Wafangdian Bearing Co., LTD

2026 Midyear Report

2026-27

August 2026

Chapter I. Important notes, contents and definitions

The board of directors, the directors and senior managers of the company shall guarantee that the contents of the semi-annual report are true, accurate and complete without any false records, misleading statements or major omissions, and shall bear individual and joint legal liabilities.

Wang Jiyuan, the person in charge of the company, Sun Najuan, the person in charge of the accounting work, and Xuan Songtao, the person in charge of the accounting organization (the person in charge of the accounting) declare that they guarantee the truthfulness, accuracy and completeness of the financial report in the semi-annual report.

All directors have attended the meeting of the board of directors to review the semi-annual report.

In the third section of this report, "Management Discussion and Analysis", under "X. Risks Faced by the Company and Countermeasures", the company has detailedly described the possible risks in its operations and the countermeasures. Investors are kindly requested to pay attention to the relevant content.

The company does not plan to distribute cash dividends, do not send bonus shares, do not increase capital stock with accumulation fund.

Catalogue

File directory for future reference

(1) The 2026 half-year financial statement of the Company containing the signature and seal of the legal representative, the person in charge of accounting and the person in charge of accounting;

(2) the semi-annual report containing the signature of the legal representative of the company;

(3) Originals of all documents of the company publicly disclosed in newspapers designated by the CSRC during the reporting period and manuscripts of announcements.

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 1,2026–June 30,2026
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 Shareholders' Meeting	Defined as	Wafangdian Bearing Company Limited The Shareholders' Meeting
SZSE	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	Wang Jiyuan		

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	0411-62198008	0411-62198236
Fax	0411-62198333	0411-62198333
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 2025 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 2025 annual report.

3. Other relevant information

Whether other relevant information has changed during the reporting period

□ Applicable ☑ Inapplicable

IV. Main accounting data and financial indicators

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

☐ Yes ☑ No

	This reporting period	the same period of last year		This report period is an increase or decrease over the same period last year
Operating income (yuan)	1,184,970,752.18	1,330,615,217.48	-10.95%	1,184,970,752.18
Net profit attributable to shareholders of the listed company (yuan)	7,324,544.44	-20,930,911.54	134.99%	7,324,544.44

Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (yuan)	-8,225,520.72	-31,677,626.31	74.03%	-8,225,520.72
Net cash flows from operating activities (yuan)	44,857,385.39	239,656,451.73	-81.28%	44,857,385.39
Basic earnings per share (yuan/share)	0.0182	-0.0520	135.00%	0.0182
Diluted earnings per share (yuan/share)	0.0182	-0.0520	135.00%	0.0182
Weighted average return on net assets	3.60%	-8.35%	11.95%	3.60%
	End of the reporting period	End of the previous year		The increase or decrease at the end of this reporting period compared with the end of the previous year
Total assets (yuan)	2,812,706,446.27	2,787,274,723.39	0.91%	2,812,706,446.27
Net assets attributable to shareholders of the listed company (yuan)	208,292,211.07	199,023,958.34	4.66%	208,292,211.07

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

item	Amount	Remarks
Gain or loss on disposal of illiquid assets (including the write-off of the asset impairment provision)	107,376.24	
Government subsidies included in the profit and loss of the current period (except government subsidies that are closely related to the normal operation of the company, comply with national policies and regulations, enjoy in accordance with determined standards, and have a continuous impact on the profit and loss of the company)	2,848,445.24	
In addition to the effective hedging business related to the normal operation of the company, the profit or loss of fair value changes arising from the holding of financial assets and financial liabilities by non-financial enterprises and the loss or gain arising from the disposal of financial assets and financial liabilities	-46,225.55	
Gains and losses on debt restructuring	11,092,523.93	
Other non-operating income and expenditure other than those mentioned above	1,547,945.	

	30	
total	15,550,065.16	

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

☐ Applicable ☑ Not applicable

The Company has no other specific circumstances that meet the definition of non-recurring profit or loss.

The company does not have other specific circumstances of profit and loss items that meet the definition of non-recurring profit and loss.

The non-recurring profit and loss items listed in Explanatory Announcement No. 1 -- Non-Recurring Profit and Loss of Companies with Publicly Issued Securities are defined as recurring profit and loss items

□ Applicable ☑ Not applicable

The company does not define the non-recurring profit and loss items listed in Explanatory Announcement No. 1 -- Non-Recurring Profit and Loss as recurring profit and loss items.

Chapter III Management Discussion and analysis

I. Major business of the Company during the reporting period

The business scope of our company includes: permitted projects: inspection and testing services, import and export of goods, import and export of technology (projects that must be approved by law can only be carried out after approval by relevant departments, and the specific business items are subject to the approval results). General projects: Bearing manufacturing, manufacturing of bearings, gears and transmission components, sales of high-speed precision heavy-duty bearings, sales of bearings, gears and transmission components, bearing sales, general equipment manufacturing (excluding special equipment manufacturing), manufacturing of high-speed rail equipment and accessories, mechanical equipment sales, sales of special equipment, key systems and components for rail transit, lubricating oil sales, sales of high-speed rail equipment and accessories Sales of wind turbine generators and their components, sales of mechanical parts and components, manufacturing of railway locomotive and vehicle parts, sales of railway locomotive and vehicle parts, manufacturing of auto parts and accessories, wholesale of auto parts, retail of auto parts, repair of metal products, sales of metal materials, sales of metal products, metal surface treatment and heat treatment processing, quenching processing Mechanical parts and components processing, land use right leasing, housing leasing, non-residential real estate leasing, mechanical equipment leasing, computer and communication equipment leasing, transportation equipment leasing services, office equipment leasing services, warehousing equipment leasing services, special equipment leasing, labor services (excluding labor dispatch) Technical services, technical development, technical consultation, technical exchange, technical transfer, and technical promotion (except for projects that require approval in accordance with the law, business activities are carried out independently based on the business license in accordance with the law)

The company has strong production and manufacturing capabilities as well as quality assurance capabilities, and provides extensive services to various industries and fields such as railways, metallurgy, and mining.

II. core competitiveness analysis

The Company boasts a comprehensive product and service system and round-the-clock dynamic on-site service capacity for product operation scenarios. It has won wide recognition from customers thanks to its well-received "Ten Value-Added Services". Equipped with robust manufacturing and quality assurance capabilities, the Company provides extensive products and services covering various industries and sectors including railway, metallurgy and mining. The Company has established strategic cooperation partnerships with key clients in China’s domestic equipment application sectors. By participating in customers’ value engineering projects to conduct in-depth marketing, it has firmly built up its brand image and market influence in China’s bearing industry.

III. Analysis of main business

An overview of the

Please refer to the relevant content of "I. Main Business Engaged in by the Company during the Reporting Period".

Major financial data year-on-year changes

In RMB Yuan

	the current reporting period	Same period last year	(+/-）Compared with the same period last year	Cause of change
Operating income	1,184,970,752.18	1,330,615,217.48	-10.95%	
Operating costs	1,011,570,681.96	1,150,818,592.31	-12.10%	
Sales expenses	67,420,532.56	68,478,445.36	-1.54%	
Administrative expenses	61,463,749.71	66,239,142.71	-7.21%	
Financial expenses	8,013,671.18	6,823,106.07	17.45%	
Research and development investment	40,530,503.54	65,781,912.27	-38.39%	The main reason is a decrease in the investment in research and development materials.

Net cash flows from operating activities	44,857,385.39	239,656,451.73	-81.28%	The main reason is a year-on-year decline in operating inflows.
Net cash flows from investing activities	997,578.31	1,675,027.67	-40.44%	The main reason is a year-on-year decrease in cash inflows from investment activities.
Net cash flows from financing activities	1,395,282.05	-330,970,961.67	100.42%	The main reason is a year-on-year decrease in cash outflows from financing activities.
Net increase in cash and cash equivalents	47,244,551.76	-89,254,902.62	152.93%	The main reason is a significant year-on-year increase in the net cash flow generated from financing activities.

The composition or source of profit of the company during the reporting period has undergone major changes

□ Applicable ☑ Not applicable

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

Composition of operating revenue

In RMB Yuan

	the current reporting period		Same period last year		(+/-）Compared with the same period last year
	Amount	Proportion of operating income	Amount	Proportion of operating income	
Total operating Revenue	1,184,970,752.18	100%	1,330,615,217.48	100%	-10.95%
Industry-classified					
exit	13,337,105.05	1.13%	34,048,195.13	2.56%	-60.83%
Traffic bearing	199,344,967.80	16.82%	241,794,048.99	18.17%	-17.56%
Special bearing	443,003,278.07	37.39%	507,244,225.22	38.12%	-12.66%
Universal bearing	471,279,946.17	39.77%	474,756,237.71	35.68%	-0.73%
Industrial work and semi-finished products	26,652,110.27	2.25%	39,682,188.41	2.98%	-32.84%
Other business	31,353,344.82	2.65%	33,090,322.02	2.49%	-5.25%
Products-classified					
bearing	1,126,965,297.09	95.10%	1,257,842,707.05	94.53%	-10.40%
Industrial work and semi-finished products	26,652,110.27	2.25%	39,682,188.41	2.98%	-32.84%
Other business	31,353,344.82	2.65%	33,090,322.02	2.49%	-5.25%
Region-classified					
home	1,171,633,647.13	98.87%	1,296,567,022.35	97.44%	-9.64%
abroad	13,337,105.05	1.13%	34,048,195.13	2.56%	-60.83%

The industry, product or region that accounts for more than 10% of the company's operating revenue or profit

☑ Applicable □ Not applicable

In RMB Yuan

	Operating income	Operating cost	Gross profit margin	Operating income compared with the same period last year	Operating costs increased or decreased compared to the same period of the previous year	Gross profit margin increased or decreased compared to the same period of the previous year
Industry-classified						
exit	13,337,105.05	9,336,615.10	30.00%	-60.83%	-67.68%	14.85%

Among them: traffic bearings	199,344,967.80	178,620,681.71	10.40%	-17.56%	-17.04%	-0.56%
Special bearing	443,003,278.07	368,118,191.77	16.90%	-12.66%	-14.14%	1.42%
Universal bearing	471,279,946.17	425,884,071.20	9.63%	-0.73%	-1.76%	0.95%
Industrial work and semi-finished products	26,652,110.27	13,069,783.04	50.96%	-32.84%	-47.36%	13.53%
Other business	31,353,344.82	16,541,339.14	47.24%	-5.25%	-15.28%	6.25%
Points products						
bearing	1,126,965,297.09	981,959,559.78	12.87%	-10.40%	-11.25%	0.84%
Industrial work and semi-finished products	26,652,110.27	13,069,783.04	50.96%	-32.84%	-47.36%	13.53%
Other business	31,353,344.82	16,541,339.14	47.24%	-5.25%	-15.28%	6.25%
Classification by region						
domestic	1,171,633,647.13	1,002,234,066.86	14.46%	-9.64%	-10.67%	0.99%
foreign	13,337,105.05	9,336,615.10	30.00%	-60.83%	-67.68%	14.85%

In case of any adjustment of the statistical caliber of the company's main business data during the reporting period, the company's main business data in the latest period shall be adjusted according to the caliber of the end of the reporting period

□ Applicable ☑ Not applicable

IV. Analysis of non-main business

□ Applicable ☑ Not applicable

V. Analysis of assets and liabilities

1. Major changes in asset composition

In RMB Yuan

	the current reporting period		Same period last year		The proportion of increase and decrease	Note on Major Changes
	Amount	Proportion of operating income	Amount	Proportion of operating income		
Monetary funds	111,531,042.25	3.97%	65,287,519.84	2.34%	1.63%	
Accounts receivable	927,360,217.84	32.97%	872,114,645.31	31.29%	1.68%	
Contract assets	5,258,761.24	0.19%	5,258,761.24	0.19%	0.00%	
Inventory	551,851,868.43	19.62%	636,325,993.85	22.83%	-3.21%	
Investment property	71,142,558.97	2.53%	73,919,295.42	2.65%	-0.12%	
Long-term equity investment			0.00		0.00%	
Fixed assets	382,146,917.75	13.59%	406,111,493.56	14.57%	-0.98%	
Construction in progress	7,268,202.66	0.26%	10,513,430.99	0.38%	-0.12%	
Right-of-use assets		0.00%			0.00%	
Short-term borrowing		0.00%	82,053,118.00	2.94%	-2.94%	
Contract liabilities	36,573,801.46	1.30%	31,776,246.33	1.14%	0.16%	
Long-term loan		0.00%		0.00%	0.00%	
Lease liability		0.00%			0.00%	

2. Main overseas assets

☐ Applicable ☑ Inapplicable

3. 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	Other changes	item
Financial assets								
1. Trading financial assets (excluding derivative financial assets)	246,536.22	-46,225.55	366,722.63					200,310.67
4. Other equity instrument investments	8,705,393.14							8,705,393.14
Total financial assets	8,951,929.36	-46,225.55	366,722.63	0.00	0.00	0.00	0.00	8,905,703.81
The above total	8,951,929.36	-46,225.55	366,722.63	0.00	0.00	0.00	0.00	8,905,703.81
financial liabilities	0.00							0.00

Other changes

none

Whether the measurement attributes of the company's main assets have changed significantly during the reporting period

□ Yes ☑ No

4. Limitation of asset rights at the end of the report period

Project	terminal				The end of last year			
	book balance	book value	Restricted type	"Restricted situation	book balance	book value	Restrictive types	Limited circumstances
Monetary funds	672,447.89	672,447.89	Other monetary funds / bank deposits	Margin/SDN sanctions freeze or litigation involved	1,642,200.30	1,642,200.30	Other monetary funds / bank deposits	Margin/SDN sanctions freeze or litigation involved
Accounts Receivable Bills	439,887,711.54	439,887,711.54	See Section 6, (3)	Expired endorsement	405,338,560.48	405,338,560.48	See Section 6, (3)	Expired endorsement
Accounts Receivable	59,027,915.58	59,027,915.58	Supply chain bills	Expired endorsement	59,547,219.71	59,547,219.71	Supply chain bills	Expired endorsement
In total	499,588,075.01	499,588.075.01			466,527,980.49	466,527,980.49		

VI. Analysis of investment status

1. The general situation

☐ Applicable ☑ Inapplicable

2. Significant equity investment acquired during the reporting period

☐ Applicable ☑ Inapplicable

3. Significant ongoing non-equity investments during the reporting period

☐ Applicable ☑ Inapplicable

4. Investment in financial assets

(1) Securities investment

In RMB Yuan

Varieties of securiti	Stock code	The securities	Initial investment	Accounting measu	Opening book	Change in fair	Changes in the	Current purcha	Current sale amoun	Reporting period	Ending book value	Accounting subject	Sources of fundin

es		referred to as"	cost	rement model	value	value for the current period	cumulative fair value of equity	se amount	t	profit and loss			g
Domestic and foreign stocks	601005	Chongqing iron and steel	567,033.30	Fair value measurement	246,536.22	-46,225.55	-366,722.63	0.00	0.00	0.00	200,310.67	Transactional financial assets	debt-for-equity
Total			567,033.30	--	246,536.22	-46,225.55	-366,722.63	0.00	0.00	0.00	200,310.67	--	--

(2) Derivative investment

☐ Applicable ☑ Inapplicable

There were no derivatives investments during the reporting period.

5. Use of raised funds

□ Applicable ☑ Not applicable

There is no use of raised funds during the reporting period.

VII Sale of major assets and shares

1. Sale of major assets

☐ Applicable ☑ Inapplicable

No significant assets were sold during the reporting period.

2. Sale of major equity

☐ Applicable ☑ Inapplicable

VII.Analysis of major holding companies

☑ Applicable ☐ Inapplicable

During the reporting period, the company has no important information about the holding and shareholding company that should be disclosed.

The main subsidiaries and the shareholding companies that have more than 10% impact on the company's net profit

In RMB Yuan

The name of the company	The company type	The main business	The registered capital	Total assets	Net worth	Operating income	Operating profit	Net profit
Wazhou liaoyang bearing manufacturing co., LTD	subsidiary	Production and sales of bearings and mechanical manufacturing	19,350,000.00	225,685,626.23	-67,682,038.88	54,795,394.31	3,025,151.14	3,177,391.27
Dalian wazhou precision motor car bearing co., LTD	subsidiary	Production and sales of bearings	10,000,000.00	118,770,162.25	-86,317,785.16	39,546,789.74	-343,247.82	-340,682.48
Wazhou precision spherical roller bearings (wafangdian) co., LTD	subsidiary	Produce and sell spherical roller bearings	194,000,000.00	212,364,037.37	115,257,012.12	79,876,455.70	355,761.58	355,761.58

Acquisition and disposal of subsidiaries during the reporting period

□ Applicable □ Not applicable

Description of main holding companies

IX. Structured subjects controlled by the company

☐ Applicable ☑ Inapplicable

X. Risks faced by the Company and countermeasures

On January 15,2025, the company was added to the SDN List (Special Designated Nationals and Blocked Persons List) by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC). Entities on this list will face restrictions in transactions with U.S. entities, overseas asset transfers, foreign exchange settlements, partnerships, financing, and other related activities.

Affected by relevant sanctions, the company has faced intensified financing difficulties. Both domestic and overseas clients have experienced declining procurement volumes or even halted purchases, leading to mounting survival pressures. To alleviate operational strain, the company has implemented multiple effective measures: With support from stakeholders, it has focused on acquiring new customers and boosting product gross margins. Meanwhile, active applications for working capital financing have been submitted to ensure stable business operations.

XI. The formulation and implementation of the market value management system and the valuation enhancement plan

Whether the company has established a market value management system.

□ Yes ☑ No

Whether the company has disclosed plans to raise its valuation.

□ Yes ☑ No

XII. Implementation of the "Quality Return Double Improvement" action plan

Whether the company disclosed the "quality return double improvement" action plan announcement.

□ Yes ☑ No

Chapter IV Corporate governance, environment and society

I. Changes of directors and senior managers of the company

☐ Applicable ☑ Inapplicable

The company's directors and senior management personnel did not undergo any changes during the reporting period. For details, please refer to the 2025 annual report.

II.Profit distribution and capital reserve conversion into share capital during the reporting period

☐ Applicable ☑ Inapplicable

The company plans not to distribute cash dividends, not to send bonus shares, and not to convert the capital reserve into share capital every six months.

III. The implementation of the company's equity incentive plan, employee stock ownership plan or other employee incentive measures

☐ Applicable ☑ Inapplicable

During the reporting period, the company had no equity incentive plans, employee stock ownership plans or other employee incentive measures and their implementation status.

Iv. Environmental Information Disclosure Situation

Whether the listed company and its major subsidiaries are included in the list of enterprises that disclose environmental information in accordance with the law

☐ Applicable ☑ Inapplicable

V. Social Responsibility Situation

The company earnestly fulfills its due social responsibilities. While pursuing economic benefits for the enterprise, it actively assumes the responsibilities that should be borne for the all-round development of the country and society, the natural environment and resources, as well as for shareholders, employees, customers, consumers, suppliers, communities and other stakeholders. It has realized the social value of the enterprise and achieved a good win-win situation for the country, society and stakeholders. Strengthening environmental protection, enhancing resource efficiency, and influencing and driving local economic development through project construction and other means have effectively promoted the coordinated development of the company with society, nature, and other stakeholders.

The company strictly adheres to the relevant national and local laws, regulations and document requirements to handle endowment insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance, housing provident fund and large medical mutual aid insurance for its employees. Provide timely assistance and support to employees in difficulty. We have established and improved the employment system, including the salary system and incentive mechanism, to ensure that employees enjoy their labor rights and fulfill their labor obligations in accordance with the law. We have established and improved the labor safety and health system, strictly implemented the national labor safety and health regulations and standards, provided labor safety and health education, occupational protection and health check-ups for employees, offered them a healthy and safe working and living environment, and prevented accidents during the labor process to the greatest extent and reduced the hazards of occupational diseases.

In its business operations, the company adheres to the principles of voluntariness, fairness, equivalent compensation and good faith, strictly controls quality targets and ensures the provision of qualified products. The company's technical department is actively engaged in the development of new products and new materials. The company guarantees that all the products or services it provides comply with relevant national quality standards or have been certified by relevant national quality inspection departments, and is actively applying for various third-party certifications at home and abroad. The company attaches great importance to after-sales service for customers and properly handles complaints and suggestions raised by customers and consumers. We strictly conducted third-party qualification reviews and on-site inspections of suppliers, selected qualified ones, carefully understood their demands, and actively created a favorable cooperative atmosphere.

The company has dispatched village cadres to the surrounding areas of Dalian City to support rural construction, assume social responsibilities, continuously strengthen village Party organizations, and enhance Party building work. Promote the work of strengthening villages and enriching the people, implement projects benefiting farmers, and increase the income of village collectives. Carry out village appearance improvement, enhance governance levels, do a good job in publicity and supervision, promptly organize the clearance of garbage sites, improve the living environment, and build beautiful villages.

.

Chapter V Important Matters

I. Commitments made by the actual controller, shareholders, related parties, acquirers and the company and other relevant parties to be fulfilled during the reporting period and those that have not been fulfilled by the end of the reporting period

☑ Applicable ☐ Inapplicable

Reasons for commitment	Committing party	Commitment type	Commitment content	Commitment time	Commitment period	Performance status
The commitments made in the acquisition report or the report on changes in equity	Dalian Heavy Industry Equipment Group Co., LTD	The commitment regarding maintaining the independence of the listed company; 2. Commitment on reducing and regulating related-party transactions; 3. Commitment on avoiding competition within the same industry.	**(I) Commitment on maintaining the independence of listed companies** I. Ensure the independence of personnel in listed companies: 1. Ensure that the senior management personnel of the listed company, such as the general manager, deputy general manager, financial officer, and secretary of the board of directors, do not hold positions other than directors and supervisors in the company and other enterprises controlled by the company (excluding the listed company and the enterprises controlled by it, the same below), and do not receive salaries in other enterprises controlled by the company; Ensure that the financial personnel of the listed company do not hold concurrent positions or receive salaries in other enterprises controlled by the company. 2. Ensure that the labor, personnel relations and salary management system of the listed company are independent from the company and other enterprises controlled by the company; 3. The nomination of candidates for directors, supervisors, general managers and other senior management personnel by the Company and other enterprises controlled by the Company to the listed company shall be carried out through legal procedures, and personnel appointment and removal decisions shall not be made beyond the board of directors and shareholders' meeting of the listed company. II. Ensuring the independence of assets of listed companies: 1. Ensure that the listed company has an independent business system related to its operations and related independent and complete assets; 2. Ensure that the funds, assets and other resources of listed companies are not illegally occupied; 3. Ensure that the assets of the listed company are not used to provide illegal guarantees for the debts of the company and other enterprises controlled by the company. III. Ensuring the financial independence of listed companies: 1. Ensure that the listed company establishes an independent financial department and independent financial accounting system, and has a standardized and independent financial accounting system; 2. Ensure that the listed company independently opens bank accounts and does not share bank accounts with the company and other enterprises controlled by the company; 3. Ensure that listed companies pay taxes independently in accordance with the law; 4. To ensure that listed companies can make independent financial decisions, our company does not illegally interfere in the use of funds by listed companies.	2024/08/26	Long-term effectiveness	Strictly implement

			IV. Ensuring the institutional independence of listed companies: 1. Ensure that the listed company establishes and improves the corporate governance structure, has an independent and complete organizational structure, and there is no situation of institutional confusion between this company and other enterprises controlled by this company; 2. Ensure that the shareholders' meeting, board of directors, board of supervisors, independent directors, senior management personnel, etc. of the listed company independently exercise their powers in accordance with laws, regulations and the company's articles of association. V. Ensuring the business Independence of Listed Companies: 1. Ensure that the listed company continues to have the assets, personnel, qualifications and capabilities to carry out business activities independently, and has the ability to operate independently and continuously for the market; 2. Ensure that the Company and other enterprises controlled by the Company avoid engaging in businesses that have substantive competition with the main business of the listed company. If there is already competition in the same industry, commit to resolving it within a limited time. 3. Ensure that the related-party transactions between the Company and other enterprises controlled by the company and the listed company are minimized as much as possible; When conducting truly necessary and unavoidable related-party transactions, agreements will be signed in accordance with the law, and the necessary legal procedures will be fulfilled in accordance with relevant laws, regulations, and the articles of association of the listed company. **(II) Commitment on avoiding competition within the same industry** 1.During the period when the Company is the indirect controlling shareholder of the listed company, the Company will take necessary and possible measures in accordance with the law to prevent the Company and other enterprises controlled by the Company from engaging in business or activities that constitute the same industry competition with the main business of the listed company. 2. If the Company or other enterprises controlled by the Company obtain business opportunities that constitute substantial competition in the same industry with the main products of the listed company, the Company will notify the listed company in writing and make every effort to ensure that such new business opportunities are first provided to the listed company or its holding enterprises on reasonable and fair terms and conditions. If the listed company decides not to accept such new business opportunities, the Company or other enterprises controlled by the Company may accept such new business opportunities on their own and engage in and operate such new businesses independently. If the regulatory authority believes that the above-mentioned business conducted by the company or other enterprises controlled by the company constitutes competition in the same industry with the main business of the listed company, or that the listed company and the enterprises controlled by it intend to engage in the above-mentioned business, Our company will adopt the methods permitted by laws and regulations (including but not limited to asset injection, trusteeship,			

			asset transfer, one party's cessation of related business, adjustment of product structure, establishment of joint ventures, etc.) to solve the problem. 3. The commitments made by our Company in avoiding and resolving competition in the same industry are also applicable to other enterprises directly or indirectly controlled by our Company. Our Company is obligated to supervise and ensure that such other enterprises implement all the arrangements stated in the commitment letter and strictly abide by the relevant commitments. **(III) Commitment on reducing and regulating related-party transactions** 1.After the completion of this transaction, the acquirer and its other holding and participating subsidiaries will strive to minimize and standardize related-party transactions with the listed company and its holding enterprises. 2. For related-party transactions that cannot be avoided or occur for reasonable reasons, the acquirer and its other holding and participating subsidiaries will follow the principles of market openness, fairness and impartiality, conduct them at fair and reasonable market prices, fulfill the decision-making procedures for related-party transactions in accordance with relevant laws, regulations and normative documents, fulfill the obligation of information disclosure in accordance with the law and handle the relevant approval procedures. It will not take advantage of its position as an indirect controlling shareholder to infringe upon the legitimate rights and interests of listed companies and other small and medium-sized shareholders. 3. The acquirer guarantees that the above commitments will remain valid and irrevocable after the completion of this transaction and during the period when the acquirer is the indirect controlling shareholder of the listed company. In the event of any violation of the above commitments, the acquirer shall bear the losses caused to the listed company as a result.			
Whether the commitment is fulfilled on time	YES					

.

II.Non-operational occupation of funds by controlling shareholders and other related parties of the listed company

☐ Applicable ☑ Inapplicable

During the reporting period, there is no non-operational appropriation of funds by controlling shareholders and other related parties to the listed company.

III. Foreign guarantee in violation of regulations

☐ Applicable ☑ Inapplicable

No violation of the company's external guarantee during the reporting period.

IV.Employment and dismissal of accounting firms

Whether the semi-annual financial report has been audited

□ Yes ☑ No

The company's semi-annual report is unaudited.

V. Explanations by the board of directors on the "non-standard audit Report" of the accounting firm during the reporting period

☐ Applicable ☑ Inapplicable

VI. Explanations by the Board of directors on the "non-standard audit Report" of the previous year

☐ Applicable ☑ Inapplicable

VII. Bankruptcy reorganization related matters

☐ Applicable ☑ Inapplicable

No bankruptcy reorganization related matters occurred during the company's reporting period.

VIII. Litigation Matters

Major litigation and arbitration matters

☐ Applicable ☑ Inapplicable

During the reporting period, the company has no major litigation or arbitration matters.

Other Litigation matters

☑ Applicable ☐ Inapplicable

Basic information of litigation (arbitration)	Amount involved (ten thousand Yuan)	Whether projected liabilities are formed	Progress of litigation (arbitration)	Litigation (arbitration) hearing results and impact	Enforcement of litigation (arbitration) judgments	Disclosure date	Disclosure index
Summary of other lawsuits that occurred during the reporting period, which have been settled by the end of this reporting period and do not reach the standard for disclosure of major lawsuits.	34.02	Closed	As of the end of the reporting period, all cases have been closed.	Has been completed	Has been completed	July 21, 2026	/
Summary of other lawsuits that occurred during the reporting period, which have not been settled by the end of this reporting period and do not reach the standard for disclosure of major lawsuits.	795.78	Open	As of the end of the reporting period, there are still outstanding cases.	Cases remain unresolved as of the end of the reporting period	Cases remain unresolved as of the end of the reporting period	July 21, 2026	/

IX. Punishment and rectification

☐ Applicable ☑ Inapplicable

There is no punishment or rectification in the reporting period.

X.The integrity status of the company and its controlling shareholders and actual controllers□

Applicable ☑ Inapplicable

XI. Major related Party Transactions

1. Related party transactions related to daily operations

☐ Applicable ☑ Inapplicable

2. Related party transactions arising from the acquisition or sale of assets or shares

☐ Applicable ☑ Inapplicable

During the reporting period of the company, no related transactions of asset or equity acquisition or sale occurred.

