

Harsha Precision Bearing Components (China) Co., Ltd.
Audit Report for the Year 2023



Shanghai Maoheng Certified Public Accountants

Harsha Precision Bearing Components (China) Co., Ltd.
Audit Report for the Year 2023

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Auditor's Report

Mao Heng kuai Bao (2024) No. 11006

To Harsha Precision Bearing Components (China) Co., Ltd.:

I. Audit Opinion

We have audited the financial statements of Harsha Precision Bearing Components (China) Co., Ltd. (the "Company") attached hereto, which comprise the balance sheet as at Dec. 31, 2023, and the income statement, the statement of cash flows, and the statement of changes in owner's equity for the year then ended, and notes to the financial statements.

In our opinion, the financial statements of the Company are properly drawn up in accordance with the Accounting Standards for Business Enterprises so as to, in all material respects, give a true and fair view of the financial position of the Company as at Dec. 31, 2023, and of the performance and cash flows of the Company for the year ended on that date.

II. Basis for Our Opinion

We have conducted the audit in accordance with the Auditing Standards for CPAs of China. The "CPAs' Responsibilities for Auditing Financial Statements" section hereof has further explained our responsibilities pursuant to such auditing standards. In compliance with China Code of Ethics for CPAs, we are independent of the Company, and have complied with applicable ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Responsibilities of the Company's Management and Operation Team for Financial Statements

The management of Harsha Company (hereinafter referred to as the management) is responsible for compiling financial statements in accordance with the provisions of the Accounting Standards of Enterprises to achieve fair reflection, and to design, implement and maintain the necessary internal controls so that the financial statements do not contain any major misstatements caused by fraud or error.

When preparing the financial statements, the Company's management shall evaluate the Company's going-concern ability, disclose matters related to going-concern and apply going-concern assumption, unless the management plans to liquidate the Company or discontinue its operation, or has no other choices.

The Company's management is responsible for the financial reporting of the Company.

IV. CPAs' Responsibilities for Auditing Financial Statements

Our responsibility is to obtain reasonable assurance about whether the financial statements are free from material misstatement due to fraud or error, and to issue an audit report accordingly (including the audit opinion on these financial statements). Reasonable assurance is high-level assurance, but it doesn't guarantee that the audit conducted according to applicable auditing standards can identify all material misstatements. Misstatements may arise from fraud or error. If pursuant to rational expectations misstatements may, individually or together, exercise an impact on users of the financial statements in making economic decisions based on them, then such misstatements are regarded as material ones.

During the audit conducted as per the accounting standards, we have made professional judgments and maintained professional skepticism. Besides, we have carried out the following work:

- (1) Identify and evaluate the risks of material misstatements of the financial statements (whether due to fraud or error), design and implement audit procedures to cope with such risks, and obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion. As fraud may involve collusion, falsification, deliberate omission, false statements or incompliance with internal control, the risk of failure in identifying material misstatements due to fraud is higher than that in identifying material misstatements due to error.
- (2) Understand the Company's internal control related to the audit, and design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relevant disclosures made by the Company's management.
- (4) Draw a conclusion on the appropriateness when it comes to how the Company's management applies going-concern assumption, and on whether there is any matter that may lead to substantial doubt with or whether there is any great uncertainty with the Company's going-concern ability. If there is such great uncertainty, then according to applicable auditing standards, we shall, in the audit report, draw attention from users of the financial statements to relevant disclosures in them; and if the disclosures are insufficient, we shall give modified audit opinions. Our audit opinion is based on information available as of the audit report. However, it is possible that future matters or circumstances may result in the Company's failure in maintaining going-concern ability.
- (5) Evaluate the overall presentation, structure and content (including disclosures) of the financial statements, and whether they have given a true and fair view of relevant transactions and matters.
- (6) Obtain adequate and appropriate audit evidence on the Company's financial information to give our audit opinion. We are responsible for guiding, supervising and carrying out the audit and express our audit opinion.

We have communicated with the Company's operation team regarding proposed audit scope, audit schedule and major audit findings, etc., including key defects with the Company's internal control that are identified by us during the audit.

English translation is for reference only. Should there be any discrepancies between the Chinese and

English versions, the Chinese version shall prevail.



Shanghai Maoheng Certified Public Accountants
Shanghai, P. R. China



Chinese Certified Public Accountant:



Chinese Certified Public Accountant:

Date: January 31, 2024

Balance Sheet

Prepared by Harsha Precision Bearing Components (China) Co., Ltd.

Expressed in Renminbi Yuan

Items	Notes	31-Dec-2023	31-Dec-2022	Items	Notes	31-Dec-2023	31-Dec-2022
Current assets:				Current liabilities:			
Monetary funds	5.1	7,439,168.42	4,352,013.75	Short-term loans	5.13	7,622,636.33	17,293,600.43
Notes receivable	5.2	2,130,809.28	1,683,614.06	Transaction financial liabilities			
Accounts receivable	5.3	18,289,299.31	34,549,678.30	Accounts payable	5.14	21,993,437.54	32,583,291.60
Prepayments	5.4	598,603.52	512,058.48	Accounts received in advance			
Insurance receivable				Employee compensation payable	5.15	1,139,139.26	1,055,418.71
Reinsurance receivables				Taxes and surcharges payable	5.16	203,512.86	1,075,892.25
Other receivables	5.5	350,145.41	29,260.17	Other payables	5.17	749,803.91	623,701.00
Inventories	5.6	39,006,685.49	53,091,798.22	Non-current liabilities within one year			
Non-current asset within one year				Other current liabilities	5.18	1,927,597.23	6,964,391.06
Other current assets	5.7	392,044.65	1,751,859.55	Total current liabilities	5.19	33,636,127.13	62,445,401.11
Total current assets		68,206,756.08	95,970,282.53				
Non-current assets:				Non-current liabilities:			
Granted loans and advances				Long-term loans	5.20	25,473,389.23	21,673,203.25
Finance asset available for sales				Bonds payable			
Long-term account receivable				Long-term account payable			
Long-term equity investment				Special accounts payable			
Investment property				Provision			
Fixed assets/net value	5.8	39,221,618.14	40,121,386.83	Deferred income tax liabilities			
Construction in progress	5.9	674,316.81	2,354,528.88	Other non-current liabilities			
Engineering material				Total non-current liabilities		25,473,389.23	21,673,203.25
Disposal of fixed asset				Total liabilities		59,109,516.36	84,118,604.36
Productive biological asset				Owner's equity (or shareholders' equity):			
Oil and gas asset				Paid-in capital (or share capital)	5.21	154,871,409.16	154,871,409.16
Intangible assets	5.10	5,439,239.55	5,772,487.45	Capital reserve	5.22	885,929.00	885,929.00
Expense on development				Less:refunded capital:			
Goodwill				Surplus reserve		-	-
Long-term deferred expense	5.11	1,375,765.24	2,181,547.78	Retained profit or loss	5.23	-97,161,424.33	-92,157,451.96
Deferred income tax asset	5.12	2,787,734.37	1,318,257.09	Total owner's equity		58,595,913.83	63,599,886.20
Other non-current asset							
Total non-current asset		49,498,674.11	51,748,208.03	Total liabilities and owner's equity		117,705,430.19	147,718,490.56
Total assets		117,705,430.19	147,718,490.56				

Income Statement

Prepared by Harsha Precision Bearing Components (China) Co., Ltd.

