

Wafangdian Bearing Co., LTD

2025 Midyear Financial Report

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	2025.6.30	2025.1.1
Current Assets:		
Monetary funds	88,049,180.13	239,398,923.10
Settlement of provisions		
Lend funds		
Trading financial assets	217,260.04	221,882.59
Derivative financial assets		
Notes receivable	520,119,998.16	597,196,581.19
Accounts receivable	1,045,550,333.24	1,026,226,986.45
Financing of receivables	42,502,064.44	48,925,906.07
prepayment	8,716,609.34	10,948,524.83
Premium receivable		
Reinsurance accounts receivable		
Reserves receivable for reinsurance contracts		
Other receivables	10,485,149.04	7,962,213.75
Among them: interest receivable		
Dividends receivable		
Buy and sell financial assets		
stock	651,196,466.79	688,440,738.43
Where: Data resources		
Contract assets	10,106,014.60	11,498,470.21
Holding assets for sale		
Non-current assets maturing within one year		
Other current assets	39,839,368.87	53,298,611.95
Total current assets	2,416,782,444.65	2,684,118,838.57
Non-current assets:		
Make loans and advances		

Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment		
Investments in other equity instruments	11,906,928.35	11,906,928.35
Other non-current financial assets		
Investment real estate	76,189,652.13	71,679,927.05
Fixed assets	424,356,561.00	437,398,315.29
Construction in progress	16,691,520.90	34,740,635.71
Productive biological assets		
Oil and gas assets		
Usufruct assets		
Intangible assets	68,119,317.12	70,121,059.58
Where: Data resources		
Development expenditure		
Where: Data resources		
goodwill		
Long-term deferred expenses	5,866,676.59	6,602,412.97
Deferred tax assets		
Other non-current assets		
Total non-current assets	603,130,656.09	632,449,278.95
Total assets	3,019,913,100.74	3,316,568,117.52
Current liabilities:		
Short-term loan	432,000,000.00	570,000,000.00
Borrow from the central bank		
Borrowed funds		
Transactional financial liabilities		
Derivative financial liability		
Notes payable	112,973,447.30	401,129,901.60
Accounts payable	1,767,186,217.48	1,663,816,039.46
Advances received		
Contractual liability	32,755,051.06	34,098,145.99
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	39,108,596.01	42,089,354.01
Taxes payable	8,642,452.27	12,064,219.60
Other payables	287,629,191.45	135,258,184.75
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		98,350,000.00
Other current liabilities	4,254,711.05	4,417,479.62
Total current liabilities	2,684,549,666.62	2,961,223,325.03
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	56,966,352.57	55,771,671.86
Deferred income	36,912,180.58	37,719,857.35
Deferred income tax liabilities	524,485.21	524,485.21
Other non-current liabilities		
Total non-current liabilities	94,747,993.20	94,360,989.26
Total liabilities	2,779,297,659.82	3,055,584,314.29
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		
Special reserve	2,867,643.47	2,305,094.24
Surplus reserve	136,770,391.01	136,770,391.01
General risk reserve		
Undistributed profit	-787,313,644.03	-766,382,732.49
Total owner's equity attributable to parent company	240,615,440.92	260,983,803.23
Minority interest		
Total owners' equity	240,615,440.92	260,983,803.23
Total liabilities and owners' equity	3,019,913,100.74	3,316,568,117.52

Chairman: Wang Jiyuan
 charger: Xuan Songtao

General Accountant : Sun Najuan

Accounting

2. Balance sheet of parent company

In RMB Yuan

Item	2025.6.30	2025.1.1
Current Assets:		
Monetary funds	86,103,833.05	237,603,355.24
Trading financial assets	217,260.04	221,882.59
Derivative financial assets		
Notes receivable	517,173,358.41	598,162,807.95
Accounts receivable	1,004,233,892.89	990,716,081.66
Financing of receivables	41,176,762.40	44,303,611.96
prepayment	7,639,752.35	10,125,500.59
Other receivables	253,637,816.14	265,704,686.03
Among them: interest receivable		
Dividends receivable		
stock	486,382,572.96	437,173,417.69
Where: Data resources		
Contract assets	10,106,014.60	11,498,470.21
Holding assets for sale		
Non-current assets maturing within one year		
Other current assets	39,839,368.87	53,254,761.44
Total current assets	2,446,510,631.71	2,648,764,575.36
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	11,906,928.35	11,906,928.35
Other non-current financial assets		
Investment real estate	71,068,077.96	66,151,054.38
Fixed assets	283,299,712.89	289,356,808.71
Construction in progress	15,176,031.43	31,415,493.14
Productive biological assets		
Oil and gas assets		
Usufruct assets		
Intangible assets	54,792,659.81	56,459,406.17
Where: Data resources		
Development expenditure		
Where: Data resources		
goodwill		
Long-term deferred expenses	5,866,676.59	6,602,412.97
Deferred tax assets		
Other non-current assets		
Total non-current assets	668,598,984.70	688,381,001.39
Total assets	3,115,109,616.41	3,337,145,576.75