3. Related party transactions of joint foreign investment

☐ Applicable ☑ Inapplicable

During the reporting period, the company has no related party transaction of joint foreign investment.

4. Associated creditor's rights and debt transactions

☐ Applicable ☑ Inapplicable

There was no related creditor-debtor transactions during the reporting period of the company.

5. Dealings with related financial companies

☐ Applicable ☑ Inapplicable

There is no deposit, loan, credit or other financial business between the company and its affiliated financial companies or related parties.

6. Transactions between financial companies controlled by the company and related parties

☐ Applicable ☑ Inapplicable

There is no deposit, loan, credit or other financial business between the finance company controlled by the company and the related parties.

7. Other significant related party transactions

☑ Applicable ☐ Inapplicable

For details on the routine related-party transactions, please refer to the "Announcement on the Company's 2026 Routine Related-Party Transactions Forecast" disclosed by the company on the Juchao Information Network on April 28, 2026, as well as Section 8, Part 14 of this report, "Related Parties and Related Transactions", under "5. Transaction Details".

For inquiries about the temporary report on major related-party transactions, please visit the relevant website.

Temporary Announcement Title	Temporary announcement disclosure date	Website name disclosed in the temporary announcement
Announcement on the Company's Estimated Daily Transactions for 2026	April 28, 2026	CNINFO (cninfo.com.cn)

XII. Major contracts and their performance

1.trusteeship, contracting, leasing matters

(1) Trusteeship

☐ Applicable ☑ Inapplicable

There is no trusteeship situation during the reporting period of the company.

(2) Contracting situation

☐ Applicable ☑ Inapplicable

There is no contract situation in the company's reporting period.

(3) Leasing situation

☑ Applicable ☐ Inapplicable

Lease Situation Explanation

Our company has no significant lease contracts.

Projects that bring profits and losses to the company to reach more than 10% of the total profit of the company during the reporting period

□ Applicable ☑ Not applicable

During the reporting period, there is no leasing project whose profit or loss for the company reaches more than 10% of the total profit of the company.

2. Material guarantee

□ Applicable ☑ Not applicable

There is no major guarantee during the reporting period.

3. Entrust financial management

□ Applicable ☑ Not applicable

There is no entrusted financial management during the reporting period.

4. Other major contracts

□ Applicable ☑ Not applicable

There are no other major contracts in the reporting period.

XIII.Registration Form for Activities such as Research Visits, Communication, and Interviews During the Reporting Period

☑ Applicable □ Not applicable

Reception time	Reception Location	Reception methods	Type of reception guests	The person being received	The main topics discussed and the provided materials	Index of the basic situation of the research
January 12th, 2026	Shenzhen Stock Exchange Interactive Easy Platform	Online communication via the network platform	Individual	Individual investor	Matters related to the tender offer acquisition	Shenzhen Stock Exchange Interactive Platform
January 26th, 2026	Shenzhen Stock Exchange Interactive Easy Platform	Online communication via the network platform	Individual	Individual investor	Matters related to the tender offer acquisition	Shenzhen Stock Exchange Interactive Platform
March 5, 2026	Shenzhen Stock Exchange Interactive Easy Platform	Online communication via the network platform	Individual	Individual investor	Matters related to the tender offer acquisition	Shenzhen Stock Exchange Interactive Platform
June 24, 2026	Shenzhen Stock Exchange Interactive Easy Platform	Online communication via the network platform	Individual	Individual investor	Matters related to the tender offer acquisition	Shenzhen Stock Exchange Interactive Platform
January 4, 2026	Office	Telephone communication	Individual	Individual investor	Matters related to the tender offer acquisition	NO
January 4th, 2026	Office	Telephone communication	Individual	Individual investor	Matters related to the tender offer acquisition	NO
January 7th, 2026	Office	Telephone communication	Individual	Individual investor	Matters related to the tender offer acquisition	NO
January 8, 2026	Office	Telephone communication	Individual	Individual investor	Matters related to the tender offer acquisition	NO
January 9, 2026	Office	Telephone communication	Institution	Individual investor	Matters related to the tender offer acquisition	NO
January 13, 2026	Office	Telephone communication	Individual	Individual investor	Matters related to the tender offer acquisition	NO
January 19, 2026	Office	Telephone communication	Individual	Individual investor	Matters related to the tender offer acquisition	NO
May 12, 2026	Office	Telephone communication	Individual	Individual investor	Matters related to the tender offer	NO

					acquisition	
May 13, 2026	Office	Telephone communication	Individual	Individual investor	Matters related to the tender offer acquisition	NO
May 14, 2026	Office	Telephone communication	Individual	Individual investor	Matters related to the tender offer acquisition	NO
June 11, 2026	Office	Telephone communication	Individual	Individual investor	Matters related to the tender offer acquisition	NO

XIV. Explanation of other major matters

□ Applicable ☑ Not applicable

There are no other major matters that need to be explained during the reporting period.

XV.Major matters of the company's subsidiaries

□ Applicable ☑ Not applicable

Chapter VI Change of Shares and Particulars about Shareholders

I. Changes in shares

1. Changes in shares

Unit:share

	Before this change		This change increases or decreases（＋,－）					After this change	
	number	proportion	Issuing new shares	Send shares	Reserve fund conversion	other	subtotal	number	proportion
I. Unlisted and circulating shares	244,000,000.0	60.61%						244,000,000.0	60.61%
1. Shares of the sponsors	244,000,000.0	60.61%						244,000,000.0	60.61%
Among them: the state holds shares	244,000,000.0	60.61%						244,000,000.0	60.61%
The domestic legal entity holds shares									
Overseas legal person holding shares									
other									
2. Offering corporate shares									
3, internal labor shares									
4. Preferred stock or other									
II. Listed and circulating shares	158,600,000.0	39.39%						158,600,000.0	39.39%
1. RMB ordinary shares									
2. Foreign capital stocks listed in China	158,600,000.0	39.39%						158,600,000.0	39.39%
3. Foreign capital stocks listed abroad									
4, other									
III. Total number of shares	402,600,000.0	100.00%						402,600,000.0	100.00%

Reasons for changes in shares

☐ Applicable ☑ Inapplicable

Approval of changes in shares

☐ Applicable ☑ Inapplicable

Changes in ownership of shares

☐ Applicable ☑ Inapplicable

Implementation progress of share repurchase

☐ Applicable ☑ Inapplicable

The implementation progress of share repurchase by means of collective bidding

☐ Applicable ☑ Inapplicable

The impact of changes in shares on financial indicators such as basic earnings per share and diluted earnings per share and net assets per share attributable to common shareholders of the Company in the latest year and the latest period

☐ Applicable ☑ Inapplicable

Other disclosures deemed necessary by the Company or required by securities regulatory authorities

☐ Applicable ☑ Inapplicable

2. Changes in restricted shares

☐ Applicable ☑ Inapplicable

II. Securities issuance and listing

☐ Applicable ☑ Inapplicable

III. The number of shareholders and stock holding of the company

Unit:share

Total number of common shareholders at the end of reporting period		2774		Total number of preferred shareholders with voting rights restored at the reporting End (if any) (see Note 8)		0		
Shares held by common shareholders holding more than 5% or the top 10 common shareholders								
Shareholder's name	Nature of the shareholders	stake	Number of common shares held at the end of the reporting period	Changes in the reporting period	Number of unlisted and tradable ordinary shares held	Number of listed and tradable ordinary shares held	The condition of a pledge, mark, or freeze	
							Shares in state	The number of
Wafangdian Bearing Group Corp., Ltd.	State-owned legal person	74.15%	298,524,555	54,524,555	244,000,000	54,524,555	Inapplicable	0
Dalian Youth Development Foundation	other	19.70%	79,300,000	0	0	0	Inapplicable	0
Wang Xiao	Domestic natural person	0.19%	774,420	0	0	0	Inapplicable	0
Chen Peng	Domestic natural person	0.18%	738,100	0	0	0	Inapplicable	0
Jiang Guangsen	Domestic natural person	0.17%	700,000	0	0	0	Inapplicable	0
Bocom International Securities Co., LTD	Foreign legal person	0.14%	575,068	0	0	0	Inapplicable	0
Li Zhijun	Domestic natural person	0.14%	573,764	0	0	0	Inapplicable	0
Zhou Yan	Domestic natural person	0.12%	463,700	0	0	0	Inapplicable	0
Zhou Mei	Domestic natural person	0.11%	443,620	0	0	0	Inapplicable	0
Yang Yiguang	Domestic natural person	0.11%	437,811	0	0	0	Inapplicable	0
Situations in which strategic investors or general legal persons are among the top 10 common shareholders due to the placement of new shares (if any) (see Note 3)		NONE						
A statement of such shareholder association or concerted action		Among the top ten shareholders of the company, there is no related relationship or concerted action between the largest shareholder and other shareholders, and the top ten shareholders of tradable shares. The related relationship and concerted action between other shareholders, the top ten						

	shareholders of tradable shares and the top ten shareholders of tradable shares and other shareholders is unknown.		
The above shareholders involved in the trustee/trustee voting rights, waiver of voting rights of the explanation	There is no		
Special description of the existence of a repurchase account among the top 10 shareholders (if any) (see Note 11)	There is no		
The shareholding of the top 10 outstanding common shareholders			
Shareholder's name	Number of listed and circulating common shares held at the end of the report	Stake species	
		Stake species	The number of
Dalian Youth Development Foundation	79,300,000	B	79,300,000
Wafangdian Bearing Group Corp., Ltd.	54,524,555	B	54,524,555
Wang Xiao	774,420	B	774,420
Chen Peng	738,100	B	738,100
Jiang Guangsen	700,000	B	700,000
Bocom International Securities Co., LTD	575,068	B	575,068
Li Zhijun	573,764	B	573,764
Zhou Yan	463,700	B	463,700
Zhou Mei	443,620	B	443,620
Yang Yiguang	437,811	B	437,811
A description of the association or concerted action between the top 10 Unlimited-Sale common shareholders and the top 10 Unlimited-Sale Common Shareholders and the top 10 Common Shareholders	Among the top ten shareholders of the company, there is no related relationship or concerted action between the largest shareholder and other shareholders, and the top ten shareholders of tradable shares. The related relationship and concerted action between other shareholders, the top ten shareholders of tradable shares and the top ten shareholders of tradable shares and other shareholders is unknown.		
Description of Top 10 Common Shareholders Participating in Margin Trading (if any) (see Note 4)	There is no		

The situation of shareholders holding more than 5% of the shares, the top 10 shareholders and the top 10 shareholders with unrestricted tradable shares participating in the margin lending business by lending shares

□ Applicable □ Not applicable

The top 10 shareholders and the top 10 unrestricted tradable shareholders of the company have changed due to reasons related to margin lending and return in the previous period

□ Applicable □ Not applicable

Did the top 10 ordinary shareholders and the top 10 unrestricted tradable ordinary shareholders of the company conduct agreed repurchase transactions during the reporting period

□ Yes □ No

The top 10 ordinary shareholders and the top 10 unrestricted tradable ordinary shareholders of the company did not conduct agreed repurchase transactions during the reporting period.

IV.Changes in shareholding of directors and senior management personnel

☑ Applicable ☐ Inapplicable

Name	Position	Employment status	Initial number of shares held	The number of additional shares	The number of shares reduced	Final holding quantity (shares)	The initial number of restricted stocks	The number of restricted stocks	The number of restricted stocks

			(shares)	issued this period (shares)	this period (shares)		granted (shares)	awarded in this period (shares)	awarded at the end of the term (shares)
Fang Bo	Director	Resignation	1,500	0	1,500	0	0	0	0
Total	--	--	1,500	0	1,500	0	0	0	0

V.Change of controlling shareholder or actual controller

The company has previously disclosed that the actual controller was planning to change the control rights but the process had not yet been completed. Please provide an update on the progress of the control rights change.

☐ Applicable ☑ Inapplicable

Change of controlling shareholder during reporting period

☐ Applicable ☑ Inapplicable

The controlling shareholder of the company has not changed during the reporting period.

Actual controller changes during the reporting period

☐ Applicable ☑ Inapplicable

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

VI. Relevant Information about preferred Shares

☐ Applicable ☑ Inapplicable

No preferred stock existed at the reporting period.

Chapter VII Related Situation of bonds

☐ Applicable ☑ Inapplicable

Chapter VIII Financial Reports

I. Audit report

Whether the semiannual report is audited

□ Yes ☑ No

The company's semi-annual financial report is unaudited.

II. Financial statements

The unit of the statement in the financial notes is **yuan**

1. Consolidated balance sheet

Establishment unit: Wafangdian Bearing Co., LTD

In RMB Yuan

Item	2026.6.30	2026.1.1
Current Assets:		
Monetary funds	111,531,042.25	65,287,519.84
Settlement of provisions		
Lend funds		
Trading financial assets	200,310.67	246,536.22
Derivative financial assets		
Notes receivable	562,259,020.05	500,110,673.70
Accounts receivable	927,360,217.84	872,114,645.31
Financing of receivables	87,938,977.52	64,928,833.08
prepayment	7,748,093.20	9,287,712.68
Premium receivable		
Reinsurance accounts receivable		
Reserves receivable for reinsurance contracts		
Other receivables	15,389,177.53	10,631,908.31
Among them: interest receivable		
Dividends receivable		
Buy and sell financial assets		
stock	551,851,868.43	636,325,993.85
Where: Data resources		
Contract assets	5,258,761.24	5,258,761.24
Holding assets for sale		
Non-current assets maturing within one year		
Other current assets	2,703,270.09	50,298,808.19
Total current assets	2,272,240,738.82	2,214,491,392.42
Non-current assets:		
Make loans and advances		
Debt investment		
Other debt investments		
Long-term receivables		

Long-term equity investment		
Investments in other equity instruments	8,705,393.14	8,705,393.14
Other non-current financial assets		
Investment real estate	71,142,558.97	73,919,295.42
Fixed assets	382,146,917.75	406,111,493.56
Construction in progress	7,268,202.66	10,513,430.99
Productive biological assets		
Oil and gas assets		
Usufruct assets		
Intangible assets	64,557,182.54	66,301,236.59
Where: Data resources		
Development expenditure		
Where: Data resources		
goodwill		
Long-term deferred expenses	6,645,452.39	6,949,581.27
Deferred tax assets		
Other non-current assets		282,900.00
Total non-current assets	540,465,707.45	572,783,330.97
Total assets	2,812,706,446.27	2,787,274,723.39
Current liabilities:		
Short-term loan		82,053,118.00
Borrow from the central bank		
Borrowed funds		
Transactional financial liabilities		
Derivative financial liability		
Notes payable	60,370,597.50	370,597.50
Accounts payable	1,203,331,491.03	1,261,731,806.69
Advances received		
Contractual liability	36,573,801.46	31,776,246.33
Funds used to sell and repurchase financial assets		
Take deposits and deposit with other banks		
To buy and sell securities		
Underwrite securities		
Payroll payable to employees	30,565,357.79	49,061,641.96
Taxes payable	9,029,207.28	8,932,707.47
Other payables	663,791,490.44	587,079,378.98
Among them: interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance accounts payable		
Holding liabilities held for sale		
Non-current liabilities due within one year		

Other current liabilities	503,670,221.31	469,016,692.21
Total current liabilities	2,507,332,166.81	2,490,022,189.14
Non-current liabilities:		
Reserve for insurance contracts		
Long-term loan		
Bonds payable		
Among them: Preferred stock		
Perpetual bond		
Lease liability		
Long-term payables	344,974.84	344,974.84
Long-term employee compensation payable		
Projected liabilities	63,066,105.59	62,247,622.41
Deferred income	32,882,199.12	34,847,189.82
Deferred income tax liabilities	788,788.84	788,788.84
Other non-current liabilities		
Total non-current liabilities	97,082,068.39	98,228,575.91
Total liabilities	2,604,414,235.20	2,588,250,765.05
Owner's equity:		
Capital stock	402,600,000.00	402,600,000.00
Other equity instruments		
Among them: Preferred stock		
Perpetual bond		
Capital reserve	485,691,050.47	485,691,050.47
Less: Treasury shares		
Other comprehensive income	-3,199,157.02	-3,201,535.21
Special reserve	3,581,181.07	1,639,850.97
Surplus reserve	136,770,391.01	136,770,391.01
General risk reserve		
Undistributed profit	-817,151,254.46	-824,475,798.90
Total owner's equity attributable to parent company	208,292,211.07	199,023,958.34
Minority interest		
Total owners' equity	208,292,211.07	199,023,958.34
Total liabilities and owners' equity	2,812,706,446.27	2,787,274,723.39

Chairman: Wang Jiyuan General Accountant : Sun Najuan Accounting charger: Xuan Songtao

2. Balance sheet of parent company

In RMB Yuan

Item	2026.6.30	2026.1.1
Current Assets:		
Monetary funds	109,611,661.28	62,726,188.11
Trading financial assets	200,310.67	246,536.22
Derivative financial assets		

Notes receivable	558,868,279.07	497,182,824.72
Accounts receivable	873,631,678.80	867,794,392.68
Financing of receivables	84,634,262.34	64,457,568.41
prepayment	7,165,340.19	8,815,214.66
Other receivables	247,045,163.58	245,164,992.88
Among them: interest receivable		
Dividends receivable		
stock	390,950,900.17	525,147,258.82
Where: Data resources		
Contract assets	5,258,761.24	5,258,761.24
Holding assets for sale		
Non-current assets maturing within one year		
Other current assets	692,551.03	49,955,969.26
Total current assets	2,278,058,908.37	2,326,749,707.00
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	226,488,897.67	226,488,897.67
Investments in other equity instruments	8,705,393.14	8,705,393.14
Other non-current financial assets		
Investment real estate	66,310,017.25	68,679,455.19
Fixed assets	256,159,006.97	271,405,080.88
Construction in progress	6,468,063.88	10,050,847.29
Productive biological assets		
Oil and gas assets		
Usufruct assets		
Intangible assets	51,948,482.87	53,357,540.82
Where: Data resources		
Development expenditure		
Where: Data resources		
goodwill		
Long-term deferred expenses	6,570,052.39	6,949,581.27
Deferred tax assets		
Other non-current assets		282,900.00
Total non-current assets	622,649,914.17	645,919,696.26
Total assets	2,900,708,822.54	2,972,669,403.26
Current liabilities:		
Short-term loan		82,053,118.00
Transactional financial liabilities		
Derivative financial liability		
Notes payable	60,370,597.50	370,597.50

Accounts payable	1,057,766,048.94	1,231,268,246.54
Advances received		
Contractual liability	36,573,801.46	31,755,996.33
Payroll payable to employees	23,693,519.14	39,804,727.20
Taxes payable	7,307,417.88	5,817,395.80
Other payables	651,720,349.50	574,587,108.18
Among them: interest payable		
Dividend payable		
Holding liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	517,985,320.29	466,718,720.38
Total current liabilities	2,355,417,054.71	2,432,375,909.93
Non-current liabilities:		
Long-term loan		
Bonds payable		
Among them: Preferred stock		
Perpetual bond		
Lease liability		
Long-term payables	244,974.84	244,974.84
Long-term employee compensation payable		
Projected liabilities	62,398,311.21	61,798,365.54
Deferred income	6,854,554.80	8,229,767.64
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	69,497,840.85	70,273,108.02
Total liabilities	2,424,914,895.56	2,502,649,017.95
Owner's equity:		
Capital stock	402,600,000.00	402,600,000.00
Other equity instruments		
Among them: Preferred stock		
Perpetual bond		
Capital reserve	485,678,443.26	485,678,443.26
Less: Treasury shares		
Other comprehensive income	-3,199,157.02	-3,201,535.21
Special reserve	771,894.65	2,607.15
Surplus reserve	136,770,391.01	136,770,391.01
Undistributed profit	-546,827,644.92	-551,829,520.90
Total owners' equity	475,793,926.98	470,020,385.31
Total liabilities and owners' equity	2,900,708,822.54	2,972,669,403.26

3. Consolidated income statement

In RMB Yuan

project	Half year 2026	Half of 2025

I. Total operating income	1,184,970,752.18	1,330,615,217.48
Among them: operating income	1,184,970,752.18	1,330,615,217.48
Interest income		
The premium has been made		
Fee and commission income		
2. Total operating cost	1,194,258,717.30	1,367,699,027.34
Among them: operating cost	1,011,570,681.96	1,150,818,592.31
The interest payments		
Fees and commission expenses		
Surrender gold		
Net payout for claims		
Draw the net insurance liability reserve		
Policy bonus payout		
Reinsurance expenses		
Taxes and surcharges	5,259,578.35	9,557,828.62
Cost of sales	67,420,532.56	68,478,445.36
Management fees	61,463,749.71	66,239,142.71
Research and development costs	40,530,503.54	65,781,912.27
Finance charges	8,013,671.18	6,823,106.07
Among them: interest expense	66,852.96	7,581,344.95
Interest income	630,239.22	450,534.54
Plus: other benefits	2,874,696.07	5,966,962.04
Investment income (loss marked with "-")	12,096,052.24	9,664,256.68
Among them: income from investment in joint ventures and joint ventures		
Financial assets measured at amortized cost terminate recognition of earnings		
Exchange gain (marked with "-" for loss)		
Net exposure hedging gain (loss marked with "-")		
Income from change in fair value (marked with "-" for loss)	-46,225.55	-4,622.55
Credit impairment loss (marked with "-")	32,665.26	313,552.31
Asset impairment loss (marked with "-")		
Gain on disposal of assets (loss marked with "-")	107,376.24	351,928.90
3. Operating profit (loss marked with "-")	5,776,599.14	-20,791,732.48
Plus: non-operating income	1,594,841.35	278,299.73
Less: non-operating expenses	46,896.05	417,478.79
Iv. Total profit (total loss marked with "-")	7,324,544.44	-20,930,911.54
Less: Income tax expense		
V. Net profit (Net loss marked with "-")	7,324,544.44	-20,930,911.54
(a) classification according to business continuity		
1. Net profit from continuing operations (net loss marked with "-")	7,324,544.44	-20,930,911.54
2. Net profit from terminated operations (net loss marked with "-")		
(2) Classification according to ownership		
1. Net profit attributable to the owner of the parent company	7,324,544.44	-20,930,911.54

2. Profit and loss of minority shareholders		
VI.Net after tax of other comprehensive income		
Net after tax of other comprehensive income attributable to owner of parent company		
(1) Other comprehensive income that cannot be reclassified into profit or loss		
1. Re-measure the amount of change in the set benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. The fair value change of the enterprise's own credit risk		
5. Other		
(2) Other comprehensive income reclassified into profit and loss		
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. The amount of financial assets reclassified into other comprehensive income		
4. Provision for impairment of other creditor's rights investment credit		
5. Cash flow hedging reserve		
6. Translation difference of foreign currency financial statements		
7. Other		
Net after tax of other comprehensive income attributable to minority shareholders		
7. Total comprehensive income	7,324,544.44	-20,930,911.54
Total comprehensive income attributable to owner of parent company	7,324,544.44	-20,930,911.54
Total comprehensive income attributable to minority shareholders		
8. Earnings per Share		
(1) Basic earnings per share	0.0182	-0.0520
(2) Diluted earnings per share	0.0182	-0.0520

Chairman: Wang Jiyuan General Accountant : Sun Najuan Accounting charger: Xuan Songtao

4. Profit statement of the parent company

In RMB Yuan

ITEM	Half year 2026	Half of 2025
I. Operating income	1,173,439,856.24	1,316,908,462.25
Minus: Operating costs	1,019,973,866.05	1,151,863,836.30
Taxes and surcharges	3,779,030.89	6,381,819.99
Cost of sales	66,553,384.85	67,756,928.31
Management fees	50,194,848.70	55,461,499.94
Research and development costs	29,052,206.13	57,708,042.42
Finance charges	8,013,465.22	6,713,442.29
Including: interest expense	66,852.96	7,581,344.95
Interest income	626,569.24	448,230.47
Plus: Other benefits	2,042,365.57	4,917,025.54
Investment income (Loss marked with "-")	5,638,916.68	5,684,796.90

Among them: income from investment in joint ventures and joint ventures		
Income from termination of recognition of financial assets measured at amortized cost (loss is marked with "-")		
Net exposure hedging gain (loss marked with "-")		
Gains from changes in fair value (loss marked with "-")	-46,225.55	-4,622.55
Credit impairment loss (marked with "-")	9,002.79	280,891.43
Asset impairment loss (marked with "-")		
Income from asset disposal (marked with "-" for loss)	91,622.26	351,928.90
II. Operating profit (Loss marked with "-")	3,608,736.15	-17,747,086.78
Add: non-operating income	1,440,035.88	262,711.31
Less: non-operating expenses	46,896.05	355,539.03
III. Total profit (Total loss marked with "-")	5,001,875.98	-17,839,914.50
Less: income tax expense		
IV. Net Profit (Net loss marked with "-")	5,001,875.98	-17,839,914.50
(1) Net profit from continuing operations (net loss marked with "-")	5,001,875.98	-17,839,914.50
(2) Net profit from discontinued operations (net loss marked with "-")		
V.Net after-tax income of other comprehensive income		
(1) other comprehensive income that cannot be reclassified into profit or loss		
1. Remeasure the change amount of the set benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instruments		
4. Changes in fair value of the enterprise's own credit risk		
5. Other		
(2) other comprehensive income that is reclassified into profit and loss		
1. Other comprehensive income that can be converted to profit or loss under the equity method		
2. Changes in fair value of other creditor's rights investments		
3. The amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provisions for other debt investments		
5. Cash flow hedging reserves		
6. Foreign currency financial statements translation difference		
7. Other		
VI Total comprehensive income	5,001,875.98	-17,839,914.50
VII. Earnings per Share:		
(1) Basic earnings per share	0.0124	-0.0443
Diluted earnings per share	0.0124	-0.0443

5. Consolidated cash flow statement

In RMB Yuan

project	Half year 2026	Half of 2025
I. Cash flow generated by operating activities:		
Cash received from selling goods and providing services	385,860,182.98	595,884,749.15

Net increase in customer deposits and interbank deposits		
Net increase in borrowing from central banks		
Net increase in funds borrowed from other financial institutions		
Cash obtained by receipt of premiums from the original insurance contract		
Net cash received for reinsurance operations		
Net increase in deposit and investment funds		
Cash that receives interest, charges and commissions		
Net increase in borrowed funds		
Net increase in funds for repurchase operations		
Net cash received from agents buying and selling securities		
Refund of taxes received	1,967,533.59	8,110,763.01
Other cash received in connection with operating activities	13,050,380.95	24,266,509.65
Subtotal of cash inflow from operating activities	400,878,097.52	628,262,021.81
Cash paid for goods and services	78,711,574.93	107,379,481.28
Net increase in customer loans and advances		
Net increase in deposits with central banks and interbank funds		
Cash for payment of claims under the original insurance contract		
Net increase in divestment funds		
Cash to pay interest, fees and commissions		
Cash to pay policy dividends		
Cash paid to and for employees	195,093,827.74	189,692,671.34
All taxes and fees paid	15,445,307.76	47,018,926.61
Other cash payments related to operating activities	66,770,001.70	44,514,490.85
Subtotal of cash outflow from operating activities	356,020,712.13	388,605,570.08
Net cash flow from operating activities	44,857,385.39	239,656,451.73
II. Cash flow generated by investing activities:		
Recoup cash received on investment		
Cash received for investment income	1,003,528.31	1,000,000.00
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets		1,049,200.00
Net cash received from disposal of subsidiaries and other business units		
Other cash received in connection with investing activities		
Subtotal of cash inflow from investing activities	1,003,528.31	2,049,200.00
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	5,950.00	374,172.33
Cash paid for investment		
Net increase in pledged loans		
Obtain net cash paid by subsidiaries and other business units		
Other cash payments related to investment activities		
Subtotal of cash outflow from investing activities	5,950.00	374,172.33
Net cash flow from investing activities	997,578.31	1,675,027.67
III. Cash flow generated by financing activities:		
Absorb cash received from investment		

Among them: the subsidiary absorbs the cash received from the investment of minority shareholders		
Obtain the cash received from the loan		162,000,000.00
Other cash received in connection with financing activities	83,501,517.61	235,913,150.44
Subtotal of cash inflow from financing activities	83,501,517.61	397,913,150.44
Cash paid to repay debts	82,000,000.00	390,350,000.00
Cash used to distribute dividends, profits, or repay interest payments	106,235.56	7,909,812.20
Among them: dividends and profits paid by subsidiaries to minority shareholders		
Payment of other cash in connection with financing activities		330,624,299.91
Subtotal of cash outflows from financing activities	82,106,235.56	728,884,112.11
Net cash flow from financing activities	1,395,282.05	-330,970,961.67
IV. Effect of exchange rate changes on cash and cash equivalents	-5,693.99	384,579.65
V.Net increase in cash and cash equivalents	47,244,551.76	-89,254,902.62
Plus: Cash and cash equivalents balance at the beginning of the period	63,915,460.74	160,907,298.24
VI.Cash and cash equivalents balance at the end of the period	111,160,012.50	71,652,395.62