Expressed in Renminbi Yuan

Items	Notes	Current period amount	Previous period amount
Total operating income	5.24	83,296,677.03	101,579,511.99
<i>Less: Operating cost</i>	5.24	76,359,670.69	89,080,886.98
<i>Operating tax and subcharges</i>	5.25	949,244.94	950,968.03
<i>Sales expenses</i>	5.26	2,632,561.59	2,457,194.44
<i>Administration expenses</i>	5.27	6,993,116.13	6,935,565.28
<i>Financial expenses</i>	5.28	2,483,838.44	3,673,097.46
<i>Including: Interest expense</i>		2,216,087.90	2,576,490.22
<i>Interest income</i>		168,491.88	9,638.12
<i>Impairment loss on assets</i>		109,158.81	
<i>Plus: Other income</i>			
<i>Net income on disposal of fixed assets</i>			
Operating profit		-6,230,913.57	-1,518,200.20
<i>Plus: non-operating income</i>	5.29	85,013.41	99,012.39
<i>Less: non-operating expense</i>	5.30	327,549.49	253,174.43
Total Profit		-6,473,449.65	-1,672,362.24
<i>Less: income tax</i>	5.31	-1,469,477.28	80,098.10
Net profit		-5,003,972.37	-1,752,460.34
Including: Net operating profit (net loss listed as "-")		-5,003,972.37	-1,752,460.34
<i>Net profit from termination of operation (net loss listed as "-")</i>			
Other aggregate income			
Total amount of aggregate income		-5,003,972.37	-1,752,460.34

Cash Flow Statement

Prepared by Harsha Precision Bearing Components (China) Co., Ltd.

Expressed in Renminbi Yuan

Items	Notes	Current Period	Previous Period
Cash flows arising from operating activities:			
Cash received from sale of goods or rendering of services		109,412,559.72	103,463,320.78
Refunds of taxes			
Cash received relating to other operating activities		226,248.88	108,644.92
Subtotal of cash inflow arising from operating activities		109,638,808.60	103,571,965.70
Cash paid for goods and services		70,228,940.42	67,933,029.41
Cash paid to and on behalf of employees		12,031,583.61	19,571,837.10
Cash paid for all types of taxes		4,875,743.67	2,896,238.78
Other cash paid concerning operating activities		4,165,732.22	6,679,299.89
Subtotal of cash outflow arising from operating activities		91,301,999.92	97,080,405.18
Net cash flows arising from operating activities		18,336,808.68	6,491,560.52
Cash flows arising from investing activities:			
Cash received from recovering investment			
Cash received from investment income			
Net cash received from disposal of fixed, intangible and other long-term assets			
Net cash received from disposal of subsidiaries and other units			
Other cash received concerning investing activities			
Subtotal of cash inflow from investing activities			-
Cash paid for purchasing fixed, intangible and other long-term assets		1,642,109.07	4,246,071.93
Cash paid for investment			
Net cash received from subsidiaries and other units			
Other cash paid concerning investing activities			
Subtotal of cash outflow from investing activities		1,642,109.07	4,246,071.93
Net cash flows arising from investing activities		-1,642,109.07	-4,246,071.93
Cash flows arising from financing activities			
Cash received from absorbing investment			
Cash received from loans		15,735,014.82	38,744,418.99
Other cash received concerning financing activities			
Subtotal of cash inflow from financing activities		15,735,014.82	38,744,418.99
Cash repayments of borrowings		27,145,081.33	37,977,527.37
Cash paid for distribution of dividends or profits and for interest expenses		2,216,087.90	2,493,756.25
Other cash paid concerning financing activities			
Subtotal of cash outflow from financing activities		29,361,169.23	40,471,283.62
Net cash flows arising from financing activities		-13,626,154.41	-1,726,864.63
Effect of exchange rate fluctuations on cash held		18,609.47	1,312.39
Net increase of cash and cash equivalents		3,087,154.67	519,936.35
Plus: opening balance of Cash and cash equivalents		4,352,013.75	3,832,077.40
Closing balance of cash and cash equivalent		7,439,168.42	4,352,013.75

Statement of Changes in Shareholders' Equity

Expressed in Renminbi Yuan

Prepared by Harsha Precision Bearing Components (China) Co., Ltd.

Items	Line	Current period amount					Total shareholders equity
		Paid-in capital	Capital reserve	Less: share in stock	Surplus reserve	Retained profit	
Closing balance of last year		154,871,409.16	885,929.00			-92,157,451.96	63,599,886.20
Plus: Changes of accounting policy							-
Error correction of the prior period							-
Opening balance of this year		154,871,409.16	885,929.00			-92,157,451.96	63,599,886.20
Increase/ Decrease of this year		-	-	-	-	-5,003,972.37	-5,003,972.37
I Net profit						-5,003,972.37	-5,003,972.37
II Gain and loss directly put into equity						-	-
1. Net change of the available-for-sale financial assets						-	-
2. Effect of changes of other owners' equities of investees under equity-method						-	-
3. The income tax influence of the item put into equity						-	-
4. Others						-	-
Subtotal of I and II		-	-	-	-	-5,003,972.37	-5,003,972.37
III Input by investors and decrease in capital						-	-
1. Capital input by investors						-	-
2. Amount calculated into shareholders' equity paid in shares						-	-
3. Others						-	-
IV Profit distribution						-	-
1. Withdraw surplus reserve						-	-
2. Distribution to shareholders or owners						-	-
3. Others						-	-
V Transfer inside shareholders' equity						-	-
1. Capital reserve converted into share capital						-	-
2. Surplus reserve converted into share capital						-	-
3. Surplus recovering loss						-	-
4. Others						-	-
Closing balance of this year		154,871,409.16	885,929.00	-	-	-97,161,424.33	58,595,913.83