Current liabilities:		
Short-term loan	432,000,000.00	570,000,000.00
Transactional financial liabilities		
Derivative financial liability		
Notes payable	112,973,447.30	401,129,901.60
Accounts payable	1,637,181,362.15	1,465,053,380.82
Advances received		
Contractual liability	32,727,346.79	34,060,441.72
Payroll payable to employees	33,098,480.67	34,267,209.57
Taxes payable	6,402,903.47	10,016,846.15
Other payables	277,301,727.12	122,802,562.47
Among them: interest payable		
Dividend payable		
Holding liabilities held for sale		
Non-current liabilities due within one year	0.00	98,350,000.00
Other current liabilities	4,254,555.08	4,417,323.65
Total current liabilities	2,535,939,822.58	2,740,097,665.98
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	56,655,815.81	55,730,460.81
Deferred income	9,704,980.48	11,203,199.32
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	66,605,771.13	67,178,634.97
Total liabilities	2,602,545,593.71	2,807,276,300.95
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		
Special reserve	534,661.40	0.00
Surplus reserve	136,770,391.01	136,770,391.01
Undistributed profit	-513,019,472.97	-495,179,558.47

Total owners' equity	512,564,022.70	529,869,275.80
Total liabilities and owners' equity	3,115,109,616.41	3,337,145,576.75

3. Consolidated income statement

In RMB Yuan

project	Half year 2025	Half of 2024
I. Total operating income	1,330,615,217.48	1,122,366,451.83
Among them: operating income	1,330,615,217.48	1,122,366,451.83
Interest income		
The premium has been made		
Fee and commission income		
2. Total operating cost	1,367,699,027.34	1,193,873,939.27
Among them: operating cost	1,150,818,592.31	1,000,397,426.48
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	9,557,828.62	6,701,288.19
Cost of sales	68,478,445.36	76,075,715.40
Management fees	66,239,142.71	59,397,610.59
Research and development costs	65,781,912.27	34,845,558.21
Finance charges	6,823,106.07	16,456,340.40
Among them: interest expense	7,581,344.95	12,349,659.00
Interest income	450,534.54	1,159,618.61
Plus: other benefits	5,966,962.04	15,162,592.13
Investment income (loss marked with "-")	9,664,256.68	6,737,445.76
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)	-4,622.55	-58,552.35
Credit impairment loss (marked with "-")	313,552.31	9,166.55
Asset impairment loss (marked with "-")		
Gain on disposal of assets (loss marked with "-")	351,928.90	69,219.93
3. Operating profit (loss marked with "-")	-20,791,732.48	-49,587,615.42
Plus: non-operating income	278,299.73	4,184,321.12
Less: non-operating expenses	417,478.79	629,837.37
IV. Total profit (total loss marked with "-")	-20,930,911.54	-46,033,131.67

Less: Income tax expense		
V. Net profit (Net loss marked with "-")	-20,930,911.54	-46,033,131.67
(a) classification according to business continuity		
1. Net profit from continuing operations (net loss marked with "-")	-20,930,911.54	-46,033,131.67
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	-20,930,911.54	-46,033,131.67
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	-20,930,911.54	-46,033,131.67
Total comprehensive income attributable to owner of parent company	-20,930,911.54	-46,033,131.67
Total comprehensive income attributable to minority shareholders		
8. Earnings per Share		
(1) Basic earnings per share	-0.0520	-0.1143
(2) Diluted earnings per share	-0.0520	-0.1143

Chairman: Wang Jiyuan

General Accountant : Sun Najuan

Accounting charger:

