprise accreditation certificate no. GR201721000633 is valid for 3 years. In accordance with the provisions of the tax law, we can enjoy the preferential policy of levying corporate income tax at the rate of 15% for three years.

3.other

VII. Notes to the consolidated financial statements

1. Monetary funds

Unit:yuan

Item	The ending balance	Beginning balance
Cash on hand	47,713.35	690,839.38
Bank deposits	263,276,248.36	153,074,565.55
Other monetary funds	58,789,262.74	29,883,462.65
A combined	322,113,224.45	183,648,867.58

2. Transactional financial assets

Unit:yuan

Item	The ending balance	Beginning balance
Financial assets measured at fair value and whose changes are booked into current profits and losses	229,586.85	285,057.50
Among them:		
other	229,586.85	285,057.50
Among them:		
合计	229,586.85	285,057.50

3. Derivative financial assets

4. Notes receivable

5. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit:yuan

category	The ending balance					Beginning balance				
	Book balance		Provision for bad debt		The book value	Book balance		Provision for bad debt		The book value
	amount	proportion	amount	Provision ratio		amount	proportion	amount	Provision ratio	
Withdrawal of accounts receivable on a single item basis	37,439,900.35	3.36%	37,439,900.35	100.00%		37,439,900.35	3.45%	37,439,900.35	100.00%	
Among them:										

Accounts receivable which is set aside for bad debts in combination	1,183,279,543.29	96.64%	53,198,875.69	4.50%	1,130,080,667.60	1,048,292,420.75	96.55%	53,200,966.69	5.08%	995,091,454.06
Among them:										
Wherein: aging combination	914,850,710.54	74.94%	53,198,875.69	5.82%	861,651,834.85	802,468,687.31	73.91%	53,200,966.69	6.63%	749,267,720.62
Association of related parties	268,428,832.75	21.99%			268,428,832.75	245,823,733.44	22.64%			245,823,733.44
A combined	1,220,719,443.64	100.00%	90,638,776.04		1,130,080,667.60	1,085,732,321.10	100.00%	90,640,867.04		995,091,454.06

If the bad debt provision of accounts receivable is calculated according to the general model of expected credit loss, please refer to the disclosure methods of other receivables to disclose the relevant information of bad debt provision:

Applicable Inapplicable

Age-by-age disclosure

Unit:yuan

aging	The ending balance
Within 1 year (including 1 year)	1,008,825,254.31
Within one year (including 1 year)	1,008,825,254.31
1 to 2 years	75,168,338.89
2 to 3 years	54,152,764.00
More than 3 years	82,573,086.44
3 to 4 years	18,569,996.30
4 to 5 years	6,963,116.45
More than 5 years	57,039,973.69
A combined	1,220,719,443.64

6. Receivables financing

Unit:yuan

Item	The ending balance	Beginning balance
Banker's acceptance	66,014,806.52	77,350,250.31
Trade acceptance bill	89,875,028.68	102,228,373.17
A combined	155,889,835.20	179,578,623.48

Increase or decrease of receivables financing and change of fair value in the current period

Applicable Inapplicable

If the impairment provision of receivables financing is calculated according to the general model of expected credit loss, please refer to the disclosure methods of other receivables to disclose the relevant information of impairment provision:

Applicable Inapplicable

Other Instructions:

7. Advance payment**(1) Prepayments shall be shown according to the age of the account**

Unit:yuan

aging	The ending balance		Beginning balance	
	amount	rate	amount	rate
Within 1 year	19,283,861.07	61.70%	23,987,454.67	87.17%
1 to 2 years	732,010.78	2.34%	1,997,019.56	7.26%
2 to 3 years	2,245,529.92	7.18%	801,708.11	2.91%
More than 3 years	8,992,513.73	28.77%	730,761.20	2.66%
A combined	31,253,915.50	--	27,516,943.54	--

8. Other receivables

Unit:yuan

Item	The ending balance	Beginning balance
Other receivables	30,589,443.99	27,646,966.02
total	30,589,443.99	27,646,966.02

(1) Interest receivable**(2) Dividends receivable****(3) Other receivables****1) Other receivables are classified according to the nature of receivables****2) Provision for bad debts**

Unit:yuan

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)	Expected credit loss for the entire duration (credit impairment incurred)	
Balance on January 1, 2020		7,404,999.48		7,404,999.48
The balance as of January 1, 2020 is in the current period	—	—	—	—
Balance on June 30, 2020		7,404,999.48		7,404,999.48

Loss provision A significant change in the book balance of the amount of change in the current period

 Applicable Inapplicable

Age-by-age disclosure

Unit:yuan

aging	The ending balance
Within 1 year (including 1 year)	13,239,276.68
Within 1 year	13,239,276.68
1 to 2 years	16,814,384.64
2 to 3 years	397,056.54
More than 3 years	7,543,725.61
3 to 4 years	1,878,748.37
4 to 5 years	341,394.94
More than 5 years	5,323,582.30
A combined	37,994,443.47

9. inventory

Whether the company needs to comply with the disclosure requirements of the real estate industry

No

(1) Inventory classification

Unit:yuan

project	The ending balance			Beginning balance		
	Book balance	Reserve for inventory decline or impairment of contract performance cost	The book value	Book balance	Reserve for inventory decline or impairment of contract performance cost	The book value
The raw materials	76,838,132.38	2,439,341.44	74,398,790.94	71,731,180.88	2,439,341.44	69,291,839.44
Inventory goods	540,897,675.32	61,179,101.70	479,718,573.62	540,420,549.42	61,538,812.80	478,881,736.62
Homemade semi-Finished products	115,462,570.18		115,462,570.18	150,806,354.58		150,806,354.58
Low value consumables and packaging materials	5,141,614.58		5,141,614.58	5,487,131.97		5,487,131.97
A combined	738,339,992.46	63,618,443.14	674,721,549.32	768,445,216.85	63,978,154.24	704,467,062.61

(2) Reserve for inventory decline and impairment of contract performance cost

Unit:yuan

project	Beginning balance	Increased amount in current period		Reduction in current period		The ending balance
		provision	other	To reverse or redistribute	other	

The raw materials	2,439,341.44				2,439,341.44
Inventory goods	61,538,812.80			359,711.10	61,179,101.70
A combined	63,978,154.24			359,711.10	63,618,443.14

10. Contract assets**11. Hold assets for sale****12. Non-current assets maturing within one year****13. Other current assets**

Unit:yuan

item	The ending balance	Beginning balance
VAT to be deducted	183,623.58	3,510,607.86
total	183,623.58	3,510,607.86

14. Debt investment**15. Other debt investments****16. Long-term receivables****17. Long-term equity investment****18. Investment in other equity instruments**

Unit:yuan

item	The ending balance	Beginning balance
Shanghai Aimuyi Electromechanical Equipment Chain Co. LTD	2,000,000.00	2,000,000.00
Dalian Longhui Industry and Trade Co., LTD	9,926,856.64	9,926,856.64
total	11,926,856.64	11,926,856.64

19. Other non-current financial assets

Investment real estate

(1) Investment real estate with cost measurement model

 Applicable Inapplicable

Unit:yuan

Item	House, building	Land use right	Projects under construction	Total
I. the original book value				
1. Opening balance	173,336,509.34	51,969,186.22		225,305,695.56
2. Increase the amount in the current period	34,288.59			34,288.59
(1) Outsourcing				
(2) Inventory \ fixed assets \ Transfer of projects under construction	34,288.59			34,288.59