Statement of Changes in Shareholders' Equity

Expressed in Renminbi Yuan

Items	Line	Previous period amount					Total shareholders equity
		Paid-in capital	Capital reserve	Less: share in stock	Surplus reserve	Retained profit	
Closing balance of last year		154,871,409.16	885,929.00			-90,404,991.62	65,352,346.54
Plus: Changes of accounting policy							
Error correction of the prior period							
Opening balance of this year		154,871,409.16	885,929.00			-90,404,991.62	65,352,346.54
Increase/ Decrease of this year							
I Net profit						-1,752,460.34	-1,752,460.34
II Gain and loss directly put into equity						-1,752,460.34	-1,752,460.34
1. Net change of the available-for-sale financial assets							
2. Effect of changes of other owners' equities of investees under equity-method							
3. The income tax influence of the item put into equity							
4. Others							
Subtotal of I and II						-1,752,460.34	-1,752,460.34
III Input by investors and decrease in capital							
1. Capital input by investors							
2. Amount calculated into shareholders' equity paid in shares							
3. Others							
IV Profit distribution							
1. Withdraw surplus reserve							
2. Distribution to shareholders or owners							
3. Others							
V Transfer inside shareholders' equity							
1. Capital reserve converted into share capital							
2. Surplus reserve converted into share capital							
3. Surplus recovering loss							
4. Others							
Closing balance of this year		154,871,409.16	885,929.00			-92,157,451.96	63,599,886.20

Notes to the financial statements for the year 2023

(The amount is expressed in RMB Unless otherwise stated)

1 Company profile

Harsha Precision Bearing Components (China) Co., Ltd.(hereinafter referred to as "the Company", formerly known as "BecoTek Precision Bearing Accessories (Suzhou) Co., Ltd.") was established on March 30, 2008 with the approval of the People's Government of Jiangsu Province, and obtained a business license on April 28, 2008. The current business license's unified social credit code is 91320594673917075C. The original legal representative is HEMANT KUMAR SHARMA, which was changed to Guo Guangjun on November 18, 2022. Company address: 10 Fuhua Road, Bixi Street, Changshu, Jiangsu Province.

The original registered capital of the company was USD 22 million, and the accumulated paid-in capital was USD 20.19449 million. On September 1, 2019, Harsha Precision Bearing Components (China) Co., Ltd. and Harsha Engineering Components (Changshu) Co., Ltd. carried out absorption and merger, which was in the form of absorption and merger under the same control, without any consideration payment. After the completion of the merger, Harsha Engineering Components (Changshu) Co., Ltd. was dissolved and cancelled, and Harsha Precision Bearing Components (China) Co., Ltd. continued to exist. The registered capital and paid-in capital increased by USD 3,699,976 respectively. After the merger, the registered capital of the company was USD 25,699,976, and the accumulated paid-in capital was US \$23,894,466.

The approved business scope of the company: Research and development, production, processing, sales of various mechanical parts such as precision bearing support frame, and provision of relevant supporting services; Engaged in the wholesale, import and export of mechanical parts. (Projects subject to approval according to law can only be operated after being approved by relevant departments)

2 Basis of preparation of financial statements

2.1 Basis of preparation

The company's financial statements are based on the assumption of continuous operation, according to the actual transactions and events, in accordance with the "Enterprise Accounting Standards - Basic Guidelines" issued by the Ministry of finance, Specific Accounting Standards, Application Guidelines for Enterprise Accounting Standards, Accounting Standards for Enterprises, and other relevant provisions (hereinafter referred to as "Enterprise Accounting Guidelines").

According to the relevant provisions of the Enterprise Accounting Standards, the accounting of the company is based on accrual basis. Except for some financial instruments, the financial statements are based on historical costs. If assets are impaired, corresponding impairment

provisions shall be made in accordance with relevant provisions.

2.2 Going-concern assumption

The company does not have any matters or circumstances that have significant doubts about the company's ability to continue as a going concern for 12 months from the end of the reporting period.

3 Major accounting policies, accounting estimates

3.1 Statement on observation of Corporate Accounting Standards

The financial statements prepared by the Company are in conformity with the Corporate Accounting Standards, constituting an accurate and full presentation of the financial position, the operating result and the cash flow of the Company for the reporting period.

3.2 Accounting year

The company's accounting period is divided into annual and mid-term, which is shorter than the reporting period of a complete accounting year. The fiscal year of the Company shall be in the Gregorian calendar year, i.e. from January 1 to December 31 each year.

3.3 Business cycle

The normal business cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents. The company takes 12 months as a business cycle and uses it as a criterion for liquidity classification of assets and liabilities.

3.4 Recording currency

The recording currency of the Company is Ren Min Bi (RMB).

3.5 Standards for determining cash and cash equivalents

The company's cash and cash equivalents include cash in stock, deposits that can be used to pay at any time, and investments with a short period of time (usually due within three months from the date of purchase), strong liquidity, easy conversion to a known amount of cash and little risk of value change.

3.6 Receivables

Receivables include accounts receivable, notes receivable, other receivables, etc.

(1) Recognition criteria for bad debts

Receivables that cannot be recovered after being paid off according to law due to the debtor's bankruptcy; If the debtor fails to fulfill the debt repayment obligation after three years, the receivables that are listed as bad debts with the approval of the shareholders' meeting or the board of directors, and other impaired claims are assessed as uncollectible, they shall be derecognized.

(2) Accounting method for bad debt loss

The Company adopts the allowance method to account for bad debt losses.

(3) Withdrawal of bad debt reserves

For accounts receivable and other receivables, the Company adopts individual identification method to withdraw bad debt reserves.

3.7 Inventory

(1) Classification of inventory

The Company's inventory is divided into raw materials, finished products, semi-finished products, products in process, tooling and low-value consumables.

(2) Valuation methods for acquisition and issuance of inventory

The Company's inventory system mainly adopts the perpetual inventory system, and the inventory is valued at the actual cost when it is obtained. Raw materials shall be priced with weighted average method; Products in process, goods in stock and goods delivered follow standard cost method; Low-value consumables items charged to expense when actually consumed.

(3) The method of calculating the reserve for inventory depreciation

If the company's end-of-term inventory cost is higher than its net realizable value, the reserve for depreciation of inventory price shall be calculated. The company usually draws down the stock price reserve according to a single item (inventory item). At the end of the period, the influence factors of the previous write-down of the stock value have disappeared, and the stock price reserve is turned back within the original amount.

(4) Confirmation method of net realizable value of inventory

Net realizable value of inventory is the amount of estimated costs, estimated sales costs and tariff charges after deducting the estimated price of the inventory from the estimated price to the completion time.

3.8 Fixed assets and their accumulated depreciation

(1) Conditions for confirmation of fixed assets

Fixed assets of the company refer to tangible assets held for the production of commodities, the provision of labor services, leasing or operation and management, whose service life exceeds one accounting year.

