

Wafangdian Bearing Co., Ltd.

Announcement on the Restructuring of Some Daily Operating Debts Involving Related-party Transactions

The Company and all members of the BOD guarantee that the information disclosed is true, accurate and completed, and that there are no false records, misleading statements or material omissions.

I. Overview of Debt Restructuring

1. Debt restructuring gains

In order to optimize the debt structure of the enterprise and improve the efficiency of fund utilization, Wafangdian Bearing Co., LTD. (hereinafter referred to as "the Company") has carried out a clean-up work on the payables of the company's daily operation nature in 2024. During this period, our company signed the "Debt Restructuring Agreement" with 295 suppliers including Wafangdian Bearing Group Co., Ltd. and its subsidiaries, Dalian Jieneng Heavy Industry Co., LTD., etc. After friendly consultation, these suppliers agreed to make concessions on the debts owed by our company for daily operations. The above-mentioned business enabled the Company to gain 19,587,508.91 yuan from debt restructuring, among which the gain from related debt restructuring was 5,305,339.07 yuan.

2. Losses from debt restructuring

Debt restructuring losses confirmed by both parties

Our company has signed the "Debt Restructuring Agreement" with 20 customers including Wafangdian Bearing Group Co., Ltd. and its subsidiaries. Through friendly consultation, our company has made concessions on the debts owed by these customers for the daily operation nature of our company. The above-mentioned business has caused a debt restructuring loss of 2,487,205.88 yuan for our company. Among them, the loss from the restructuring of related debts was 1,709,220.77 yuan.

3. As Wafangdian Bearing Group Co., Ltd. is the largest shareholder of our company, the transactions involving Wafangdian Bearing Group Co., Ltd. and its subsidiaries constitute related-party transactions.

4. This motion was deliberated and unanimously approved at the 16th meeting of the 9th Board of Directors of the company. During the deliberation, it involved When it came to matters related to related-party transactions, the related directors Zhang Xinghai, Chen Jiajun and Wang Jiyuan abstained from voting. The remaining directors all voted in favor of the matter, with no votes against or abstentions.

5. This motion does not need to be submitted to the company's shareholders' meeting

for review and approval, nor does it constitute a major asset reorganization as defined in the "Administrative Measures for Major Reorganization of Listed Companies".

6. All the debt restructurings in this round are of a daily business nature, and there are no significant legal obstacles for the implementation by all parties.

II. Basic Information of the counterparty in Debt Restructuring

1. A total of 295 suppliers and 20 customers are involved in this debt restructuring. The debt restructuring reached between the company and related parties and the debt restructuring reached with third-party suppliers are independent and do not precondition each other, and do not constitute a package deal.

2. The counterparty to the debt restructuring has no other relationship with the company and the company's top ten shareholders in terms of property rights, business, assets, creditor's rights and debts, personnel, etc., which may or has already caused the company to tilt its interests towards it or its interests towards the company. The company conducts all debt restructurings in accordance with the principles of fairness, impartiality and equal treatment.

The basic information of the related parties is as follows:

.Wafangdian Bearing Group Corp., Ltd.

Legal representative: Meng Wei

Registered capital: 519,869,400 yuan

Registered address: No. 1, Section 1, North Gongji Street, Wafangdian City, Liaoning Province

Type of enterprise: Limited Liability Company

Business term: From December 22, 1995 to December 22, 2045

Unified social credit code: 91210200242386663D

Business scope: Import and export of goods, import and export of technologies (for projects subject to approval according to law, business activities can only be carried out after approval by relevant departments, the specific business projects shall be subject to the approval results) General projects: Manufacturing of bearings, gears and transmission parts, sales of bearings, gears and transmission parts, manufacturing of metal tools, sales of metal tools, manufacturing of special equipment (excluding licensed professional equipment manufacturing), research and development of machinery and equipment, sales of machinery and equipment, manufacturing of non-metallic mineral products, sales of non-metallic minerals and products, ferrous metal casting, non-ferrous metal casting, automotive parts and accessories manufacturing, Auto parts retail, auto parts wholesale, railway rolling stock parts

manufacturing, railway rolling stock parts sales, industrial design services, general equipment repair, technical service, technical development, technical consultation, technical exchange, technology transfer, technology promotion, metal materials sales, housing leasing, non-residential real estate leasing, machinery and equipment leasing

Latest audited financial position (2023) : The total assets are 942,873 million yuan, the net assets are 264,812 million yuan, the realized operating income is 5,163,82 million yuan, and the net profit is -2.12 million yuan (audited).