Xuan Songtao

4. Profit statement of the parent company

In RMB Yuan

ITEM	Half year 2025	Half of 2024
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I. Operating income	1,316,908,462.25	1,139,633,696.97
Minus: Operating costs	1,151,863,836.30	1,015,581,974.84
Taxes and surcharges	6,381,819.99	5,179,429.65
Cost of sales	67,756,928.31	71,183,583.99
Management fees	55,461,499.94	49,338,808.66
Research and development costs	57,708,042.42	30,857,894.95
Finance charges	6,713,442.29	16,493,394.13
Including: interest expense	7,581,344.95	12,349,659.00
Interest income	448,230.47	1,114,822.32
Plus: Other benefits	4,917,025.54	14,132,958.53
Investment income (Loss marked with "-")	5,684,796.90	5,417,269.14
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 "-")	-4,622.55	-58,552.35
Credit impairment loss (marked with "-")	280,891.43	9,166.55
Asset impairment loss (marked with "-")	0.00	0.00
Income from asset disposal (marked with "-" for loss)	351,928.90	48,386.78
II. Operating profit (Loss marked with "-")	-17,747,086.78	-29,452,160.60
Add: non-operating income	262,711.31	4,184,321.08
Less: non-operating expenses	355,539.03	600,024.19
III. Total profit (Total loss marked with "-")	-17,839,914.50	-25,867,863.71
Less: income tax expense		
IV. Net Profit (Net loss marked with "-")	-17,839,914.50	-25,867,863.71
(1) Net profit from continuing operations (net loss marked with "-")	-17,839,914.50	-25,867,863.71
(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	-17,839,914.50	-25,867,863.71
VII. Earnings per Share:		
(1) Basic earnings per share	-0.0443	-0.0643
Diluted earnings per share	-0.0443	-0.0643

5. Consolidated cash flow statement

In RMB Yuan

project	Half year 2025	Half of 2024
I. Cash flow generated by operating activities:		
Cash received from selling goods and providing services	595,884,749.15	603,806,987.56
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	8,110,763.01	7,684,071.88
Other cash received in connection with operating activities	24,266,509.65	23,577,817.07
Subtotal of cash inflow from operating activities	628,262,021.81	635,068,876.51
Cash paid for goods and services	107,379,481.28	304,211,429.56
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	189,692,671.34	208,594,526.17
All taxes and fees paid	47,018,926.61	20,706,382.82
Other cash payments related to operating activities	44,514,490.85	72,091,174.73
Subtotal of cash outflow from operating activities	388,605,570.08	605,603,513.28
Net cash flow from operating activities	239,656,451.73	29,465,363.23
II. Cash flow generated by investing activities:		
Recoup cash received on investment		
Cash received for investment income	1,000,000.00	1,000,000.00

Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	1,049,200.00	10,657.35
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	2,049,200.00	1,010,657.35
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	374,172.33	2,645,556.46
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	374,172.33	2,645,556.46
Net cash flow from investing activities	1,675,027.67	-1,634,899.11
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	395,000,000.00
Other cash received in connection with financing activities	235,913,150.44	345,088,867.61
Subtotal of cash inflow from financing activities	397,913,150.44	740,088,867.61
Cash paid to repay debts	390,350,000.00	395,550,000.00
Cash used to distribute dividends, profits, or repay interest payments	7,909,812.20	18,756,979.98
Among them: dividends and profits paid by subsidiaries to minority shareholders		
Payment of other cash in connection with financing activities	330,624,299.91	325,173,962.82
Subtotal of cash outflows from financing activities	728,884,112.11	739,480,942.80
Net cash flow from financing activities	-330,970,961.67	607,924.81
IV. Effect of exchange rate changes on cash and cash equivalents	384,579.65	1,242,958.11
V. Net increase in cash and cash equivalents	-89,254,902.62	29,681,347.04
Plus: Cash and cash equivalents balance at the beginning of the period	160,907,298.24	110,664,560.63
VI. Cash and cash equivalents balance at the end of the period	71,652,395.62	140,345,907.67

6. Cash flow statement of parent company

In RMB Yuan

Project	Half year 2025	Half of 2024
I. Cash flow from operating activities:		
Cash received from the sale of goods and services	584,495,164.23	588,032,973.54
The tax refund received	8,108,228.78	7,684,071.88
Received other cash related to operating activities	21,408,546.18	22,120,387.42
Total cash inflow from operating activities	614,011,939.19	617,837,432.84
Cash paid for goods and services	161,531,936.52	355,036,073.16