The economic benefits related to the fixed assets are likely to flow into the enterprise, and the fixed assets can be recognized only when the cost of the fixed assets can be reliably measured.

The company's fixed assets are initially measured at the actual cost at the time of acquisition.

(2) Classification of Fixed Assets and Depreciation Policy

The company adopts the method of average years to calculate depreciation. The depreciation of fixed assets begins when they reach the intended usable state, and stops when they are terminated or divided into holdings of non-current assets for sale. Without considering the impairment provision, the company determines the annual depreciation rate of all types of fixed assets according to the category of fixed assets, expected service life and estimated residual value as follows:

Category	Economic useful life	Residual rate at the end of life	Annual depreciation
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Harsha Precision Bearing Components (China) Co., Ltd.
Notes to the financial statements

			rate(%)
House and buildings	20	5	4.75
Machinery and equipment	5, 10	5	9.5, 19
Auxiliary production equipment	5	5-10	18-19
Office equipment	5	5-10	18-19
Computer and electronic equipment	3-10	5	9.5-31.67
Transportation equipment	5	5	19.00

Among them, the accumulated amount of the impairment provision for fixed assets that have been calculated shall be deducted to calculate and determine the depreciation rate.

If the fixed assets financially leased can reasonably determine that the ownership of the leased assets will be acquired at the expiration of the lease term, depreciation shall be calculated within the useful life of the leased assets; if the ownership of the leased assets can not be reasonably determined at the expiration of the lease term, a shorter period between the lease term and the useful life of the leased assets shall be available. Depreciation is charged between periods.

At the end of each year, the company reviews the service life, estimated net residual value and depreciation method of fixed assets. If the estimated service life is different from the original estimate, the service life of fixed assets shall be adjusted; if the estimated net residual value is different from the original estimate, the estimated net residual value shall be adjusted.

(3) Expenses for major repairs

The overhaul expenses incurred in the periodic inspection of fixed assets by our company are included in the cost of fixed assets and in the profits and losses of the current period when there is conclusive evidence that the part that meets the conditions for the confirmation of fixed assets is included in the cost of fixed assets and that the part that does not meet the conditions for the confirmation of fixed assets is included in the current profits and losses. Fixed assets shall be depreciated at regular intervals between major repairs.

3.9 Method of amortization of long-term pending expenses

The long-term outstanding expenses incurred by the company are valued at the actual cost and amortized on average according to the expected benefit period. For long-term anticipated cost-sharing items which can not benefit from the future accounting period, the amortized value of the items is totally included in the current profits and losses.

3.10 Employees' Salary

The company's employees' salaries mainly include short-term salaries, after-service benefits and dismissal benefits. Among them:

Short-term remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare, medical insurance, maternity insurance, industrial injury insurance, housing accumulation fund, trade union funds, employee education funds, non-monetary welfare and so on. During the accounting period in which employees provide services to the company, the company recognizes the actual short-term salaries of employees as liabilities and takes them into account the current profits and losses or the cost of related assets. Among them, non-monetary welfare is measured at fair value.

After-service benefits mainly include setting up withdrawal plans. Among them, setting up

withdrawal plan mainly includes basic old-age insurance, unemployment insurance and annuity. The corresponding amount of deposit payable is included in the cost of related assets or current profits and losses when it occurs.

In case the company cannot unilaterally withdraw the retirement benefits provided by the plan for termination of labor relations or the proposal for reduction, it shall confirm with the company the reconstitution of the retirement benefits involved in the payment of the retirement benefits, either before the expiration of the employee's labor contract or in order to encourage the employee to accept the reduction voluntarily. Where is the cost related to the restructuring involving the payment of dismissal benefits, the compensation liabilities of employees resulting from dismissal benefits should be recognized as early as possible, and should be included in current profits and losses. However, if the dismissal benefits are not expected to be fully paid 12 months after the end of the annual reporting period, they shall be treated according to the remuneration of other long-term employees.

The internal retirement plan for employees shall be handled in the same way as the dismissal benefits mentioned above. The company will pay the salary of the returnee and the social insurance premium paid during the period from the day when the employee ceases to provide service to the normal retirement date, and shall include the current profit and loss (dismissal benefits) when the conditions for recognition of the expected liabilities are met.

Other long-term employee benefits provided by the company to employees that meet the set-up withdrawal plan shall be accounted for according to the set-up withdrawal plan, in addition to accounting treatment according to the set-up income plan.

3.11 The Principle of Recognition of Income

(1) Sales of goods

When the main risks or rewards in the ownership of a commodity have been transferred to the purchaser, the continued management and actual control of the commodity are no longer exercised, the relevant revenue has been obtained or the receipt evidence has been obtained, and the cost associated with the sale of the commodity can be reliably measured, the company confirms the realization of the sales revenue of the commodity.

(2) Providing labor services

If the results of the labor transaction can be reliably estimated, the company will confirm its revenue at the end of the term according to the percentage of completion method.

If the result of the service transaction cannot be estimated reliably, the service income will be recognized according to the amount of the service cost that has occurred and is expected to be compensated, and the service cost that has occurred will be regarded as the current cost. Income is not recognized if the incurred labor costs are not expected to be compensated.

Contracts or agreements concluded by the Company with other enterprises include the sale of goods and the provision of services. If the sale of goods and the provision of services can be distinguished and measured separately, the sale of goods and the provision of services will be treated separately; for example, the sale of goods and the provision of services can not be distinguished, or although they can be distinguished. If it cannot be measured separately, the contract shall be treated as the selling commodity.

(3) Transferring the right to use assets

When the economic benefits related to the transfer of the right to the use of assets can be inflow

and the amount of income can be reliably measured, the company recognizes the income.

3.12 Government Subsidies

Government subsidy refers to the company's acquisition of monetary or non-monetary assets from the government free of charge, excluding the capital invested by the government as an investor and enjoying the corresponding owner's rights and interests. Government subsidies are divided into assets-related government subsidies and revenue-related government subsidies. Where a government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If the government subsidies are non-monetary assets, they shall be measured in accordance with the fair value; if the fair value cannot be obtained reliably, they shall be measured in accordance with the nominal amount. Government subsidies measured in nominal amounts are directly recorded in current profits and losses.

Only when the company can meet the conditions attached to the government subsidy and receive the government subsidy can it confirm the government subsidy.

Government subsidies are divided into assets-related government subsidies and revenue-related government subsidies. The government subsidy related to assets refers to the government subsidy obtained by a company for purchase and construction or for the formation of long-term assets in other ways. Government subsidies related to income refer to government subsidies other than those related to assets.