(3) Increase in business mergers				
3. Reduce the amount in the current period	8,667,007.43	2,014,885.59		10,681,893.02
(1) Disposal	8,667,007.43			8,667,007.43
(2) Others turn out		2,014,885.59		2,014,885.59
4. Ending balance	164,703,790.50	49,954,300.63		214,658,091.13
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	85,388,090.56	16,986,730.43		102,374,820.99
2. Increase the amount in the current period	2,068,157.23	624,421.14		2,692,578.37
(1) Provision or amortization	2,068,157.23	624,421.14		2,692,578.37
3. Reduce the amount in the current period	6,278,153.33			6,278,153.33
(1) Disposal	6,278,153.33			6,278,153.33
(2) Others turn out				
4. Ending balance	81,178,094.46	17,611,151.57		98,789,246.03
III. Impairment provision				
1. Opening balance				
2. Increase the amount in the current period				
(1) Accrual				
3. Reduce the amount in the current period				
(1) Disposal				
(2) Others turn out				
4. Ending balance				
IV. Book value				
1. Ending book value	83,525,696.04	32,343,149.06		115,868,845.10

2. Opening book value	87,948,418.78	34,982,455.79		122,930,874.57
-----------------------	---------------	---------------	--	----------------

21. Fixed assets

Unit:yuan

item	The ending balance	Beginning balance
Fixed assets	548,518,964.26	587,452,012.49
Total	548,518,964.26	587,452,012.49

(1) Fixed assets

Unit:yuan

item	Building construction	Machinery and equipment	Transportation equipment	Electronic equipment	Other equipment	total
I. Original book Value:						
1. Opening balance	258,316,002.43	1,179,368,536.71	16,308,466.24	72,275,194.08	216,573,367.29	1,742,841,566.75
2. Increase the amount in the current period	9,011,097.22	1,848,347.50	66,371.68	1,756,653.96	2,699.12	12,685,169.48
(1) Purchase	0.00	1,479,208.10	0.00	54,666.49	2,699.12	1,536,573.71
(2) Transfer of projects under construction	8,667,007.43	369,139.40	66,371.68	1,701,987.47	0.00	2,481,588.34
(3) Increase in business mergers						
3. Reduce the amount in the current period	54,735.46	46,288,386.90	57,264.96	1,953,582.41	16,485,882.79	64,839,852.52
(1) Disposal or scrapping	54,735.46	46,288,386.90	57,264.96	1,953,582.41	16,485,882.79	64,839,852.52
4. Ending balance	267,272,364.19	1,134,928,497.31	16,317,572.96	72,078,265.63	200,090,183.62	1,690,686,883.71
II. Accumulated depreciation						
1. Opening balance	166,026,085.48	751,324,038.04	13,797,502.38	59,886,530.82	163,980,357.55	1,155,014,514.27
2. Increase the amount in the current period	10,554,285.51	32,333,603.96	380,845.43	1,711,103.53	3,659,309.01	48,639,147.43
(1) Accrual	4,583,261.03	32,333,603.96	380,845.43	1,711,103.53	3,659,309.01	42,668,122.95

(2) Other transfers	5,971,024.48	0.00	0.00	0.00	0.00	5,971,024.48
3. Reduce the amount in the current period	53,093.40	43,919,285.56	50,455.19	1,740,151.54	15,965,544.37	61,728,530.06
(1) Disposal or scrapping	53,093.40	43,919,285.56	50,455.19	1,740,151.54	15,965,544.37	61,728,530.06
4. Ending balance	176,527,277.59	739,738,356.44	14,127,892.62	59,857,482.81	151,674,122.19	1,141,925,131.64
III. Impairment provision						
1. Opening balance		375,039.99				375,039.99
2. Increase the amount in the current period						
(1) Accrual						
3. Reduce the amount in the current period		132,252.19				132,252.19
(1) Disposal or scrapping						
4. Ending balance		242,787.80				242,787.80
IV. Book value						
1. Ending book value	90,745,086.60	394,947,353.08	2,189,680.34	12,220,782.82	48,416,061.43	548,518,964.26
2. Opening book value	92,289,916.95	427,669,458.68	2,510,963.86	12,388,663.26	52,593,009.74	587,452,012.49

22. Construction in progress

Unit:yuan

item	The ending balance	Beginning balance
Projects under construction	33,269,893.83	33,932,882.85
total	33,269,893.83	33,932,882.85

(1) Construction in progress

Unit:yuan

item	The ending balance	Beginning balance
------	--------------------	-------------------

	Book balance	Impairment loss	The book value	Book balance	Impairment loss	The book value
Seven out of ten products are completed	5,569,739.25		5,569,739.25	6,281,423.15		6,281,423.15
Renovation of precision bearing factory	4,035,257.66		4,035,257.66	4,024,027.53		4,024,027.53
Factory renovation project	2,553,930.59		2,553,930.59	2,553,930.59		2,553,930.59
Railway reconstruction	2,031,578.18		2,031,578.18	2,297,653.14		2,297,653.14
Precision rolling body modification	2,284,381.89		2,284,381.89	2,334,381.89		2,334,381.89
Dalian Industrial Park Project	1,842,211.42		1,842,211.42	1,842,211.42		1,842,211.42
Grinding production line	2,548,569.95		2,548,569.95	1,807,569.95		1,807,569.95
Ipsen multi-purpose furnace overhaul and transformation payment in advance	0.00		0.00	832,500.00		832,500.00
Superfinishing machine installation project	802,912.80		802,912.80	802,912.80		802,912.80
Extra-large renovation project	824,478.64		824,478.64	765,919.92		765,919.92
Grinding machine modification	376,403.13		376,403.13	376,403.13		376,403.13
The crane project	331,423.18		331,423.18	331,423.18		331,423.18
Computer engineering	321,293.28		321,293.28	321,293.28		321,293.28
two out of ten products are completed	0.00		0.00	249,448.60		249,448.60
Overhaul of branch factory	245,898.20		245,898.20	176,772.70		176,772.70
Channel ii construction project	217,281.55		217,281.55	157,281.55		157,281.55
one out of ten products are completed	38,578.50		38,578.50			
Car modification	8,000.00		8,000.00			
other	9,237,955.61		9,237,955.61	8,777,730.02		8,777,730.02
total	33,269,893.83		33,269,893.83	33,932,882.85		33,932,882.85

23. Productive biological assets

24. Oil and gas assets

25. Assets with the right to use**26.Intangible assets****(1) Intangible assets**

Unit:yuan

project	Land use right	The patent right	Generic technology	software	total
I. the original book value					
1. Opening balance	124,220,541.52			6,553,383.89	130,773,925.41
2. Increase the amount in the current period	2,014,885.59				2,014,885.59
(1) Purchase					
(2) Internal r&d					
(3) Increase in business mergers					
(4) Others					
3. Reduce the amount in the current period					
(1) Disposal					
4. Ending balance	126,235,427.11			6,553,383.89	132,788,811.00
II. accumulative amortization					
1. Opening balance	41,800,386.51			6,344,140.34	48,144,526.85
2. Increase the amount in the current period	2,228,921.36			35,601.72	2,264,523.08
(1) Accrual	2,228,921.36			35,601.72	2,264,523.08
3. Reduce the amount in the current period					
(1) Disposal					
4. Ending balance	44,029,307.87			6,379,742.06	50,409,049.93
III.. Impairment provision					
1. Opening balance					
2. Increase the amount in the current period					