Cash paid to and on behalf of employees	153,211,544.87	172,031,012.54
All taxes and fees paid	26,098,493.06	13,255,483.04
Pay other cash related to operating activities	33,660,492.23	47,982,622.26
Total cash outflow from operating activities	374,502,466.68	588,305,191.00
Net cash flow from operating activities	239,509,472.51	29,532,241.84
li. Cash flow from investing activities:		
Cash received from the recovery of investments		
Cash received from investment income	1,000,000.00	1,000,000.00
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	1,046,400.00	10,657.35
Net cash received from disposal of subsidiaries and other operating units		
Received other cash related to investing activities		
Total cash inflow from investing activities	2,046,400.00	1,010,657.35
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets	374,172.33	451,582.36
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	374,172.33	451,582.36
Net cash flow from investing activities	1,672,227.67	559,074.99
lii. Cash flow from financing activities:		
Cash received from investment absorption		
Cash received for the acquisition of loans	162,000,000.00	395,000,000.00
Other cash received in connection with financing activities	235,913,150.44	345,088,867.61
Total cash inflow from financing activities	397,913,150.44	740,088,867.61
Cash paid to repay debt	390,350,000.00	395,550,000.00
Cash paid out in dividends, profits or interest payments	7,909,812.20	18,756,979.98
Pay other cash related to financing activities	330,624,299.91	325,173,962.82
Total small cash outflow from financing activities	728,884,112.11	739,480,942.80
Net cash flow from financing activities	-330,970,961.67	607,924.81
IV. Impact of exchange rate fluctuations on cash and cash equivalents	384,579.65	1,242,958.11
V. Net increase in cash and cash equivalents	-89,404,681.84	31,942,199.75
Plus: the opening balance of cash and cash equivalents	159,111,730.38	102,803,929.87
Vi. Balance of cash and cash equivalents at the end of the period	69,707,048.54	134,746,129.62

7. Statement of Changes in consolidated owners' equity

This amount

In RMB Yuan

ITEM	Half year 2025													
	Owner's equity in the parent company													Minority shareholders' equity
	Capital stock	Other equity instruments			Capital public reserve s	less: treasur e stock	other compreh ensive income	appropri ative reserve	Surplus public reserves	General provision for risk	Undistributed profits	Other s	total	
		Pref erre d s hare s	Perpet ual Capital Securitie s	Ot he r										
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 balance of this 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
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

The amount of the previous period

In RMB Yuan

ITEM	Half year 2024													
	Owner's equity in the parent company												Minority shareholders' equity	Owner's equity
	Capital stock	Other equity instruments			Capital public reserve s	less: treasur e stock	other compreh ensive income	appropri ative reserve	Surplus public reserves	General provision for risk	Undistributed profits	Other s		
Pref erre d s		Perpet ual Capital	Ot he											

		hare s	Securit ies	r										
I. Ending balance of the previous year	402,600,000.00				485,691,050.47			2,414,877.63	136,770,391.01		-656,170,250.96		371,306,068.15	371,306,068.15
Plus: Accounting policy change														
Early error correction														
other														
II, the beginning balance of this year	402,600,000.00	0.00	0.00	0.00	485,691,050.47			2,414,877.63	136,770,391.01		-656,170,250.96		371,306,068.15	371,306,068.15
III. Amount of increase or decrease in the current period (marked with "-" for decrease)								1,410,421.96			-46,033,131.67		-44,622,709.71	-44,622,709.71
(1) Total comprehensive income											-46,033,131.67		-46,033,131.67	-46,033,131.67
(2) Owner investment and capital reduction														
1.														
Common stock invested by the owner														
2.														
Other equity instrument holders invested capital														

(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. Set the change of benefit plan to carry forward retained earnings															
5. Other comprehensive income carried forward retained earnings															
6. Other															

(5) Special reserves								1,410,421.96					1,410,421.96		1,410,421.96
1. This issue's extraction								5,694,779.47					5,694,779.47		5,694,779.47
2. Used in this issue								4,284,357.51					4,284,357.51		4,284,357.51
(6) Others															
IV. Ending balance of the current period	402,600,000.00	0.00	0.00	0.00	485,691,050.47			3,825,299.59	136,770,391.01	0.00	-702,203,382.63		326,683,358.44		326,683,358.44