Government subsidies related to assets shall be recognized as deferred income by the total amount method and shall be divided into profits and losses in stages according to a reasonable and systematic method during the service life of the relevant assets. If the relevant assets are sold, transferred, scrapped or destroyed before the end of the service life, the balance of the relevant deferred income that has not been allocated shall be transferred to the asset office. If the profits and losses of the current period and the recognized government subsidies need to be returned, the book balance of the related deferred income shall be reduced and the excess part shall be included in the current profits and losses.

Government subsidy related to revenue is directly included in current profits and losses when it is used to compensate the related costs or losses incurred by the company. When it is used to compensate the related costs or losses in the subsequent period, it is recognized as deferred income, and is included in current profits and losses during the period of confirming the relevant costs or losses.

For government subsidies that include both asset-related and revenue-related parts, different parts are separately accounted for; for those that are difficult to distinguish, the whole is classified as revenue-related government subsidies.

Government subsidies related to the company's daily activities shall be included in other earnings or cost deductions in accordance with the nature of economic operations. Government subsidies unrelated to the company's daily activities are included in the non-operating income and expenditure.

3.13 Deferred Income Tax Assets/Deferred Income Tax Liabilities

The difference between the book value of certain assets and liabilities and their tax base, as well as the temporary difference between the book value of items not recognized as assets and liabilities and the difference between the book value of items that can determine their tax base

and the tax base according to the tax law, is confirmed by the balance sheet liability method and deferred income tax liabilities.

The deferred income tax liabilities related to the initial recognition of goodwill and the temporary difference of taxable income tax in the initial recognition of assets or liabilities arising from transactions that are neither mergers of enterprises nor affect accounting profits or taxable income (or deductible losses) at the time of occurrence are not recognized. In addition, if the company can control the turnaround time of temporary differences in taxable temporary differences related to investments of subsidiaries and joint ventures, the temporary differences will probably not be turned back in the foreseeable future and the related deferred income tax liabilities will not be recognized.

The deferred income tax assets concerned shall not be recognized for the deductible temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither mergers of enterprises nor affect accounting profits or taxable income (or deductible losses). In addition, the deductible temporary differences related to investments of subsidiaries, joint ventures and joint ventures are not recognized as deferred income tax assets if the temporary differences are unlikely to be reversed in the foreseeable future, or if the taxable income used to deduct the deductible temporary differences is unlikely to be obtained in the future. This is the case. Except for the above exceptions, the Company recognizes other deferred income tax assets that can offset temporary differences, subject to the amount of taxable income that is likely to be obtained to offset temporary differences.

For deductible losses and tax credits that can be carried over in subsequent years, the deferred income tax assets are recognized to the extent that future taxable income is likely to be obtained to offset deductible losses and tax credits.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rate during the period of anticipated recovery of the relevant assets or liquidation of the related liabilities in accordance with the provisions of the Tax Law.

On the balance sheet date, the book value of deferred income tax assets is reviewed. If it is likely that sufficient taxable income will not be available to offset the interest of deferred income tax assets in the future, the book value of deferred income tax assets is written down. When it is possible to obtain sufficient taxable income, the amount written down shall be reversed.

3.14 Income Tax

Income tax includes current income tax and deferred income tax. Except for the adjusted goodwill resulting from the merger of enterprises, or the deferred income tax related to transactions or events directly included in the owner's rights and interests, it is included in the profits and losses of the current period as income tax expenses.

Current income tax is the amount of income tax payable in the current period calculated according to the amount of taxable income in the current period. The amount of taxable income is derived from the corresponding adjustment of the accounting profit before tax in the current year in accordance with the relevant provisions of the Tax Law.

Based on the temporary difference between the book value of assets and liabilities on the balance sheet date and the tax basis, the company adopts the balance sheet liability method to confirm deferred income tax.

All temporary differences in tax payable recognize the related deferred income tax liabilities unless the temporary differences in tax payable arise in the following transactions:

- A. Initial confirmation of goodwill, or initial confirmation of assets or liabilities arising from transactions with the following characteristics: the transaction is not a merger of enterprises, and the transaction does not affect accounting profits or taxable income at the time of occurrence;
- B. For tax-payable temporary differences related to investments of subsidiaries and joint ventures, the time for the temporary differences to be reversed can be controlled and the temporary differences may not be reversed in the foreseeable future.

For deductible temporary differences, deductible losses and tax credits that can be carried over in subsequent years, the Company recognizes the deferred income tax assets arising therefrom, unless the deductible temporary nature of the assets is possible, subject to the possibility of obtaining future taxable income to offset deductible temporary differences, deductible losses and tax credits. Differences arise in the following transactions:

- A. The transaction is not a merger of enterprises, and it does not affect accounting profits or taxable income at the time of the transaction.
- B. For deductible temporary differences related to investments of subsidiaries and joint ventures, and meeting the following conditions, it is recognized that the corresponding deferred income tax assets are likely to be reversed in the foreseeable future and that taxable income to offset temporary differences is likely to be obtained in the future. This is the case.

On the balance sheet date, the company's deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate during the period of anticipated recovery of the assets or liquidation of the liabilities, and reflect the income tax impact of the anticipated recovery of assets or the manner of liquidation of liabilities on the balance sheet date.

On the balance sheet day, the company reviews the book value of deferred income tax assets. If the amount of taxable income is likely to be insufficient to offset the interest of deferred income tax assets in the future, the book value of deferred income tax assets will be written down. When it is possible to obtain sufficient taxable income, the amount written down shall be reversed.

3.15 Changes of accounting policies and accounting estimates

3.15.1 Changes of accounting policies

There is no accounting policy change.

3.15.2 Change of accounting estimates

There were no changes of accounting estimates during the reporting period.

4 Taxation

Applicable taxes for the Company:

Items	Tax basis	Tax Rate
Corporate income tax	Taxable income	25%
Value-added Tax	Taxable income generated from sales of goods	13%
Urban Maintenance & Construction tax	Turnover tax payments	7%
Education additional fee	Turnover tax payments	3%

Harsha Precision Bearing Components (China) Co., Ltd.
Notes to the financial statements

Local education additional fee	Turnover tax payments	2%
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5. Notes to the financial statements

Unless otherwise noted, the following annotated items refer to December 31, 2023, December 31, 2022. Current period refers to the year 2023, and Previous period refers to the year 2022.

5.1 Monetary fund

Item	2023.12.31	2022.12.31
Cash on hand	15,609.00	12,590.00
Cash in bank	5,123,559.42	2,614,423.75
Other monetary funds	2,300,000.00	1,725,000.00
Total	7,439,168.42	4,352,013.75

Note: As of December 31, 2023, there are no funds with limited use, deposited abroad and potential risk of recovery due to mortgage, pledge or freezing.