(1) Accrual					
3. Reduce the amount in the current period					
(1) Disposal					
4. Ending balance					
IV. Book value					
1. Ending book value	82,206,119.24			173,641.83	82,379,761.07
2. Opening book value	82,420,155.01			209,243.55	82,629,398.56

27. Development expenditure**28. goodwill****29. Long-term deferred expenses**

Unit:yuan

item	Beginning balance	Increased amount in current period	Current amortization amount	Other reduction amount	The ending balance
Shanghai Sales Office housing decoration expenses	567,896.14		87,250.24		480,645.90
New industrial zone workshop floor painting maintenance fee	291,965.65		76,164.96		215,800.69
total	859,861.79		163,415.20		696,446.59

30. Deferred income tax assets/deferred income tax liabilities**(1) Deferred income tax assets that have not been offset****(2) Deferred income tax liabilities that are not offset**

Unit:yuan

item	The ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Not the same control enterprises to consolidate the value of assets appraisal	5,237,735.01	785,660.25	5,237,735.01	785,660.25
total	5,237,735.01	785,660.25	5,237,735.01	785,660.25

(3) Deferred income tax assets or liabilities shown on a net basis of offsetting

Unit:yuan

item	The ending balance of deferred income tax assets and liabilities	Closing balance of deferred income tax assets or liabilities	The initial offset of deferred income tax assets and liabilities	Set off the beginning balance of deferred income tax assets or liabilities
Deferred income tax liabilities		785,660.25		785,660.25

31. Other non-current assets**32. Short-term borrowing****(1) Classification of short-term loans**

Unit:yuan

item	The ending balance	Beginning balance
Credit borrowing	769,000,000.00	655,000,000.00
total	769,000,000.00	655,000,000.00

33. Transaction financial liabilities**34. Derivative financial liabilities****35. Notes payable**

Unit:yuan

category	The ending balance	Beginning balance
Trade acceptance bill	69,236,383.28	134,449,501.69
Banker's acceptance	157,000,000.00	115,570,000.00
total	226,236,383.28	250,019,501.69

36. Accounts Payable**(1) Listing of accounts payable**

Unit:yuan

item	The ending balance	Beginning balance
Payment for goods	647,215,729.31	583,836,513.12
The payment	32,379,316.06	37,878,792.30
other	12,384,366.20	10,636,994.17
total	691,979,411.57	632,352,299.59

37. Advance payment**38. Contractual liabilities**

Unit:yuan

item	The ending balance	Beginning balance
loan amount	30,191,925.84	27,488,588.61
total	30,191,925.84	27,488,588.61

39. Pay staff salary**(1) Salary list of employees payable**

Unit:yuan

item	Beginning balance	Increase in current	The reduced	The ending balance
I. Short-term compensation	17,720,409.33	81,866,698.94	82,546,730.44	17,040,377.83
II. After-service benefits - Defined contribution plan	5,972,673.21	8,675,201.64	7,119,255.28	7,528,619.57
total	23,693,082.54	90,541,900.58	89,665,985.72	24,568,997.40

(2) Short-term salary list

Unit:yuan

Item	Beginning balance	Increase in current	The reduced in current	The ending balance
1. Salary, bonus, allowance and subsidy	12,168,985.81	53,709,423.84	54,306,469.49	11,571,940.16
2. Employee welfare funds		9,955,601.00	9,955,601.00	
3. Social insurance	35,990.23	6,258,200.36	5,825,714.31	468,476.28
Among them: medical insurance premium	35,990.23	4,804,208.86	4,434,926.19	405,272.90
Injury insurance premium		634,341.18	578,155.26	56,185.92
Maternity insurance		819,650.32	812,632.86	7,017.46
4. Housing accumulation fund	2,578,580.76	11,021,268.18	11,154,218.31	2,445,630.63
5. Trade union funds and employee education funds	2,936,852.53	922,205.56	1,304,727.33	2,554,330.76
total	17,720,409.33	81,866,698.94	82,546,730.44	17,040,377.83

(3) Establishment and presentation of escrow plan

Unit:yuan

item	Beginning balance	Increase in current	The reduced in current	The ending balance
1. Basic endowment insurance	5,902,554.29	8,439,963.71	6,906,336.66	7,436,181.34
2. Unemployment insurance	70,118.92	235,237.93	212,918.62	92,438.23
total	5,972,673.21	8,675,201.64	7,119,255.28	7,528,619.57

40. Taxes payable

Unit:yuan

item	The ending balance	Beginning balance
The VAT	8,034,750.70	2,553,700.48
Individual income tax	176,683.44	85,297.96
Urban maintenance and construction tax	799,912.12	127,120.92
The property tax	1,316,318.39	900,187.61
Land use tax	395,821.90	536,377.57
Stamp duty	-371,869.45	65,660.52
Education surcharge	239,444.57	85,703.23

other	370,041.06	370,650.01
total	10,961,102.73	4,724,698.30

41. Other payables

Unit:yuan

item	The ending balance	Beginning balance
Interest payable	20,000.00	934,134.38
Dividends payable		360,000.00
Other payables	125,285,826.53	78,057,019.99
total	125,305,826.53	79,351,154.37

(1) Interest payable

Unit:yuan

item	The ending balance	Beginning balance
Short-term borrowing to pay interest	20,000.00	934,134.38
total	20,000.00	934,134.38

(2) Dividends payable

Unit:yuan

item	The ending balance	Beginning balance
Common stock dividend		360,000.00
total		360,000.00

(3) Other payables**1) List other payables according to the nature of payment**

Unit:yuan

item	The ending balance	Beginning balance
Bid bond	1,088,890.00	2,212,759.65
Store manager risk deposit	202,958.75	202,958.75
Rent, trademark use and land payments payable to the Group, etc	80,788,854.72	27,132,745.82
Authorized Dealer margin	17,973,618.41	10,949,116.41
other	25,231,504.65	37,559,439.36
total	125,285,826.53	78,057,019.99

42. Holding liabilities for sale

43. Non-current liabilities due within one year

44. Other current liabilities

45. Long-term borrowing

46. Bonds payable

47. Lease liabilities

48. Long-term accounts payable

Unit: yuan

item	The ending balance	Beginning balance
Long-term payables	100,000.00	100,000.00
Special account payable	244,974.84	244,974.84
total	344,974.84	344,974.84

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

(2) Special accounts payable

Unit: yuan

item	Beginning balance	Increase in current	The reduced in current	The ending balance	Reasons for the formation
Special pollution control	169,974.84			169,974.84	Finance Bureau of Wafangdian City and Environmental Protection Bureau of Wafangdian City jointly approved the appropriation with the document "Wafangdian Refers to enterprises [2004] No. 217"
Information construction	75,000.00			75,000.00	Dalian Finance Bureau and Dalian Economic and Information Commission approved the appropriation with the documents of "Dacai Reference Enterprise [2012] No. 917" and "Dajing Information Development [2012] No. 199"
total	244,974.84			244,974.84	--

49. Long-term pay to employees

50. Estimated liabilities

51. Deferred income

Unit: yuan

item	Beginning balance	Increase in current	The reduced in current	The ending balance	Reasons for the formation
Government subsidies	33,760,433.94	4,100,000.00	4,908,277.94	32,952,156.00	Receiving government subsidies
Compensation for relocation of old factory	27,515,676.97			27,515,676.97	The plant and land of the new plant due to the demolition of the old plant in Liaoyang Bearing
total	61,276,110.91	4,100,000.00	4,908,277.94	60,467,832.97	--

Projects involving government subsidies:

Unit: yuan

liabilities	Beginning balance	The amount of new subsidy in this	The amount recorded as non-operating	Amount of other income recorded in the current	Write down the amount of cost and expense in the	Other changes	The ending balance	Related to assets or related to earnings
-------------	-------------------	-----------------------------------	--------------------------------------	--	--	---------------	--------------------	--

		period	income in the current period	period	current period			
Dalian branch plant demolition compensation	24,338,122.30				1,352,117.94		22,986,004.36	Related to assets
Liaoyang Bearing Company industry development Fund	4,097,016.00						4,097,016.00	Related to assets
Special subsidies for the development of intelligent manufacturing Equipment	2,000,000.00				3,200,000.00		1,800,000.00	Related to assets
High-end equipment manufacturing bearing base renovation project	1,416,960.00				236,160.00		1,180,800.00	Related to assets
Discount interest subsidy for large bearing load projects	1,420,000.00	4,000,000.00			120,000.00		1,300,000.00	Related to assets
Skill master studio construction subsidy	488,335.64	100,000.00					588,335.64	Related to assets

Other Instructions:

Note A: Deferred income - the compensation for relocation of dalian branch factory in the government subsidy is RMB 59,820,000.00 allocated by Dalian State-owned Assets Investment and Operation Group Co., Ltd. to the Group in 2011. Including: RMB 11,143,755.05 to make up for the demolition loss in the current period; The remaining RMB 48,676,244.95 shall be included in the government subsidy related to the assets and be amortized according to the comprehensive depreciation life of the new fixed assets formed after the relocation of the Dalian branch plant for 18 years.

Note B: The industrial Development Fund in the deferred income - government subsidy is RMB 4,877,400.00 yuan of support fund allocated by Finance Bureau of Liaoyang Economic Development Zone to Liaoyang Bearing Company in 2013, which is related to land assets. The government subsidy is amortized according to the land amortization period of 50 years.

Note C: deferred income - government subsidies in the intelligent manufacturing equipment development special subsidy funds system in 2012 the company obtained from dalian municipal bureau of intelligent manufacturing equipment development special grant 4000000.00 yuan, the fund is used for "Turnery and Grinder Process integrated processing digital shop workshop" project construction, the machine has been put into production, government subsidies in accordance with the depreciation period amortization for 10 years.

Note D :deferred income - government subsidies in the high-end equipment manufacturing industry bearing base reformation project waived department in 2013, the company allocated wafangdian city bureau of "high-end equipment manufacturing industry bearing base renovation project" industry fund discount 4,723,200.00 yuan in 2011, the fund is used for renovation project "" high-end equipment manufacturing industry bearing base construction, renovation project in accordance with the high-end equipment manufacturing industry bearing base to form new fixed assets depreciation life of 10 years of amortization.

Note E: Deferred income - Government subsidy The discount interest subsidy for the Big Axle Load project is RMB 2,400,000.00 discount interest subsidy for the "Big Bearing Load Railway Freight car Bearing box Bearing Technical Renovation Project" granted by Wafangdian Finance Bureau in 2014. This special fund is used for the construction of "axle box bearing Technical Renovation Project of large axle load Railway freight cars". At present, the machinery and equipment have been put into production, and the government subsidy is amortized according to the depreciation life of 10 years.

Note: F :Deferred revenue - skills master studio construction in government subsidies subsidies in 2014 the company made dalian municipal bureau of finance on the basis of fortune club (designed) [2013] 26 date, fortune club (designed) [2013] no. 37 appropriated the dalian municipal bureau of finance about 2013 national skills master studio project subsidy funds notice, fortune (designed) [2013] no. 45, fortune (designed) [2014] 27 appropriated the dalian municipal bureau of finance about employment subsidy funds notice, fortune (designed) [2014] no. 32 appropriated dalian municipal bureau of finance about 2014 national and provincial level Notice on Subsidy Fund for Studio Construction Project of Skill Master Is RMB 700,000.00. The studio equipment is fixed in December 2016 and amortized according to 12 years, among which the expense related part is directly recorded into other income.

52. Other non-current liabilities

53. equity

Unit:yuan

	Beginning balance	Increase or decrease of this change (+, -)					Ending balance
		Issuing new shares	Send shares	Provident Fund transfer	other	subtotal	
The total number of shares	402,600,000.00						402,600,000.00

54. Other equity instruments

55. Capital reserves

Unit:yuan

item	Beginning balance	Increase in current	Induce in current	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
total	485,691,050.47			485,691,050.47

56. Stock stocks

57. Other comprehensive income

58. Special reserve

Unit:yuan

item	Beginning balance	Increase in current	Induce in current	Ending balance
Safety production cost	0.00	227,009.36	226,991.43	17.93
total		227,009.36	226,991.43	17.93

59. Surplus reserve

Unit: yuan

item	Beginning balance	Increase in current	Induce in current	Ending balance
Statutory surplus reserve	116,179,772.10			116,179,772.10
Any surplus reserve	20,590,618.91			20,590,618.91
total	136,770,391.01			136,770,391.01

60. Undistributed profit

Unit: yuan

item	This period	Last period
Undistributed profits at the end of the previous period prior to adjustment	201,379,956.97	354,961,603.07
Adjusted gross undistributed profit at the beginning of the period (increase +, decrease -)		-14,275,668.37
Adjusted early undistributed profit	201,379,956.97	340,685,934.70
Plus: Net income attributable to the owner of the parent company for the current period	3,647,082.19	-123,201,977.73
Dividends payable on ordinary shares	32,208,000.00	16,104,000.00
Undistributed profits at the end of the period	172,819,039.16	201,379,956.97

61. Operating revenue and operating costs

Unit: yuan

item	Current amount		The amount of the previous period	
	income	cost	income	cost
Main business	869,354,154.86	661,617,962.68	838,426,250.97	717,196,188.74
Other business	130,290,947.05	116,016,075.11	119,113,149.45	108,652,189.51
total	999,645,101.91	777,634,037.79	957,539,400.42	825,848,378.25

62. Taxes and extras

Unit: yuan

item	Current amount	The amount of the previous period
Urban maintenance and construction tax	2,491,762.53	2,782,443.92
Education surcharge	1,779,830.38	1,987,459.94
The property tax	1,513,419.84	1,414,428.84
Land use tax	998,211.00	924,731.77

Stamp duty	511,910.54	406,961.96
other		
total	7,295,134.29	7,516,026.43

63.Selling expenses

Unit:yuan

item	Current amount	The amount of the previous period
Domestic freight	11,375,376.65	15,703,831.18
Employee compensation	31,436,120.32	16,850,217.63
travel expense	7,694,358.65	10,629,664.60
conference expense	64,503.82	2,222,008.84
Trademark royalty	13,202,226.80	3,649,956.89
The international freight	507,211.83	3,496,107.88
Other fees	11,333,374.26	14,544,137.77
total	75,613,172.33	67,095,924.79

64.Overhead expenses

Unit:yuan

item	Current amount	The amount of the previous period
Employee compensation	13,332,765.29	15,682,848.90
Amortization of intangible assets	2,199,753.74	2,237,960.13
Guard and fire charge	2,870,491.92	777,523.58
Depreciation cost	729,725.04	795,090.62
Business entertainment expenses	137,412.70	389,547.74
travel	107,876.35	540,853.07
Other fees	19,794,786.49	8,541,398.04
total	39,172,811.53	28,965,222.08