The above related parties are not the dishonest persons subjected to execution.

III. Main Contents of the Debt Restructuring Plan and Debt Restructuring Agreement

1. Debt formation situation

After calculation by the company with 295 suppliers, the total amount of various payments for goods and project funds that the company should pay to the above-mentioned suppliers amounts to 430,095,807.07 yuan.

After the company's calculation with 20 customers, the bearing payment receivable from the above-mentioned customers of our company is 85,948,178.47 yuan.

2. The main contents of the debt restructuring plan

After communication and negotiation with the creditors, in accordance with the "Debt Restructuring Agreements" signed by our company with 295 suppliers respectively, based on the principle of mutual benefit and cooperation, the creditors agreed to waive the creditor's rights for part of the payment. The remaining payment would be paid to the creditors by the company in the form of commercial papers and bank deposits. After the creditors received the payment, the creditor's rights and debts involving the contract details between the two parties would be settled. There are no other economic disputes.

In 2024, the company completed debt restructuring with suppliers for 430,095,807.07 yuan, actually paid 410,508,298.16 yuan for goods, and realized debt restructuring gains of 19,587,508.91 yuan, among which the gains from related debt restructuring were 5,305,339.07 yuan.

After communication and negotiation between the debtor and our company, in accordance with the "Debt Restructuring Agreement" signed by our company with 20 customers, based on the principle of mutual benefit and cooperation, our company agrees to waive the creditor's rights of part of the bearing payment.

In 2024, the company completed debt restructuring with customers for 85,948,178.47 yuan, actually received payment for goods for 83,460,972.59 yuan, and suffered a debt restructuring loss of 2,487,205.88 yuan, among which the loss from related debt restructuring was 1,709,220.77 yuan.

3. There is no situation where non-cash assets are used to settle debts in this debt restructuring.

IV. Other arrangements for debt restructuring

This debt restructuring does not involve subsequent arrangements such as personnel resettlement, land leasing, related-party transactions, or competition in the same industry.

V. Reasons, Purposes of Debt Restructuring and Its Impact on the Company

The main reason for debt restructuring is that due to the influence of the overall market environment, the enterprise's funds are relatively tight in the short term. In order to relieve the financial pressure and accelerate the recovery of funds, it has reached an agreement with suppliers and customers. When making payments to suppliers, a certain proportion of the discount will be charged, and when recovering the payments from customers, a certain proportion of the discount will be given. The determination of the relevant discount rate is reached through consultation by both parties within the range that their operations can afford.

The subsequent payment arrangements of the company are, first, based on the outstanding debts of suppliers by the settlement period, and second, in accordance with the actual recovery of funds of the company in the current period. The funds mainly consist of the recovered funds from the enterprise's external sales of bearing products. It is a normal fund payment business and does not affect the company's daily operation.

By carrying out debt restructuring, the company further sorts out the creditor-debtor relationship of the company, alleviates the financial pressure, reduces the debt burden of the company, optimizes the debt structure, improves the financial situation of the company, and is conducive to promoting the operation and development of the company.

According to relevant regulations such as the Enterprise Accounting Standards, the net gain of 17,100,303.03 yuan from this debt restructuring will be included in the investment income.

VI. Documents for reference

1. Resolution of the 16th Meeting of the Ninth Board of Directors of Wafangdian Bearing Co., LTD.;
2. Resolutions of the 10th Supervisory Board of the 9th session of Wafangdian Bearing Co., LTD.;
3. Resolution of the First special Meeting of Independent Directors in 2025
4. Overview Table of Related Party Transactions of Listed Companies.
5. Other documents required by the Shenzhen Stock Exchange.

Hereby notify

Board of directors of
Wafangdian bearing Company limited
April 28, 2025