5.2 Notes receivable

Item	2023.12.31	2022.12.31
Bank's acceptance bill	2,130,809.28	1,683,614.06
Total	2,130,809.28	1,683,614.06

5.3 Accounts receivable

(1) Disclosure of accounts receivable aging

Aging	2023.12.31		2022.12.31	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	18,289,299.31	100.00	34,479,482.08	99.80
1-2 years				
2-3 years			7,310.00	0.02
over 3 years			62,886.22	0.18
Total	18,289,299.31	100.00	34,549,678.30	100.00

(2) Accounts receivable in the top five of the end-of-period balances collected by the debtor:

The total amount of the top five accounts receivable collected by the debtors during the reporting period was 16,455,411.92 yuan, accounting for 89.97% of the total accounts receivable balance at the end of the period, and the corresponding sum of bad debts reserve

at the end of the period was 0.00 yuan.

Company	Amount	Aging	Proportion of total accounts receivable(%)
Schaeffler (Nanjing) Co., Ltd.	10,478,146.00	Within 1 year	57.29
Timken (Wuxi) Bearing Co., Ltd.	2,448,869.39	Within 1 year	13.39
Yantai Timken Company Limited	1,818,615.50	Within 1 year	9.94
SKF (Xinchang) Bearing and Precision Technology Products Co., Ltd.	958,566.48	Within 1 year	5.24
SKF (Dalian) Bearing and Precision Technology Products Co., Ltd.	751,214.55	Within 1 year	4.11
Total	16,455,411.92		89.97

5.4 Prepayment

Item	2023.12.31		2022.12.31	
	Amount	Percentage (%)	Amount	Percentage (%)
Prepayment	598,603.52	100.00	512,058.48	100.00
Total	598,603.52	100.00	512,058.48	100.00

5.5 Other receivable

Item	2023.12.31		2022.12.31	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other receivable	350,145.41	0.00	29,260.17	0.00
Total	350,145.41	0.00	29,260.17	0.00

5.6 Inventories

Classification of inventories

Items	2023.12.31		
	Book balance	Provision	Book value
Raw Material	1,546,720.08		1,546,720.08
Personal Protective Equipment	20,738.03		20,738.03
Toolings	15,538,130.04		15,538,130.04
Finished Goods	12,839,448.11		12,839,448.11
Steel scrap	7,713.23		7,713.23
Semi-finished goods	6,631,815.06		6,631,815.06
Packaging	226,594.74		226,594.74

Harsha Precision Bearing Components (China) Co., Ltd.
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Items	2023.12.31		
	Book balance	Provision	Book value
Consumables	2,060,558.14		2,060,558.14
Materials in transit	134,968.06		134,968.06
Total	39,006,685.49		39,006,685.49

Items	2022.12.31		
	Book balance	Provision	Book value
Raw Material	13,631,322.00		13,631,322.00
Personal Protective Equipment	16,627.04		16,627.04
Toolings	14,768,038.15		14,768,038.15
Finished Goods	15,484,207.63		15,484,207.63
Steel scrap	90,638.73		90,638.73
Semi-finished goods	7,453,888.11		7,453,888.11
Packaging	151,189.11		151,189.11
Consumables	1,495,887.45		1,495,887.45
Total	53,091,798.22		53,091,798.22

5.7 Other Current Assets

Item	2023.12.31	2022.12.31
Prepaid Expenses	392,044.65	576,882.80
Input value-added tax		1,174,976.75
Total	392,044.65	1,751,859.55

5.8 Fixed assets and accumulated depreciation

Item	2022.12.31	Increase amount of the period	Decrease amount of the period	2023.12.31
I. Original value	120,431,428.34	3,005,661.02	3,424,585.84	120,012,503.52
Building	29,538,628.16			29,538,628.16
Equipment and machinery	74,441,478.52	2,456,158.22	2,772,974.12	74,124,662.62
Electronic appliances	2,551,652.19	34,862.39		2,586,514.58
Tools and Equipments	9,435,928.76	212,389.40	651,611.72	8,996,706.44
Material Handling Equipments	765,604.85	18,440.29		784,045.14
Furniture	481,192.60	253,008.87		734,201.47
Office equipment	1,333,509.13			1,333,509.13
Air conditioners/system	1,048,580.02			1,048,580.02

Harsha Precision Bearing Components (China) Co., Ltd.
Notes to the financial statements

Item	2022.12.31	Increase amount of the period	Decrease amount of the period	2023.12.31
Computer	140,110.00	30,801.85		170,911.85
Server & network	450,773.40			450,773.40
Vehicles	243,970.71			243,970.71
II. Accumulated depreciation	80,310,041.51	3,253,356.54	3,734,200.41	80,790,885.38
Building	3,888,053.09		1,342,830.12	5,230,883.21
Equipment and machinery	64,668,708.15	2,634,325.41	1,333,463.72	63,367,846.46
Electronic appliances	715,092.33		230,771.28	945,863.61
Tools and Equipments	8,398,304.38	619,031.13	258,051.29	8,037,324.54
Material Handling Equipments	329,606.16		89,085.13	418,691.29
Furniture	262,898.17		114,204.20	377,102.37
Office equipment	1,185,147.69		10,551.24	1,195,698.93
Air conditioners/system	438,489.90		193,763.40	632,253.30
Computer	45,421.44		34,164.61	79,586.05
Server & network	192,705.75		85,647.00	278,352.75
Vehicles	185,614.45		41,668.42	227,282.87
III. Allowance for impairment				
Building				
Equipment and machinery				
Electronic appliances				
Tools and Equipments				
Material Handling Equipments				
Furniture				
Office equipment				
Air conditioners/system				
Computer				
Server & network				
Vehicles				
IV. Net value	40,121,386.83			39,221,618.14
Building	25,650,575.07			24,307,744.95
Equipment and machinery	9,772,770.37			10,756,816.16
Electronic appliances	1,836,559.86			1,640,650.97
Tools and Equipments	1,037,624.38			959,381.90

Harsha Precision Bearing Components (China) Co., Ltd.
Notes to the financial statements

Item	2022.12.31	Increase amount of the period	Decrease amount of the period	2023.12.31
Material Handling Equipments	435,998.69			365,353.85
Furniture	218,294.43			357,099.10
Office equipment	148,361.44			137,810.20
Air conditioners/system	610,090.12			416,326.72
Computer	94,688.56			91,325.80
Server & network	258,067.65			172,420.65
Vehicles	58,356.26			16,687.84

5.9 Construction in progress

Items	2023.12.31	2022.12.31
Equipment under construction	674,316.81	2,354,528.88
Total	674,316.81	2,354,528.88

