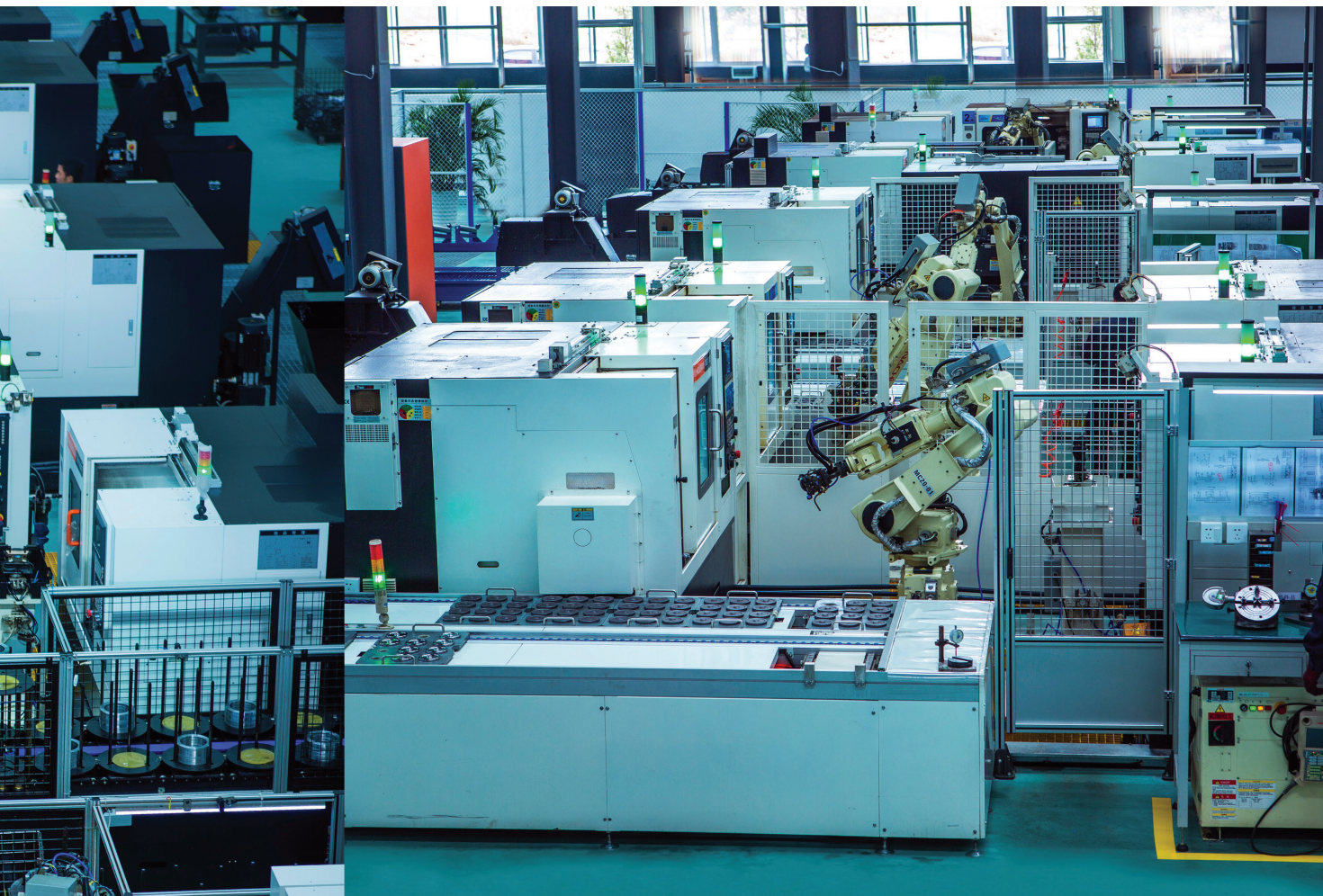


The Bearing Manufacturer

-Ready for Industry 4.0-



XCC Group is the sixth largest bearing manufacturer in China, with sales revenue of 398 million USD in 2019. XCC Group began its journey of manufacturing automotive bearings and related components. As of today, the company is producing over 2,500 different types of bearings and has become one of the leading advanced manufacturers in China.