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

This amount

In RMB Yuan

Item	Semiannual of 2025 period											
	Capital stock	Other equity instruments			Capital public reserves	less: treasury stock	Other comprehensive income	appropriate reserve	Surplus public reserves	General provision for risk	Undistributed profits	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 "-")								534,661.40		-17,839,914.50		-17,305,253.10

for decrease)												
(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

The amount of the previous period

In RMB Yuan

Item	Semiannual of 2024 period											
	Capital stock	Other equity instruments			Capital public reserves	less: treasure stock	Other comprehensive income	appropriate 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	-421,976,934.76		603,071,899.51
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	-421,976,934.76		603,071,899.51
III. Amount of increase or decrease in the current								673,375.06		-25,867,863.71		-25,194,488.65

period (marked with "-" for decrease)												
(1) Total comprehensive income										-25,867,863.71		-25,867,863.71
(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								673,375.06				673,375.06
1. This extract								2,576,762.36				2,576,762.36
2. In current use								1,903,387.30				1,903,387.30
(6) Others												
IV. Ending balance	402,600,000.00				485,678,443.26			673,375.06	136,770,391.01	-447,844,798.47		577,877,410.86

III. Basic information of the company

Wafangdian bearing co., LTD. (hereinafter referred to as the company, together with subsidiaries referred to as the group) 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.

The company belongs to the bearing manufacturing industry, mainly engaged in all kinds of bearing production and sales business. Registered place: No. 1, Section 1, Beigongji Street, Wafangdian City, Liaoning Province. Legal representative: Wang Jiyuan. 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).

IV. Basis for the preparation of financial statements

1. Establishment basis

These financial statements are in accordance with the Accounting Standards for Business Enterprises - Basic Standards and various specific accounting standards, the Application Guide of Accounting Standards for Business Enterprises, the interpretation of Accounting Standards for Business Enterprises and other relevant provisions promulgated by the Ministry of Finance (hereinafter collectively referred to as "Accounting Standards for Business Enterprises"). And the relevant provisions of the China Securities Regulatory Commission "Information Disclosure and Reporting Rules for Companies that Publicly Issue Securities No. 15 - General Provisions for Financial Reports".

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:

Specific accounting policies and accounting estimates formulated by the Group based on actual production and operation characteristics include the operating cycle, the recognition and measurement of bad debt provisions for receivables, the measurement of issued inventories, the classification and depreciation of fixed assets, the amortization of intangible assets, the capitalization conditions for research and development expenses, and the recognition and measurement of revenue.

1, follow the accounting standards for business enterprises statement

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance and give a true and complete view of the Company's consolidated and parent company financial position as of June 30, 2025, and the consolidated and parent company's operating results and cash flows for the half-year of 2025.

2. Accounting period

A fiscal year begins on January 1 and ends on December 31.

3. Business cycle

The business cycle of the company is 12 months.

4. Functional currency

The Group takes RMB as its functional currency.

5. Importance criteria determination method and selection basis

☐ Applicable ☒ Not applicable

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. Merge program

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 means cash on hand of the Company and deposits that can be used for payment at any time. Cash equivalents refer to investments held by the Company with a short term, strong liquidity, easy to convert into known amounts of cash, and little risk of changes in value.

10. Translation of foreign currency business and foreign currency statements

1. Foreign currency transactions

For foreign currency business, the spot exchange rate on the date of occurrence of the transaction is used as the

conversion rate to convert the amount of foreign currency into RMB.

The balance of foreign currency monetary items at the balance sheet date is translated at the spot rate at the balance sheet date, and the resulting exchange difference, except for the exchange difference arising from special foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization in accordance with the principle of capitalization of borrowing costs, is recognized in the profit or loss of the current period.

2. Translation of foreign currency financial statements

The assets and liabilities in the balance sheet shall be translated at the spot exchange rate at the balance sheet date; Owners' equity items are translated at the spot exchange rate at the time of occurrence, except for "undistributed profit" items. The income and expense items in the income statement are translated using the spot exchange rate on the date of occurrence of the transaction.

When disposing of an overseas operation, the difference in the translation of foreign currency financial statements related to the overseas operation is transferred from the owner's equity item to the profit or loss of the disposal period.

11. Financial instruments

The Company recognizes a financial asset, financial liability or equity instrument when it becomes a party to a financial instrument contract.