6. Cash flow statement of parent company

In RMB Yuan

Project	Half year 2026	Half of 2025
I. Cash flow from operating activities:		
Cash received from the sale of goods and services	378,200,428.06	584,495,164.23
The tax refund received	1,964,940.95	8,108,228.78
Received other cash related to operating activities	11,958,763.98	21,408,546.18
Total cash inflow from operating activities	392,124,132.99	614,011,939.19
Cash paid for goods and services	120,232,052.86	161,531,936.52
Cash paid to and on behalf of employees	157,465,271.42	153,211,544.87
All taxes and fees paid	7,741,325.21	26,098,493.06
Pay other cash related to operating activities	61,185,736.75	33,660,492.23
Total cash outflow from operating activities	346,624,386.24	374,502,466.68
Net cash flow from operating activities	45,499,746.75	239,509,472.51
Ii. Cash flow from investing activities:		
Cash received from the recovery of investments		
Cash received from investment income	1,003,528.31	1,000,000.00
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		1,046,400.00
Net cash received from disposal of subsidiaries and other operating units		
Received other cash related to investing activities		
Total cash inflow from investing activities	1,003,528.31	2,046,400.00
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets	5,950.00	374,172.33
Cash paid for investments		
Net cash received from subsidiaries and other operating units		
Pay other cash related to investing activities		

Total cash outflow from investing activities	5,950.00	374,172.33
Net cash flow from investing activities	997,578.31	1,672,227.67
Iii. Cash flow from financing activities:		
Cash received from investment absorption		
Cash received for the acquisition of loans		162,000,000.00
Other cash received in connection with financing activities	83,501,517.61	235,913,150.44
Total cash inflow from financing activities	83,501,517.61	397,913,150.44
Cash paid to repay debt	82,000,000.00	390,350,000.00
Cash paid out in dividends, profits or interest payments	106,235.56	7,909,812.20
Pay other cash related to financing activities		330,624,299.91
Total small cash outflow from financing activities	82,106,235.56	728,884,112.11
Net cash flow from financing activities	1,395,282.05	-330,970,961.67
IV. Impact of exchange rate fluctuations on cash and cash equivalents	-5,693.99	384,579.65
V. Net increase in cash and cash equivalents	47,886,913.12	-89,404,681.84
Plus: the opening balance of cash and cash equivalents	61,354,122.97	159,111,730.38
Vi. Balance of cash and cash equivalents at the end of the period	109,241,036.09	69,707,048.54

7. Statement of Changes in consolidated owners' equity

This amount

In RMB Yuan

ITEM	Half year 2026														
	Owner's equity in the parent company													Minority shareholders' equity	Owner's equity
	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	Others	total		
		Preferred shares	Perpetual Capital Securities	Other											
I. Ending balance of the previous year	402,600,000.00				485,691,050.47		-3,201,535.21	1,639,850.97	136,770,391.01		-824,475,798.90		199,023,958.34		199,023,958.34
Plus: Accounting policy change															
Early error correction															
other															
II, the beginning balance of this year	402,600,000.00				485,691,050.47		-3,201,535.21	1,639,850.97	136,770,391.01		-824,475,798.90		199,023,958.34		199,023,958.34
III. Amount of increase or decrease in the current period (marked with "-" for decrease)							2,378.19	1,941,330.10			7,324,544.44		9,268,252.73		9,268,252.73
(1) Total comprehensive income											7,324,544.44		7,324,544.44		7,324,544.44
(2) Owner investment and capital reduction							2,378.19						2,378.19		2,378.19
1.Common stock															

invested by the owner															
2.Other equity instrument holders invested capital							2,378.19						2,378.19		2,378.19
3 The amount of share-based payment included in the owner's equity															
4 Others															
(3) Profit distribution															
1.Withdraw surplus reserves															
2.Extract general risk provision															
3.Distribution to owners (or shareholders)															
4． Other															
(4) Internal carry-over of owners' equity															
1.Capital reserves to increase capital (or equity)															
2.Surplus reserves into increased capital (or equity)															
3.Surplus reserves cover losses															
4 The change in the defined benefit plan is transferred to retained earnings															

5. Other comprehensive income carried forward retained earnings															
6. Other															
(5) Special reserves								1,941,330.10					1,941,330.10		1,941,330.10
1. This issue's extraction								4,129,015.94					4,129,015.94		4,129,015.94
2. Used in this issue								2,187,685.84					2,187,685.84		2,187,685.84
(6) Others															
IV. Ending balance of the current period	402,600,000.00				485,691,050.47		-3,199,157.02	3,581,181.07	136,770,391.01		-817,151,254.46		208,292,211.07		208,292,211.07

The amount of the previous period

In RMB Yuan

ITEM	Half year 2025														
	Owner's equity in the parent company													Minority shareholders' equity	Owner's equity
	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	Others	total		
		Preferred shares	Perpetual Capital Securities	Other											
I. Ending balance of the previous year	402,600,000.00				485,691,050.47			2,305,094.24	136,770,391.01		-766,382,732.49		260,983,803.23		260,983,803.23
Plus: Accounting policy change															
Early error correction															
other															
II, the beginning	402,600,				485,691,0			2,305,09	136,770,391		-766,382,732.49		260,983,8		260,983,803

balance of this year	000.00				50.47			4.24	.01				03.23		.23
III. Amount of increase or decrease in the current period (marked with "-" for decrease)								562,549.23			-20,930,911.54		-20,368,362.31		-20,368,362.31
(1) Total comprehensive income											-20,930,911.54		-20,930,911.54		-20,930,911.54
(2) Owner investment and capital reduction															
1.Common stock invested by the owner															
2.Other equity instrument holders invested capital															
3 The amount of share-based payment included in the owner's equity															
4 Others															
(3) Profit distribution															
1.Withdraw surplus reserves															
2.Extract general risk provision															
3.Distribution to owners (or shareholders)															
4． Other															
(4) Internal carry-over of owners' equity															

1.Capital reserves to increase capital (or equity)															
2.Surplus reserves into increased capital (or equity)															
3.Surplus reserves cover losses															
4 The change in the defined benefit plan is transferred to retained earnings															
5. Other comprehensive income carried forward retained earnings															
6. Other															
(5) Special reserves								562,549.23					562,549.23		562,549.23
1. This issue's extraction								3,831,389.92					3,831,389.92		3,831,389.92
2. Used in this issue								3,268,840.69					3,268,840.69		3,268,840.69
(6) Others															
IV. Ending balance of the current period	402,600,000.00				485,691,050.47			2,867,643.47	136,770,391.01		-787,313,644.03		240,615,440.92		240,615,440.92

8. Statement of changes in owner's equity of the parent company

This amount

In RMB Yuan

Item	Semiannual of 2026 period									
	Capital stock	Other equity instruments	Capital public	less：	Other	appropria	Surplus public reserves	General provision for	Undistri	Owner’s equity

		Preferred stock	Perpetual Capital Securities	Other	reserves	treasure stock	comprehensive income	tive reserve		risk	buted profits	
I. Balance at the end of last year	402,600,000.00				485,678,443.26		-3,201,535.21	2,607.15	136,770,391.01	-551,829,520.90		470,020,385.31
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		-3,201,535.21	2,607.15	136,770,391.01	-551,829,520.90		470,020,385.31
III. Amount of increase or decrease in the current period (marked with "-" for decrease)							2,378.19	769,287.50		5,001,875.98		5,773,541.67
(1) Total comprehensive income										5,001,875.98		5,001,875.98
(2) The owner invests and reduces the capital							2,378.19					2,378.19
1. Common stock invested by the owner												
2. Other equity instrument holders invested capital							2,378.19					2,378.19
3. The amount of a share payment included in the owner's equity												
4. other												
(3) Profit distribution												
1. Extract the surplus reserve												
2. Distribution to owners (or shareholders)												
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												
(5)Special reserves								769,287.50				769,287.50
1. This issue's extraction								1,776,428.63				1,776,428.63
2. Used in this issue								1,007,141.13				1,007,141.13
(6) Others												
IV. Ending balance	402,600,000.00				485,678,443.26		-3,199,157.02	771,894.65	136,770,391.01	-546,827,644.92		475,793,926.98

The amount of the previous period

In RMB Yuan

Item	Semiannual of 2025 period											
	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	Owner's equity
		Preferred 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	-495,179,558.47		529,869,275.80

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	-495,179,558.47		529,869,275.80
III. Amount of increase or decrease in the current period (marked with "-" for decrease)								534,661.40		-17,839,914.50		-17,305,253.10
(1) Total comprehensive income										-17,839,914.50		-17,839,914.50
(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												
1. Extract the surplus reserve												
2. Distribution to owners (or shareholders)												
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												
(5)Special reserves								534,661.40				534,661.40
1. This issue's extraction								1,672,970.54				1,672,970.54
2. Used in this issue								1,138,309.14				1,138,309.14
(6) Others												
IV. Ending balance	402,600,000.00				485,678,443.26			534,661.40	136,770,391.01	-513,019,472.97		512,564,022.70

III. Basic information of the company

Wafangdian bearing co., LTD. (hereinafter referred to as the company) on July 16, 1996, the dalian economic reform committee general reform commission approved hair [1996] no. 64, by wafangdian bearing group co., LTD. (hereinafter referred to as wazhou group) as the sole sponsor of the company, The main production and operation assets (and their related liabilities) authorized by the state to be held at a discounted price shall be invested in and established by means of social collection.

On February 19, 1997, the State Securities Commission issued Document No.9 [1997] and approved the company to publicly issue domestic listed foreign capital shares (B shares) to the public and listed them for trading.

On March 19, 1997, the founding meeting of the Company and the first meeting of the Board of Directors decided that the effective date of the reorganization of the company's accounting system (that is, the date of the establishment of the company's accounts) was determined as April 1, 1997.

On March 20, 1997, THE COMPANY GOT THE BUSINESS LICENSE OF ENTERPRISE LEGAL PERSON, THE registration NUMBER IS 24239971-2. Business scope for bearings, mechanical equipment, auto parts and related products manufacturing and sales.

On March 25, 1997, the Company's domestic listed foreign capital shares (B shares) were officially listed and traded in Shenzhen Stock Exchange, raising 406.58 million yuan, and the company's registered capital was 330 million yuan after the issue.

According to the shenzhen stock exchange on August 30, 2006 issued "on the shenzhen stock exchange stock listing rules > supplementary notice on the problem of distribution of equity of listed companies (hereinafter referred to as the" notice "), on September 30, the company in 2006, on the basis of the financial report audited, implement turn add equity capital accumulation fund, With 2.2 shares for every 10 shares, the total share capital increased from 333 million shares to 402.6 million shares, among which the legal person shares owned by Waxhuan Group increased from 20 million shares to 244.0 million shares, accounting for 60.6% of the total share capital; SKF of Sweden increased from 65 million shares to 79.3 million shares, accounting for 19.7% of the total capital; Public shares increased from 65 million to 79.3 million, accounting for 19.7% of the total share capital. After the implementation of this plan, the company's equity structure will meet the provisions of the Supplementary Notice of the Shenzhen Stock Exchange.

The parent company of the company is Wafangdian Bearing Group Co., LTD. The general meeting of shareholders is the power organ of the Company, exercising the power to make decisions on major matters such as the company's business policy, financing, investment and profit distribution in accordance with law. The board of directors shall be responsible to the general meeting of shareholders and exercise the decision-making power of the company according to law; The management shall be responsible for organizing the implementation of the resolutions of the general meeting of shareholders and the Board of directors, and shall preside over the production and operation management of the enterprise.

This company and its various subsidiaries (collectively referred to as "the Group") belong to the bearing manufacturing industry and mainly engage in the production and sales of various types of bearings.Business Scope: Permitted items: inspection and testing services, import and export of goods, import and export of technologies (for items subject to approval according to law, business activities can only be carried out after approval by relevant departments, and the specific business items shall be subject to the approval results) Bearing manufacturing, bearings, gears and transmission components manufacturing, high speed precision heavy-duty bearing sales, sales bearings, gears and transmission parts, bearing sales, general equipment manufacturing (excluding special equipment manufacturing), high-speed rail equipment, parts manufacturing, machinery and equipment sales, rail transportation equipment, key system and parts sales, sales of lubricating oil, high-speed rail equipment and accessories sales, Wind generators and spare parts sales, machinery parts, spare parts sales, railway locomotive vehicle accessories manufacturing, railway locomotive vehicle accessories sales, auto parts and accessories manufacturing, auto parts wholesale and retail auto parts, metal products repair, sales metal materials, metal products sales, metal surface treatment and heat treatment processing, quenching process, Machinery parts, parts processing, Land use right leasing, Housing leasing, Non-residential real estate leasing, Machinery and equipment leasing, Computer and communication equipment leasing, Transportation equipment leasing services, Office Equipment leasing services, Storage equipment leasing services, Special equipment leasing, Labor Services (excluding labor dispatch), Technical services, technology development, technology consultation, technology exchange, technology transfer and technology promotion (except for the projects subject to approval according to law, independently carry out business activities according to law with the business license).

The registered address of this company: No. 1, Section 1, Beigongji Street, Wafangdian City, Liaoning Province. The legal representative: Wang Jiyuan.

This financial statement has been approved and presented by the company's board of directors on August 21, 2026.

IV. Basis for the preparation of financial statements

1. Establishment basis

The financial statements of this group are prepared on the basis of the going concern assumption, based on the actual transactions and events, in accordance with the "Enterprise Accounting Standards - General Standards" (issued by the Ministry of Finance under Order No. 33 and revised by Order No. 76), the specific accounting standards promulgated and revised by the Ministry of Finance on February 15, 2006 and thereafter, enterprise accounting standards interpretations and other relevant regulations (collectively referred to as "enterprise accounting standards"), and the disclosure requirements of the "Rule 15 of the Securities Issuance Information Compilation Rules of the China Securities Regulatory Commission - General Provisions on Financial Reports (Revised in 2023)"). According to the relevant provisions of enterprise accounting standards, the accounting of this group is based on the accrual basis. Except for certain financial instruments, all of this financial statement is based on historical cost for measurement. If an asset is impaired, corresponding impairment provisions shall be made in accordance with the relevant regulations.

2.Going concern

The financial statements have been prepared on the basis of the going concern assumption.

V.Important Accounting policies and estimates

Specific accounting policies and accounting estimates tips:

Based on the actual production and operation characteristics of the group, in accordance with the relevant accounting standards for enterprises, specific accounting policies and estimates have been formulated for various transactions and matters such as the determination and measurement of the bad debt provision for receivables, the measurement of issued inventory, the classification and depreciation method of fixed assets, the amortization of intangible assets, the conditions for capitalization of research and development expenses, and the recognition and measurement of revenue. Please refer to the descriptions in Section IV of this note for details.

1, follow the accounting standards for business enterprises statement

The financial statements prepared by this group comply with the requirements of the enterprise accounting standards, and truly and completely reflect the financial position of the company and the group as of December 31, 2025, as well as the operating results and cash flows and other relevant information for the year 2025. Moreover, the financial statements of the company and the group are in all significant aspects in compliance with the disclosure requirements for financial statements and their notes as stipulated in the "Rule 15 - General Provisions on Financial Reporting for Publicly Issued Securities Companies" revised by the China Securities Regulatory Commission in 2023.

2. Accounting period

The accounting periods of this group are divided into annual and interim periods. An interim period refers to a reporting period shorter than a complete accounting year. The accounting year of this group adopts the Gregorian calendar year, which starts from January 1st and ends on December 31st each year.

3. Business cycle

The normal operating cycle refers to the period during which the Group acquires assets for processing and then realizes cash or cash equivalents. The Group considers a 12-month period as its operating cycle and uses it as the standard for classifying the liquidity of assets and liabilities.

4. Functional currency

The Renminbi is the main currency in the economic environment where the Company and its domestic subsidiaries operate. The Company and its domestic subsidiaries use the Renminbi as their bookkeeping base currency. When preparing this financial statement, the Renminbi is the currency adopted by the Group.

5. importance criteria determination method and selection basis

☑ Applicable ☐Not applicable

Project	Importance criteria
Important individual accounts for which bad debt provisions have been made	The amount of individual provision exceeds 3% of the bad debt reserve of accounts receivable and is over 100,000 yuan.
The amount of bad debt provisions recovered or reversed for accounts receivable in the current period is significant	The amount recovered or reversed exceeds 3% of the bad debt reserve of accounts receivable and is over 100,000 yuan.
Important write-offs of receivables in the current period	The amount written off exceeds 3% of the bad debt reserve of accounts receivable and is over 100,000 yuan.

6. under the same control and not under the same control of the accounting treatment of enterprise merger

Business combination under the same control: the assets and liabilities acquired by the merging party in the business combination (including the goodwill formed by the acquisition of the merged party by the ultimate controlling party) are measured on the basis of the carrying value of the assets and liabilities of the merged party in the consolidated financial statements of the ultimate controlling party at the merger date. The difference between the book value of the net assets acquired in the merger and the book value of the merger consideration paid (or the total nominal value of the issued shares), the capital premium in the capital reserve is adjusted, and the retained earnings are adjusted if the capital premium in the capital reserve is insufficient to be written off.

Business combination under non-identical control: The cost of combination is the fair value of the assets paid by the purchaser, liabilities incurred or assumed, and equity securities issued by the purchaser to acquire control of the purchaser on the purchase date. The difference between the cost of the merger and the acquiree's share of the fair value of identifiable net assets obtained in the merger is recognized as goodwill; The difference in the cost of the merger that is less than the acquiree's share of the fair value of identifiable net assets acquired in the merger is recognized in profit or loss for the period. The identifiable assets, liabilities and contingent liabilities of the acquiree that are eligible for recognition acquired in the merger are measured at fair value at the purchase date.

The expenses directly related to the business combination are recognized in the current profit or loss when incurred; Transaction costs incurred in the issuance of equity or debt securities for the purpose of a business combination are included in the initial recognition amount of the equity or debt securities.

7. The judgment criteria of control and the preparation method of consolidated financial statements

1. Judgment criteria of control

The consolidated scope of the consolidated financial statements is determined on a control basis and includes the Company and all subsidiaries. Control means that the company has power over the investee, enjoys variable returns by participating in related activities of the investee, and has the ability to use its power over the investee to influence the amount of returns.

2.The method of preparing consolidated financial statements

The Company regards the entire enterprise Group as one accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial position, operating results and cash flows of the enterprise Group. The effect of internal transactions between the Company and its subsidiaries or subsidiaries shall be offset. If the internal transaction indicates that the relevant asset has an impairment loss, the loss shall be fully recognized. If the accounting policies and accounting periods adopted by the subsidiary are inconsistent with those of the Company, necessary adjustments shall be made in accordance with the accounting policies and accounting periods of the Company when preparing the consolidated financial statements.

Subsidiary owners' equity, current period net profit and loss and the share of minority shareholders in the current period comprehensive income are shown separately under owners' equity in the consolidated balance sheet, under net profit in the consolidated income statement and under total comprehensive income, respectively. The loss shared by the minority shareholders of the subsidiary in the current period exceeds the balance formed by the minority shareholders' share in the initial owner's equity of the subsidiary, and the shareholders' equity is reduced by several.

(1) Add subsidiaries or businesses

During the reporting period, if a business combination under the same control increases a subsidiary or business, the operating results and cash flows of the subsidiary or business combination from the beginning of the current period to the end of the reporting period are included in the consolidated financial statements, while adjustments are made to the opening number of the consolidated financial statements and the relevant items in the comparative statements, and the consolidated reporting entity is deemed to have existed since the point at which the ultimate controlling party began to control.

If the investee under the same control can be controlled due to additional investment or other reasons, the equity investment held before the acquisition of the control of the merged party, the relevant profit and loss, other comprehensive income and other changes in net assets have been recognized between the date of the acquisition of the original equity and the date on which the merging party and the merged party are under the same control and the date of the merger, Offset the opening retained earnings or current profit and loss of the comparative statement period respectively.

During the reporting period, if a subsidiary or business is added as a result of a business combination not under the same control, it is included in the consolidated financial statements from the purchase date on the basis of the fair value of each identifiable asset, liability and contingent liability identified at the purchase date.

If the investee that is not under the same control can be controlled due to additional investment or other reasons, the equity held by the purchaser before the purchase date shall be remeasured according to the fair value of the equity on the purchase date, and the difference between the fair value and the carrying value shall be included in the current investment income. Other comprehensive income related to the equity held by the purchaser before the purchase date, which can be reclassified into profit or loss later, and other changes in owners' equity under the equity method are converted into investment income for the current period of the purchase date.

(2) Disposal of subsidiaries

① General treatment methods

When the control of the investee is lost due to the disposal of part of the equity investment or for other reasons, the remaining equity investment after disposal shall be remeasured according to its fair value on the date of the loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the share of the original subsidiary's net assets and the sum of goodwill that should have been continuously calculated from the purchase date or the merger date based on the original shareholding ratio, is included in the investment income during the period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary, which can be reclassified into profit or loss later, and other changes in owner's equity under the equity method of accounting, are converted to current investment income when the right of control is lost.

② Dispose of subsidiaries step by step

Where an equity investment in a subsidiary is disposed of progressively through multiple transactions until control is lost, the terms, conditions and economic effects of each transaction in which the equity investment in the subsidiary is disposed of meet one or more of the following circumstances, which generally indicate that the multiple transaction is a package transaction:

I. The transactions were entered into at the same time or with regard to their mutual effects;

ⅱ. These transactions as a whole can achieve a complete business outcome;

ⅲ. The occurrence of one transaction depends on the occurrence of at least one other transaction;

Iv.. A transaction is uneconomic in isolation, but it is economic when taken together with other transactions.

Where each transaction is a package transaction, each transaction shall be accounted for as one transaction of disposal of the subsidiary and loss of control; The difference between the disposal price and the share of the subsidiary's net assets corresponding to the disposal investment prior to the loss of control is recognized as other comprehensive income in the consolidated financial statements and transferred to profit or loss in the period when control is lost.

If each transaction is not a package transaction, before the loss of the right of control, the equity investment of the subsidiary shall be disposed of in part according to the condition that the right of control is not lost. When the right of control is lost, the accounting treatment is carried out in accordance with the general treatment of the disposal of subsidiaries.

(3) Purchase of minority shares in subsidiaries

The difference between the newly acquired long-term equity investment due to the purchase of minority shares and the share of net assets of the subsidiary that should be continuously calculated from the purchase date or the merger date based on the proportion of the newly acquired shares is adjusted for the equity premium in the capital reserve in the consolidated balance sheet, and if the equity premium in the capital reserve is insufficient to be offset, the retained earnings are adjusted.

(4) Partial disposal of the equity investment in the subsidiary without loss of control

The difference between the disposal price and the disposal of long-term equity investment and the share of net assets continuously calculated by the subsidiary since the purchase date or the merger date shall be adjusted for the equity premium in the capital reserve in the consolidated balance sheet, and if the equity premium in the capital reserve is insufficient to be offset, the retained earnings shall be adjusted.

8. Classification of joint venture arrangement and accounting treatment of joint operation

9. Determination criteria for cash and cash equivalents

Cash refers to the inventory cash of the group and the deposits that can be used for payment at any time. Cash equivalents refer to the investments held by the group with a short maturity, strong liquidity, easy conversion into known amounts of cash, and very low risk of value fluctuation.

10. Translation of foreign currency business and foreign currency statements

1. Method for determining the conversion rate when conducting foreign currency transactions

For the foreign currency transactions of the Group, at the initial recognition, the spot exchange rate on the transaction date is used as the conversion rate to convert the foreign currency amount into RMB for accounting.

2. Conversion method for foreign currency monetary items on the balance sheet date and treatment method for exchange gains and losses

On the balance sheet date, the balance of foreign currency monetary items is converted at the spot exchange rate on that date. The resulting exchange differences, except for those arising from foreign currency specific borrowings related to the construction of assets that meet the capitalization criteria, which are handled in accordance with the principle of capitalization of borrowing costs, are all included in the current profit and loss.

3. Conversion method for foreign currency financial statements

The assets and liabilities items in the balance sheet are converted at the spot exchange rate on the balance sheet date; other items of owner's equity are converted at the spot exchange rate at the time of occurrence. The income and expense items in the income statement are converted at the spot exchange rate on the transaction date.

When disposing of an overseas operation, the conversion difference of the foreign currency financial statements related to that overseas operation shall be transferred from the owner's equity items to the current profit and loss of the disposal period.

11.Financial instruments

A financial asset or financial liability is recognized when the group becomes a party to a financial instrument contract.

Classification of financial assets

Based on the business model for managing financial assets of the Group and the contractual cash flow characteristics of the financial assets, financial assets are classified at initial recognition as follows: financial assets measured at amortized cost, financial assets measured at fair value with changes recorded in other comprehensive income, and financial assets measured at fair value with changes recorded in current profit or loss.

Financial assets measured at amortized cost

The Group classifies financial assets that simultaneously meet the following conditions and are not designated as financial assets measured at fair value with changes recognized in current profit or loss as financial assets measured at amortized cost:

The business model is to collect contractual cash flows;

The contractual cash flows consist only of payments of principal and interest based on the outstanding principal amount.

Financial assets measured at fair value and whose changes are included in other comprehensive income

The Group classifies financial assets that simultaneously meet the following conditions and are not designated as financial assets measured at fair value with changes recognized in current profit or loss as financial assets measured at fair value and whose changes are included in other comprehensive income (debt instruments):

The business model is to both collect contractual cash flows and sell the financial asset;

The contractual cash flows consist only of payments of principal and interest based on the outstanding principal amount.

For non-trading equity instruments investments, the Group can irrevocably designate them as financial assets measured at fair value and whose changes are included in other comprehensive income (equity instruments) at the initial recognition. This designation is made on an individual investment basis and the relevant investment is in accordance with the definition of equity instruments from the issuer's perspective.

Financial assets measured at fair value and whose changes are recognized in current profit or loss

Apart from the financial assets measured at amortized cost and those measured at fair value and whose changes are recognized in other comprehensive income, the Group classifies all the remaining financial assets as financial assets measured at fair value and whose changes are recognized in current profit or loss. At initial recognition, if it is possible to eliminate or significantly reduce accounting mismatches, the Group can irrevocably designate the financial assets that should be classified as those measured at amortized cost or those measured at fair value and whose changes are recognized in other comprehensive income as financial assets measured at fair value and whose changes are recognized in current profit or loss.

Classification of financial liabilities

Financial liabilities are classified at initial recognition as: financial liabilities measured at fair value and whose changes are recognized in current profit or loss, and financial liabilities measured at amortized cost.

Financial liabilities that meet one of the following conditions can be designated at initial measurement as financial liabilities measured at fair value and whose changes are recognized in current profit or loss:

This designation can eliminate or significantly reduce accounting mismatches;

According to formal written documents stating the enterprise's risk management or investment strategy, the financial liability portfolio or the combination of financial assets and financial liabilities is managed and evaluated based on fair value, and this is reported internally by the enterprise on the basis of this to key management personnel;

The financial liability contains embedded derivatives that need to be separated.

Confirmation basis and measurement methods of financial instruments

Financial assets measured at amortized cost

The financial assets measured at amortized cost of the Group include accounts receivable notes, accounts receivable, other receivables, etc. For such financial assets, the Group initially measure them at fair value, and related transaction costs are included in the initial recognition amount; accounts receivable without significant financing components and those that the company decides not to consider the financing component of no more than one year are initially measured based on the contract transaction price.

Financial assets measured at fair value and whose changes are recognized in other comprehensive income (debt instruments)

Financial assets measured at fair value and whose changes are recognized in other comprehensive income (debt instruments) include receivables financing, etc. They are initially measured at fair value, and related transaction costs are included in the initial recognition amount. This financial asset is subsequently measured at fair value, and changes in fair value, except for interest calculated using the actual interest rate method, impairment losses or gains, and exchange gains or losses, are all recognized in other comprehensive income.

When derecognition occurs, the accumulated gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income to current profit or loss.

Financial assets measured at fair value and whose changes are recognized in other comprehensive income (equity instruments)

Financial assets measured at fair value and whose changes are recognized in other comprehensive income (equity instruments) include other equity instrument investments, etc. They are initially measured at fair value, and related transaction costs are included in the initial recognition amount. This financial asset is subsequently measured at fair value, and changes in fair value are recognized in other comprehensive income. Dividends obtained are recognized in current profit or loss.

When derecognition occurs, the accumulated gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income to retained earnings.

Financial assets measured at fair value and whose changes are included in current profits and losses

Financial assets measured at fair value and whose changes are included in current profits and losses include trading financial assets, etc. They are initially measured at fair value, and related transaction costs are included in current profits and losses. These financial assets are subsequently measured at fair value, and changes in fair value are included in current profits and losses.