65. Research and development expenses

Unit:yuan

item	Current amount	The amount of the previous period
Artificial cost	3,866,670.00	
Direct investment	74,265,649.79	
Amortization of depreciation costs against long-term costs	1,371,885.31	
Design fee, new process procedure development fee (equipment commissioning fee - new product tooling)	78,470.00	

Technology development fee	3,912,563.25	5,958,788.14
Other fees	4,878,780.26	
total	88,374,018.61	5,958,788.14

66. financial expenses

Unit: yuan

item	Current amount	The amount of the previous period
Interest charges	15,282,652.60	14,684,202.27
Less: Interest income	404,634.33	976,354.49
Plus: Exchange loss	-983,568.16	1,640,367.63
Other spending	3,130,781.01	624,060.50
total	17,025,231.12	15,972,275.91

67. Other income

Unit: yuan

Other sources of income	Current amount	The amount of the previous period
Steady post subsidies	1,223,302.21	
Dalian Bureau of Foreign Trade and Economic Cooperation		90,000.00
Dalian branch plant demolition subsidy	1,352,117.94	1,352,117.94
High-end equipment manufacturing industry bearing base renovation project	236,160.00	236,160.00
Special subsidies for the development of intelligent manufacturing Equipment	3,200,000.00	200,000.00
Skill master studio construction subsidy		4,115.00
Discount interest subsidy for large axle load projects	120,000.00	120,000.00
Credit insurance support development funds		
Appropriation for the project of automatic detection line before the loading of bearing rings for railway freight cars		798,000.00
2017 Enterprise income tax, VAT fee refund		294.92
First set of subsidies		740,000.00
Wafangdian Municipal Bureau of Science, Technology and Industry Information Technology Shanghai Bearing booth fee subsidy in 2018		148,700.00
Wafangdian Municipal Bureau of Commerce 2016 exhibition fee subsidy		152,090.00
2019 personal income tax fee refund	11,381.57	90,000.00

Municipal "Double hundred Plan" talent research funds	50,000.00	1,352,117.94
---	-----------	--------------

68. Investment income**69. Net exposure hedge income****70. Income from fair value change**

Unit:yuan

A source of income resulting from changes in fair value	Current amount	The amount of the previous period
Transactional financial assets	-55,470.65	10,785.96
total	-55,470.65	10,785.96

71. Credit impairment loss

Unit:yuan

item	Current amount	The amount of the previous period
Other receivables bad debt loss	7,311.38	
total	7,311.38	

72. Asset impairment loss**73. Income from asset disposal**

Unit:yuan

The source of income from asset disposal	Current amount	The amount of the previous period
Fixed assets	276,663.74	-1,050,156.19

74. Non-operating income

Unit:yuan

item	Current amount	The amount of the previous period	The amount booked into the current non-recurring gains and losses
Gains from debt restructuring	911,997.39	2,599,739.87	911,997.39
Fine income	1,066,061.88	1,169,413.06	1,066,061.88
other	1,069,471.92	-59,805.08	1,069,471.92
total	3,047,531.19	3,709,347.85	3,047,531.19

75. Non-operating expenses

Unit:yuan

item	Current amount	The amount of the previous period	The amount booked into the current non-recurring gains and losses
Debt restructuring loss	247,422.68	4,840,492.77	247,422.68
Loss of non-current assets due to damage or scrap	102.41	1,339.32	102.41
A fine spending	22,250.00	74,416.75	22,250.00

other	312.58	5,630.35	312.58
donate	80,000.00		80,000.00
Late fee payment	2,523.76	1,293.68	2,523.76
total	352,611.43	4,923,172.87	352,611.43

76. Income tax expense

(1) Income tax expense table

(2) Accounting profit and income tax expense adjustment process

Unit:yuan

item	Current amount
Profit total	3,647,082.19

77. Other comprehensive income

See the notes.

78. Items in the cash flow statement

(1) Other cash received in connection with business activities

Unit:yuan

item	Current amount	The amount of the previous period
Other cash received in connection with business activities	10,270,237.51	63,574,455.78
total	10,270,237.51	63,574,455.78

Other cash statements received in connection with business activities:

(2) Other cash paid in connection with business activities

Unit:yuan

item	Current amount	The amount of the previous period
Other cash paid in connection with business activities	71,258,981.52	152,263,936.91
total	71,258,981.52	152,263,936.91

(3) other cash received in connection with investment activities

(4) other cash paid in connection with investment activities

(5) Other cash received in connection with financing activities

Unit:yuan

item	Current amount	The amount of the previous period
Other cash received in connection with financing activities	41,567,823.29	33,843,584.00
total	41,567,823.29	33,843,584.00

(6) Other cash paid in connection with financing activities

Unit:yuan

item	Current amount	The amount of the previous period
Other cash disbursed in connection with financing activities	67,110,000.00	185,705,447.90
total	67,110,000.00	185,705,447.90

79. Supplementary information of the cash flow statement

(1) Supplementary information of cash flow statement

Unit:yuan

Additional information	Current amount	The amount of the previous period
1. Adjust net profit to cash flow from operating activities:	--	--
Net profit	3,647,082.19	7,771,067.43
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	42,668,122.95	46,407,582.97
Amortization of intangible assets	2,264,523.08	1,588,353.22
Amortization of long-term deferred expenses	163,415.20	166,254.36
Loss on disposal of fixed assets, intangible assets and other long-term assets (marked with "-" for income)	-276,663.74	1,050,156.19
Loss of fixed assets scrap (marked with "-" for income)	102.41	1,339.32
Loss on change in fair value (income marked with "-")	55,470.65	-10,785.96
Financial expenses (revenue marked with "-")	17,025,231.12	15,972,275.91
Reduction in stock (marked with "-" for increase)	30,105,224.39	-11,550,684.26
Reduction of operating receivables (marked with "-" for increase)	-114,183,681.65	-55,601,474.76
Increase in operational items payable (marked with "-" for decrease)	91,052,600.45	51,659,796.44
Net cash flow from operating activities	72,521,427.05	57,453,880.86
2. Major investment and financing activities that do not involve cash receipts and payments:	--	--
3. Net change in cash and cash equivalents:	--	--
Ending balance of cash	250,275,098.40	75,555,784.99
Minus: The beginning balance of cash	137,324,488.53	188,431,805.23
Net increase in cash and cash equivalents	112,950,609.87	-112,876,020.24

(2) The net cash paid to the subsidiaries in the current period

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

(4) Composition of cash and cash equivalents

Unit:yuan

item	Ending balance	Beginning balance
I.cash	250,275,098.40	137,324,488.53

III.Ending balance of cash and cash equivalents	250,275,098.40	137,324,488.53
---	----------------	----------------

80. Note to items in the statement of changes in owners' equity**81. Assets whose ownership or use right is restricted****82. Foreign currency monetary items****83.hedging****84.Government subsidies****85. other****VIII. Rights and interests in other subjects****1. Interests in subsidiaries****(1) Composition of enterprise groups**

Name of subsidiary	Main place of business	registered	Nature of the business	stake		gaining method
				direct	indirect	
Wazhou liaoyang bearing manufacturing co., LTD	Wafangdian	61 Weiguo Road, Baita District, Liaoyang City	Production sales bearing and machinery manufacturing	100.00%		Enterprise merger
Dalian wazhou precision motor car bearing co., LTD	Wafangdian	No. 12, Yongsheng Street, 13 Li, Dalian Bonded Area	Production sales bearing and machinery manufacturing	100.00%		Set up
Wazhou precision spherical roller bearings (wafangdian) co., LTD	Wafangdian	No. 1, Section 1, Beijie Street, Wafangdian	Production sales bearing and machinery manufacturing	100.00%		Enterprise merger

IV.Risks associated with financial instruments

The main financial instruments of the Group include loans, receivables, payables, trading financial assets, trading financial liabilities, etc. Please refer to note 6 for details of each financial instrument. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are described below. The Management of the Group manages and monitors these exposures to ensure that the above risks are kept within a limited range.