1. Classification of financial instruments

Based on the Company's business model of managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at initial recognition into: financial assets measured at amortized cost, financial assets measured at fair value and whose changes are included in other comprehensive income, and financial assets measured at fair value and whose changes are included in current profit or loss.

The Company classifies financial assets measured at amortized cost that are not designated at fair value and whose changes are recognized in profit or loss for the current period and meet both of the following conditions:

- The business model aims to collect contract cash flow;

Contract cash flow is only the payment of the principal and interest based on the outstanding principal amount.

The Company classifies financial assets (debt instruments) measured at fair value and recorded in other comprehensive income as financial assets (debt instruments) measured at fair value that meet the following conditions and are not designated as fair value and whose changes are recorded in profit or loss for the current period:

- A business model aimed at both collecting contract cash flows and selling the financial asset;

Contract cash flow is only the payment of the principal and interest based on the outstanding principal amount.

For investments in non-trading equity instruments, the Company may, upon initial recognition, irrevocably designate them as financial assets (equity instruments) that are measured at fair value and whose changes are included in other comprehensive income. The designation is made on the basis of a single investment and the underlying investment meets the definition of an equity instrument from the point of view of the issuer.

In addition to the above financial assets measured at amortized cost and at fair value and whose changes are included in other comprehensive income, the Company classifies all remaining financial assets as financial assets measured at fair value and whose changes are included in current profit or loss. At initial recognition, if accounting misalignments can be eliminated or significantly reduced, the Company may irrevocably designate financial assets that should be classified as measured at amortized cost or at fair value and whose changes are recorded in other comprehensive

income as financial assets that are measured at fair value and whose changes are recorded in profit or loss for the current period.

Financial liabilities are classified at initial recognition into financial liabilities measured at fair value and whose changes are recognised in profit or loss for the period and financial liabilities measured at amortised cost.

A financial liability that meets one of the following criteria may be designated as a financial liability measured at fair value at initial measurement and whose changes are recognised in profit or loss for the current period:

- 1) This designation can eliminate or significantly reduce accounting mismatches.
- 2) Manage and evaluate the performance of a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities on a fair value basis in accordance with the enterprise risk management or investment strategy as set out in the formal written documents, and report internally to key management on this basis.
- 3) The financial liability contains embedded derivatives that need to be spun off separately.

2. Basis for recognition and measurement of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, debt investments, etc., which are initially measured at fair value, and related transaction costs are included in the initial recognized amount; Receivables that do not contain a significant financing component, and receivables that the Company decides not to take into account a financing component that is less than one year old, are initially measured at the contract transaction price.

Interest calculated using the effective interest method during the holding period is included in current profit or loss.

At the time of recovery or disposal, the difference between the price obtained and the carrying value of the financial asset is included in the current profit or loss.

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

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

Upon termination of recognition, the accumulated gains or losses previously recognized in other comprehensive income are transferred out of other comprehensive income and recognized in current profit or loss.

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

Financial assets (equity instruments) measured at fair value and whose changes are included in other comprehensive income, including investments in other equity instruments, are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial asset is subsequently measured at fair value and changes in fair value are included in other comprehensive income. Dividends earned are included in current profit or loss.

Upon termination of recognition, accumulated gains or losses previously recognized in other comprehensive income

are transferred from other comprehensive income and recognized in retained earnings.

(4) Financial assets measured at fair value and whose changes are recognized in profit or loss for the current period

Financial assets that are measured at fair value and whose changes are included in current profit or loss include transactional financial assets, derivative financial assets, other non-current financial assets, etc., which are initially measured at fair value and related transaction costs are included in current profit or loss. The financial asset is subsequently measured at fair value and changes in fair value are recognised in profit or loss for the period.

(5) Financial liabilities measured at fair value and whose changes are recognized in profit or loss for the current period

Financial liabilities that are measured at fair value and whose changes are included in current profit or loss include transactional financial liabilities, derivative financial liabilities, etc., which are initially measured at fair value and related transaction costs are included in current profit or loss. This financial liability is subsequently measured at fair value and changes in fair value are recognised in profit or loss for the period.

Upon termination of recognition, the difference between the carrying value and the consideration paid is included in the current profit or loss.

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost, including short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable, long-term payables, are initially measured at fair value, and related transaction expenses are included in the initial recognition amount.¹

Interest calculated using the effective interest method during the holding period is included in current profit or loss.