Financial liabilities measured at fair value and whose changes are included in current profits and losses

Financial liabilities measured at fair value and whose changes are included in current profits and losses include trading financial liabilities,

derivative financial liabilities, etc. They are initially measured at fair value, and related transaction costs are included in current profits and losses. These financial liabilities are subsequently measured at fair value, and changes in fair value are included in current profits and losses.
When they are derecognized, the difference between their book value and the payment made is included in current profits and losses.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include short-term loans, notes payable, accounts payable, other payables, long-term loans, long-term payables, etc. They are initially measured at fair value, and related transaction costs are included in the initial recognition amount.
Interest calculated using the actual interest rate method during the holding period is included in current profits and losses.
When they are derecognized, the difference between the payment made and the book value of the financial liability is included in current profits and losses.
The criteria and measurement methods for the derecognition of financial assets and the recognition of financial asset transfers
When any of the following conditions is met, the Group terminates the recognition of financial assets:
(1) The contractual right to receive cash flows from the financial asset is terminated;
(2) The financial asset has been transferred, and almost all risks and rewards of the financial asset have been transferred to the transferee;
(3) The financial asset has been transferred, although the Group has neither transferred nor retained almost all risks and rewards of the financial asset, but has not retained control over the financial asset.
When the Group modifies or renegotiates the contract with the counterparty and constitutes a substantive modification, the original financial asset is derecognized, and a new financial asset is recognized in accordance with the modified terms.
When a financial asset transfer occurs, if almost all risks and rewards of the financial asset are retained, the financial asset is not derecognized.
When determining whether a financial asset transfer meets the above conditions for derecognition of financial assets, the principle of substance over form is adopted.
This group distinguishes the transfer of financial assets into overall transfer and partial transfer. If the overall transfer of financial assets meets the conditions for termination recognition, the difference between the two amounts will be recorded in the current profit and loss:
(1) The book value of the transferred financial assets;
(2) The sum of the consideration received from the transfer and the cumulative amount of the fair value changes originally directly recorded in the owner's equity (in the case where the transferred financial assets are financial assets measured at fair value and their changes are included in other comprehensive income (debt instruments)).

If the partial transfer of financial assets meets the conditions for termination recognition, the book value of the entire transferred financial assets will be allocated between the terminated and non-terminated parts based on their respective relative fair values, and the difference between the two amounts will be recorded in the current profit and loss:
(1) The book value of the terminated part;
(2) The consideration for the terminated part, and the cumulative amount of the fair value changes originally directly recorded in the owner's equity corresponding to the terminated part (in the case where the transferred financial assets are financial assets measured at fair value and their changes are included in other comprehensive income (debt instruments)).

If the transfer of financial assets does not meet the conditions for termination recognition, the financial asset will continue to be recognized, and the consideration received will be recognized as a financial liability.

Termination of Financial Liabilities

If the present obligation of a financial liability is all or partially relieved, then the financial liability or a part thereof will be terminated; if the group signs an agreement with the creditor to replace the existing financial liability with a new financial liability, and the contract terms of the new financial liability are materially different from those of the existing financial liability, then the existing financial liability will be terminated and the new financial liability will be recognized.

If the contract terms of the existing financial liability are substantially modified, then the financial liability or a part thereof will be terminated, and the modified financial liability will be recognized as a new financial liability.

When a financial liability is partially or wholly terminated, the difference between the book value of the terminated financial liability and the consideration paid (including the transferred non-cash assets or the assumed new financial liability) will be recorded in the current profit and loss.

If the group repurchases part of the financial liability, at the repurchase date, the book value of the financial liability will be allocated between the continuingly recognized part and the terminated part based on their relative fair values. The difference between the book value allocated to the terminated part and the consideration paid (including the transferred non-cash assets or the assumed new financial liability) will be recorded in the current profit and loss.

Impairment of financial assets

Method for recognizing impairment provisions

The Group accounts for impairment of financial assets measured at amortized cost, financial assets measured at fair value with changes recognized in other comprehensive income (debt instruments) and financial guarantee contracts, etc. based on expected credit losses.

The Group considers reasonable and well-founded information such as past events, current conditions, and predictions of future economic conditions, and uses the risk of default as a weight to calculate the probability-weighted amount of the difference between the contractual cash flows receivable and the expected cash flows that can be received, and recognizes the expected credit loss.

For receivables and contract assets formed by transactions regulated by Accounting Standard for Business Enterprises No. 14 - Revenue, regardless of whether they contain significant financing components, the Group always measures the loss provision at an amount equivalent to the expected credit loss over the entire duration of the receivables.

For lease receivables formed by transactions regulated by Accounting Standard for Business Enterprises No. 21 - Leases, the Group chooses to always measure the loss provision at an amount equivalent to the expected credit loss over the entire duration of the receivables.

For other financial instruments, the Group assesses the changes in credit risk of the relevant financial instruments since initial recognition at each balance sheet date.

The Group compares the risk of default of financial instruments at the balance sheet date with the risk of default at the initial recognition date to determine the relative changes in the risk of default over the expected duration of the financial instruments, and assesses whether the credit risk of the financial instruments has significantly increased since initial recognition. Generally, if the overdue period exceeds 30 days, the Group considers that the credit risk of the financial instrument has significantly increased, unless there is conclusive evidence that the credit risk of the financial instrument has not significantly increased since initial recognition.

If the credit risk of a financial instrument is low at the balance sheet date, the Group considers that the credit risk of the financial instrument has not significantly increased since initial recognition.

If the credit risk of a financial instrument has significantly increased since initial recognition, the Group measures the loss provision at an amount equivalent to the expected credit loss over the entire duration of the financial instrument; if the credit risk of the financial instrument has not significantly increased since initial recognition, the Group measures the loss provision at an amount equivalent to the expected credit loss over the next 12 months. The increase or reversal amount of the impairment provision thus formed is recognized as an impairment loss or gain in the current profit or loss. For financial assets measured at fair value with changes recognized in other comprehensive income (debt instruments), the loss provision is recognized in other comprehensive income and the impairment loss or gain is recognized in the current profit or loss, and the carrying amount of the financial asset in the balance sheet is not reduced.

If there is objective evidence indicating that a certain receivable has experienced credit impairment, the Group recognizes impairment provisions on an individual basis for that receivable.

For receivables and contract assets formed by transactions regulated by Accounting Standard for Business Enterprises No. 14 - Revenue (2017), regardless of whether they contain significant financing components, the Group always measures the loss provision at an amount equivalent to the expected credit loss over the entire duration of the receivables.

For lease receivables, the Group chooses to always measure the loss provision at an amount equivalent to the expected credit loss over the entire duration of the receivables.

Methods for determining credit losses of various financial assets

Except for certain financial assets that assess overdue credit losses on an individual basis, the Group also assesses the expected credit losses of financial assets measured at amortized cost based on the aging group.

Except for the above receivables that are subject to individual bad debt provisions, the Group classifies the remaining financial instruments based on their credit risk characteristics into several groups, and determines the expected credit losses on a group basis. The group has established the following categories and determination basis for recognizing expected credit losses for its receivables such as commercial bills, accounts receivable, receivables financing, and other receivables: Impairment of financial assets

Method for recognizing impairment provisions

The Group accounts for impairment of financial assets measured at amortized cost, financial assets measured at fair value with changes recognized in other comprehensive income (debt instruments) and financial guarantee contracts, etc. based on expected credit losses.

The Group considers reasonable and well-founded information such as past events, current conditions, and predictions of future economic conditions, and uses the risk of default as a weight to calculate the probability-weighted amount of the difference between the contractual cash flows receivable and the expected cash flows that can be received, and recognizes the expected credit loss.

For receivables and contract assets formed by transactions regulated by Accounting Standard for Business Enterprises No. 14 - Revenue, regardless of whether they contain significant financing components, the Group always measures the loss provision at an amount equivalent to the expected credit loss over the entire duration of the receivables.

For lease receivables formed by transactions regulated by Accounting Standard for Business Enterprises No. 21 - Leases, the Group chooses to always measure the loss provision at an amount equivalent to the expected credit loss over the entire duration of the receivables.

For other financial instruments, the Group assesses the changes in credit risk of the relevant financial instruments since initial recognition at each balance sheet date.

The Group compares the risk of default of financial instruments at the balance sheet date with the risk of default at the initial recognition date to determine the relative changes in the risk of default over the expected duration of the financial instruments, and assesses whether the credit risk of the financial instruments has significantly increased since initial recognition. Generally, if the overdue period exceeds 30 days, the Group considers that the credit risk of the financial instrument has significantly increased, unless there is conclusive evidence that the credit risk of the financial instrument has not significantly increased since initial recognition.

If the credit risk of a financial instrument is low at the balance sheet date, the Group considers that the credit risk of the financial instrument has not significantly increased since initial recognition.

If the credit risk of a financial instrument has significantly increased since initial recognition, the Group measures the loss provision at an amount equivalent to the expected credit loss over the entire duration of the financial instrument; if the credit risk of the financial instrument has not significantly increased since initial recognition, the Group measures the loss provision at an amount equivalent to the expected credit loss over the next 12 months. The increase or reversal amount of the impairment provision thus formed is recognized as an impairment loss or gain in the current profit or loss. For financial assets measured at fair value with changes recognized in other comprehensive income (debt instruments), the loss provision is recognized in other comprehensive income and the impairment loss or gain is recognized in the current profit or loss, and the carrying amount of the financial asset in the balance sheet is not reduced.

If there is objective evidence indicating that a certain receivable has experienced credit impairment, the Group recognizes impairment provisions on an individual basis for that receivable.

For receivables and contract assets formed by transactions regulated by Accounting Standard for Business Enterprises No. 14 - Revenue (2017), regardless of whether they contain significant financing components, the Group always measures the loss provision at an amount equivalent to the expected credit loss over the entire duration of the receivables.

For lease receivables, the Group chooses to always measure the loss provision at an amount equivalent to the expected credit loss over the entire duration of the receivables.

Methods for determining credit losses of various financial assets

Except for certain financial assets that assess overdue credit losses on an individual basis, the Group also assesses the expected credit losses of financial assets measured at amortized cost based on the aging group.

Except for the above receivables that are subject to individual bad debt provisions, the Group classifies the remaining financial instruments based on their credit risk characteristics into several groups, and determines the expected credit losses on a group basis. The group has established the following categories and determination basis for recognizing expected credit losses for its receivables such as commercial bills, accounts receivable, receivables financing, and other receivables:

Receivable Notes

Combination names	The basis for determining the combination
Combination 1	Bank acceptance draft
Combination 2	Commercial acceptance draft
Combination 3	Financial company acceptance draft

Accounts Receivable and Contract Assets

Project	The basis for determining the combination
Related party grouping	Receivables from related parties within the scope of Dalian Heavy Industry Equipment Group Co., Ltd.
Age grouping of accounts	Receivables from other related parties

Receivables Financing

Project	The basis for determining the combination
Accounts Receivable Notes	Accounts receivable notes that aim to collect contractual cash flows as well as those that aim for sale
Supply Chain Vouchers	Supply chain vouchers that aim to collect contractual cash flows as well as those that aim for sale

Other Receivables

Project	The basis for determining the combination
Other Receivables	Related party combination
Other Receivables	Age of accounts combination
Other Receivables	Savings fund combination (classified and combined based on the creditworthiness of the transaction counterpart, the nature of the funds, and transaction security measures, etc.)

If the Group no longer reasonably expects that the contractual cash flows of the financial assets can be fully or partially recovered, it will directly write down the book balance of the financial assets.

12. Notes Receivable

Refer to item 11.

13. Accounts Receivable

Refer to item 11.

14. Receivables Financing

Refer to item 11.

15. Other Receivables

The determination method and accounting treatment for the expected credit losses of other receivables

Refer to item 11.

16. Contract Assets

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance of the obligation and the customer's payment. The Group's rights to receive consideration for transferring goods or providing services (and such rights depend on factors other than the passage of time) are presented as contract assets. Contract assets and contract liabilities under the same contract are presented net. The rights that the Group has, which are unconditional (depending only on the passage of time), to collect consideration from the customer as an account receivable are presented separately.

The determination method and accounting treatment for expected credit losses of contract assets are described in Note 4, (9), Financial Asset Impairment.

17. Inventories

Classification of Inventories

Inventories are classified as: raw materials, packaging materials, low-value consumables, work-in-progress, finished goods, etc.

Valuation methods for the acquisition and issuance of inventories

Inventories are initially measured at cost. The cost of inventories includes purchase costs, processing costs, and other expenditures incurred to bring the inventories to their current location and condition. Inventories are valued and priced using the real-time moving weighted average method when issued.

Methods for confirming the net realizable value of inventories and the recognition of impairment provisions

At the balance sheet date, inventories should be measured at the lower of cost and net realizable value. If the cost of inventories is higher than their net realizable value, impairment provisions for inventories should be made. Net realizable value refers to the estimated selling price of the inventory in normal operations, minus the estimated costs to complete the inventory, estimated selling expenses, and related taxes and fees.

Finished goods, inventory items for sale, and materials held for sale that are directly for sale in normal production and operation processes, their net realizable value should be determined based on the estimated selling price of the inventory minus the estimated selling expenses and related taxes and fees; materials that need to be processed should be determined based on the estimated selling price of the finished products minus the estimated costs to complete the inventory, estimated selling expenses, and related taxes and fees; inventories held for fulfilling sales contracts or service contracts should be determined based on the contract price, and if the quantity held exceeds the quantity ordered in the sales contract, the net realizable value of the excess part of the inventory should be determined based on the general selling price.

After making impairment provisions for inventories, if the factors that previously reduced the value of inventories have disappeared, resulting in the net realizable value of the inventories being higher than their book value, the previously made impairment provisions can be reversed within the amount, and the reversed amount is included in the current profit and loss.

1. Inventory counting system is perpetual inventory system.

2. Depreciation methods for low-value consumables and packaging materials

Low-value consumables are depreciated using the one-time amortization method upon issuance; packaging materials are depreciated using the one-time amortization method upon issuance.

18. Holding assets for sale

19. Debt investment

20. Other debt investment

21. Long-term receivables

22. Long-term equity investment

The long-term equity investment referred to in this section refers to the long-term equity investment held by the Group that has control, joint control or significant influence over the invested entity.

Joint control refers to the common control of an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be agreed upon by the participants who share control. Where the group, together with other joint ventures, exercises joint control over the investee and enjoys rights over the net assets of the investee, the investee shall be a joint venture of the group.

Significant influence refers to having the power to participate in the decision-making of the financial and operational decisions of the investee, but not being able to control or jointly control the formulation of these policies with other parties. Where the group is able to exert significant influence on the investee, the investee is an associate enterprise of the group.

Determination of initial investment costs

For a long-term equity investment in a subsidiary formed by a combination of enterprises under the same control, the initial investment cost of the long-term equity investment is based on the share of the acquired owner's equity in the book value of the consolidated financial statements of the ultimate controlling party on the merger date. The difference between the initial investment cost of long-term equity investment and the book value of the consideration paid, and the equity premium in the capital reserve; The retained earnings are adjusted when the equity premium in the capital reserve is insufficient to write off. If the investore under the same control can be controlled due to additional investment or other reasons, the difference between the initial investment cost of long-term equity investment recognized in accordance with the above principles and the sum of the book value of long-term equity investment before the merger plus the book value of the new consideration for further shares acquired on the merger date shall be adjusted for the equity premium, and the retained earnings shall be deducted if the equity premium is insufficient.

For a long-term equity investment in a subsidiary formed by a merger of enterprises not under the same control, the merger cost determined on the purchase date shall be regarded as the initial investment cost of the long-term equity investment. If the investee under different control can be controlled due to additional investment or other reasons, the initial investment cost shall be the sum of the book value of the equity investment originally held plus the cost of the new investment.

For long-term equity investment obtained by cash payment, the initial investment cost shall be based on the purchase price actually paid.

For long-term equity investments obtained by issuing equity securities, the initial investment cost shall be based on the fair value of the equity securities issued.

Subsequent measurement and profit and loss recognition methods

Long-term equity investments accounted for by the cost method

The Company's long-term equity investments in subsidiaries are accounted for using the cost method, unless the investment is held for sale. In addition to the cash dividends or profits declared but not yet paid in the price or consideration actually paid at the time of investment acquisition, the Company recognizes the current investment income according to the cash dividends or profits declared and paid by the investee.

Long-term equity investments accounted for by the equity method

Long-term equity investments in associates and joint ventures shall be accounted for using the equity method. If the initial investment cost is greater than the investment, it shall enjoy the difference in the share of the fair value of the identifiable net assets of the investee, without adjusting the initial investment cost of long-term equity investment; When the initial investment cost is less than the investment, the difference in the share of the fair value of the identifiable net assets of the investee shall be included in the current profit or loss, and the cost of long-term equity investment shall be adjusted.

The group recognizes investment income and other comprehensive income respectively according to the share of net profit and loss and other comprehensive income realized by the investee, and adjusts the book value of long-term equity investment; The book value of long-term equity investment shall be reduced accordingly in accordance with the profit or cash dividend declared by the investee; For changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution of the investee (" Other owner's equity changes "), the carrying value of long-term equity investments is adjusted and included in owner's equity.

When recognizing the share of the investee's net profit and loss, other comprehensive income and other changes in owner's equity, it is recognized on the basis of the fair value of the investee's identifiable net assets at the time of acquisition of the investment, and after adjusting the net profit and other comprehensive income of the investee in accordance with thegroup's accounting policies and accounting periods.

The profit or loss of unrealized internal transactions between thegroup and its associate or joint venture shall be offset by the part attributable to thegroup calculated in proportion to its share, and the investment income shall be recognized on this basis, except where the assets invested or sold constitute business. If the unrealized internal transaction loss occurred with the investee is an asset impairment loss, it shall be fully recognized.

The net loss incurred by thegroup to the joint venture or associated enterprise, except for the obligation to bear additional losses, shall be limited to the carrying value of the long-term equity investment and other long-term interests that substantially constitute the net investment in the joint venture or associated enterprise. If a joint venture or associate enterprise later realizes net profit, thegroup shall resume the recognition of the income sharing amount after the income sharing amount has made up the unrecognized loss sharing amount.

Disposal of long-term equity investments

If a long-term equity investment is disposed of, the difference between the carrying value and the actual purchase price shall be included in the current profit or loss.

If part of the long-term equity investment accounted for by the equity method is disposed of, and the remaining equity is still accounted for by the equity method, the other comprehensive income recognized by the original equity method is carried forward on the same basis as the relevant assets or liabilities directly disposed of by the invee, and the changes in other owners' equity are transferred to the current profit or loss in proportion.

Where the common control or significant influence on the investee is lost due to the disposal of equity investment or other reasons, other comprehensive income recognized by the original equity investment as a result of the equity method accounting shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee when the equity method accounting is terminated. All other changes in owners' equity are transferred to current profit or loss upon termination of the equity method.

If the company loses the control over the investee due to the disposal of part of the equity investment or other reasons, and the remaining equity can jointly control or significantly affect the investee when preparing individual financial statements, it shall be calculated according to the equity method, and when the remaining equity is regarded as self-acquired, it shall be adjusted by the equity method. Other comprehensive income recognized before the acquisition of the control of the investee is carried forward on the same basis as the direct disposal of related assets or liabilities by the investee, and the changes in other owner's equity recognized by the equity method are transferred to the current profit or loss on a proportional basis; If the remaining equity cannot jointly control or exert significant influence on the investee, it is recognized as a financial asset, and the difference between the fair value and the carrying value on the date of loss of control is included in the current profit or loss, and all other comprehensive income and other changes in owners' equity recognized before the acquisition of the control of the investee are carried forward.

If the equity investment of the subsidiary is disposed of step by step through multiple transactions until the control is lost, and it is a package transaction, each transaction shall be accounted for as a transaction that disposed of the equity investment of the subsidiary and lost the control. The difference between the disposal price of each disposal and the book value of the disposed equity against the entitled long-term equity investment before the loss of control is first recognized as other comprehensive income in individual financial statements, and then transferred to the loss and profit of the current period when the control is lost. If it is not a package transaction, each transaction shall be accounted for separately.

23. Investment real estate

Investment real estate measurement model

Cost measurement

Depreciation or amortization method

Investment real estate refers to real estate held for the purpose of earning rent or capital appreciation, or both, including land use rights that have been leased, land use rights that have been held and are to be transferred after appreciation, and buildings that have been leased (including buildings that have been leased after completion of self-construction or development activities, and buildings that are under construction or development and will be leased in the future).

Subsequent expenditures related to investment real estate are included in the cost of investment real estate when the related economic benefits are likely to flow in and their costs can be reliably measured; Otherwise, it is charged to current profit or loss when incurred.

Thegroup adopts a cost model for the measurement of existing investment real estate. The depreciation policy for investment real estate - leased buildings measured according to the cost model is the same as that for the Company's fixed assets, and the amortization policy for leased land use rights is the same as that for intangible assets.

24. Fixed assets

(1) Confirm the conditions

Fixed assets refer to tangible assets with a unit value of more than 2,000 yuan that are held for the purpose of producing commodities, providing services, renting or operating management and have a service life exceeding one fiscal year. Fixed assets are recognized when both of the following conditions are met:

(1) The economic benefits related to the fixed assets are likely to flow into the enterprise;

(2) The cost of the fixed asset can be measured reliably.

Fixed assets are initially measured at cost (taking into account the impact of anticipated disposal cost factors).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when the economic benefits related to them are likely to flow in and their costs can be reliably measured; To terminate the recognition of the book value of the replaced portion; All other subsequent expenses are recognised in profit or loss as incurred.

（2） Depreciation method

category	Depreciation method	Depreciation life	Ratio of salvage value	Annual depreciation rate
Houses and buildings				
Among them: houses, factories, three-dimensional warehouses, pipe networks, roads	Life averaging method	30	3	3.23
Waste storage	Life averaging method	20	3	4.85
Machinery and equipment	Life averaging method	10	3	9.70
Transport equipment	Life averaging method	5	3	19.40
Electronic equipment	Life averaging method			
Among them: electronic devices	Life averaging method	5	3	19.40
Instrument and meter	Life averaging method	10	3	9.70
Other equipment	Life averaging method			
Among them: conduction equipment	Life averaging method	10	3	9.70
Special equipment	Life averaging method	10	3	9.70
Office equipment	Life averaging method	5	3	19.40
Other fixed assets	Life averaging method	5	3	19.40

25. Construction in progress

Construction in progress is measured at actual cost incurred. Actual costs include construction costs, installation costs, capitalized borrowing costs, and other expenditures necessary to bring the construction in progress to its intended serviceability. When the construction under construction reaches the intended serviceable state, it shall be transferred to fixed assets and depreciation shall be calculated from the following month.

The methods for conducting impairment tests on construction in progress and for making impairment provisions are detailed in Note 4, Item 19 "Impairment of Long-Term Assets".

26. Borrowing costs

27. Biological assets

28. Oil and gas assets

29. Intangible assets

(1) Service life and the basis for its determination, estimate, amortization method or review procedure

Intangible assets refer to non-monetary identifiable assets without physical form that the group owns or controls.

Intangible assets are initially measured at cost. The cost of purchased intangible assets includes the purchase price, relevant taxes, and other expenditures directly attributable to making the asset reach its intended use.

When obtaining intangible assets, the useful life of the asset is analyzed and determined.

For intangible assets with a limited useful life, they are amortized over the period during which the economic benefits are generated by the group; if the period during which the intangible asset is expected to bring economic benefits to the group cannot be predicted, it is regarded as an intangible asset with an uncertain useful life and is not amortized.

Intangible assets with limited service life shall be amortized within the time limit during which they bring economic benefits to the enterprise; Intangible assets that cannot be foreseen to bring economic benefits to the enterprise shall be regarded as intangible assets with uncertain service life and shall not be amortized.

The right to the use of the land shall be amortized on an average basis according to the period of grant from the date of grant; ERP software and other intangible assets shall be amortized in equal stages according to the shortest among the expected service life, the benefit life stipulated in the contract and the effective life stipulated by law. Amortization amounts are included in the cost of the relevant assets and current profit or loss according to the beneficiaries. The estimated useful life and amortization method of intangible assets with limited useful life are reviewed at the end of each year and are treated as accounting estimate changes if they occur.

(2) The scope of research and development expenditures and related accounting treatment.

The scope of capitalization of research and development expenditures

The group's expenses incurred in the process of conducting research and development include related staff salaries, materials consumed, related depreciation and amortization expenses and other related expenses of the personnel engaged in research and development activities, and are summarized as follows:

The relevant employee compensation of the personnel engaged in R&D activities mainly refers to the relevant employee compensation of the personnel directly engaged in R&D activities, the management personnel closely related to R&D activities and the direct service personnel.

Depreciation expense refers to the expense of depreciation of instruments, equipment and buildings in use for research and development activities. Long-term deferred expenses refer to long-term deferred expenses incurred in the course of alteration, modification, renovation and repair of research and development facilities.

Direct input expense refers to the related expenditure actually incurred by enterprises for the implementation of research and development activities. Including direct consumption of materials, fuel and power costs; Expenses for the operation, maintenance, adjustment, inspection, inspection and repair of instruments and equipment used in research and development activities, as well as lease fees for fixed assets rented through business leasing for research and development activities.

Specific criteria for dividing the research stage and the development stage

The expenditures of the internal research and development projects of this group are classified into research stage expenditures and development stage expenditures.

Research stage: The stage of conducting original and planned investigation and research activities to obtain and understand new scientific or technical knowledge, etc.

Development stage: The stage of applying the research results or other knowledge to a certain plan or design to produce new or materially improved materials, devices, products, etc., before commencing commercial production or use.

Specific conditions for capitalizing expenditures in the development stage

Expenditures in the research stage are recorded in the current profit and loss account when they occur. Expenditures in the development stage are recognized as intangible assets if they simultaneously meet the following conditions:

① The completion of the intangible asset to make it usable or marketable is technically feasible;

② There is an intention to complete the intangible asset and use or sell it;

③ The way in which the intangible asset generates economic benefits, including being able to prove the existence of a market for the products produced using the intangible asset or the market for the intangible asset itself, and for internal use, being able to prove its usefulness;

④ There are sufficient technical, financial and other resources to support the development of the intangible asset and the ability to use or sell the intangible asset;

⑤ The expenditures attributed to the development stage of the intangible asset can be reliably measured.

If it is impossible to distinguish between research stage expenditures and development stage expenditures, all research and development expenditures incurred shall be recorded in the current profit and loss account.

30. Impairment of long-term assets

Long-term equity investments, investment real estate measured by the cost model, fixed assets, construction in progress,intangible assets with limited useful life and other long-term assets, where there are signs of impairment at the balance sheet date, impairment tests shall be conducted. If the impairment test results show that the recoverable amount of the asset is lower than its carrying value, an impairment provision shall be made according to the difference and included in the impairment loss. The recoverable amount is the higher of the fair value of the asset, net of disposal costs, and the present value of the asset's expected future cash flows. The asset impairment reserve is calculated and recognized on the basis of individual assets, and if it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined on the basis of the asset group to which the asset belongs. An asset group is the smallest portfolio of assets that can independently generate cash inflows.

For goodwill formed as a result of business merger, intangible assets with uncertain service life, intangible assets that have not yet reached the usable state, regardless of whether there are signs of impairment, at least at the end of each year impairment tests.

The group conducts goodwill impairment tests, and the carrying value of goodwill formed as a result of the business combination is apportioned to the relevant asset group in a reasonable way from the date of purchase; If it is difficult to apportion to the relevant asset group, it is apportioned to the relevant asset group combination. An associated asset group or combination of asset groups is an asset group or combination that can benefit from the synergies of a business combination.

When conducting an impairment test on the related asset group or asset group combination containing goodwill, if there are signs of impairment in the asset group or asset group combination related to goodwill, the impairment test is first conducted on the asset group or asset group combination excluding goodwill, and the recoverable amount is calculated and compared with the relevant carrying value to recognize the corresponding impairment loss. Then, an impairment test is conducted on the asset group or asset group combination containing goodwill to compare its carrying value with the recoverable amount. If the recoverable amount is lower than the carrying value, the impairment loss amount is first offset against the carrying value of the goodwill in the asset group or asset group combination. The book value of the other assets is then reduced proportionally according to the proportion of the book value of the asset group or the asset group combination of other assets other than goodwill. Once the above-mentioned asset impairment loss is recognized, it will not be reversed in the subsequent accounting period.

31. Long-term deferred expenses

Long-term deferred expenses are expenses that have already been incurred but are liable for the current and subsequent periods for an apportionment period of more than one year. Such expenses are amortized evenly over the benefit period, and if the long-term unamortized expense item does not benefit subsequent accounting periods, the full amortized value of the item that has not been amortized is carried to profit or loss for the current period.

32. Contractual liabilities

The group shows contractual assets or contractual liabilities in the balance sheet according to the relationship between the performance obligations and the customer's payments. Obligations of the group to transfer goods or provide services to customers for which consideration has been received or received from customers are shown as contractual liabilities. Contract assets and contract liabilities under the same contract are shown in net terms.

33. Employee compensation

(1) Accounting treatment of short-term compensation

During the accounting period in which employees provide services to the group, the group recognizes the short-term compensation actually incurred as a liability and includes it in the profit or loss of the current period or the cost of related assets.

The group shall, during the accounting period in which the employees provide services to the group, calculate and determine the corresponding amount of salary for the employees according to the prescribed basis and proportion of the provision of social insurance premiums and housing provident funds, as well as the funds for the trade union and the education of the employees as prescribed.

The employee welfare expenses incurred by the group are included in the current profit or loss or related asset costs according to the actual amount incurred when actually incurred, among which non-monetary benefits are measured at fair value.