Various risk management objectives and policies

The group's goal in risk management is to strike a proper balance between risk and return, minimize the negative impact of risk on the group's operating performance, and maximize the interests of shareholders and other equity investors. Based on this risk management goal, the basic strategy of risk management of the group is to determine and analyze all kinds of risks faced by the group, establish an appropriate bottom line of risk bearing and risk management, and supervise all kinds of risks in a timely and reliable manner to control risks within a limited range.

(1) Market risk

1. Exchange rate risk

Foreign exchange risk refers to the risk of loss due to exchange rate fluctuations. The foreign exchange risk of the company is mainly related to US dollars, and the main export business of the company is denominated in US dollars. As at December 31, 2019, the company's assets and liabilities are the balance of RMB except the balance of foreign currency monetary items in notes VI and 48. The foreign exchange risk arising from the assets and liabilities of such foreign currency balance may affect the business performance of the Company.

2) Interest rate risk

The company's risk of cash flow changes in financial instruments due to interest rate changes is mainly related to the borrowing of floating rate Banks. It is the company's policy to maintain a floating rate on these borrowings.

3) Price risk

As at 30 June 2020, the group's financial assets measured at fair value may be subject to price fluctuations.

(2) Credit risk

On June 30, 2020, the largest credit risk exposure that may cause the group's financial losses mainly comes from the loss of the group's financial assets caused by the failure of the other party to fulfill its obligations, including:

The carrying amount of the recognized financial assets in the consolidated balance sheet; For financial instruments measured at fair value, book value reflects their risk exposure, but it is not the maximum risk exposure, and its maximum risk exposure will change with the change of fair value in the future.

In order to reduce credit risks, the Group has set up a special department to determine credit limits, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue credits. In addition, the Group reviews the recovery of each individual receivables at each balance sheet date to ensure adequate provision for doubtful receivables. As a result, the group's management believes that the group's exposure to credit risk has been substantially reduced.

The group's working capital is deposited in a bank with a high credit rating, so the credit risk of working capital is low.

The Group has adopted the necessary policies to ensure that all sales customers have a good credit record. Except for the top five accounts receivable amount, the group has no other significant credit concentration risk.

(3) Flow risk

Liquidity risk is the risk that the Group will be unable to meet its financial obligations at maturity. The group's approach to managing liquidity risks is to ensure that there is sufficient liquidity to meet maturing obligations without causing unacceptable losses or damage to the company's reputation. The group regularly analyzes the structure and maturity of liabilities to ensure adequate funding. The management of the Group monitors the use of bank loans and ensures compliance with loan agreements. At the same time, carry out financing consultation with financial institutions to maintain a certain credit line and reduce liquidity risk.

The group USES bank borrowing as its main source of funding.

X. Disclosure of fair value

1. The ending fair value of assets and liabilities measured by fair value

Unit: yuan

Item	Ending fair value			
	The first level fair value measurement	The second level fair value measurement	The third level fair value measurement	Total

I. Continuous fair value measurement	--	--	--	--
(1) transactional financial assets	229,586.85			229,586.85
(3) Investment in other equity instruments	229,586.85			229,586.85
II. Non-sustainable measurement of fair value	--	--	--	--

2. The basis for determining the market price of the fair value measurement project at the first level

The group's investment in equity instruments in the trading financial assets is the unadjusted closing price of the stock on the public trading market on June 30, 2020.

XI. 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
Wazhou group	No.1, Section 1, Beiji Xia Street, Wafangdian city, Dalian	Bearing and all kinds of equipment manufacturing, marketing	47,025,7400.00	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. Subsidiaries of the company

Please refer to Note 8 and 1.

(1) Composition of the enterprise group for details of the subsidiaries of the enterprise.

3. The joint venture and associated enterprises of the enterprise

4. Other related parties

Other related party names	Other related parties have relations with the enterprise
Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and the ultimate controlling party
Wafangdian Bearing Precision Forging Co., Ltd	Other enterprises controlled by the same controlling shareholder and the ultimate controlling party
Wafangdian Bearing Group Wind Power Bearing Co., Ltd.	Other enterprises controlled by the same controlling shareholder

	and the ultimate controlling party
Wazhou Group Precision Drive Bearing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and the ultimate controlling party
Wafangdian bearing group equipment technology engineering co., LTD	Other enterprises controlled by the same controlling shareholder and the ultimate controlling party
Wafangdian Bearing Special Precision Bearing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and the ultimate controlling party
Wafangdian Bearing Group (U.S.A.) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and the ultimate controlling party
Wafangdian bearing Group High-end Auto Bearing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and the ultimate controlling party
Wafangdian bearing group precision roller co., LTD	Other enterprises controlled by the same controlling shareholder and the ultimate controlling party
Wafangdian Bearing Group Precision Retainer Co., Ltd.	Other enterprises controlled by the same controlling shareholder and the ultimate controlling party
Germany Leipzig Roller and Ball Bearing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and the ultimate controlling party
Wafangdian Bearing Power Co., Ltd.	Other enterprises controlled by the same controlling shareholder and the ultimate controlling party
Wafangdian Bearing Group Engineering Technology Research Center	Other enterprises controlled by the same controlling shareholder and the ultimate controlling party
Liaoning northern metal supply chain co., LTD	Other enterprises controlled by the same controlling shareholder and the ultimate controlling party
Dalian Guangyang Wazhou Automobile Bearing Co. LTD	Other associated parties
Dalian Wazhou Jinzhou Machinery Co., Ltd.	Other associated parties
Wafangdian Tongda Bearing Manufacturing Co., Ltd.	Other associated parties
Dalian Wazhou Fengyuan Machinery Co., Ltd.	Other associated parties
ZWZ Bearing Europe GmbH	Other associated parties

5. Related transactions

(1) Related party transactions of purchasing and selling commodities, providing and receiving services

Table of goods purchased/services received

Unit:yuan

The affiliated party	Related Party Transaction Content	Current amount	Approved trading quota	Whether the trading limit is exceeded	The amount of the previous period
Wafangdian Bearing Precision Forging Co., Ltd	The purchase of goods	91,230,285.11	250,000,000.00	NO	113,157,298.99

Wafangdian bearing group precision roller co., LTD	The purchase of goods	12,953,553.77	30,000,000.00	Yes	61,403,106.31
Wazhou Group Precision Drive Bearing Co., Ltd.	The purchase of goods	1,985,986.05	5,000,000.00	NO	1,317,361.77
Wafangdian Tongda Bearing Manufacturing Co., Ltd.	The purchase of goods	1,233,348.00	3,000,000.00	NO	1,306,237.35
Dalian Wazhou Fengyuan Machinery Co., Ltd.	The purchase of goods	1,375,930.38	3,000,000.00	NO	1,143,025.91
Wafangdian bearing Group High-end Auto Bearing Co., Ltd.	The purchase of goods	37,322,321.95	110,000,000.00	NO	33,666,294.66
Wafangdian Bearing Group Precision Retainer Co., Ltd.	The purchase of goods	30,752,307.46	70,000,000.00	NO	22,662,432.46
Dalian Wazhou Jinzhou Machinery Co., Ltd.	The purchase of goods	3,820,940.51	20,000,000.00	NO	4,879,825.96
Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	The purchase of goods and equipmrent	10,812,886.06	70,000,000.00	NO	10,660,135.49
Wafangdian Bearing Power Co., Ltd.	Buy goods, fuel power, accept services	9,520,730.75	20,700,000.00	NO	9,634,028.56
Wafangdian Bearing Group Engineering Technology Research Center	Accepting labor services,	3,256,398.61	17,000,000.00	NO	5,080,240.44
Wafangdian Bearing Group Co., Ltd.	Purchase goods and equipment	197,715,938.60	351,000,000.00	NO	177,137,100.53
Germany Leipzig Roller and Ball Bearing Co., Ltd.	Accepting labor services,	648,292.34	2,000,000.00		876,073.32