Thanks to the continuous investments in automation research and development, the company currently has 16 factories worldwide producing high precision bearings for agriculture, automotive, robotic, motor, and elevator related bearings. XCC is a company with advanced technology that is committed to the growth in research and development in every aspect of the production and aims to become one of the World's leading bearing manufacturers.



We tried to unveil the story behind this success story during an interview with Mr. Zhang Feng, CEO of the XCC Group.

Can you tell us more about the history and evolution of XCC Group?

I resigned from politics in 1998 and started a small bearing company. After decades of continuous development and growth, we acquired Zhejiang Xinchun Bearing Co., LTD which, set up in 1989, was one of the oldest bearing manufacturers in China. From then on, we created a complete industrial chain and streamlined the production of bearings. Now our group has been a reliable supplier of bearing rings to the world's largest bearing manufacturers such as SKF, Schaeffler, NSK etc. At the same time, our finished bearings are supplied to world-class OEM customers and are exported to the United States, Europe, Brazil, South Korea etc. In 2012, we completed our group's shareholder reformation and renamed ourselves as Zhejiang XCC Group Co., LTD. We then launched its IPO at the

Shanghai Stock Exchange in October 2016 under the stock code 603667. The launch of the IPO brought in an influx of capital which allowed our group to expand rapidly.

What are the types and scopes of bearings you produce?

We have five end-product bearing factories worldwide, each producing deep groove ball bearings, angular contact ball bearings, pillow block ball bearings, tapered roller bearings, cylindrical roller

bearings, spherical roller bearings, and CVJ roller ASSY bearings, both standard and non-standard. The production sizes range from ID 10 mm to OD 300 mm.

What industries and fields do you serve?

We are dedicated to provide the customized, green, intelligent, lightweight and maintenance-free products for our customers. They are widely used in automobile, elevator, alternator, agricultural machinery, construction machinery,

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Our investments on digital and intelligent production equipment upgrades had exceeded 40 million USD.

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Zhang Feng,
CEO at XCC Group





wind turbine, machine tools, industrial robots, and many other industries.

In which fields are your current R&D investments?

We possess a national level bearing Research and Development center. Our R&D areas include special raw materials, advanced processing technology and bearing performance research. Currently, we have completed the following projects: high-nitrogen bearing steel forgings, heat treatment with grinding processes, cold forming processing equipment and technology, third-generation hub bearing forging, turning and induction heat treatment technology, high-speed and long-life sealed bearing for electric vehicles, prolonging fatigue life of bearings by carbonitriding technology, and machining roller's special profile of working surface for wind turbine rolling bearing.

Which production processes are automated? How does this reflect in your overall production capacity?

Following our IPO in October 2016, the investments on digital and intelligent

production equipment upgrades had exceeded \$40 million. We have created a vertically integrated bearing production chain which consists of tubing, forging, turning, heat treating, grinding, and assembly. We accomplished real digital production systems consisting of automatic production, automatic detection, and on-line error prevention. We are actively upgrading to intelligent production management system. During the first half of this year, the production management MES project was completed to realize real-time monitoring of production data and quality data, as well as traceability of the entire manufacturing process of materials; which improved production efficiency and ensured the stability and reliability of the quality of our products.

To which countries are you mainly exporting? Do you have any overseas branches?

46% of our products are exported to more than 20 major countries. In order to provide better timely service to local customers, we have set up branches in the United States, Germany, Japan, Brazil and Singapore.

How large is your market within China?

China is the world's fastest growing market for bearings. According to the statistics of China Bearing Association, the annual demand for bearings in China is approximately more than 26 billion USD. XCC group's sales volume was 393 million USD in 2019. Because our sales to the Chinese market and our sales to the overseas market are relatively balanced at 50% each of our total sales, we regard the Chinese market as equally important as the overseas market. We focus on providing high-quality products and timely services to our worldwide customers. XCC group ranks No. 6 in China's bearing industry. We are the largest bearing ring production company in China, and we provide bearing rings to the top 7 largest brands bearing manufacturers worldwide. At present, we focus on the development and production of various applications of finished bearings.

What separates you from competing companies on the market?