(2) Accounting treatment of post-resignation benefits

(1) Set a drawdown plan

The group shall pay basic pension insurance and unemployment insurance for its employees in accordance with the relevant regulations of the local government. During the accounting period when the employees provide services to the group, the amount payable shall be calculated according to the payment base and proportion prescribed by the local regulations, recognized as liabilities, and included in the profit or loss of the current period or the cost of related assets. In addition, the group participates in the Enterprise annuity plan/Supplementary pension insurance fund approved by the relevant state authorities. The group pays contributions to the annuity plan/local social insurance institution according to a certain proportion of the total salary of the employees, and the corresponding expenditure is included in the profit and loss of the current period or the cost of related assets.

(2) Set a benefit plan

According to the formula determined by the expected cumulative benefit unit method, the group will attribute the benefit obligation arising from the defined benefit plan to the period during which the employee provides the service, and record it in the current profit or loss or related asset cost.

A deficit or surplus resulting from the present value of defined benefit plan obligations less the fair value of defined benefit plan assets is recognized as a defined benefit plan net liability or net asset. If there is surplus in the defined benefit plan, the group shall measure the net assets of the defined benefit plan by whichever is lower than the surplus of the defined benefit plan or the upper limit of assets.

All defined benefit plan obligations, including those expected to be paid within twelve months after the end of the annual reporting period in which the employee rendered services, are discounted at the balance sheet date based on the market yield of Treasury bonds or high-quality corporate bonds in an active market that match the maturity and currency of defined benefit plan obligations.

The cost of services incurred by the defined benefit Plan and the net interest on the net liabilities or net assets of the defined benefit plan are recognised in profit or loss or the cost of the related assets for the period; Changes resulting from the remeasurement of net liabilities or net assets of defined benefit plans are recognized in other comprehensive income and are not carried back to profit or loss in subsequent accounting periods, and the portion originally recognized in other comprehensive income is fully carried forward to undistributed profit within equity at the termination of the original defined benefit plan.

At the time of settlement of defined benefit plans, settlement gains or losses are recognized based on the difference between the present value of defined benefit plan obligations and the settlement price determined on the settlement date.

(3) The accounting treatment method of dismissal welfare

If the group provides termination benefits to employees, the employee compensation liability arising from the termination benefits shall be recognized at an early date and recorded in the current profit or loss of either of the following: If the group cannot unilaterally withdraw the termination benefits provided by the termination of labor relations plan or reduction proposal; When the group recognizes costs or expenses associated with restructuring involving the payment of termination benefits.

(4) Accounting treatment methods for other long-term employee benefits

34. Expected liabilities

Obligations relating to contingencies are recognised by the group as projected liabilities when the following conditions are met:

(1) The obligation is a current obligation of the group;

(2) the performance of the obligation is likely to result in the outflow of economic benefits from the group;

(3) The amount of the obligation can be measured reliably.

Projected liabilities are initially measured at the best estimate of the expenditure required to meet the relevant current obligations.

In determining the best estimate, factors such as risks, uncertainties and the time value of money associated with contingencies are taken into account. Where the time value of money is significant, the best estimate is determined by discounting the relevant future cash outflows.

Where there is a continuous range of required expenditures within which outcomes are equally likely to occur, the best estimate is determined at the midpoint of the range; In other cases, the best estimates are treated as follows:

• Contingencies involving a single item are determined according to the amount most likely to occur.

Contingencies involving multiple items shall be determined according to the calculation of various possible outcomes and relevant probabilities.

Where all or part of the expenditure required to satisfy the projected liability is expected to be compensated by a third party, the amount of compensation is recognized separately as an asset when it is basically certain that it will be received, and the amount of compensation recognized does not exceed the carrying value of the projected liability.

The group reviews the carrying value of the projected liabilities at the balance sheet date and adjusts the carrying value according to the current best estimate if there is solid evidence that the carrying value does not reflect the current best estimate.

35. Payment in shares

36. Preferred stock, perpetual bond and other financial instruments

37. income

Disclose accounting policies used to recognize and measure revenue by business type

The accounting policies adopted for revenue recognition and measurement

The Group recognizes revenue upon fulfilling the performance obligations in the contract, that is, when the customer obtains control of the relevant goods or services. Obtaining control of the relevant goods or services means being able to dominate the use of the goods or services and obtaining almost all the economic benefits from them.

If a contract contains two or more performance obligations, the Group allocates the transaction price to each individual performance obligation based on the relative proportion of the standalone selling prices of the goods or services promised in each obligation. The Group measures revenue based on the transaction price allocated to each individual performance obligation.

The transaction price refers to the amount that the Group expects to receive as consideration for transferring goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to the customer. The Group determines the transaction price based on the terms of the contract, combined with its past practices. When determining the transaction price, the Group considers factors such as variable consideration, significant financing components in the contract, non-cash consideration, and consideration payable to the customer. The Group determines the transaction price including variable consideration at a level not exceeding the amount that is highly likely not to be reversed in the cumulative revenue recognized when the relevant uncertainties are eliminated. For contracts with significant financing components, the Group determines the transaction price by assuming that the customer pays in cash at the time of obtaining control of the goods or services. The Group amortizes the difference between the transaction price and the contract consideration over the contract period using the effective interest rate method. One of the following conditions must be met for the performance obligation to be fulfilled over a period of time: 1. The customer obtains and consumes the economic benefits brought by the Group's performance at the same time. 2. The customer can control the goods under construction by the Group. 3. The Group has the right to receive payment for the cumulative completed performance throughout the contract period. For performance obligations fulfilled at a point in time, the Group recognizes revenue at the point when the customer obtains control of the relevant goods or services. When determining whether the customer has obtained control of the goods or services, the Group considers the following signs: 1. The Group has the current right to collect consideration for the goods or services, that is, the customer has the current obligation to make payment for the goods or services. 2. The Group has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods. 3. The Group has transferred the physical goods to the customer, that is, the customer has physical possession of the goods. 4. The Group has transferred the main risks and rewards of ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of ownership of the goods. 5. The customer has accepted the goods or services. The Group determines the identity of the Company when entering into a transaction based on whether it has control over the goods or services before transferring them to the customer. If the Group can control the goods or services before transferring them to the customer, the Group is the principal and recognizes revenue based on the total amount of received or receivable consideration; otherwise, the Group is the agent and recognizes revenue based on the amount of commission or handling fee expected to be received.

The specific methods of revenue recognition and measurement are disclosed according to the nature of the business.

Merchandise sales revenue: When the Group has transferred the principal risks and rewards of ownership of the goods to the purchaser, the Group has not retained the continuing management rights normally associated with ownership, nor has it exercised effective control over the goods sold, the amount of revenue can be measured reliably, the related economic benefits are likely to flow to the business, and the related costs incurred or to be incurred can be measured reliably, Recognize the realization of sales revenue.

Income from transferred assets: The realization of income from the right to use transferred assets is recognized when the economic benefits associated with the transaction are likely to flow to the Group and the amount of revenue can be measured reliably.

The use of different business models involving different revenue recognition methods and measurement methods of similar businesses

38. Contract cost

Contract cost includes contract performance cost and contract acquisition cost.

The cost incurred by the group for the performance of the contract, which does not fall within the scope of relevant standards such as inventory, fixed assets or intangible assets, shall be recognized as an asset as the performance cost of the contract when the following conditions are met:

• The cost is directly related to a current or expected contract.

• This cost increases the group's resources to meet performance obligations in the future.

• This cost is expected to be recovered.

The incremental cost incurred by the group to obtain a contract is recognized as an asset if it is expected to be recovered as a contract acquisition cost.

Assets related to contract costs are amortized on the same basis as the recognition of revenue of goods or services related to that asset; However, if the amortization period of contract acquisition costs does not exceed one year, the group will recognize it in the profit and loss of the current period when it occurs.

If the carrying value of an asset related to the contract cost is higher than the difference between the following two items, the group shall make an impairment provision for the excess and recognize it as an asset impairment loss:

(a) the remaining consideration expected to be obtained as a result of the transfer of goods or services related to the asset;

2. Estimate the costs to be incurred for the transfer of the relevant goods or services.

If the factors of impairment in previous periods change later, making the aforementioned difference higher than the carrying value of the asset, the group shall revert to the original provision for impairment and record it in the profit or loss of the current period, provided that the carrying value of the asset after the reversal shall not exceed the carrying value of the asset on the date of reversal if no provision for impairment is assumed.

39. Government subsidies

1.type

Government subsidies refer to monetary assets or non-monetary assets obtained free of charge by the group from the government, which are divided into government subsidies related to assets and government subsidies related to income.

Government subsidies related to assets refer to government subsidies obtained by the group for the purchase and construction or other forms of long-term assets. Revenue-related government subsidies refer to government subsidies other than those related to assets.

The group's specific criteria for classifying government grants as asset-related are government grants obtained by the Group for the acquisition, construction or otherwise formation of long-term assets

The group's specific criteria for classifying government grants as income-related are: government grants other than government grants related to assets

If the government documents do not clearly specify the object of the subsidy, the group will classify the government subsidy as asset-related or revenue-related based on the following judgment: The Group will make a judgment according to the above distinction principle, and if it is difficult to distinguish, the whole government subsidy is classified as revenue-related.

2.Confirmation time

Government grants are recognized when the group is able to meet the conditions attached to them and can receive them.

3.Accounting treatment

Government subsidies related to assets, write-down of the book value of related assets or recognized as deferred income. If it is recognized as deferred income, it shall be included in the profit or loss of the current period in a reasonable and systematic way during the service life of the relevant assets (if it is related to the daily activities of the group, it shall be included in other income; If it is not related to the daily activities of the group, it is included in non-operating income);

Government grants related to revenue that are used to compensate the group for related costs or losses in subsequent periods are recognized as deferred revenue and are recognized in current profit or loss during the period in which the related costs or losses are recognized (other income if related to the group's daily activities; If it is not related to the daily activities of the group, it is included in non-operating income) or written off the related costs or losses; If it is used to compensate the relevant costs or losses incurred by the group, it is directly included in the current profit and loss (if it is related to the daily activities of the group, it is included in other income; If it is not related to the daily activities of the group, it is included in non-operating income) or written off related costs or losses.

40. Deferred tax assets/deferred tax liabilities

Income tax includes current income tax and deferred income tax. In addition to income tax arising from business mergers and transactions or events that are directly included in owners' equity (including other comprehensive income), the group recognizes current income tax and deferred income tax in current profit or loss.

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the difference (temporary difference) between the tax basis of assets and liabilities and their carrying value.

Deferred income tax assets are recognized for deductible temporary differences to the extent that taxable income is likely to be obtained in future periods to offset deductible temporary differences. For deductible losses and tax credits that can be carried forward to subsequent years, the corresponding deferred tax assets are recognized to the extent that future taxable income is likely to be obtained to offset the deductible losses and tax credits.

For taxable temporary differences, deferred income tax liabilities are recognized, except in exceptional circumstances.

Exceptional circumstances in which deferred tax assets or deferred tax liabilities are not recognized include:

• Initial recognition of goodwill;

• Transactions or events that are neither a business combination nor affect accounting profit and taxable income (or deductible losses) at the time of occurrence, and where the assets and liabilities initially recognized do not result in an equal amount of taxable temporary differences and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, unless the group is able to control the timing of the reversal of the temporary difference and it is likely that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences related to investments in subsidiaries, associates and joint ventures when the temporary difference is likely to be reversed in the foreseeable future and taxable income to offset the deductible temporary differences is likely to be obtained in the future.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates applicable to the period during which the underlying asset is expected to be recovered or the underlying liability is settled, in accordance with the tax laws.

On the balance sheet date, the group reviews the carrying value of the deferred tax assets. If it is likely that it will not be possible to obtain sufficient taxable income to offset the benefit of the deferred tax asset in future periods, write down the carrying value of the deferred tax asset. When sufficient taxable income is likely to be obtained, the amount reduced is reversed.

Current income tax assets and current income tax liabilities are presented as the net offset when there is a statutory right to net settlement and the intention is to net settlement or to acquire assets and settle liabilities simultaneously.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are shown as net offsets when both of the following conditions are met:

• The taxpayer has the legal right to net settlement of current income tax assets and current income tax liabilities;

• Deferred income tax assets and deferred income tax liabilities are related to income tax levied by the same tax administration on the same taxpayer or to different tax entities, but within the period in which each future material deferred income tax asset and liability is repatriated, The taxpayer involved intends to net the current income tax assets and liabilities or to acquire assets and pay off liabilities at the same time.

41. lease

(1) Accounting for the lease as a lessee

The main categories of the leased assets of this group are buildings and land.

Right to use assets

On the commencement date of the lease term, the group recognizes the right of use assets for leases other than short-term leases and low value asset leases. Use rights assets are initially measured at cost. This cost includes:

The initial measurement of the lease liability;

The lease payment amount paid on or before the commencement date of the lease term, if there is a lease incentive, less the amount related to the lease incentive already enjoyed;

initial direct expenses incurred by the group;

costs expected to be incurred by the group for the demolition and removal of the leased asset, the restoration of the premises where the leased asset is located, or the restoration of the leased asset to its condition as agreed in the lease terms, excluding costs incurred for the production of inventory.

The group subsequently adopts the straight-line method to depreciate the right of use assets. If the ownership of the leased asset can be reasonably determined at the end of the lease term, the group shall calculate depreciation during the remaining service life of the leased asset; Otherwise, the leased asset shall be depreciated during the shorter of the lease term and the remaining useful life of the leased asset.

The group shall, in accordance with the principles set out in "4, (19) Impairment of Long-term Assets" of this note, determine whether the assets with the right of use have been impaired, and accounting for the identified impairment losses.

(2) Lease liabilities

At the commencement date of the lease term, the group recognizes lease liabilities for leases other than short-term leases and leases of low-value assets. Lease liabilities are initially measured at the present value of outstanding lease payments. Lease payments include:

fixed payment amount (including actual fixed payment amount), if there is lease incentive, less the amount related to lease incentive;

Variable lease payments depending on the index or ratio;

the amount expected to be paid based on the remaining value of the guarantee provided by the group;

The exercise price of the purchase option if the group is reasonably certain that it will exercise the option;

The amount payable to exercise the option to terminate the lease, provided that the lease term reflects that the group will exercise the option to terminate the lease.

The group uses the inherent lease rate as the discount rate, but if the inherent lease rate cannot be reasonably determined, the group's incremental borrowing rate will be used as the discount rate.

The group calculates the interest expense of the lease liability during each period of the lease term at a fixed cyclical interest rate and includes it in the profit or loss of the current period or the related asset cost.

Variable lease payments that are not included in the measurement of lease liabilities are recognised in profit or loss or related asset costs when actually incurred.

After the commencement of the lease term, if the following circumstances occur, the group will re-measure the lease liability and adjust the corresponding right of use assets. If the book value of the right of use assets has been reduced to zero, but the lease liability still needs to be further reduced, the difference will be recorded in the current profit or loss:

When the evaluation results of the purchase option, renewal option or termination option change, or the actual exercise of the said option is inconsistent with the original evaluation results, the group remeasures the lease liability at the present value of the changed lease payment and the revised discount rate;

When there is a change in the actual fixed payment amount, a change in the estimated amount payable on the guarantee balance, or a change in the index or ratio used to determine the lease payment amount, the group remeasures the lease liability at the present value calculated at the changed lease payment amount and the original discount rate. However, where changes in lease payments result from changes in floating interest rates, the present value is calculated using the revised discount rate.

(3) Short-term leases and leases of low-value assets

If the group chooses not to recognize the right of use assets and lease liabilities for short-term leases and low-value asset leases, the relevant lease payments are included in the current profit or loss or the cost of the related assets on a straight-line basis during each period of the lease term. Short-term lease means a lease for a period not exceeding 12 months on the commencement date of the lease term and does not include a purchase option. Low-value asset lease refers to the lease with a lower value when the single leased asset is a brand-new asset. Where the group subleases or intends to sublease leased assets, the original lease is not a low-value asset lease.

(4) Lease change

If the lease changes and the following conditions are met, the group will account for the lease change as a separate lease:

The lease variation expands the scope of the lease by adding the right to use one or more of the leased assets;

The increased consideration is equivalent to the separate price for the extension of the lease, adjusted for the circumstances of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the group reappoints the consideration of the changed contract, redetermines the lease term, and remeasures the lease liability according to the present value calculated by the changed lease payment amount and the revised discount rate.

If the lease change causes the lease scope to be reduced or the lease term to be shortened, the group shall adjust the book value of the right of use assets accordingly, and record the gains or losses related to the partial or complete termination of the lease into the current profit or loss. If other lease changes result in the remeasurement of lease liabilities, the group shall adjust the book value of the right to use assets accordingly.

(2) Accounting treatment of the lease as a lessor

On the commencement date of the lease, the group divides the lease into finance lease and operating lease. A financial lease is a lease that essentially transfers almost all of the risks and rewards associated with the ownership of the leased asset, regardless of whether ownership is ultimately transferred. Operating leases refer to leases other than financial leases. When the group acts as a sublease, subleases are classified based on the right of use assets generated by the original lease.

(1) Accounting for operating leases

Lease receipts from operating leases are recognised as rental income on a straight-line basis during each period of the lease term. The group capitalises the initial direct expenses incurred in relation to the operating lease and apportionments them to profit or loss during the lease period on the same basis as rental income is recognised. Variable lease payments that are not included in lease collections are recognised in current profit or loss when actually incurred. If an operating lease is changed, the group will account for it as a new lease from the effective date of the change, and the amount received in advance or receivable from the lease before the change will be regarded as the amount received from the new lease.

(2) Accounting treatment of finance lease

On the commencement date of the lease, the group recognizes the financial lease receivable for the financial lease and terminates the recognition of the financial lease assets. When the group makes the initial measurement of the financial lease receivable, the net lease investment is taken as the recorded value of the financial lease receivable. The net lease investment is the sum of the unsecured balance and the present value of the lease proceeds not yet received at the commencement date of the lease term, discounted at the intrinsic interest rate of the lease.

The group calculates and recognises interest income for each period of the lease term at a fixed cyclical rate. The termination recognition and impairment of financial lease receivables are accounted for in accordance with "III. (IX) Financial Instruments" of this note.

Variable lease payments that are not included in the net lease investment measurement are recognised in current profit or loss when actually incurred.

If a financial lease changes and the following conditions are met, the group will account for the change as a separate lease:

The change expands the scope of the lease by adding the right to use one or more of the leased assets;

The increased consideration is equivalent to the separate price for the extension of the lease, adjusted for the circumstances of the contract.

If the change of the finance lease is not accounted for as a separate lease, the group shall deal with the changed lease under the following circumstances:

If the change takes effect on the commencement date of the lease, the lease will be classified as an operating lease, and the group will account for it as a new lease from the effective date of the lease change, and the net lease investment before the effective date of the lease change will be used as the carrying value of the lease asset;

If the change takes effect on the commencement date of the lease, the lease will be classified as a finance lease, and the group will account for it in accordance with the group's policy on modification or renegotiation of the contract under "III (IX) Financial Instruments" in this note.43. Other important accounting policies and estimates

42. Other important accounting policies and accounting estimates

1. Debt Restructuring

As the creditor

When the contractual right of the Group to receive cash flows from the creditor ceases, the Group shall cease to recognize the creditor's claim. For debt restructuring through the settlement of assets or the conversion of debt into equity instruments, the Group shall recognize the relevant assets when they meet the definition and recognition conditions.

For debt restructuring through the settlement of assets, when the Group initially recognizes the non-financial assets acquired, it shall measure them at cost. The cost of inventory includes the fair value of the abandoned creditor's claim and the other costs directly attributable to the asset to bring it to its current location and condition, such as taxes, transportation fees, loading and unloading fees, insurance premiums, and other costs. The cost of an investment in an associate or joint venture includes the fair value of the abandoned creditor's claim and other costs directly attributable to the asset, such as taxes and other costs. The cost of investment property includes the fair value of the abandoned creditor's claim and other costs directly attributable to the asset, such as taxes and other costs. The cost of fixed assets includes the fair value of the abandoned creditor's claim and other costs directly attributable to the asset, such as taxes, transportation fees, loading and unloading fees, installation fees, professional service fees, etc. The cost of biological assets includes the fair value of the abandoned creditor's claim and other costs directly attributable to the asset, such as taxes and other costs. The cost of intangible assets includes the fair value of the abandoned creditor's claim and other costs directly attributable to making the asset reach the predetermined use state, such as taxes and other costs. Debt restructuring through the conversion of debt into equity instruments and resulting in the creditor converting the creditor's claim into equity investment in an associate or joint venture shall be measured by the Group at the fair value of the abandoned creditor's claim and other costs directly attributable to the asset. The difference between the fair value and the book value of the abandoned creditor's claim shall be recognized in the current profit or loss.

For debt restructuring through modifying other terms, the Group shall recognize and measure the restructured creditor's claim in accordance with the "III. (9) Financial Instruments" of this note.

For debt restructuring through the settlement of multiple assets or through a combination, the Group shall first recognize and measure the acquired financial assets and the restructured creditor's claim in accordance with the "III. (9) Financial Instruments" of this note, and then allocate the net amount of the fair value of the abandoned creditor's claim after deducting the recognized amount of the acquired financial assets and the restructured creditor's claim based on the proportion of the fair value of each asset other than the acquired financial assets, and determine the cost of each asset based on the aforementioned methods. The difference between the fair value and the book value of the abandoned creditor's claim shall be recognized in the current profit or loss.

As the debtor

When the current obligation of the Group regarding the debt is discharged, the Group shall cease to recognize the debt.

For debt restructuring through the settlement of assets, the Group shall cease to recognize the debt when the relevant assets and the debt being settled meet the conditions for recognition. The difference between the book value of the debt being settled and the book value of the transferred assets shall be recognized in the current profit or loss.

For debt restructuring through the conversion of debt into equity instruments, the Group shall cease to recognize the debt when the debt being settled meets the conditions for recognition. When the equity instrument is initially recognized, it shall be measured at the fair value of the equity instrument. If the fair value of the equity instrument cannot be reliably measured, it shall be measured at the book value of the debt being settled. The difference between the book value of the debt being settled and the recognized amount of the equity instrument shall be recognized in the current profit or loss.

For debt restructuring through modifying other terms, the Group shall recognize and measure the restructured debt in accordance with the "III. (9) Financial Instruments" of this note.

For debt restructuring through the settlement of multiple assets or through a combination, the Group shall recognize and measure the equity instrument and the restructured debt in accordance with the aforementioned methods, and the difference between the book value of the debt being settled and the sum of the book value of the transferred assets and the recognized amounts of the equity instrument and the restructured debt shall be recognized in the current profit or loss.

43. Significant changes in accounting policies and estimates

(1) Changes in important accounting policies
☐ Applicable ☑ Not applicable

(2) Changes in important accounting estimates
☐ Applicable ☑ Not applicable

(3) The first implementation of the new accounting standards from 2026 to adjust the financial statements related to the first implementation of the year
☐ Applicable ☑ Not applicable

44.other

VI.Taxation

1. The main applicable tax and rate to the Group as follows:

tax	Plan tax basis	Tax rate
The VAT	Output tax shall be calculated on the basis of the income from the sale of goods and taxable services calculated in accordance with the provisions of the Tax Law. After deducting the input tax allowable for deduction in the current period, the difference shall be the VAT payable	13%、9%、6%、5%
Urban maintenance and construction tax	The tax is calculated based on the actual amount of turnover tax paid.	7%
Corporate income tax	It is calculated at the prescribed tax rate based on the taxable income.	15%、25%

If there are different subjects of enterprise income tax rates, the disclosure shall be explained

Name of taxpayer	rate
Wafangdian Bearing Co., LTD	15%
Wazhou Liaoyang Bearing Manufacturing Co., LTD	15%
Dalian Wazhou Precision Motor Automotive Bearing Co., LTD	25%
Wazhou precision ball bearing (Wafangdian) Co., LTD	25%

2. Tax incentives

The Company obtained the qualification of high-tech enterprise identification on December 12, 2023, and the certificate number of high-tech enterprise identification is GR202321200183, which is valid for 3 years. According to the tax law, the company can enjoy the preferential tax policy of levying enterprise income tax at the rate of 15% within 3 years.

The subsidiary Waxiang Liaoyang Bearing Manufacturing Co., Ltd. obtained the qualification of high-tech enterprise identification on December 20, 2023, and the high-tech enterprise identification certificate number is GR202321002020, valid for 3 years, and can enjoy the preferential tax policy of levying enterprise income tax at a tax rate of 15% within 3 years according to the tax law.

3.other

VII. Notes to consolidated financial statements

1. Monetary fund

In RMB Yuan

project	The ending balance	Beginning balance
Bank deposits	111,182,872.10	63,915,454.70
Other monetary funds	348,170.15	1,372,065.14
A combined	111,531,042.25	65,287,519.84

2.Trading financial assets

In RMB Yuan

project	The ending balance	Beginning balance
Financial assets measured at fair value and whose changes are recorded in current profit or loss	200,310.67	246,536.22
A combined	200,310.67	246,536.22

3. Derivative financial assets

4.Notes receivable

（1）Category of notes receivable

In RMB Yuan

Items	Closing Balance	Opening Balance
Banker's acceptance	294,196,921.38	293,562,783.24
Commercial acceptance	268,716,160.07	203,435,408.83
Finance company acceptance bill	7,490,678.64	11,266,224.46
Bad debt reserve	-8,144,740.04	-8,153,742.83
total	562,259,020.05	500,110,673.70

(2) Disclosure by classification according to bad debt provision method

In RMB Yuan

category	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	amount	scale	amount	Provision ratio		amount	scale	amount	Provision ratio	

Among them:										
Notes receivable for provision for doubtful accounts on a combined basis	570,403,760.09	100.00%	8,144,740.04	1.44%	562,259,020.05	508,264,416.53	100.00%	8,153,742.83	1.60%	500,110,673.70
Among them:										
Banker's acceptance	294,196,921.38	51.58%			294,196,921.38	293,562,783.24	57.76%			293,562,783.24
Finance company acceptance bill	7,490,678.64	1.31%			7,490,678.64	11,266,224.46	2.22%			11,266,224.46
Commercial acceptance	268,716,160.07	47.11%	8,144,740.04	3.03%	260,571,420.03	203,435,408.83	40.02%	8,153,742.83	4.01%	195,281,666.00
total	570,403,760.09	100.00%	8,144,740.04		562,259,020.05	508,264,416.53	100.00%	8,153,742.83		500,110,673.70

Category name of combined bad debt provision: credit risk characteristic combination

In RMB Yuan

name bank acceptance	ending balance		
	book balance	bad debt provision	Provision ratio
Financial company acceptance bill	294,196,921.38		0.00%
trade acceptance draft	7,490,678.64		0.00%
amount to	268,716,160.07	8,144,740.04	3.03%
name	570,403,760.09	8,144,740.04	

Explanation of the basis for determining this combination:

Accounts receivable that are both aimed at collecting contractual cash flows and at selling.

If the bad debt provision for notes receivable is made in accordance with the general model of expected credit losses:

□ Applicable ☑Not applicable

(3) Bad debt provision of notes receivable accrued, collected and reversed

Bad debt provision of notes receivable：

In RMB Yuan

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collected/reversed	Written-off	others	
Commercial acceptance bill	8,153,742.83		9,002.79			8,144,740.04
Total	8,153,742.83		9,002.79			8,144,740.04

Among them, the amount of the recovery or reversal of the current bad debt reserve is important:

□ Applicable ☑Not applicable

(4) Pledged notes receivable up to the end of year.

(5)Notes receivable endorsed or discounted but not mature at the end of year

In RMB Yuan

Item	Closing amount no more recognized	Closing amount still recognized
Bank acceptance notes		210,889,024.17
Trade acceptance notes		224,581,252.41
Financial company acceptance bill		4,417,434.96
Total		439,887,711.54

5.Accounts receivable

(1) Age disclosure

In RMB Yuan

aging	Ending book balance	Opening book balance
Within 1 year (inclusive)	853,174,343.40	840,257,060.95
1 to 2 years	117,115,006.12	101,777,156.90
2 to 3 years	44,622,833.49	32,261,906.68
More than 3 years	72,840,407.51	60,461,324.78
3 to 4 years	13,950,165.69	9,099,385.71
Four to five years	9,344,690.35	5,093,807.93
More than 5 years	49,545,551.47	46,268,131.14
total	1,087,752,590.52	1,034,757,449.31

(2) Disclosure by classification according to bad debt provision method

In RMB Yuan

category	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	amount	scale	amount	Provision ratio		amount	scale	amount	Provision ratio	
Accounts receivable that are set aside for bad debts on an individual basis	101,806,108.77	9.36%	101,616,641.17	99.81%	189,467.60	104,032,877.62	10.05%	103,843,410.02	99.82%	189,467.60
Among them:										
Accounts receivable that are provided for bad debts on a combined basis	985,946,481.75	90.64%	58,775,731.51	5.96%	927,170,750.24	930,724,571.69	89.95%	58,799,393.98	6.32%	871,925,177.71
Among them:										
Related party grouping	84,908,755.08	7.81%	1,164,045.66	1.37%	83,744,709.42	61,408,096.15	5.93%	1,164,045.66	1.90%	60,244,050.49
Age grouping of accounts	901,037,726.67	82.83%	57,611,685.85	6.39%	843,426,040.82	869,316,475.54	84.02%	57,635,348.32	6.63%	811,681,127.22
total	1,087,752,590.52	100.00%	160,392,372.68	14.75%	927,360,217.84	1,034,757,449.31	100.00%	162,642,804.00	15.72%	872,114,645.31

Category name for bad debt provision calculated on an individual basis: Accounts receivable for which bad debt provision is calculated on an individual basis

In RMB Yuan

name	Opening Balance		Ending balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Provision ratio	Reason for provision
Accounts receivable for which bad debt provisions are made on a per-item basis	104,032,877.62	103,843,410.02	101,806,108.77	101,616,641.17	99.81%	Expected to be unrecoverable
total	104,032,877.62	103,843,410.02	101,806,108.77	101,616,641.17		

Category name for bad debt provision calculated based on combination: Related party combination

In RMB Yuan

Name	ending balance		
	book balance	bad debt provision	provisioning ratio
Portfolio of related parties	84,908,755.08	1,164,045.66	1.37%
Total	84,908,755.08	1,164,045.66	

The basis for determining this combination is as follows:

In principle, no bad debt provisions will be made unless there is clear evidence indicating that the full or partial recovery of the funds is impossible.