5.10 Intangible assets

Item	2022.12.31	Increase amount of the period	Decrease amount of the period	2023.12.31
I. Original value	7,496,223.78			7,496,223.78
Software	1,867,859.40			1,867,859.40
Land use right	5,628,364.38			5,628,364.38
II. Accumulated amortization	1,723,736.33	333,247.90	333,247.90	2,056,984.23
Software	1,170,280.41	220,680.58	220,680.58	1,390,960.99
Land use right	553,455.92	112,567.32	112,567.32	666,023.24
III. Net value	5,772,487.45			5,439,239.55
Software	697,578.99			476,898.41
Land use right	5,074,908.46			4,962,341.14

5.11 Long-term unamortized expenses

Item	2022.12.31	Increase amount of the period	Amortization of the period	2023.12.31
Changshu new project	2,075,181.93		1,193,513.28	881,668.65
Improvement expenditure of fixed assets	106,365.85	483,772.98	96,042.24	494,096.59
Total	2,181,547.78	483,772.98	1,289,555.52	1,375,765.24

5.12 Deferred tax assets

Harsha Precision Bearing Components (China) Co., Ltd.
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Item	2023.12.31		2022.12.31	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets	11,150,937.48	2,787,734.37	5,273,028.36	1,318,257.09
Total	11,150,937.48	2,787,734.37	5,273,028.36	1,318,257.09

5.13 Short term loan

Items	2023.12.31	2022.12.31
State Bank of India Shanghai Branch		10,992,112.17
Citibank N.A.Shanghai Branch	2,650,549.18	4,352,715.43
Bank of Ningbo Stock Co., Ltd. Suzhou Branch	4,972,087.15	1,948,772.83
Total	7,622,636.33	17,293,600.43

Detailed information of short-term loan balance:

Bank	Loan amount (in RMB)	Loan term	Interest rate
Citibank N.A.Shanghai Branch	967,324.91	November 17, 2023 to February 18, 2024	5.35%
Citibank N.A.Shanghai Branch	1,683,224.27	December 27, 2023 to March 27, 2024	5.35%
Bank of Ningbo Stock Co., Ltd. Suzhou Branch	2,595,421.35	January 12, 2023, 2023 to January 12, 2024	4.35%
Bank of Ningbo Stock Co., Ltd. Suzhou Branch	1,798,353.30	February 16, 2023, 2023 to February 16, 2024	4.35%
Bank of Ningbo Stock Co., Ltd. Suzhou Branch	578,312.50	March 27, 2023, 2023 to March 27, 2024	4.35%
Total	7,622,636.33		

According to the Loan Agreement signed with State Bank of India Shanghai Branch, the company use the following real estate, fixed assets and inventory as security.

a. Real estate: the parcel area is 29,615.00 square meters and the building area is 9338.26 square meters, the real estate number is Su (2022) Changshu Real Estate No. 8108318;

- b. 217 sets of 194 items of machinery and equipment;
- c. All existing and future raw materials, inventories under processing, inventories, receivables and other current assets, and fixed assets, buildings and machinery and equipment obtained from the project.

According to the Loan Agreement signed with Citibank N.A.Shanghai Branch, Harsha Engineers International Limited is the guarantee.

The loan with Bank of Ningbo Stock Co., Ltd. Suzhou Branch is credit loan.

5.14 Accounts payable

(1) Disclosure of accounts payable

Items	2023.12.31	2022.12.31
Accounts payable	21,993,437.54	32,583,291.60
Total	21,993,437.54	32,583,291.60

(2) Significant accounts payable

Company name	Ending balance	Proportion of total accounts payable(%)
Harsha Engineers International Limited	17,181,682.58	78.12
Wanshunchang High-tech Materials (Kunshan) Co., Ltd.	1,065,185.55	4.84
Jiangxi Huanchang Human Resources Co., Ltd	339,411.00	1.54
Changshu Bixi New District Dongzhang Dongwu Machinery Equipment Factory	298,362.00	1.36
Changzhou Pufa Machinery Co., Ltd	215,068.70	0.98
Total	19,099,709.83	86.84

5.15 Employee compensation payable

Items	2023.12.31	2022.12.31
Salary payable	781,631.24	589,753.77
Accrued salary and Annual bonus	357,508.02	423,750.00
Labor union budget		41,914.94
Total	1,139,139.26	1,055,418.71

5.16 Taxes and surcharges payable

Harsha Precision Bearing Components (China) Co., Ltd.
Notes to the financial statements

Items	2023.12.31	2022.12.31
Value added tax	145,211.59	956,266.31
Individual income tax	25,030.83	35,141.63
Local surcharges	33,270.44	84,484.31
Total	203,512.86	1,075,892.25

5.17 Other payable

Items	2023.12.31	2022.12.31
Interest payable	741,475.01	591,953.63
Other payable	8,328.90	31,747.37
Total	749,803.91	623,701.00

5.18 Non-current liabilities within one year

Items	2023.12.31	2022.12.31
Harsha Engineers International Limited		6,964,391.06
Total		6,964,391.06

5.19 Other current liabilities

Items	2023.12.31	2022.12.31
Accrued expenses	1,927,597.23	2,849,106.06
Total	1,927,597.23	2,849,106.06

5.20 Long term loan

Items	2023.12.31	2022.12.31
Harsha Engineers International Limited	17,139,709.04	9,889,523.06
State Bank of India Shanghai Branch	8,333,680.19	11,783,680.19
Total	25,473,389.23	21,673,203.25

Detailed information of long term loan balance:

Bank	Original currency (USD)	Equivalent to RMB	Loan term	Interest rate
Harsha Engineers International Limited	1,000,000.00	7,082,700.00	January 5, 2017 to January 4, 2026	5.44%
Harsha Engineers International Limited	700,000.00	4,957,890.00	November 8, 2017 to April 18, 2025	5.44%

Harsha Precision Bearing Components (China) Co., Ltd.
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Harsha Engineers International Limited	719,940.00	5,099,119.04	March 5, 2023 to March 3, 2028	5.44%
State Bank of India Shanghai Branch		8,333,680.19	November 25, 2019 to February 27, 2026	1-year LPR rose 1.65%
Total		25,473,389.23		

According to the Loan Agreement signed with State Bank of India Shanghai Branch, the company use the following real estate, fixed assets and inventory as security.

- a. Real estate: the parcel area is 29,615.00 square meters and the building area is 9338.26 square meters, the real estate number is Su (2021) Changshu Real Estate No. 8108318;
- b. 217 sets of 194 items of machinery and equipment;
- c. All existing and future raw materials, inventories under processing, inventories, receivables and other current assets, and fixed assets, buildings and machinery and equipment obtained from the project.