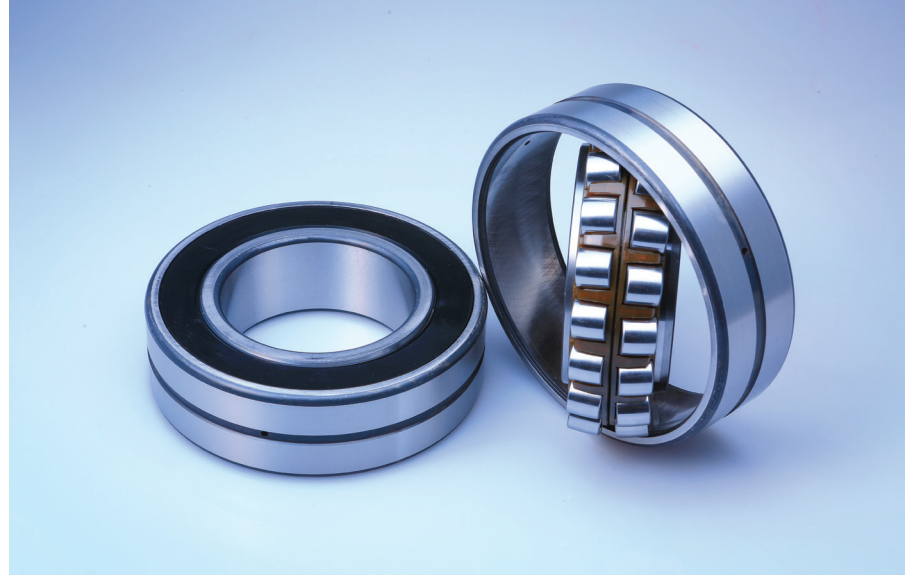
Compared with other companies in the bearings industry, we have the following advantages:

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46% of our products are exported to more than 20 countries.

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- 1) We created a vertically integrated bearing production chain that combines forging, turning, heat treatment, grinding and assembly. Thanks to our world class manufacturing technology from raw material to heat treatment, we can provide the best process plan according to our customers' application requirements, which enables us to meet our standards of longer life and higher reliability.
- 2) We focus on providing customers with customized solutions. According to the customer's application characteristics, our R&D engineers will use Romax and other software for simulation analysis to find the best design scheme. All samples must be tested by XCC's R&D Center before they are submitted to the customer. We always provide the customers with the optimal design scheme to meet their unique working conditions.
- 3) The integrated production chain enables



us to respond quickly to our customers' requirements. Our application engineer can answer their questions within the same day and arrive at the customer's work site

within 24 hours; Essentially, from product design, mold development, sample production, to mass production, our new products can be completed within 90 days.





- XCC's full automated production lineEO



What level of quality can your products achieve?

Our group is committed to provide world-class OEM customers with high quality bearing products and services. Five years ago, we started supplying bearings to the world's top OEM customers in the automobile, elevator, agricultural machinery, engineering machinery industries. Because most of our customers are the world's leading manufacturers of high-quality bearings, we have great confidence that we will provide world leading quality service. Because we are a world leader in bearing ring technology, our quality and stability of the finished bearings are also trusted and approved by our OEM customers.

How do you see the current economic conjuncture and the impact of it on the bearing industry?

Every crisis is also a chance for industry reshuffle. Following the COVID-19 pan-

demic, our enterprise resumed production very quickly and ensured our OEM customers that their orders would be on time, which reflects our overall strength to cope with the change of supply chain and logistics, thus winning the trust of our customers. I believe that through this crisis, our customers will seek increased cooperation with competent companies, such as ourselves, and we will acquire additional opportunities for development.

What are your plans for 2021?

The economic impact of the COVID-19 pandemic in early 2020 was felt throughout the world. Unfortunately, this crisis is continuing in many parts of the world including North America, Europe and Asia with many companies still unable to resume normal work schedules. Our group is confident in our future growth and project development. We have 28 automobile bearing projects in progress and 3 wind turbine projects entering mass production.

Moreover, we will continue to make new investment on production capacity and R&D for the automobile, wind turbine and other major markets in 2021 and beyond.

How do you see the future of bearing industry?

With many years of investment in high-quality production equipment, management level improvements and continued R&D innovations, we will continue to be a market leader throughout China's bearing industry and the world. We will continue to be partners with our customers to be more involved in the design and development stage and to share our vast knowledge. With our great overall manufacturing capability, our production of high quality customized products, and our ability to rapidly respond to changing environments, we will continue to be a market leader.