The category name for bad debt provisions calculated based on the combination: Aging Group

In RMB Yuan

Name	ending balance		
	book balance	bad debt provision	provisioning ratio
Aging account combination	901,037,726.67	57,611,685.85	6.39%
Total	901,037,726.67	57,611,685.85	

The basis for determining this combination is as follows:

Based on historical credit loss experience, combined with the current situation and the forecast of future economic conditions, a table comparing the aging of accounts receivable with the expected credit loss rate over the entire duration is compiled, and the expected credit loss is calculated.

If the bad debt provision for accounts receivable is accrued according to the general model of expected credit loss:

□ Applicable ☑ Not applicable

(3) the provision for bad debts accrued, recovered or rolled back during the period

Provision for bad debts in the current period:

In RMB Yuan

category	Opening balance	Change during the year				Ending balance
		Accrued	Other increase	Collected/reversed	Written-off	
Bad debt reserve	162,642,804.00			2,250,431.32		160,392,372.68
total	162,642,804.00			2,250,431.32		160,392,372.68

(4) Accounts receivable actually written off during the current period

In RMB Yuan

item	Amount written off
Accounts receivable actually written off	2,250,431.32

The important details regarding the write-off of accounts receivable are as follows:

Organization Name	Nature of accounts receivable	Write-off amount	Write-off reason	The write-off procedures fulfilled	Whether the funds are generated from related-party transactions
Shandong Taishan Steel Group Co., Ltd.	Payment for goods	2,220,385.22	Expected inability to recover	Management approval	No
Total		2,220,385.22			

(5) The receivables and contractual assets of the top five closing balances collected by the defaulting party.

In RMB Yuan

Unit name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percentage of the total balance of accounts receivable and contract assets at the end of the period	Ending balance of allowance for doubtful accounts receivable and allowance for impairment of contract assets
China State Railway Group Co., Ltd. and its affiliated companies	136,759,490.23	118,996.41	136,878,486.64	12.58%	9,510,365.57
Wafangdian Bearing Group Co., Ltd. and its affiliated companies	80,517,958.01		80,517,958.01	7.40%	1,279,184.27
Anshan Iron and Steel Group Co., Ltd. and its subsidiaries	25,845,257.98		25,845,257.98	2.38%	4,320,917.26
Chongqing Gearbox Co., Ltd.	25,249,785.46	1,017,614.72	26,267,400.18	2.41%	1,342,855.15
China First Heavy Industries Group Corporation Limited and its affiliated companies	22,206,476.85	276,493.26	22,482,970.11	2.07%	2,235,769.91
Total	290,578,968.53	1,413,104.39	291,992,072.92	26.84%	18,689,092.16

6. Contractual assets

(1) Contract assets

project	Closing Balance			Beginning balance		
	Book value	Provision for decline	Net book value	Book value	Provision for decline	Net book value
Contract performance	7,119,828.52	1,861,067.28	5,258,761.24	7,119,828.52	1,861,067.28	5,258,761.24
A combined	7,119,828.52	1,861,067.28	5,258,761.24	7,119,828.52	1,861,067.28	5,258,761.24

(2) The amount and reasons for significant changes in book value during the reporting period

(3) Disclosure by classification according to bad debt provision method

Items	Closing Balance					Opening Balance				
	Booking balance		Provision		Booking value	Booking balance		Provision		Booking value
	Amount	%	Amount	%		Amount	%	Amount	%	
Among them:										
Bad debt provisions are made on an individual basis	3,026,953.42	42.51%	1,656,423.52	54.72%	1,370,529.90	3,026,953.42	42.51%	1,656,423.52	54.72%	1,370,529.90
Among them:										
Provision for bad debts is accrued based	4,092,875.10	57.49%	204,643.76	5.00%	3,888,231.34	4,092,875.10	57.49%	204,643.76	5.00%	3,888,231.34

on a combination of factors.										
Among them:										
Aging account combination	4,092,875.10	57.49%	204,643.76	5.00%	3,888,231.34	4,092,875.10	57.49%	204,643.76	5.00%	3,888,231.34
Total	7,119,828.52		1,861,067.28		5,258,761.24	7,119,828.52		1,861,067.28		5,258,761.24

Category name for bad debt provision calculation on a single basis: Bad debt provision is calculated separately through individual assessment

In RMB Yuan

Name	beginning balances		ending balance			
	book balance	bad debt provision	book balance	bad debt provision	provisioning ratio	Accrual Reason
Individual tests are provided for separately	3,026,953.42	1,656,423.52	3,026,953.42	1,656,423.52	54.72%	The expected uncollectible amount is recognized as a bad debt provision.
Total	3,026,953.42	1,656,423.52	3,026,953.42	1,656,423.52		

Bad debt provision category: Aging-based grouping

In RMB Yuan

Name	ending balance		
	book balance	bad debt provision	provisioning ratio
By age group of accounts	4,092,875.10	204,643.76	5.00%
Total	4,092,875.10	204,643.76	

The basis for determining this combination is as follows:

Based on historical credit loss experience, combined with the current situation and predictions of future economic conditions, a table comparing the aging of accounts receivable with the expected credit loss rate over the entire duration is compiled, and the expected credit loss is calculated.

A provision for bad debts is made according to the general model of expected credit loss.

☐ Applicable ☑ Not applicable

7. Receivables financing

(1) Classification and listing of receivables financing

In RMB Yuan

item	Ending balance	Opening balance

Accounts Receivable Bills	66,266,216.55	45,079,733.86
Supply chain certificate	22,717,450.40	20,893,788.65
Provision for bad debts	-1,044,689.43	-1,044,689.43
Total	87,938,977.52	64,928,833.08

（2） Disclosure classified by the bad debt provision method

In RMB Yuan

item	Ending balance					Opening balance				
	book balance		bad debt provision		book value	book balance		bad debt provision		book value
	amount	ratio	amount	provisioning ratio		amount	ratio	amount	provisioning ratio	
among：										
Recognize a bad debt provision based on a combination of factors	88,983,666.95	100.00%	1,044,689.43	1.17%	87,938,977.52	65,973,522.51	100.00%	1,044,689.43	1.58%	64,928,833.08
among：										
Among them: Receivable bills	66,266,216.55	74.47%			66,266,216.55	45,079,733.86	68.33%			45,079,733.86
Supply chain vouchers	22,717,450.40	25.53%	1,044,689.43	4.60%	21,672,760.97	20,893,788.65	31.67%	1,044,689.43	5.00%	19,849,099.22
Total	88,983,666.95		1,044,689.43		87,938,977.52	65,973,522.51		1,044,689.43		64,928,833.08

Bad debt provision accounting method: Based on credit risk characteristics

In RMB Yuan

Name	ending balance		
	book balance	bad debt provision	provisioning ratio
Accounts Receivable Bills	66,266,216.55		
Supply chain certificate	22,717,450.40	1,044,689.43	4.60%
Total	88,983,666.95	1,044,689.43	

(3)The status of bad debt provisions recognized, recovered, or reversed during the current period

In RMB Yuan

class bad debt provision	beginning balances	Current period change amount				ending balance
		counting and drawing	Revoke or reverse	Write-off or derecognition	Other changes	
amount to	1,044,689.43					1,044,689.43
class	1,044,689.43					1,044,689.43

(4) Receivables financing pledged by the Company at the period-end

(5) Accounts receivable financing for which the Company has performed endorsement or discounting but for which the maturity date has not yet arrived as of the balance sheet date

In RMB Yuan

project	Amount of termination of recognition at period-end	Unrecognized amount at period-end
Bank-accepted bill of exchange	82,970,301.23	
Supply Chain Certificate	39,014,603.22	
amount to	121,984,904.45	

8. Other receivables

In RMB Yuan

item	Ending balance	Opening balance
Other receivables	15,389,177.53	10,631,908.31
total	15,389,177.53	10,631,908.31

(1) Interest receivable

(2) Dividends receivable

(3) Other receivables

1) Classification of other receivables by nature of amounts

In RMB Yuan

Nature of money	Ending book balance	Opening book balance
Security deposits and pledges	13,013,456.06	9,440,995.28
Personal cash reserves	2,106,652.68	3,714,719.01
Other amounts	8,582,646.84	5,789,772.07
total	23,702,755.58	18,945,486.36

2) Aging disclosure

In RMB Yuan

aging	Ending book balance	Opening book balance
Within 1 year (inclusive)	9,638,324.80	7,778,270.21
1 to 2 years	3,000,265.25	2,306,549.30

2 to 3 years	1,738,852.17	447,630.99
More than 3 years	9,325,313.36	8,413,035.86
3 to 4 years	1,848,523.37	1,781,018.27
Four to five years	899,684.90	1,127,576.79
More than 5 years	6,577,105.09	5,504,440.80
total	23,702,755.58	18,945,486.36

3) Classified disclosure according to bad debt provision method

☑Applicable ☐ Not applicable

In RMB Yuan

Items	Ending balance					Opening Balance				
	Booking balance		Provision		Booking value	Booking balance		Provision		Booking value
	Amount	%	Amount	%		Amount	%	Amount	%	
Accounts receivable with individual bad debt provision	5,206,086.42	21.96%	5,206,086.42	100.00%		5,206,086.42	27.48%	5,206,086.42	100.00%	
Among them:										
Provision for bad debts on a portfolio basis	18,496,669.16	78.04%	3,107,491.63	16.80%	15,389,177.53	13,739,399.94	72.52%	3,107,491.63	22.62%	10,631,908.31
Among them:										
Related party group	20,000.00	0.08%			20,000.00	25,000.00	0.13%			25,000.00
Surplus fund group	2,106,652.68	8.89%			2,106,652.68	1,291,885.37	6.82%			1,291,885.37
Account age group	16,370,016.48	69.06%	3,107,491.63	18.98%	13,262,524.85	12,422,514.57	65.57%	3,107,491.63	25.01%	9,315,022.94
total	23,702,755.58	100.00%	8,313,578.05		15,389,177.53	18,945,486.36		8,313,578.05		10,631,908.31

Category name for bad debt provision calculated on a single basis: Other receivables that are tested individually and for which bad debt provision is calculated separately

In RMB Yuan

name	Opening balance		Ending balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Provision ratio	Reason for provision
Other receivables that are tested individually and for which bad	5,206,086.42	5,206,086.42	5,206,086.42	5,206,086.42	100.00%	It is expected that it cannot be recovered.

debt provisions are made separately						
total	5,206,086.42	5,206,086.42	5,206,086.42	5,206,086.42		

Category name for bad debt provision calculated based on combination: Credit risk characteristic combination

In RMB Yuan

Name	ending balance		
	book balance	bad debt provision	provisioning rate
Related party combination	20,000.00		
Surplus fund combination	2,106,652.68		
Aging account combination	16,370,016.48	3,107,491.63	18.98%
Total	18,496,669.16	3,107,491.63	

The basis for determining this combination:

Apart from the above receivables for which bad debt provisions are made on a single basis, the Group classifies the remaining financial instruments based on their credit risk characteristics into several groups, and determines the expected credit losses on a group basis.

Bad debt provisions are made according to the general model of expected credit losses:

In RMB Yuan

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit losses over the next 12 months	Expected credit losses throughout the entire duration (where no credit impairment has occurred)	Expected credit losses throughout the entire duration (incorporating already occurred credit impairment)	
Balance as of January 1, 2026		3,107,491.63	5,206,086.42	8,313,578.05
Balance as of January 1, 2026 is included in this period				
Balance as of June 30, 2026		3,107,491.63	5,206,086.42	8,313,578.05

The significant changes in the book balance of the loss provision for the current period

☐ Applicable ☐ Not applicable

4) Provision for bad debts accrued, recovered or rolled back in the current period

5) Other receivables actually written off during the current period

6) Other receivables in the top five of the closing balances collected by the defaulting party

In RMB Yuan

Company Name	The nature of the funds Margin deposit	ending balance	aging	Proportion of the total ending balance of other receivables	Bad debt provision – Period-end balance
Daqin Railway Co., LTD. Material purchasing office	Margin deposit	2,173,595.00	1 – 5 years	9.17%	183,679.75
Anhui Conch Cement Co., LTD	Margin deposit	1,300,000.00	3 – 4 years	5.48%	650,000.00

China Railway Shenyang Bureau Group Co., Ltd. Shenyang Railway Vehicle Factory	Margin deposit	1,216,300.00	1－2 years	5.13%	60,815.00
CRRC Logistics Co., LTD	Margin deposit	1,174,508.00	Within 1 year	4.96%	117,450.80
Shanxi Railway Construction Engineering Co., Ltd.	The nature of the funds Margin deposit	1,125,983.00	Within 1 year	4.75%	56,299.15
Total	Margin deposit	6,990,386.00		29.49%	1,068,244.70

9. Advance payment

(1) Prepayments are shown according to aging

In RMB Yuan

aging	Ending balance		Opening balance	
	amount	scale	amount	scale
Within 1 year	6,313,386.75	81.48%	8,574,276.95	92.32%
1 to 2 years	1,154,706.45	14.90%		0.00%
2 to 3 years	280,000.00	3.61%	630,831.99	6.79%
More than 3 years		0.00%	82,603.74	0.89%
total	7,748,093.20		9,287,712.68	

Explanation for the reasons why overdue prepayments (with an age exceeding one year and significant in amount) have not been settled in a timely manner:

(2) The advance payment of the top five of the closing balance collected by the prepaid object

Organization Name	year end balance	Proportion of the total year-end balance of prepaid accounts (%)
Bengang Steel Plates Co.,Ltd	5,678,111.01	73.28
Wafangdian Bearing Group National Bearing Engineering Technology Research	413,410.68	5.34
Northeast Special Steel Group Co., Ltd.	276,494.39	3.57
China Railway Fuel Group Beijing Co., Ltd.	628,250.79	8.11
Dalian Hongqian Municipal Engineering Co., Ltd.	554,800.00	7.16
Total	7,551,066.87	97.46

10. Inventory

Whether the company is required to comply with real estate industry disclosure requirements

no

(1) Inventory classification

In RMB Yuan

item	Ending balance			Opening balance		
	Book balance	Reserve for	Book value	Book balance	Reserve for	Book value

		inventory decline or contract performance cost impairment			inventory decline or contract performance cost impairment	
Raw material	42,789,705.81	12,558,592.95	30,231,112.86	60,710,575.37	12,558,592.95	48,151,982.42
Goods in process	119,428,047.19	11,353,869.92	108,074,177.27	119,338,500.26	11,353,869.92	107,984,630.34
Goods in stock	461,199,216.73	81,082,033.99	380,117,182.74	511,318,017.16	79,973,033.99	431,344,983.17
Turnover material	833,008.82	602,878.58	230,130.24	1,248,011.18	602,878.58	645,132.60
Delivery of goods	33,199,265.32		33,199,265.32	48,199,265.32		48,199,265.32
total	657,449,243.87	105,597,375.44	551,851,868.43	740,814,369.29	104,488,375.44	636,325,993.85

(2) Data resources recognized as inventories

(3) Reserve for inventory decline and impairment of contract performance costs

In RMB Yuan

item	Opening balance	Current increase		Current decrease		Ending balance
		accrual	other	Turn back or resell	other	
raw and processed material	12,558,592.95					12,558,592.95
goods in process	11,353,869.92					11,353,869.92
merchandise inventory	79,973,033.99	1,109,000.00				81,082,033.99
Turnover materials	602,878.58					602,878.58
amount to	104,488,375.44	1,109,000.00	0.00	0.00	0.00	105,597,375.44

11. Holding assets for sale

12. Non-current assets that mature within one year

13. Other current assets

In RMB Yuan

item	Ending balance	Opening balance
Deferred deductible input VAT	2,703,270.09	50,294,287.94
Others		4,520.25
Total	2,703,270.09	50,298,808.19

14. Debt investment

15. Other debt investments

16. Investment in other equity instruments

In RMB Yuan

Project name	Opening balance	Gains recognized as other comprehensive income in the current period	Loss recognized in other comprehensive income in the current period	Gains accrued to other comprehensive income at the end of the current period	Loss accrued to other comprehensive income at the end of the period	Dividend income recognized for the period	Ending balance	Reasons specified as measured at fair value and for which changes are included in other comprehensive income
Shanghai Aimuyi electromechanical equipment chain Co., LTD	8,705,393.14					1,000,000.00	8,705,393.14	
Tianjin Bogang No. 12 Enterprise						3,528.31		

Management Partnership (Limited Partnership) (Qian 'an Zha Yi Steel Group Co., LTD.)								
Trust Beneficiary Rights of CCB Trust - Caidie No.1 Property Rights Trust Plan (Qian 'an Zha Yi Iron and Steel Group Co., LTD.)								
General Technology Group Dalian Machine Tool Co., LTD. (Dalian Longhui Industry and Trade Co., LTD.)								
Total	8,705,393.14					1,003,528.31	8,705,393.14	

17. Long-term receivables

18. Long-term equity investment

19. Other non-current financial assets

20. Investment real estate

(1) Investment real estate using cost measurement model

☑ Applicable ☐ Not applicable

In RMB Yuan

item	Houses and buildings	Land use right	Construction in progress	total
I. Original book value				
1. Opening balance	125,278,280.77	52,861,118.81		178,139,399.58
2. Increase in the current period				
(1) Outsourcing	0.00	0.00		0.00
(2) Transfer of inventory, fixed assets and construction in progress	0.00	0.00		0.00
(3) Increase in business combinations				
3. Reduction amount in the current period				
(1) Disposal				
(2) Other transfers				
4. End-of-period balance	125,278,280.77	52,861,118.81		178,139,399.58
II.Accumulated depreciation and amortization				
1. Opening balance	79,012,763.72	25,207,340.44		104,220,104.16
2. Increase in the current period	2,115,980.46	660,755.99		2,776,736.45
(1) Provision or amortization	2,115,980.46	660,755.99		2,776,736.45
3. Reduction amount in the				

current period				
(1) Disposal				
(2) Other transfers				
4. End-of-period balance	81,128,744.18	25,868,096.43		106,996,840.61
III. Impairment Provisions				
1. Opening balance				
2. Increase in the current period				
(1) Provision				
3. Reduction amount in the current period				
(1) Disposal				
(2) Other transfers				
4. End-of-period balance				
Iv. Book value				
1. End-of-period book value	44,149,536.59	26,993,022.38		71,142,558.97
2. Initial book value	46,265,517.05	27,653,778.37		73,919,295.42

Recoverable amounts are determined at the net of fair value less disposal costs

☐ Applicable ☑ Not applicable

Recoverable amounts are determined at the present value of projected future cash flows

☐ Applicable☑ Not applicable

The reason for the discrepancy between the foregoing information and the information used in the previous year's impairment test or external information

Reasons for the difference between the company's previous annual impairment test information and the actual situation of the year

21. Fixed assets

item	Ending balance	Opening balance
Fixed assets	382,146,917.75	406,111,493.56
total	382,146,917.75	406,111,493.56

(1) Fixed assets

In RMB Yuan

Project	buildings	machinery equipment	delivery equipment	Electronic equipment	Other equipment	total
I. Book Value:						
1. Initial Balance	279,844,854.50	1,053,268,765.71	16,302,881.63	59,630,423.27	234,047,423.85	1,643,094,348.96
2. Increase Amount This Period	0.00	217,094.07	0.00	5,680,410.05	0.00	5,897,504.12
(1) Purchase	0.00	0.00	0.00	6,151.48	0.00	6,151.48
(2) Transfer from Construction in Progress	0.00	217,094.07	0.00	5,674,258.57	0.00	5,891,352.64
(3) Increase from Business Combination						
3. Decrease Amount This Period	0.00	2,172,591.67	257,782.27	680,471.17	0.00	3,110,845.11
(1) Disposal or Scrap	0.00	2,172,591.67	257,782.27	680,471.17	0.00	3,110,845.11
4. Final Balance	279,844,854.50	1,051,313,268.11	16,045,099.36	64,630,362.15	234,047,423.85	1,645,881,007.97
II. Accumulated Depreciation						
1. Beginning Balance	196,629,786.83	818,996,272.90	13,091,067.35	43,744,599.48	139,910,294.56	1,212,372,021.12

2. Increase in Current Period	3,184,001.27	22,905,130.68	472,287.01	1,366,575.09	1,865,772.98	29,793,767.03
(1) Provision	3,184,001.27	22,905,130.68	472,287.01	1,366,575.09	1,865,772.98	29,793,767.03
3. Decrease in Current Period	0.00	2,107,413.93	257,782.27	612,005.76	0.00	2,977,201.96
(1) Disposal or Scrapping	0.00	2,107,413.93	257,782.27	612,005.76	0.00	2,977,201.96
4. Ending Balance	199,813,788.10	839,793,989.65	13,305,572.09	44,499,168.81	141,776,067.54	1,239,188,586.19
III. Impairment Provision						
1. Beginning Balance	1,074,996.20	22,657,298.15	7,925.82	646,004.77	224,609.34	24,610,834.28
2. Increase in Current Period						
(1) Provision						
3. Decrease in Current Period	0.00	0.00	0.00	65,330.25	0.00	65,330.25
(1) Disposal or Scrapping	0.00	0.00	0.00	65,330.25	0.00	65,330.25
4. Ending Balance	1,074,996.20	22,657,298.15	7,925.82	580,674.52	224,609.34	24,545,504.03
IV. Book Value						
1. Book Value at the End of the Period	78,956,070.20	188,861,980.31	2,731,601.45	19,550,518.82	92,046,746.97	382,146,917.75
2. Book Value at the Beginning of the Period	82,140,071.47	211,615,194.66	3,203,888.46	15,239,819.02	93,912,519.95	406,111,493.56

(2) Temporarily idle fixed assets

Project	Book value	accumulated depreciation	provision for diminution in value	book value	Note
Houses and buildings	38,094,078.82	34,536,936.98		3,557,141.84	
Machinery and equipment	73,618,543.12	62,812,202.66	8,161,563.03	2,644,777.43	
Transportation equipment	234,048.57	227,027.11		7,021.46	
Electronics and other items	2,791,094.54	2,271,709.29	223,335.68	296,049.57	
In total	114,737,765.05	99,847,876.04	8,384,898.71	6,504,990.30	

(3) Fixed assets leased through operating leases

(4) The fixed assets that have not completed the title certificate

Project	Book value	Reasons for the failure to obtain property ownership certificates
Seven finished product vehicle loading factory	1,036,678.11	The land spans two plots and cannot be registered; awaiting consolidation of the land
Conical and cylindrical flaw detection and packaging rooms	85,407.83	The actual obtained land certificate is Wa Guo (1994) 027, and the registered rights holder is Wa Fadian Bearing Factory Comprehensive Factory. The property and land are inconsistent
Dalian Industrial Park ball bearing workshop	21,830,743.26	The ownership of the factory building and the ownership of the land are inconsistent, and the property ownership certificate cannot be processed temporarily
Outdoor storage shed of Dalian ball bearing workshop	395,069.56	The ownership of the factory building and the ownership of the land are inconsistent, and the property ownership certificate cannot be processed temporarily
In total	23,347,898.76	

(5) Impairment test of fixed assets

☐ Applicable ☑ Not applicable

(6) Liquidation of fixed assets

22. Construction in progress

In RMB Yuan

item	Ending balance	Opening balance
Construction in progress	7,268,202.66	10,513,430.99
total	7,268,202.66	10,513,430.99

(1) Construction in progress

In RMB Yuan

item	Ending balance			Opening balance		
	Book balance	Reserve for impairment	Book value	Book balance	Reserve for impairment	Book value
Ultra-precision machine installation project	456,878.68	456,878.68	0.00	456,878.68	456,878.68	
Dalian Industrial Park project	5,590.45	5,590.45	0.00	5,590.45	5,590.45	
Equipment to be installed	5,334,981.63	987,470.88	4,347,510.75	7,337,976.83	987,470.88	6,350,505.95
Stock project renovation	1,175,375.39		1,175,375.39	955,350.36		955,350.36
Stock base surface project	1,087,964.58		1,087,964.58	1,087,964.58		1,087,964.58
Computer engineering	18,000.00	18,000.00	0.00	18,000.00	18,000.00	
Precision rolling element renovation	13,091.45	13,091.45	0.00	13,091.45	13,091.45	
Grinding processing production line	38,957.26	38,957.26	0.00	38,957.26	38,957.26	
Maintenance and renovation of grinding processing production line	741,000.00	741,000.00	0.00	741,000.00	741,000.00	
Seven finished products renovation	3,555,799.28	3,453,144.41	102,654.87	3,555,799.28	3,453,144.41	102,654.87
Spherical roller bearing assembly production line	1,198,862.55	1,169,162.55	29,700.00	1,198,862.55	1,169,162.55	29,700.00
Major equipment overhaul	266,002.83	80,870.09	185,132.74	853,657.69	80,870.09	772,787.60
Railway renovation	52,991.45	27,254.40	25,737.05	665,647.85	27,254.40	638,393.45
Construction project of Channel Two	256,249.27	234,157.39	22,091.88	256,249.27	234,157.39	22,091.88
Update and renovation project of component numerical control production line of medium and large-sized branch companies	497,825.18	205,789.78	292,035.40	759,772.08	205,789.78	553,982.30
In total	14,699,570.00	7,431,367.34	7,268,202.66	17,944,798.33	7,431,367.34	10,513,430.99

(2) Current changes in the major ongoing construction projects

In RMB Yuan

Project name	Estimated amount	Opening balance	Current increase	Amount of fixed assets transferred in the current period	Other decreases in the current period	Ending balance	Proportion of cumulative project input to budget	Project progress	Interest capitalization accumulated amount	Where: the amount of interest capitalization in the current period	Current interest capitalization rate	Source of funds
Equipment to be installed		7,604,527.61	1,590,221.53	4,803,726.67	0.00	4,391,022.47						

Seven finished product renovations		3,555,799.28	0.00	0.00	0.00	3,555,799.28						
Shareholding project renovations		1,050,795.36	220,025.03	0.00	0.00	1,270,820.39						
Shareholding base surface project		1,087,964.58	0.00	0.00	0.00	1,087,964.58						
Update and renovation project for component CNC production lines of medium and large-scale branches		759,772.08	0.00	261,946.90	0.00	497,825.18						
Ultra-precision machine installation project		456,878.68	0.00	0.00	0.00	456,878.68						
In total		14,515,737.59	1,810,246.56	5,065,673.57	0.00	11,260,310.58						

(3) The situation of impairment provision for construction in progress made in this period

Project	Initial balance	This issue adds	This period reduction	Closing balance	Reason for Provisioning
Impairment provision for construction in progress	7,431,367.34			7,431,367.34	
In total	7,431,367.34			7,431,367.34	--

23. Productive biological assets

24. Oil and gas assets

25. Use the assets

26. Intangible assets

(1) Intangible assets

Project	Land use rights	Patent rights	Patent-free technology	software	total
I. Book Value					
1. Beginning Balance	124,575,250.35			12,244,275.14	136,819,525.49
2. Current Increase Amount					
(1) Purchase					
(2) Internal Research and Development					
(3) Increase from Business Combination					
3. Current Decrease Amount					
(1) Disposal					
4. Ending Balance	124,575,250.35			12,244,275.14	136,819,525.49
II. Accumulated Depreciation					
1. Beginning Balance	60,322,305.00			10,195,983.90	70,518,288.90
2. Current Increase Amount	1,560,151.17			183,902.88	1,744,054.05

(1) Provision	1,560,151.17			183,902.88	1,744,054.05
3. Current Decrease Amount					
(1) Disposal					
4. Ending Balance	61,882,456.17			10,379,886.78	72,262,342.95
III. Impairment Provision					
1. Beginning Balance					
2. Current Increase Amount					
(1) Provision					
3. Current Decrease Amount					
(1) Disposal					
4. Ending Balance					
IV. Book Value					
1. Ending Book Value	62,692,794.18			1,864,388.36	64,557,182.54
2. Beginning Book Value	64,252,945.35			2,048,291.24	66,301,236.59