5.21 Paid-in capital

Shareholder	2022.12.31	Increase	Decrease	2023.12.31
Harsha Engineers International Limited	154,871,409.16			154,871,409.16
Total	154,871,409.16			154,871,409.16

5.22 Capital reserve

Items	2022.12.31	Increase	Decrease	2023.12.31
Debt exemption	885,929.00			885,929.00
Total	885,929.00			885,929.00

5.23 Retained profit or loss

Items	2023.12.31	Withdrawn percentage
Undistributed profit at the end of last period before adjustment	-92,157,451.96	
Adjustment (increase +, decrease -)		
Undistributed profit at the end of last period after adjustment	-92,157,451.96	

Harsha Precision Bearing Components (China) Co., Ltd.
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Add: net profit attributable to the owner of the parent company in the current period	-5,003,972.37	
Less: Statutory surplus reserve		
Free surplus reserve		
Drawing general risk reserve		
Dividends payable		
Transferred to capital of the common stock dividend		
Closing balance	-97,161,424.33	

5.24 Operating revenue & Operating cost

(1) Details of sales and cost

Item	Current period		Previous period	
	Sales	Cost	Sales	Cost
Main business	78,970,923.67	72,404,646.06	95,782,016.49	83,564,045.15
Other business	4,325,753.36	3,955,024.63	5,797,495.50	5,516,841.83
Total	83,296,677.03	76,359,670.69	101,579,511.99	89,080,886.98

5.25 Taxes and surcharges

Items	Current period	Previous period
Taxes and surcharges	949,244.94	950,968.03
Total	949,244.94	950,968.03

5.26 Sales expenses

Items	Current period	Previous period
Total Sales Expenses	2,632,561.59	2,457,194.44

The main items of Sales Expenses include:

Items	Current period	Previous period
Freight	899,582.06	1,243,025.04
Salary and social insurance	1,322,020.51	1,142,079.33
Subtotal	2,221,602.57	2,385,104.37

5.27 General and administrative expenses

Harsha Precision Bearing Components (China) Co., Ltd.
Notes to the financial statements

Items	Current period	Previous period
Total General and Administrative Expenses	6,993,116.13	6,935,565.28

The main items of General and Administrative Expenses include:

Items	Current period	Previous period
Salary and social insurance	2,661,490.55	2,562,074.00
Amortization of Long term assets	1,116,975.48	1,117,875.60
Depreciation	808,544.71	816,680.82
Amortization of intangible assets	220,680.58	230,675.46
Subtotal	4,807,691.32	4,727,305.88

5.28 Financial expenses

Items	Current period	Previous period
Financial expenses	2,483,838.44	3,673,097.46
Total	2,483,838.44	3,673,097.46

The items of Financial expenses include:

Items	Current period	Previous period
Interest expense	2,216,087.90	2,576,490.22
Less:Interest income	168,491.88	9,638.12
Foreign exchange gain & loss	376,249.95	1,037,705.99
Bank charge	18,537.29	22,468.77
Guarantee charge	41,455.18	46,070.60
Total	2,483,838.44	3,673,097.46

5.29 Non-operating income

Items	Current period	Previous period
Non-operating income	85,013.41	99,012.39
Total	85,013.41	99,012.39

The items of General and administrative expenses include:

Items	Current period	Previous period
Government subsidy	57,757.00	56,176.00
Others	27,256.41	42,836.39
Total	85,013.41	99,012.39

5.30 Non-operating expenses

Items	Current period	Previous period
Non-operating expenses	327,549.49	253,174.43
Total	327,549.49	253,174.43

The items of non-operating expenses include:

Items	Current period	Previous period
Penalty costs	150,212.69	253,174.43
Fixed asset scrapping expenses	177,336.80	
Total	327,549.49	253,174.43

5.31 Income tax

Items	Current period	Previous period
Deferred Income Tax Expense	-1,469,477.28	80,098.10
Total	-1,469,477.28	80,098.10

6 Related parties and the transactions

6.1 Parent company

Name of parent company	place of registration	share of parent company in the company %	voting right of parent company in the company %
Harsha Engineers International Limited	India	100.00	100.00

6.2 Related transactions for sales, purchasing goods and guarantee charge

Name of Related Party	Content of Related Party Transaction	Current period	Previous period
Harsha Engineers International Limited	Sales	202,917.51	
Harsha Engineers International Limited	Purchasing goods	15,495,377.85	18,556,983.73
Harsha Engineers International Limited	Guarantee charge	41,455.18	46,070.60

6.3 Relevant party's receivable and payable

Item	Related Party Name	2023.12.31	
		Original currency(USD)	Equivalent to RMB
Accounts receivable	Harsha Engineers International Limited	28,649.74	202,917.51
Other receivable	Harsha Engineers International Limited	48,212.36	341,473.69
Accounts payable	Harsha Engineers International Limited	2,425,866.21	17,181,682.58
Long term loan	Harsha Engineers International Limited	2,419,940.00	17,139,709.04
Interest payable	Harsha Engineers International Limited	100,561.95	712,250.12

Item	Related Party Name	2022.12.31	
		Original currency(USD)	Equivalent to RMB
Accounts receivable	Harsha Engineers International Limited		
Other receivable	Harsha Engineers International Limited		
Accounts payable	Harsha Engineers International Limited	2,501,687.71	17,423,254.20
Long term loan	Harsha Engineers International Limited	1,419,970.00	9,889,523.06
Interest payable	Harsha Engineers International Limited	999,970.00	6,964,391.06

7 Commitments and contingencies

As of December 31, 2023, the Company does not need to disclose any major undertakings or contingencies that have not been disclosed.

8 Events after the balance sheet date

As of the audit report date, the company does not need to disclose matters after the balance sheet date.

9 Other important matters

As of December 31, 2023, the company have no other important matters which is required to be disclosed.

Harsha Precision Bearing Components (China) Co., Ltd.

January 31, 2024



营业执照

统一社会信用代码 91310113586752049H

证照编号 13000000201510230412

名称 上海茂恒会计师事务所（普通合伙）

类型 普通合伙企业

主要经营场所 上海市宝山区牡丹江路 1325 号 4420-N 室

执行事务合伙人 丁志军

成立日期 2011 年 11 月 21 日

合伙期限 2011 年 11 月 21 日至 2031 年 11 月 20 日

经营范围 审查企业会计报表、出具审计报告；验证企业资本、出具验资报告；办理企业合并、分立、清算事宜中的审计业务、出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询；管理咨询；会计培训；法律、法规规定的其他业务。
【依法须经批准的项目，经相关部门批准后方可开展经营活动】



登记机关

2015 年 10 月 23 日