Table of goods sold/services provided

Unit:yuan

The affiliated party	Related Party Transaction Content	Current amount	The amount of the previous period
Wafangdian Bearing Precision Forging Co., Ltd	Sales of goods	36,492,655.84	49,976,542.02
Wafangdian Bearing Group Co., Ltd.	Sales of goods	45,861,559.589	20,079,005.61
Wafangdian Bearing Group (U.S.A.) Co., Ltd.	Sales of goods	32,507,453.55	25,118,050.66
Wazhou Group Precision Drive Bearing Co., Ltd.	Sales of goods	1,004,977.15	2,260,168.90
Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	Sales of goods	33,777.71	167,557.33

Wafangdian Bearing Group Wind Power Bearing Co., Ltd.	Sales of goods	76,473,270.03	5,535,344.51
Wafangdian Bearing Special Precision Bearing Co., Ltd.	Sales of goods	296,826.65	734,685.66
Dalian Wazhou Jinzhou Machinery Co., Ltd.	Sales of goods	1,836.00	17,586.61
Wafangdian Tongda Bearing Manufacturing Co., Ltd.	Sales of goods	382,488.01	399,237.48
Wafangdian bearing group precision roller co., LTD	Sales of goods	5,173,400.70	32,330,867.78
Wafangdian Bearing Group Precision Retainer Co., Ltd.	Sales of goods	20,842.17	98,013.09
Wafangdian bearing Group High-end Auto Bearing Co., Ltd.	Sales of goods	5,565,981.26	10,051,330.55
Germany Leipzig Roller and Ball Bearing Co., Ltd.	Sales of goods	2,874,449.64	3,203,025.20
Wazhou Group Precision Drive Bearing Co., Ltd.	Provide labor services	709,423.96	48,548.45
Wafangdian bearing group precision roller co., LTD	Provide labor services	2,056,798.51	2,648,088.29
Wafangdian Bearing Special Precision Bearing Co., Ltd.	Provide labor services	337,459.98	403,459.25
Dalian Wazhou Jinzhou Machinery Co., Ltd.	Provide labor services	52,160.67	13,645.21
Wafangdian Bearing Group Co., Ltd.	Provide labor services	7,384,140.07	771,053.80
Wafangdian Bearing Precision Forging Co., Ltd	Provide labor services	181,495.35	61,053.87

6. Receivables and payables of related parties

(1) Receivables

Unit:yuan

The project name	The affiliated party	The ending balance		Beginning balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable	Wafangdian bearing Group High-end Auto Bearing Co., Ltd.	66,598,848.13		69,272,793.49	
Accounts receivable	Wafangdian bearing group precision roller co., LTD	39,658,242.41		37,326,888.97	
Accounts receivable	Wafangdian Bearing Precision Forging Co., Ltd	29,157,171.37		49,766,239.75	
Accounts receivable	Wafangdian Bearing Group Wind	84,229,894.40		43,499,413.27	

	Power BearingCo., Ltd.				
Accounts receivable	Wafangdian Bearing Group Precision Retainer Co., Ltd.	10,071,988.73		11,160,686.65	
Accounts receivable	Wafangdian Bearing Group (U.S.A.) Co., Ltd.	15,340,053.45		16,203,046.64	
Accounts receivable	Wafangdian Bearing Group Co., Ltd.	15,532,789.38		10,823,675.27	
Accounts receivable	Wafangdian Bearing Special Precision Bearing Co., Ltd.	1,986,176.95		3,151,810.43	
Accounts receivable	Dalian Wazhou Jinzhou Machinery Co., Ltd.	79,792.74		29,208.24	
Accounts receivable	Wazhou Group Precision Drive Bearing Co., Ltd.	5,565,727.53		3,606,485.63	
Accounts receivable	Germany Leipzig Roller and Ball Bearing Co., Ltd.			597,473.95	
Accounts receivable	Wafangdian Tongda Bearing Manufacturing Co., Ltd.	143,233.16		248,523.71	
Accounts receivable	ZWZ Bearing Europe GmbH	64,914.50		131,483.47	
Accounts receivable	Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	0.00			
Accounts receivable	Wafangdian Bearing Group Engineering Technology Research Center	0.00		6,003.97	
Advance payment	Wafangdian Bearing Power Co., Ltd.	0.00		1,811,883.58	
Advance payment	Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	833,977.70		850,000.00	
Advance payment	Wafangdian Bearing Group Wind Power BearingCo., Ltd.			1,003,530.96	
Advance payment	Liaoning northern metal supply chain co., LTD	3,130,000.00			
Other Advance payment	Wafangdian Bearing Group Co., Ltd.Lanzhou Sales Branch	778,950.65	778,950.65	778,950.65	778,950.65
Other Advance payment	Wafangdian Bearing Group Wind Power BearingCo., Ltd.	5,650.00		5,650.00	

(2) Items payable

Unit:yuan

The project name	The affiliated party	Ending book balance	Opening book balance
Accounts payable	Wafangdian Bearing Group Co., Ltd.	85,314,700.34	70,535,464.56

Accounts payable	Wafangdian Bearing Precision Forging Co., Ltd	50,529,697.00	83,555,226.44
Accounts payable	Wafangdian Tongda Bearing Manufacturing Co., Ltd.	12,177,335.84	12,090,814.72
Accounts payable	Wafangdian bearing group equipment technology engineering co., LTD	981,700.00	8,683,996.76
Accounts payable	Dalian Wazhou Fengyuan Machinery Co., Ltd.	1,550,196.71	3,873,899.88
Accounts payable	Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	17,622,532.38	18,519,883.27
Accounts payable	Wafangdian Bearing Group Precision Retainer Co., Ltd.	2,523,909.89	1,673,425.09
Accounts payable	Dalian Wazhou Jinzhou Machinery Co., Ltd.	708,737.90	7,061,427.29
Accounts payable	Wafangdian bearing group precision roller co., LTD	4,392,671.25	2,102,861.25
Accounts payable	Wafangdian Bearing Group Engineering Technology Research Center	1,580,973.43	3,317,060.51
Accounts payable	Germany Leipzig Roller and Ball Bearing Co., Ltd.	79,296.51	79,296.51
Accounts payable	Wafangdian bearing Group High-end Auto Bearing Co., Ltd.LiaoyangSales Branch	11,773,718.13	13,672,499.98
Accounts payable	Wafangdian Bearing Special Precision Bearing Co., Ltd.	3,042.78	791,372.92
Accounts payable	Wafangdian Bearing Power Co., Ltd.(Water, electricity and heating)	881,638.73	1,139,072.14
Accounts payable	Wafangdian Bearing Group Wind Power BearingCo., Ltd.	0.00	4,268.00
Other payables	Wafangdian Bearing Group Co., Ltd.	32,969,461.57	27,132,745.82
Other payables	Wafangdian bearing group equipment technology engineering co., LTD	7,610,602.91	952,000.00
Other payables	Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.		311,088.45
Other payables	Wafangdian Bearing Power Co., Ltd.	1,219,353.51	149,139.42
Other payables	Wafangdian Bearing Power Co., Ltd.	1,219,353.51	149,139.42

7. Related Party's commitment

8.other

XII. Commitments and contingencies

XIII.Events after the balance sheet date

IXV.Other important matters

1. Correction of early accounting errors

2. Debt restructuring

During the reporting period, the Group signed the Debt Restructuring Agreement with the creditor units by means of cash or bank draft settlement that was lower than the book value of the debt, and the debt restructuring resulted in a debt restructuring income of RMB 911,997.39yuan, which was recorded into the non-operating income.