27. Goodwill

28. Long-term deferred expenses

In RMB Yuan

item	Opening balance	Current increase	Amortization amount for the current period	Other reduction	Ending balance
Fixed asset improvement expenses	4,825,923.89	649,690.14	908,635.52		4,566,978.51
Building maintenance expenses	2,123,657.38		161,055.06		1,962,602.32
Road usage fees		115,871.56			115,871.56
In total	6,949,581.27	765,561.70	1,069,690.58		6,645,452.39

29. Deferred tax assets/deferred tax liabilities

(1) Unoffset deferred income tax assets

(2) Unoffset deferred income tax liabilities

(3) Deferred income tax assets or liabilities presented on a net basis after offsetting

In RMB Yuan

project	Deferred income tax assets and liabilities offsetting each other at the end of the period	Ending balance of deferred tax assets or liabilities after write-off	Deferred income tax assets and liabilities offsetting each other at the beginning	Deferred tax assets or liabilities after write-off of the opening balance
Deferred income tax liabilities		788,788.84		788,788.84

(4) The details of deferred income tax assets have not been confirmed

In RMB Yuan

project	ending balance	beginning balances
Deductible losses	790,821,313.82	856,258,144.28
Bad debt losses of receivable bills	8,153,742.83	9,849,657.75
Bad debt losses of accounts receivable	162,642,804.00	145,149,697.84
Bad debt losses of financing of receivables	1,044,689.43	
Bad debt losses of other receivables	8,313,578.05	8,449,559.85
Losses from inventory depreciation	104,488,375.44	88,108,503.81
Losses from impairment of fixed assets	24,610,834.28	31,314,105.77
Losses from impairment of construction in progress	7,431,367.34	7,091,322.25
Losses from impairment of contract assets	1,861,067.28	605,182.64
In total	1,109,367,772.47	1,146,826,174.19

(5) The deductible losses of unrecognized deferred income tax assets will mature in the following years

In RMB Yuan

Year	ending balance	beginning balances	Note
2025		82,495,762.79	
2026	14,116,432.63	14,116,432.63	
2027	75,136,503.79	75,136,503.79	
2028	103,469,846.02	103,469,846.02	
2029	82,648,926.07	82,648,926.07	
2030	150,374,473.29	150,374,473.29	
2031	127,716,833.64	127,716,833.64	
2032	92,212,084.54	92,212,084.54	
2033	62,574,905.56	62,574,905.56	
2034	65,512,375.95	65,512,375.95	
2035	17,058,932.33		
total	790,821,313.82	856,258,144.28	

30. Other non-current assets

In RMB Yuan

Project	ending balance			initial balance		
	book balance	provision for diminution in value	book value	book balance	provision for diminution in value	book value
Advance payment for construction work				282,900.00		282,900.00
In total				282,900.00		282,900.00

31. Assets whose ownership or use rights are restricted

In RMB Yuan

Project	end of term				the beginning of the period			
	book balance	book value	Restricted Type	Restricted conditions	book balance	book value	Restricted Type	Restricted conditions
Monetary funds	672,447.89	672,447.89	Other monetary funds / bank deposits	Margin/SDN sanctions freeze or litigation involved	1,642,200.30	1,642,200.30	Other monetary funds / bank deposits	Margin/SDN sanctions freeze or litigation involved
Notes receivable	439,887,711.54	439,887,711.54	See Section 6, (3)	Expired endorsement	405,338,560.48	405,338,560.48	See Section 6, (3)	Expired endorsement
Accounts receivable	59,027,915.58	59,027,915.58	Supply chain bills	Expired endorsement	59,547,219.71	59,547,219.71	Supply chain bills	Expired endorsement
In total	499,588,075.01	499,588,075.01			466,527,980.49	466,527,980.49		

32. Short-term borrowing

(1) Classification of short-term loans

In RMB Yuan

item	Ending balance	Opening balance
Credit loan		82,053,118.00
total		82,053,118.00

33. Transactional financial liabilities

34. Derivative financial liabilities

35. Notes payable

In RMB Yuan

species	Ending balance	Opening balance

Commercial acceptance	60,000,000.00	
Letter of credit	370597.50	370,597.50
total	60,370,597.50	370,597.50

36. Accounts payable

(1) Accounts payable are listed

In RMB Yuan

item	Ending balance	Opening balance
Within 1 year	919,266,147.29	919,158,607.52
1 - 2 years	180,504,336.16	228,473,959.18
2 - 3 years	38,824,898.61	36,112,904.20
Over 3 years	64,736,108.97	77,986,335.79
amount to	1,203,331,491.03	1,261,731,806.69

37. Other payables

In RMB Yuan

item	Ending balance	Opening balance
Other payables	663,791,490.44	587,079,378.98
total	663,791,490.44	587,079,378.98

(1) Interest payable

(2) Dividends payable

(3) Other payables

1) List other payables by the nature of the payment

In RMB Yuan

item	Ending balance	Opening balance
Margin and deposit	79,614,464.60	82,966,684.78
Loan and interest	542,000,000.00	460,329,726.03
Other	42,177,025.84	43,782,968.17
In total	663,791,490.44	587,079,378.98

38. Advance payment

39. Contract liabilities

In RMB Yuan

item	Ending balance	Opening balance
Payment for goods	36,573,801.46	31,776,246.33
total	36,573,801.46	31,776,246.33

40. Pay employees

(1) Salaries payable to employees shall be listed

In RMB Yuan

item	Opening balance	Current increase	Current decrease	Ending balance
I short-term compensation	44,309,178.08	159,909,680.29	178,196,165.64	26,022,692.73
II. Post-employment benefits - Set up a savings plan	4,653,177.88	16,979,074.84	17,125,553.67	4,506,699.05
III. Dismissal welfare	99,286.00	797,240.19	860,560.18	35,966.01
total	49,061,641.96	177,685,995.32	196,182,279.49	30,565,357.79

(2) Short-term salary is listed

In RMB Yuan

item	Opening balance	Current increase	Current decrease	Ending balance
1. Wages, bonuses, allowances and subsidies	37,272,803.28	107,435,795.41	121,746,035.87	22,962,562.82
2. Employee welfare expenses	3,018,721.40	8,775,488.01	11,289,080.21	505,129.20
3. Social insurance premiums	2,330.00	10,445,808.96	10,448,138.96	0.00
Among them: Medical insurance premiums	2,250.00	9,526,392.70	9,528,642.70	0.00
Work injury insurance premiums	80.00	919,416.26	919,496.26	0.00
4. Housing provident fund	2,503,000.03	12,534,206.00	12,596,893.28	2,440,312.75
5. Union funds and employee training funds	506,894.48	1,205,319.76	1,648,526.28	63,687.96
8. Other short-term compensation	1,005,428.89	19,513,062.15	20,467,491.04	51,000.00
In total	44,309,178.08	159,909,680.29	178,196,165.64	26,022,692.73

(3) Set up deposit plan list

In RMB Yuan

item	Opening balance	Current increase	Current decrease	Ending balance
1. Basic endowment insurance	4,583,194.06	16,472,298.95	16,618,652.78	4,436,840.23
2. Unemployment insurance	69,983.82	506,775.89	506,900.89	69,858.82
total	4,653,177.88	16,979,074.84	17,125,553.67	4,506,699.05

41. Taxes should be paid

In RMB Yuan

item	Ending balance	Opening balance
Value-added tax	6,430,546.93	6,281,267.42
Individual income tax	134,633.51	148,637.64
City maintenance and construction tax	377,024.06	336,765.59
Vehicle and vessel tax	523.35	523.35
House tax	766,598.62	769,261.38
Resource taxes	1,215.50	5,258.80
Education surcharge	155,584.83	138,331.21
Land use tax	612,301.75	613,163.82
Local education fees surcharge	103,723.20	92,220.79
Stamp duty	447,055.53	547,277.47
total	9,029,207.28	8,932,707.47

42. Holding liabilities held for sale

43. Non-current liabilities due within one year

44. Other current liabilities

In RMB Yuan

item	Ending balance	Opening balance
Supply chain vouchers that have been endorsed but are not yet due as of the balance sheet date	59,027,915.58	59,547,219.71
Commercial acceptance bills that have been endorsed but are not yet due as of the balance sheet date	224,581,252.41	174,581,559.89
Bank acceptance bills that have been endorsed but are not yet due as of the balance sheet date	210,889,024.17	227,644,005.26
Financial company acceptance bills that have been endorsed but are not yet due as of the balance sheet date	4,417,434.96	3,112,995.33
Deferred VAT to be reversed	4,754,594.19	4,130,912.02
In total	503,670,221.31	469,016,692.21

45. Long-term borrowing

46. Bonds payable

47. Lease liabilities

48. Long-term payables

In RMB Yuan

item	Ending balance	Opening balance
Long-term payables	100,000.00	100,000.00
Special payables	244,974.84	244,974.84
total	344,974.84	344,974.84

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

In RMB Yuan

item	Ending balance	Opening balance
Payment for equipment	100,000.00	100,000.00
total	100,000.00	100,000.00

(2) Special payables

In RMB Yuan

item	Opening balance	Current increase	Current decrease	Ending balance	Formation reason
Special pollution control	169,974.84			169,974.84	The Finance Bureau of Wafangdian City and the Environmental Protection Bureau of Wafangdian City jointly approved the allocation through the document "Wafangdian Finance Bureau Document [2004] No. 217".
Information construction	75,000.00			75,000.00	The Finance Bureau of Dalian City and the Economic and Information Technology Commission of Dalian City approved the allocation through the documents "Dalian Finance Bureau Document [2012] No. 917" and "Dalian Economic and Information Technology Commission Document [2012] No. 199".
total	244,974.84			244,974.84	

49. Long-term employee compensation payable

50. Projected liabilities

In RMB Yuan

item	Ending balance	Opening balance	Formation reason
Product quality guarantee	18,306,043.74	16,472,767.59	Advance payment for product quality compensation
Compensation for customer losses in railway bearing maintenance business	14,460,996.22	15,298,721.79	Compensation for customer losses due to bearing maintenance
Wind power product quality claim	30,299,065.63	30,476,133.03	The product has quality issues and is being pursued for compensation by the customer
In total	63,066,105.59	62,247,622.41	

51. Deferred income

In RMB Yuan

item	Opening balance	Current increase	Current decrease	Ending balance	Formation reason
Government subsidies	12,899,895.75		1,375,212.84	11,524,682.91	Receiving government subsidies
Relocation compensation for the old factory area of Liaozhou Company	21,947,294.07		589,777.86	21,357,516.21	The funds for building the new factory site and the factory land due to the demolition of the old factory area of Liaozhou Company
Government subsidies	34,847,189.82	0.00	1,964,990.70	32,882,199.12	

52. Other non-current liabilities

53. Capital stock

In RMB Yuan

	Opening balance	This change increases or decreases (+, -)					Ending balance
		Issue new shares	Share dividend	Conversion of provident fund shares	other	subtotal	
Total share	402,600,000.00						402,600,000.00

54. Other equity instruments

55. Capital reserve

In RMB Yuan

item	Opening balance	Current increase	Current decrease	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. Treasury stocks

57. Other comprehensive income

In RMB Yuan

item	Opening balance	Current period amount						ending balance
		Current pre-tax amount	Deduct: Amount previously recognized in other comprehensive income that is transferred to profit or loss in the current period	Deduct: Amount previously recognized in other comprehensive income that is transferred to retained earnings in the current period.	Deduct: Income Tax Expense	After-tax amount attributable to the parent company	After-tax amount attributable to the parent company	
1. Other comprehensive income that cannot be reclassified into profit or loss	-3,201,535.21	2,378.19				2,378.19		-3,199,157.02
Fair value changes in other equity instrument investments	-3,201,535.21	2,378.19				2,378.19		-3,199,157.02
Total other comprehensive income	-3,201,535.21	2,378.19				2,378.19		-3,199,157.02

Other notes, including the reclassification of the effective portion of cash flow hedge gains or losses into adjustments to the initial recognition amount of the hedged item:

58. Special reserve

In RMB Yuan

item	Opening balance	Current increase	Current decrease	Ending balance
Safety cost	1,639,850.97	4,129,015.94	2,187,685.84	3,581,181.07
total	1,639,850.97	4,129,015.94	2,187,685.84	3,581,181.07

59. Surplus reserve

In RMB Yuan

item	Opening balance	Current increase	Current decrease	Ending balance
Legal surplus reserve	116,179,772.10			116,179,772.10
Discretionary surplus reserve	20,590,618.91			20,590,618.91
total	136,770,391.01			136,770,391.01

60. Undistributed profit

In RMB Yuan

item	Current period	Previous period
Undistributed profit at the end of the previous period before adjustment	-824,475,798.90	-766,382,732.49
Adjust the undistributed profit at the beginning of the later period	-824,475,798.90	-766,382,732.49
Plus: Net profit attributable to the owner of the parent company for the period	7,324,544.44	-58,093,066.41
Undistributed profit at the end of the period	-817,151,254.46	-824,475,798.90

61. Operating income and operating costs

In RMB Yuan

item	Current amount		Amount incurred in the previous period	
	income	cost	income	cost
Main business	1,153,617,407.36	995,029,342.82	1,297,524,895.46	1,131,292,818.53
Other business	31,353,344.82	16,541,339.14	33,090,322.02	19,525,773.78
total	1,184,970,752.18	1,011,570,681.96	1,330,615,217.48	1,150,818,592.31

62. Taxes and surcharges

In RMB Yuan

item	Current amount	Amount incurred in the previous period
City maintenance and construction tax	743,708.23	2,970,002.57
Education surcharge	530,922.19	2,121,114.97
House tax	1,665,887.60	1,647,231.77
Land use tax	1,380,707.50	1,382,431.64
Stamp duty	924,508.29	1,420,212.63
other	13,844.54	16,835.04
total	5,259,578.35	9,557,828.62

63. Administrative expenses

In RMB Yuan

item	Current amount	Amount incurred in the previous period
Employee compensation	44,738,381.50	51,992,583.25
Amortization of intangible assets	1,905,109.10	2,001,742.46
Guard and fire cost	1,617,821.60	1,609,068.09
Depreciation cost	2,044,655.28	1,985,814.69
Business entertainment	151,156.95	165,316.91
Travel expense	1,182,990.34	1,109,040.96
Other expenses	9,823,634.94	7,375,576.35
total	61,463,749.71	66,239,142.71

64. Sales expenses

In RMB Yuan

item	Current amount	Amount incurred in the previous period
Employee compensation	33,693,463.75	37,698,149.82

Quality compensation	1,599,231.70	817,987.23
freight	436,711.88	604,876.90
Travel expense	7,346,881.99	6,690,045.12
Trademark royalty	8,679,499.04	9,731,454.38
Business activity expense	4,496,141.55	3,782,163.92
Rental fee	445,541.79	400,807.50
Conference expense	11,813.94	523,403.45
Other expenses	10,711,246.92	8,229,557.04
total	67,420,532.56	68,478,445.36

65. Research and development costs

In RMB Yuan

item	Current amount	Amount incurred in the previous period
Material input	22,620,791.96	43,582,392.71
Technical service fee, design fee, new process specification setting fee (equipment debugging fee - new product tooling)	103,773.58	
Labor cost	7,397,206.25	5,459,731.85
Amortization of depreciation expense and long-term expense	2,005,370.89	2,232,237.46
Fuel power	482,128.14	782,504.74
Research and development equipment repair and rental costs	113,788.88	184,681.90
Processing cost		18,352.96
Other expenses	7,807,443.84	13,522,010.65
total	40,530,503.54	65,781,912.27

66. Financial expenses

In RMB Yuan

item	Current amount	Amount incurred in the previous period
Interest expense	66,852.96	7,581,344.95
Less: Interest income	630,239.22	450,534.54
Plus: exchange loss	531,494.67	-1,148,506.78
Other expenditure	8,045,562.77	840,802.44
total	8,013,671.18	6,823,106.07

67. Other income

In RMB Yuan

Other sources of income	Current amount	Amount incurred in the previous period
Government subsidy	2,848,791.69	2,780,427.53
Input tax plus credit	-28,442.96	3,108,617.20
Personal income tax withholding fee	54,346.37	77,916.34
Direct VAT relief	0.97	0.97
total	2,874,696.07	5,966,962.04

68. Net exposure hedging income

69, fair value change income

In RMB Yuan

Source of income from changes in fair value	Current amount	Amount incurred in the previous period
Trading financial assets	-46,225.55	-4,622.55
total	-46,225.55	-4,622.55

70. Investment income

In RMB Yuan

item	current period	Last period
Dividend income from investments in other equity instruments during the holding period	1,003,528.31	1,002,352.64

Proceeds from debt restructuring	11,092,523.93	8,661,904.04
total	12,096,052.24	9,664,256.68

71. Credit impairment loss

In RMB Yuan

project	current period	Last period
Bad debt loss on notes receivable	32,665.26	-300,000.00
Bad debt losses on accounts receivable		613,552.31
amount to	32,665.26	313,552.31

72. Impairment loss on assets

73. Gain on disposal of assets

In RMB Yuan

Source of asset disposal proceeds	current period	Last period
Gain on disposal of non-current assets	107,376.24	351,928.90
total	107,376.24	351,928.90

74. Non-operating income

In RMB Yuan

project	current period	Last period	The amount included in the non-recurring profit and loss of the current period
Fine income	1,442,591.34	-53,003.46	1,442,591.34
Write-off of payments that cannot be made	152,245.62	230,350.08	152,245.62
other	4.39	100,953.11	4.39
total	1,594,841.35	278,299.73	1,594,841.35

75. Non-operating expenses

In RMB Yuan

project	current period	Last period	The amount included in the non-recurring profit and loss of the current period
Loss of non-current assets destroyed and scrapped		249,003.22	0.00
fines forfeits and penalty expenditure	8,000.00	54,500.00	8,000.00
other	38,896.05	113,975.57	38,896.05
total	46,896.05	417,478.79	46,896.05

76. Income tax expenses

（1）Income Tax Expense Statement

（2） Accounting Profit and Income Tax Expense Adjustment Process

In RMB Yuan

item	Current period amount
total profit	7,324,544.44
Income tax expense calculated at the statutory or applicable tax rate	1,098,681.67
The impact of subsidiaries being subject to different tax rates	29,867.48
The impact of non-deductible costs, expenses, and losses	8,000.00
The impact of additional deductible expenses as stipulated by tax law	-1,136,549.15

77. Other comprehensive income

For details, please refer to Note 7(57) – Other Comprehensive Income.

78. Cash flow statement items

(1) Cash related to operating activities

Other cash received in connection with operating activities

In RMB Yuan

project	current period	Last period

Interest income	630,019.28	432,887.16
Government subsidies	1,563,336.83	1,430,244.51
Come-and-go money	7,007,320.59	18,202,032.93
Return the deposit	6,000.00	5,500.00
other	3,843,704.25	4,195,845.05
A combined	13,050,380.95	24,266,509.65

Other cash payments in connection with operating activities

In RMB Yuan

project	current period	Last period
Cost of sales	12,117,488.22	17,356,439.08
Management fees	7,150,986.33	4,392,810.03
Finance charges	75,893.31	496,368.60
other	47,425,633.84	22,268,873.14
A combined	66,770,001.70	44,514,490.85

(2) Cash related to investment activities

(3) Cash related to fund-raising activities

Other cash received in connection with fund-raising activities

In RMB Yuan

project	current period	Last period
Bill discount		71,721,936.89
Borrowing from related parties	82,000,000.00	150,000,000.00
Recovery of security deposit upon maturity	1,501,517.61	14,191,213.55
Total	83,501,517.61	235,913,150.44

Other cash receipts related to financing activities － Note:

Other cash payments related to financing activities

In RMB Yuan

project	current period	Last period
Bill payable at maturity		299,744,866.45
deposit		30,879,433.46
total		330,624,299.91

Changes in liabilities arising from financing activities

☐ Applicable ☑ Not applicable

79. Supplementary information to cash flow statement

(1) Supplementary information to the statement of cash flows

In RMB Yuan

Supplementary information	current period	Last period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	7,324,544.44	-20,930,911.54
Plus: Provision for asset impairment		
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	28,542,275.51	34,295,440.70
Depreciation of tenure assets		
Amortization of intangible assets	1,905,109.10	2,001,742.46
Amortization of long-term deferred expenses	1,069,690.58	735,736.38
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain marked with "-")	107,376.24	351,928.90
Loss on retirement of fixed assets (income marked with "-")		414,054.00
Loss on changes in fair value (gain marked with "-")	46,225.55	4,622.55
Financial expenses (income marked with "-")	8,582,264.83	7,581,344.95

Investment loss (income marked with "-")	-12,096,052.24	-9,664,256.68
Decrease in deferred tax assets (increase marked with "-")		
Increase in deferred tax liabilities (decrease marked with "-")		
Decrease in inventory (increase marked with "-")	83,365,125.42	37,244,271.64
Decrease in operating receivables (increase marked with "-")	-141,362,278.95	-63,886,058.07
Increase in operating payables (decrease marked with "-")	67,340,439.65	251,194,984.13
other	32,665.26	313,552.31
Net cash flow from operating activities	44,857,385.39	239,656,451.73
2. Major investments and financing activities that do not involve cash payments:		
debt-to-capital		
Convertible bonds maturing within one year		
Financing leases into fixed assets		
3. Net changes in cash and cash equivalents:		
The ending balance of cash	111,160,012.50	71,652,395.62
Less: Opening balance of cash	63,915,460.74	160,907,298.24
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	47,244,551.76	-89,254,902.62

(2) Net cash received from subsidiaries paid during the period

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

(4) Composition of cash and cash equivalents

In RMB Yuan

item	Ending balance	Opening balance
I. Cash	111,160,012.50	63,915,460.74
A bank deposit that can be used to pay at any time	111,182,872.10	71,652,395.62
III.Balance of cash and cash equivalents at the end of the period	111,160,012.50	63,915,460.74

80. Note to the statement of changes in owners' equity

81. Foreign currency monetary items

(1) Foreign currency monetary items

project	Ending foreign currency balance	Equivalent exchange rates	Ending translation of RMB balance
monetary resources			94,708.77
Including: US dollars	90.72	6.8109	617.88
Euro	12,114.03	7.7671	94,090.88
Hong Kong currency			
accounts receivable			5,812,502.90
Including: US dollars	729,531.02	6.8109	4,968,762.82
Euro	108,630.00	7.7671	843,740.07
Hong Kong currency			
money borrowed for long term			
Including: US dollars			
Euro			
Hong Kong currency			

(2) The nature of currency non-convertibility and its financial implications, the spot exchange rate adopted and its estimation process, as well as the risks faced by enterprises due to currency non-convertibility;

☐ Applicable ☑ Not applicable

(3) Description of overseas operating entities: For significant overseas operating entities, the principal place of business abroad, the functional currency, and the rationale for selecting such currency shall be disclosed; where the functional currency changes, the reason for such change shall also be disclosed.

☐ Applicable ☑ Not applicable

(4)The absence of convertibility between the functional currency used in overseas operations and the reporting currency of the enterprise.

☐ Applicable ☑ Not applicable

82. Leasing

(1) The Company as the lessee

☑Applicable ☐ Not applicable

Variable lease payments not included in the measurement of lease liabilities

☐ Applicable ☑ Not applicable

Lease costs for short-term leases or leases of low-value assets (simplified treatment)

☑Applicable ☐ Not applicable

item	current period	Last period
Interest expense on lease liabilities		
Short-term lease expenses that are factored into the cost of the underlying asset or the simplified treatment of current profit or loss	10,168,752.76	9,854,282.76

Lease expenses for short-term leases or low-value assets with simplified processing

☑Applicable ☐ Not applicable

Project	current period	Last period
Short-term lease costs accounted for using a simplified treatment (either as part of the cost of related assets or in the current period's profit or loss)	9,497,194.92	9,487,389.78
total	9,497,194.92	9,487,389.78

(2) The Company shall be the lessor

Operating lease as lessor

☑Applicable ☐ Not applicable

In RMB Yuan

item	Lease income	Among them: Income related to variable lease payments not included in lease collections
Income from operating leases	9,999,899.55	9,772,790.20
total	9,999,899.55	9,772,790.20

Finance lease as lessor

☐ Applicable ☑ Not applicable

Undiscounted lease receipts for each of the next five years

☐ Applicable ☑ Not applicable

Adjustment Schedule between Uncollected Lease Receivables (Before Discounting) and Net Lease Investment

83. Data resources

84. Others

VIII. R&d expenditure

In RMB Yuan

item	current period	Last period

Material input	22,620,791.96	43,582,392.71
Technical service fees, design fees, new process procedure development fees (equipment debugging fees - new product tooling)	103,773.58	
Labor costs	7,397,206.25	5,459,731.85
Depreciation expenses and long-term expense amortization	2,005,370.89	2,232,237.46
Fuel and power	482,128.14	782,504.74
Repair and rental fees for research and development equipment	113,788.88	184,681.90
processing charges		18,352.96
other expenses	7,807,443.84	13,522,010.65
total	40,530,503.54	65,781,912.27
Among them:Expensed R&D Expenses	40,530,503.54	65,781,912.27

item	current period	Last period
research and development expenditure	65,781,912.27	34,845,558.21
total	65,781,912.27	34,845,558.21
Among them: expensed research and development expenditure	65,781,912.27	34,845,558.21

IX. Changes in the scope of consolidation

X.Rights and interests in other entities

1. Interests in subsidiaries

(1) The composition of enterprise group

In RMB Yuan

Subsidiary name	Registered capital	Principal place of operation	Place of registration	Business nature	Shareholding ratio		Acquisition mode
					direct	indirect	
Wazhou Liaoyang Bearing Manufacture Co.,Ltd	19,350,000.00	Liaoyang City, Liaoning Province	Wangshuitai street, Taizihe District, Liaoyang City	Production and sales of bearing and machinery manufacturing	100.00%	0.00%	Business combination
Dalian motor Bearing Co.,Ltd	10,000,000.00	Daliang City, Liaoning Province	Dalian Free Trade Zone 13 Li Yongsheng Street No. 12	Production and sales of bearing and machinery manufacturing	100.00%	0.00%	Investment and establishment
Wazhou spherial roller bearing company limited	194,000,000.00	Wafangdian, Liaoning Province	No. 1 Beigongji Street, Wafangdian City, Liaoning Province, China.	Production and sales of bearing and machinery manufacturing	100.00%	0.00%	Business combination

XI. Government subsidies

1. Government subsidies recognized at the end of the reporting period according to the receivable amount

☐ Applicable☑ Not applicable

Reasons for not receiving the expected amount of government subsidy at the expected time

☐ Applicable ☑Not applicable

2. Liabilities involving government subsidies

☑Applicable ☐ Not applicable

In RMB Yuan

Accounting account	Opening balance	The amount of	Amount included in	Amount transferred to other income in the	Other change	Ending balance	Related to assets/earning

		subsidy added in this period	non-operating income in the current period	current period	s in current period		s
Deferred income	34,847,189.82			1,964,990.70		36,812,180.52	Related to assets
total	34,847,189.82			1,964,990.70		36,812,180.52	

3. Government subsidies included in current profit and loss

☑Applicable ☐ Not applicable

In RMB Yuan

Accounting account	Current amount	Amount incurred in the previous period
Deferred income/other income	1,964,990.70	807,676.77
Bank deposits/other income	883,800.99	1,972,750.76
total	2,848,791.69	2,780,427.53

XII. Risks Associated with Financial Instruments

1. Various Risks Arising from Financial Instruments

The main financial instruments of the Group include receivables, accounts payable, etc. The detailed information on each financial instrument is provided in the relevant items of this note. The Group faces various financial risks during its operations: credit risk, liquidity risk, and market risk (including exchange rate risk, interest rate risk, and other price risks).

1. Market Risk

Market risk of financial instruments refers to the risk that the fair value or future cash flows of financial instruments fluctuate due to changes in market prices, including exchange rate risk, interest rate risk, and other price risks.

Exchange Rate Risk

Exchange rate risk refers to the risk that the fair value or future cash flows of financial instruments fluctuate due to changes in foreign exchange rates.

The Group's exposure to foreign exchange risk is mainly related to the US dollar. The Group's main export business is denominated and settled in US dollars. As of December 31, 2025, except for the foreign currency monetary items balance as described in Note 5, (55), the Group's assets and liabilities are all in RMB. The foreign currency balances of assets and liabilities may have an impact on the Group's operating performance.

The exchange rate risk faced by the Group mainly originates from financial assets and financial liabilities denominated in US dollars. The amounts of foreign currency financial assets and foreign currency financial liabilities converted into RMB are presented as follows:

Item	Current year	
	Impact on profits	Impact on shareholder equity
The RMB exchange rate against the US dollar appreciated by 1%.	-49,693.81	-49,693.81
The RMB exchange rate against the US dollar depreciated by 1%.	49,693.81	49,693.81
The RMB appreciated by 1% against the euro.	-9,378.31	-9,378.31
The RMB depreciated by 1% against the euro.	9,378.31	9,378.31

Note 1: The table above uses positive numbers to indicate increases and negative numbers to indicate decreases.

Note 2: The changes in shareholders' equity shown in the above table do not include retained earnings.