During the reporting period, the Group signed a Debt Restructuring Agreement with the creditor by giving up part of the creditor's rights and using cash or bank drafts less than the carrying value of the creditor's rights for debt restructuring, resulting in a debt restructuring loss of RMB247,422.68 yuan, which was recorded into non-operating expenses.

XV. Notes to the main items of the parent company's financial statements

1. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit:yuan

category	Ending balance					Beginning balance				
	Book balance		Provision for bad debt		The book value	Book balance		Provision for bad debt		The book value
	amount	rate	amount	Provision ratio		amount	rate	amount	Provision ratio	
Withdrawal of accounts receivable on a single item basis	23,718,445.68	2.07%	23,718,445.68	100.00%		23,718,445.68	2.09%	23,718,445.68	100.00%	
Among them:										
Accounts receivable which is set aside for bad debts in combination	1,220,887,393.93	97.93%	52,856,493.18	69.03%	1,168,030,900.75	1,108,939,767.72	97.91%	52,858,584.18	4.77%	1,056,081,183.54
Among them:										
Wherein: aging combination	889,000,817.29	70.44%	52,856,493.18	69.03%	836,144,324.11	800,627,313.45%	70.69%	52,858,584.18%	4.18%	6.60
Association of related parties	331,886,576.64	27.50%			331,886,576.64	308,312,454.27%	27.22%			
total	1,244,605,839.61	100.00%	76,574,938.86		1,168,030,900.75	1,132,658,213.40	100.00%	76,577,029.86		1,056,081,183.54

Age-by-age disclosure

Unit:yuan

aging	Ending balance
Within 1 year (including 1 year)	1,041,317,834.09
1 to 2 years	81,496,820.35
2 to 3 years	53,220,153.21
More than 3 years	68,571,031.96

3 to 4 years	18,408,094.59
4 to 5 years	6,911,051.45
More than 5 years	43,251,885.92
total	1,244,605,839.61

2. Other receivables

Unit:yuan

item	Ending balance	Beginning balance
Other receivables	13,561,427.43	10,316,683.41
total	13,561,427.43	10,316,683.41

(1) Interest receivable

(2) Dividends receivable

(3) Other receivables

1) Other receivables are classified according to the nature of receivables

2) Provision for bad debts

Unit:yuan

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)	Expected credit loss for the entire duration (credit impairment incurred)	
Balance on January 1, 2020		6,121,517.78		6,121,517.78
The balance as of January 1, 2020 is in the current period	—	—	—	—
Balance on June 30, 2020		6,121,517.78		6,121,517.78

Loss provision A significant change in the book balance of the amount of change in the current period

 Applicable Inapplicable

Age-by-age disclosure

Unit:yuan

aging	Ending balance
Within 1 year (including 1 year)	13,031,983.32
Within a year	13,031,983.32
1 to 2 years	1,519,285.56
2 to 3 years	15,000.00
More than 3 years	5,116,676.33
3 to 4 years	182,828.74

4 to 5 years	92,586.71
More than 5 years	4,841,260.88
total	19,682,945.21

3. Long-term equity investment

Unit:yuan

item	Beginning balance			Ending balance		
	Book balance	impairment provisio	Book value	Book balance	impairment provisio	Book value
Invest in subsidiaries	211,583,897.67		211,583,897.67	211,583,897.67		211,583,897.67
total	211,583,897.67		211,583,897.67	211,583,897.67		211,583,897.67

(1) Invest in subsidiaries

Unit:yuan

Invested entity	Opening balance (Book value)	Changes in current period				Ending Balance (Book value)	Ending balance of impairment provision
		An additional investment	Reduce investment	Provision for impairment charges	other		
Wazhou liaoyang bearing manufacturing co., LTD	17,337,259.95					17,337,259.95	
Dalian wazhou precision motor car bearing co., LTD	45,478,956.37					45,478,956.37	
Wazhou precision spherical roller bearings (wafangdian) co., LTD	148,767,681.35					148,767,681.35	
total	211,583,897.67					211,583,897.67	

4. Operating revenue and operating cost

Unit:yuan

item	Current amount		The amount of the previous period	
	income	cost	income	cost
Main business	879,212,591.09	675,927,804.75	848,657,867.47	728,562,454.71
Other business	129,773,842.04	116,310,521.69	118,440,594.06	108,701,798.46
total	1,008,986,433.13	792,238,326.44	967,098,461.53	837,264,253.17

XVI. Supplementary information

1. Statement of current non-recurring profits and losses

Applicable Inapplicable

Unit: yuan

item	amount	instructions
Non - current assets disposal gains and losses	276,766.15	
Government subsidies recorded into the current profit and loss (closely related to the business of the enterprise, except for government subsidies enjoyed in accordance with the unified national standard quota or quantitative)	6,192,961.72	
Debt restructuring gains and losses	664,574.71	
Other non-operating income and expenditure other than the items mentioned above	2,030,447.46	
Minus: Income tax impact	991,154.97	
TOTAL	8,173,595.07	--

For the company according to the company information disclosure of securities for public issuance explanatory announcement no. 1 - non-recurring profit and loss "define non-recurring gains and losses as defined in the project, and put the company information disclosure of securities for public issuance explanatory announcement no. 1 - non-recurring profit and loss of non-recurring profit and loss items defined as listed in the current profits and losses of the project, should be the reasons why.

Applicable Inapplicable

2. Return on equity and earnings per share

Profit during reporting period	Weighted average return on equity	Earnings per share	
		Basic earnings per Share (yuan/share)	Diluted earnings per Share (yuan/share)
Net profit attributable to common shareholders of the company	0.30%	0.01	0.01
Net profit attributable to the company's common shareholders after deducting non-recurring gains and losses	-0.37%	-0.01	-0.01

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

(1) The difference between net profit and net assets in the financial report disclosed in accordance with international accounting standards and Chinese accounting standards

Applicable Inapplicable

(2) At the same time, the difference of net profit and net assets in the financial report disclosed in accordance with overseas accounting standards and Chinese accounting standards

Applicable Inapplicable

(3) If the reason for the difference in accounting data under the accounting standards at home and abroad is used to adjust the difference in the data audited by an overseas audit institution, the name of the overseas institution shall be indicated

4.Other

Chapter XII. List of reference documents

1. The semi-annual financial statements of 2020 containing the signatures and seals of the person in charge of the company, the person in charge of accounting, and the person in charge of accounting institution (the person in charge of accounting);
2. The original of all the company documents and the original of the announcement publicly disclosed in the newspaper designated by CSRC during the reporting period.