Other price risks

As of June 30, 2026, the purchase of bearing components by the group may be affected by price fluctuations.

Other price risks refer to the risks that the fair value or future cash flows of financial instruments fluctuate due to changes in market prices other than exchange rate risks and interest rate risks.

Credit risk

Credit risk refers to the risk that the counterparty fails to fulfill contractual obligations, resulting in financial losses for the group.

The book amount of confirmed financial assets in the consolidated balance sheet; for financial instruments measured at fair value, the book value reflects their exposure to risk, but it is not the maximum risk exposure. The maximum risk exposure will change as the fair value changes in the future.

To reduce credit risk, the group has established a specialized department to determine credit limits, conduct credit approvals, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue debts. In addition, the group reviews the recovery situation of each individual receivable at each balance sheet date to ensure that sufficient bad debt provisions are made for uncollectible amounts. Therefore, the management of the group believes that the credit risk assumed by the group has been significantly reduced.

The group's liquid funds are deposited in banks with high credit ratings, so the credit risk of liquid funds is low.

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

Liquidity risk

Liquidity risk refers to the risk that an enterprise experiences a shortage of funds when fulfilling obligations to settle in the form of delivering cash or other financial assets.

The group's method of managing liquidity risk is to ensure there is sufficient liquidity of funds to fulfill due debts without causing unacceptable losses or damaging the group's reputation. The group regularly analyzes the liability structure and maturity to ensure there is sufficient funds. The group's management monitors the use of bank borrowings and ensures compliance with loan agreements. At the same time, the group conducts financing negotiations with financial institutions to maintain a certain credit line and reduce liquidity risk.

The financial liabilities of the company are presented below in the form of undiscounted contractual cash flows by maturity date.

As of June 30,2026, the financial liabilities held by the Group are analyzed below based on the maturity dates of the undiscounted remaining contractual obligations:

Item	Within 1 year	1-2year	2-5year	Over 5 years
accounts payable-others	545,242,147.34			
notes payable	60,370,597.5			

XIII. Disclosure of fair value

1. The fair value at period-end of assets and liabilities measured at fair value;

items	F V at the year end			
	1st Level FV Measurement	2nd Level FV Measurement	3rd Level FV Measurement	Total
I. Continuously measured at FV	--	--	--	--
1.Tradable financial asset	200,310.67			200,310.67
(1).Financial assets at fair value through profit or loss	200,310.67			200,310.67
(2). Equity Instrument Investments	200,310.67			200,310.67
3. Other Equity Instrument Investments			8,705,393.14	8,705,393.14
6.Accounts Receivable Financing			87,938,977.52	87,938,977.52
Total assets measured at fair value over time	200,310.67		96,644,370.66	96,844,681.33
II. Non-recurring fair value measurements	--	--	--	--

2. Basis for determining market prices for continuous and non-continuous Level 1 fair value measurement items

For certain equity instrument investments held within the Group's trading financial assets, the measurement basis is the unadjusted closing price on the public stock exchange as of June 30,2026.

3. For continuous and non-continuous Level 2 fair value measurement items, qualitative and quantitative information regarding the valuation techniques and key parameters used;

4. For continuous and non-continuous third-level fair value measurement items, the valuation techniques employed and the qualitative and

quantitative information pertaining to the key parameters;

The Group has established relevant processes to identify appropriate valuation techniques and input values for Level 3 fair value measurements. The Group's Securities Investment Department regularly reviews these processes as well as the appropriateness of the fair value determination methods employed.

XIV. Related parties and related transactions

1. The parent company of the enterprise

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
Wafangdian Bearing Group Co., Ltd. （Wafangdian Bearing Group）	No. 1 Beigongji Street, Wafangdian City, Liaoning Province, China.	Bearings and all kinds of equipment manufacturing. sales	519,869,400.00	60.61%	60.61%

The ultimate control party of the enterprise is the State-owned Assets Supervision and Administration Commission of Dalian Municipal People's Government.

2. The Company's subsidiaries

For details regarding the subsidiaries of this enterprise, please refer to Note "10: Interests in Other Entities".

3. The situation of the company's joint venture and associated enterprises

For details regarding the Company's significant joint ventures or associates, please refer to the Notes.

4. Other related parties

Names of other related parties	Relationships between other related parties and the enterprise
Dalian Waxial Group Bearing Equipment Manufacturing Co.	The enterprises controlled by the same controlling shareholder and ultimate controller
Wazhou Exact Forge Co., Ltd	The enterprises controlled by the same controlling shareholder and ultimate controller
Wafangdian Bearing Group Wind Power Bearing Co.	The enterprises controlled by the same controlling shareholder and ultimate controller
Wazhou Group Exact Transmission Bearing Co., Ltd	The enterprises controlled by the same controlling shareholder and ultimate controller
Wazhou Group Special Precision Bearing Co., Ltd.	The enterprises controlled by the same controlling shareholder and ultimate controller
Wazhou Group High-End Auto Bearing Co.,Ltd	The enterprises controlled by the same controlling shareholder and ultimate controller
Dalian Zhixin Machinery Trading Co., Ltd	The enterprises controlled by the same controlling shareholder and ultimate controller
Wazhou Group Precision Roller Co.,Ltd	The enterprises controlled by the same controlling shareholder and ultimate controller
Wazhou Group Precision Retainer Co.,Ltd	The enterprises controlled by the same controlling shareholder and ultimate controller
Leipzig Roller Ball Bearing Manufacturing Co.	The enterprises controlled by the same controlling shareholder and ultimate controller
Wafangdian Bearing Power Co.,Ltd	The enterprises controlled by the same controlling shareholder and ultimate controller
Wazhou Group National Bearing Engineering Technology Research Centre Co.,Ltd	The enterprises controlled by the same controlling shareholder and ultimate controller
Wafangdian Bearing Group Dalian Wind Power Spindle Bearing Co.	The enterprises controlled by the same controlling shareholder and ultimate controller
Wafangdian Bearing Group Shanghai R&D Center Co., Ltd.	The enterprises controlled by the same controlling shareholder and ultimate controller
ZWZ Group (Europe) Bearing Co., Ltd.	The enterprises controlled by the same controlling shareholder and ultimate controller
Wafangdian Tongda Bearing Manufacturing Co.	Other related parties
Jietai gete wazhou Automobile Bearing co., LTD(Dalian)	Other related parties

Wafangdian Bearing Education and Training Center	Other related parties
Dalian Diye Gikai Wax Shaft Industry Co., Ltd	Other related parties
Subsidiaries of Dalian Heavy Industries Crane Group Co., Ltd.	Other entities controlled by the ultimate controlling party

5. Related party transactions

(1) Related transactions for the purchase and sale of commodities, the provision and receipt of services

Statement of goods purchased/services received

In RMB Yuan

The affiliated party	Related party transaction content	Current amount	Approved trading quotas	Whether it exceeds the trading limit	Amount of previous period
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Spare parts	281,070,897.64	600,000,000.00	no	348,781,805.35
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Product	140,543,205.81	300,000,000.00	no	328,733,809.64
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Kinetic energy	21,678,570.35	55,000,000.00	no	26,993,189.50
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Equipment	62,918.59	1,000,000.00	no	23.25
Dalian Heavy Industry Equipment Group Co., Ltd. and its subsidiaries	Maintenance			no	26,378.73
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Security services, fire safety services, trademark usage, occupation of public facilities, advertising services, vehicle usage, technical development services, interest on fund occupation, maintenance/greening services, engineering labor services, labor fees, jacket cleaning services, training, medical examinations, etc.	37,822,927.78	90,000,000.00	no	32,265,488.35

Table of Goods Sold/Services Provided

In RMB Yuan

The affiliated party	Related party transaction content	Current amount	Amount of previous period
Dalian Heavy Industry Equipment Group Co., Ltd. and its subsidiaries	product		31,980,393.79
Wafangdian Bearing Group Co., LTD. and its subsidiaries	product	153,471,524.60	141,903,271.76
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Materials	4,565,065.38	11,287,363.03
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Semi-finished products and spare parts		139,558.98
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Services such as heat treatment	22,651,368.15	32,083,674.21
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Equipment		58,229.88

(2) Associated entrusted management/contracting and entrusted management/contracting

(3) Related leases

The Company as the lessor:

In RMB Yuan

Name of lessee	Types of leasehold assets	Lease income recognized for the period	Lease income recognized in the previous period
Wafangdian Bearing Group Co., Ltd. and its subsidiaries	House	3,045,644.65	3,638,571.24
Wafangdian Bearing Group Co., Ltd. and its subsidiaries	Equipment	4,910,211.44	4,851,898.45
Wafangdian Bearing Group Co., Ltd. and its subsidiaries	Land	1,816,934.11	1,101,097.50

The Company as lessee:

In RMB Yuan

Name of lessor	Types of leasehold assets	Simplified treatment of rental costs for short-term leases and leases of low value assets (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expense incurred on lease liabilities		Increased access to assets	
		Current amount	Amount incurred in the previous period	Current amount	Amount incurred in the previous period	Current amount	Amount incurred in the previous period	Current amount	Amount incurred in the previous period	Current amount	Amount incurred in the previous period
Wafangdian Bearing Group Co., Ltd. and its subsidiaries	Land	1,581,552.53	1,581,552.54			1,581,552.53	1,581,552.54				
Wafangdian Bearing Group Co., Ltd. and its subsidiaries	House	6,815,773.51	6,777,336.00			6,815,773.51	6,777,336.00				
Wafangdian Bearing Group Co., Ltd. and its subsidiaries	Equipment	1,099,868.88	1,128,501.24			1,099,868.88	1,128,501.24				

(4) Related guarantee situation

(5) Fund lending by related parties

(6) Asset transfer and debt restructuring of related parties

The affiliated party	Types	Current amount	Amount incurred in the previous period
Wazhou Group High-End Auto Bearing Co.,Ltd and its Subsidiaries	Debt restructuring loss	60,870.11	132,572.19
Wafangdian Bearing Group Wind Power Bearing Co.	Debt restructuring loss	390,000.00	
Wafangdian Bearing Group Co., Ltd.	Debt restructuring gains	634,188.99	509,812.52
Dalian Waxial Group Bearing Equipment Manufacturing Co.	Debt restructuring gains	5,263.16	75,481.16
Wazhou Exact Forge Co., Ltd	Debt restructuring gains	702,309.43	131,578.95
Wazhou Group Precision Retainer Co.,Ltd	Debt restructuring gains	40,000.00	160,529.24
Wazhou Group National Bearing Engineering Technology Research Centre Co.,Ltd	Debt restructuring gains	49,742.28	50,759.47
Wafangdian Bearing Group Wind Power Bearing Co.	Debt restructuring gains	98,400.00	
Wafangdian Tongda Bearing Manufacturing Co.	Debt restructuring gains	70,000.00	

(7) Remuneration for key management personnel

In RMB Yuan

item	Current amount	Amount incurred in the previous period
Key management compensation	2,431,048.00	618,163.80

6. Receivable and payables of related parties

(1) Receivable items

In RMB Yuan

Project name	Affiliated party	Ending balance		Opening balance	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Accounts receivable	Wazhou Group High-End Auto Bearing Co.,Ltd			3,930,178.86	
Accounts receivable	Wazhou Group Exact Transmission Bearing Co., Ltd			9,557,749.30	
Accounts receivable	Leipzig Roller Ball Bearing Manufacturing Co.			210,519.56	21,051.96
Accounts receivable	Dalian Zhixin Machinery Trading Co., Ltd	80,517,958.01	1,279,184.27	46,701,880.81	1,279,184.27
Accounts receivable	Dalian Dazhong Mechanical and Electrical Installation Engineering Co.			50.00	
Accounts receivable	Dalian Great Oak Machinery Manufacturing Co.	76,763.98		1,267,342.70	
Accounts receivable	Dalian Huarui Heavy Industry Group Co., Ltd.	4,314,033.09		66,033.09	
Notes Receivable	Dalian Great Oak Machinery Manufacturing Co.			150,000.00	7,500.00
Notes Receivable	Wazhou Exact Forge Co., Ltd			20,000,000.00	
Notes Receivable	Wafangdian Bearing Group Wind Power Bearing Co., Ltd.	30,560.11		10,000,000.00	
Notes Receivable	Dalian Zhixin Machinery Trading Co., Ltd			17,990,983.77	899,549.19
Notes Receivable	Wafangdian Bearing Group Co., Ltd.	51,793,673.67			
Accounts Receivable Financing	Dalian Great Oak Machinery Manufacturing Co.			2,256.05	
Accounts Receivable Financing	Dalian Zhixin Machinery Trading Co., Ltd			66,777.59	
Accounts Receivable Financing	Wafangdian Bearing Group Co., Ltd.	1,040,000.00			
Advance payment	Wafangdian Bearing Power Co.,Ltd	1,119,704.91		1,822,624.54	
Advance payment	Dalian Wafangdian Group Bearing Equipment Manufacturing Co., Ltd.	610,405.32		478,000.00	
Advance payment	Wazhou Group Special Precision Bearing Co., Ltd.	90,400.00			
Other receivables	Wafangdian Bearing Group Co., Ltd.	25,000.00		25,000.00	

(2) Payable items

In RMB Yuan

项目名称	Affiliated party	Ending book balance	Opening book balance
payable account	Dalian Wazhou Bearing Manufacturing Equipment Co., Ltd	2,322,625.19	5,216,717.18
payable account	Dalian Zhixin Machinery Trading Co., Ltd		18,428.32
payable account	Wafangdian Tongda Bearing Manufacturing Co., Ltd	54,939,927.58	53,989,932.83
payable account	Wafangdian Bearing Power Co.,Ltd	9,874,808.17	11,451,887.88
payable account	Wafangdian Bearing Group Dalian Wind Power Spindle Bearing Co.	17,039,957.26	14,559,366.11
payable account	Wafangdian Bearing Group Wind Power Bearing Co., Ltd.	31,065,975.28	21,454,613.09
payable account	Wazhou Group High-End Auto Bearing Co.,Ltd	12,983,953.16	17,683,523.83
payable account	Wazhou Group National Bearing Engineering Technology Research Centre Co.,Ltd	15,627,307.65	14,193,114.46
payable account	Wazhou Group Precision Retainer Co.,Ltd	35,039,243.07	37,799,372.58
payable account	Wazhou Group Special Precision Bearing Co., Ltd.	5,967,793.57	4,078,223.03
payable account	Wafangdian Bearing Group Co., Ltd.	121,689,411.59	167,490,157.46
payable account	Wazhou Exact Forge Co., Ltd	113,872,911.21	154,569,781.59
payable account	Wazhou Group Exact Transmission Bearing Co., Ltd	504,809.62	
payable account	Dalian Dazhong Testing Technology Service Co., Ltd.		1,108.00
payable account	Dalian Huarui Heavy Industry Group Co., Ltd.	1.00	
Other payables	Wafangdian Bearing Group Co., Ltd.	1,555,801.87	14,586,506.71
Other payables	Wafangdian Bearing Power Co.,Ltd	1,887,498.33	2,287,498.33
Other payables	Dalian Zhixin Machinery Trading Co., Ltd	542,000,000.00	460,329,726.03

XV. Share payment

XVI. Commitments and contingencies

1. Important commitments

Material commitments as of the balance sheet date

no

(1) Significant contingencies existing at the balance sheet date

(2) If the company has no important contingencies that need to be disclosed, it should also be explained

The company has no material contingent matters that need to be disclosed.

3. Others

XVII. Matters after the balance sheet date

XVIII.Other important matters

XIX. Notes on major items of the parent company's financial statements

1. Accounts receivable

(1) Age disclosure

In RMB Yuan

aging	Ending book balance	Opening book balance
Within 1 year (inclusive)	799,521,034.24	838,847,662.72
1 to 2 years	117,039,776.24	98,842,640.03
2 to 3 years	44,387,343.55	32,261,906.68
More than 3 years	69,511,968.64	56,897,395.97
3 to 4 years	13,950,165.69	9,099,385.71
Four to five years	9,344,690.35	5,093,807.93
More than 5 years	46,217,112.60	42,704,202.33
total	1,030,460,122.67	1,026,849,605.40

(2) Disclosure by classification according to bad debt provision method

In RMB Yuan

category	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	amount	scale	amount	Provision ratio		amount	scale	amount	Provision ratio	
Accounts receivable that are set aside for bad debts on an individual basis	98,242,179.96	9.54%	98,052,712.36	99.81%	189,467.60	100,468,948.81	9.78%	100,279,481.21	99.81%	189,467.60
Among them:										
Accounts receivable that are provided for bad debts on a combined basis	932,217,942.71	90.46%	58,775,731.51	6.31%	873,442,211.20	926,380,656.59	90.22%	58,775,731.51	6.34%	867,604,925.08
Among them:										
Related Party Group	40,970,456.74	3.98%	1,164,045.66	2.84%	39,806,411.08	5.78	1,164,045.66%	1.96	58,167,384.70%	
Ageing portfolio	891,247,485.97	86.49%	57,611,685.85	6.46%	833,635,800.12	84.44	57,611,685.85%	6.64	809,437,540.38%	
total	1,030,460,122.67	100.00%	156,828,443.87	15.22%	873,631,678.80	1,026,849,605.40	100.00%	159,055,212.72	15.49%	867,794,392.68

(3) the provision for bad debts accrued, recovered or rolled back during the period

Provision for bad debts in the current period:

In RMB Yuan

category	Opening balance	Current variation				Ending balance
		accrual	Take back or turn back	Cancel after verification	other	
Bad debt reserve	159,055,212.72			2,226,768.85		156,828,443.87
total	159,055,212.72			2,226,768.85		156,828,443.87

(4) Accounts receivable actually written off during the current period

In RMB Yuan

item	Amount written off
Accounts receivable actually written off	2,250,431.32

Important accounts receivable write-off transactions:

Unit name	Accounts Receivable Nature	Write-off amount	Write-off reason	Write-off procedure	Whether the payment arose from a related-party transaction
Shandong Taishan	payment for goods	2,220,385.22	Expected to be	Management	no

Steel Group Co., Ltd.			unrecoverable	Approval	
Total		2,220,385.22			

(5) The receivables and contractual assets of the top five closing balances collected by the defaulting party

In RMB Yuan

Unit name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percentage of the total balance of accounts receivable and contract assets at the end of the period	Ending balance of allowance for doubtful accounts receivable and allowance for impairment of contract assets
China State Railway Group Co., Ltd. and its affiliated companies	136,759,490.23	118,996.41	136,878,486.64	13.28%	9,510,365.57
Wafangdian Bearing Group Co., Ltd. and its affiliated companies	80,517,958.01		80,517,958.01	7.81%	1,279,184.27
Ansteel Group Co., Ltd. and its subsidiaries	25,845,257.98		25,845,257.98	2.51%	4,320,917.26
Chongqing Gearbox Co., Ltd.	25,249,785.46	1,017,614.72	26,267,400.18	2.55%	1,342,855.15
China First Heavy Industries Co., Ltd. and its subsidiaries	22,206,476.85	276,493.26	22,482,970.11	2.18%	2,235,769.91
Total	290,578,968.53	1,413,104.39	291,992,072.92	28.33%	18,689,092.16

2. Other receivables

In RMB Yuan

item	Ending balance	Opening balance
Other receivables	247,045,163.58	245,164,992.88
total	247,045,163.58	245,164,992.88

(1) Interest receivable

(2) Dividends receivable

(3) Other receivables

1) Classification of other receivables by nature of amounts

In RMB Yuan

Nature of money	Ending book balance	Opening book balance
Intercompany Receivables and Payables	236,511,588.97	236,702,647.05
Margin Deposits and Security Deposits	9,168,853.14	8,199,052.15
Employee Petty Cash	2,096,652.68	3,714,719.01
other	6,467,219.62	3,747,725.50
total	254,244,314.41	252,364,143.71

2) Aging disclosure

In RMB Yuan

aging	Ending book balance	Opening book balance
Within 1 year (inclusive)	9,628,324.80	6,510,728.91
1 to 2 years	2,004,265.25	2,271,158.73
2 to 3 years	1,738,852.17	236,273,647.43
More than 3 years	240,872,872.19	7,308,608.64
3 to 4 years	234,525,509.42	1,781,018.27
Four to five years	899,684.90	1,132,081.15
More than 5 years	5,447,677.87	4,395,509.22
total	254,244,314.41	252,364,143.71

3) Classified disclosure according to bad debt provision method

In RMB Yuan

category	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	amount	scale	amount	Provision ratio		amount	scale	amount	Provision ratio	
Provision for bad debts on an individual basis	5,206,086.42	2.06%	5,206,086.42	100.00%		5,206,086.42	2.06%	5,206,086.42	100.00%	
Among them:										
Provision for bad debts on a portfolio basis	249,038,227.99	97.95%	1,993,064.41	0.80%	247,045,163.58	247,158,057.29	97.94%	1,993,064.41	0.81%	245,164,992.88
Among them:										
Related Party Group	232,696,986.05	91.52%			232,696,986.05	235,836,016.44	93.45%			235,836,016.44
Collateral and deposit combination	13,953.50	0.01%			13,953.50	13,953.50	0.01%			13,953.50
Ageing portfolio	16,327,288.44	6.42%	1,993,064.41	12.21%	14,334,224.03	11,308,087.35	4.48%	1,993,064.41	17.63%	9,315,022.94
total	254,244,314.41	100.00%	7,199,150.83	2.83%	247,045,163.58	252,364,143.71	100.00%	7,199,150.83	2.85%	245,164,992.88

Category name for individual impairment of bad debt provisions: Other receivables subject to individual impairment of bad debt provisions

name	Opening balance		Ending balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Provision ratio	Reason for provision
Other receivables for which bad debt provisions are made on a per-item basis	5,206,086.42	5,206,086.42	5,206,086.42	5,206,086.42	100.00%	It is expected to be unrecoverable.
total	5,206,086.42	5,206,086.42	5,206,086.42	5,206,086.42		

Combination-based bad debt provision category name: Related Party Combination

Name	ending balance		
	book balance	bad debt provision	Provision ratio
Related party group	232,696,986.05		0.00%
Total	232,696,986.05		

The basis for determining this combination:

Apart from the above receivables for which bad debt provisions are made on a single-item basis, the Group classifies the remaining financial instruments based on their credit risk characteristics into several combinations. On this basis, it determines the expected credit losses. Generally, no bad debt provisions are made based on credit risk characteristics, unless there is clear evidence indicating that the full or partial recovery of the funds is impossible.

Categories for bad debt provisions based on combinations: Guarantee and Deposit Combination

In RMB Yuan

Name	ending balance		
	book balance	bad debt provision	Provision ratio
Collateral and deposit combination	13,953.50		0.00%
Total	13,953.50		

Description of the basis for determining the portfolio: Except for the above- mentioned receivables for which impairment for bad debts is assessed on an individual basis, the Group classifies the remaining financial instruments into several portfolios based on credit risk characteristics, and determines expected credit losses on a portfolio basis. Based on credit risk characteristics, no allowance for bad debts shall be provided in principle, unless there is clear evidence that all or part of the receivables are indeed irrecoverable.

Category name for allowance for bad debts assessed on a portfolio basis: Aging- based Portfolio

In RMB Yuan

Name	ending balance		
	book balance	bad debt provision	Provision ratio
Account Age Segments	16,327,288.44	1,993,064.41	12.21%
Total	16,327,288.44	1,993,064.41	

Explanation of the basis for determining this combination:

Drawing on historical credit loss experience, combined with current conditions and forecasts of future economic conditions, the expected credit loss is calculated based on the exposure at default and the lifetime expected credit loss rate.

Bad debt provisions are made based on the general model of expected credit losses:

In RMB Yuan

Provision for bad debts	The first stage	The second stage	The third stage	Total
	Expected credit losses for the next 12 months	Expected credit loss over the entire duration (no credit impairment occurred)	Expected credit loss over the entire duration (credit impairment has occurred)	
Balance as of January 1, 2026		1,993,064.41	5,206,086.42	7,199,150.83
The balance as of January 1, 2026 is in the current period				
Balance as of June 30, 2026		1,993,064.41	5,206,086.42	7,199,150.83

The basis for the division of each stage and the proportion of bad debt provisions

The significant changes in the book balance of the loss provision for the current period

☐Applicable ☑ Not applicable

4) Provision for bad debts accrued, recovered or rolled back in the current period

Provision for bad debts in the current period:

In RMB Yuan

category	Opening balance	Current variation				Ending balance
		accrual	Take back or turn back	Resell or write off	other	
Bad debt reserve	7,199,150.83					7,199,150.83
total	7,199,150.83					7,199,150.83

5) Other receivables actually written off during the current period

6) Other receivables in the top five of the closing balances collected by the defaulting party

In RMB Yuan

Unit name	Nature of money	Ending balance	aging	Percentage of total	Ending balance of

				ending balance of other receivables	allowance for doubtful accounts
Dalian wazhou precision motor car bearing co., LTD	Intercompany transactions	114,575,829.47	3-4year	45.07%	
Wazhou liaoyang bearing manufacturing co., LTD	Intercompany transactions	118,111,156.58	3-4year	46.46%	
Materials Procurement Institute of Daqin Railway Co., Ltd	Deposit	2,173,595.00	1-5year	0.85%	183,679.75
Anhui Conch Cement Co., LTD	Deposit	1,300,000.00	3-4year	0.51%	650,000.00
Shenyang Railway Passenger Car Works, China Railway Shenyang Group Co., LTD	Deposit	1,216,300.00	Within 1 year	0.48%	60,815.00
Total		237,376,881.05		93.37%	894,494.75

3. Long-term equity investment

In RMB Yuan

item	Ending balance			Opening balance		
	Book balance	Reserve for impairment	Book value	Book balance	Reserve for impairment	Book value
Invest in subsidiaries	226,488,897.67		226,488,897.67	226,488,897.67		226,488,897.67
total	226,488,897.67		226,488,897.67	226,488,897.67		226,488,897.67

(1) Investment in subsidiaries

In RMB Yuan

investee	Opening balance (book value)	Impairment reserve beginning balance	Changes in the current period				Closing balance (book value)	Impairment reserve ending balance
			Additional investment	Reduce investment	Provision for impairment	other		
Wazhou Liaoyang bearing manufacturing Co., LTD	32,242,259.95						32,242,259.95	
Dalian Wazhou precision motor automobile bearing Co., LTD	45,478,956.37						45,478,956.37	
Wazhou precision spherical roller bearing (Wafangdian) limited liability company	148,767,681.35						148,767,681.35	
total	226,488,897.67						226,488,897.67	

4. Operating income and operating costs

In RMB Yuan

item	Current amount		Amount incurred in the previous period	
	income	cost	income	cost
Main business	1,144,156,410.73	1,005,108,540.57	1,286,564,016.29	1,135,892,058.76
Other business	29,283,445.51	14,865,325.48	30,344,445.96	15,971,777.54
total	1,173,439,856.24	1,019,973,866.05	1,316,908,462.25	1,151,863,836.30

5. Investment income

In RMB Yuan

item	Current amount	Amount incurred in the previous period

Dividend income from investments in other equity instruments during the holding period	1,003,528.31	1,002,352.64
Proceeds from debt restructuring	4,635,388.37	4,682,444.26
Total	5,638,916.68	5,684,796.90

6. Others

XX.Supplementary information

1. Non-recurring profit and loss statement for the current period

☑Applicable ☐ Not applicable

In RMB Yuan

item	amount	Instructions
Gain or loss on disposal of illiquid assets	107,376.24	
Government subsidies included in the profit and loss of the current period (except government subsidies that are closely related to the normal operation of the company, comply with national policies and regulations, enjoy in accordance with determined standards, and have a continuous impact on the profit and loss of the company)	2,848,445.24	
In addition to the effective hedging business related to the normal operation of the company, the profit or loss of fair value changes arising from the holding of financial assets and financial liabilities by non-financial enterprises and the loss or gain arising from the disposal of financial assets and financial liabilities	-46,225.55	
Gains and losses on debt restructuring	11,092,523.93	
Other non-operating income and expenditure other than those mentioned above	1,547,945.30	
total	15,550,065.16	--

Details of other items of profit or loss that meet the definition of non-recurring profit or loss:

☐ Applicable ☑Not applicable

The Company has no other specific circumstances that meet the definition of non-recurring profit or loss.

The non-recurring profit and loss items listed in Explanatory Announcement No. 1 on Information Disclosure of Publicly Issued Securities Companies - Non-recurring Profit and Loss are defined as the fact sheet of the regular profit and loss items

☐ Applicable ☑Not applicable

2. Return on equity and earnings per share

Reporting period profit	Weighted average return on equity	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to the company's common shareholders	3.60%	0.0182	0.0182
Net profit attributable to the company's common shareholders after deducting non-recurring gains and losses	-4.04%	-0.0204	-0.0204

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

(1) The difference between net profit and net assets in financial reports disclosed under both international accounting standards and Chinese accounting standards

☐ Applicable ☑Not applicable

(2) The difference between net profit and net assets in financial reports disclosed under both foreign accounting standards and Chinese accounting standards

☐ Applicable ☑Not applicable

(3) Explanation of the reasons for the difference of accounting data under domestic and foreign accounting standards, the name of the overseas audit institution should be indicated if the difference adjustment is made to the data audited by the overseas audit institution

4. Others