Upon termination of recognition, the difference between the consideration paid and the carrying value of the financial liability is included in the current profit or loss.

3. Termination of recognition and transfer of financial assets

The Company terminates the recognition of financial assets when one of the following conditions is met:

- Termination of contractual rights to receive cash flows from financial assets;
- The financial assets have been transferred and virtually all the risks and rewards of ownership of the financial assets have been transferred to the transferring party;
- The financial assets have been transferred, although the Company neither transfers nor retains virtually all of the risks and rewards in the ownership of the financial assets, but does not retain control of the financial assets.

If the Company and the counterparty modify or renegotiate the contract and it constitutes a substantial amendment, the original financial asset shall be terminated and a new financial asset shall be recognized in accordance with the revised terms.

When a financial asset is transferred, if almost all the risks and rewards in the ownership of the financial asset are retained, the recognition of the financial asset is not terminated.

When judging whether the transfer of financial assets meets the above conditions for termination of recognition of financial assets, the principle of substance over form is adopted.

The company divides the transfer of financial assets into whole transfer and partial transfer of financial assets. If the overall transfer of financial assets meets the conditions for termination of recognition, the difference between the following two amounts shall be included in the current profit or loss:

(1) the book value of the transferred financial assets;

(2) The sum of the consideration received as a result of the transfer and the accrued amount of the change in fair value originally credited directly to owners' equity (where the financial asset involved in the transfer is a financial asset (debt instrument) measured at fair value and whose change is credited to other comprehensive income).

If the partial transfer of financial assets meets the conditions for termination of recognition, the overall carrying value of the transferred financial assets shall be apportioned between the terminated part and the unterminated part according to their relative fair value, and the difference between the following two amounts shall be included in the current profit or loss:

(1) Terminate the book value of the part recognized;

(2) The sum of the consideration for the portion of the termination of recognition and the amount corresponding to the portion of the termination of recognition in the cumulative amount of the change in fair value that was originally directly included in the owner's equity (where the financial asset involved in the transfer is a financial asset (debt instrument) that is measured at fair value and whose change is included in other comprehensive income).

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

4. Termination of recognition of financial liabilities

If the present obligation of a financial liability has been discharged in whole or in part, the recognition of the financial liability or part thereof shall be terminated; If the Company signs an agreement with creditors to assume a new financial liability to replace the existing financial liability, and the contractual terms of the new financial liability are materially different from those of the existing financial liability, the existing financial liability shall be terminated and the new financial liability shall be recognized at the same time.

If all or part of the contract terms of the existing financial liability are materially modified, the recognition of the existing financial liability or part of the existing financial liability is terminated, and the financial liability after the modification is recognized as a new financial liability.

When a financial liability is fully or partially terminated for recognition, the difference between the carrying value of the financial liability terminated for recognition and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) is recognized in profit or loss for the current period.

If the Company repurchases part of the financial liability, the carrying value of the whole financial liability shall be allocated on the repurchase date according to the relative fair value of the continuing recognition part and the terminated recognition part. The difference between the carrying value assigned to the discontinued recognition portion and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) is recognised in profit or loss for the period.

5. Methods for determining the fair value of financial assets and financial liabilities

A financial instrument in which there is an active market and its fair value is determined by the quotation in the active market. Financial instruments for which there is no active market are determined at fair value using valuation techniques. In valuation, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects input values that are consistent with the characteristics of the asset or liability considered by market participants in the transaction of the underlying asset or liability, and gives preference to the relevant observable input values. Unobservable input values are used only if the

relevant observable input values are unavailable or impractical to obtain.

6. Test methods and accounting treatment for impairment of financial assets

The Company estimates, individually or in combination, expected credit losses on financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, and financial guarantee contracts.

The Company recognizes expected credit losses by calculating the present value of the difference between the cash flows receivable from the contract and the cash flows expected to be received, weighted by the risk of default, taking into account reasonable and evidence-based information about past events, current conditions and projections of future economic conditions.

For receivables and contractual assets arising from transactions regulated by IAS 14 - Revenue, whether or not they contain a significant financing component, the Company always measures its loss provision at an amount equal to expected credit losses over the entire duration.

For lease receivables resulting from transactions regulated by IAS 21 - Leases, the Company chooses to always measure its loss provision at an amount equal to expected credit losses over the entire duration.

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

The Company compares the risk of default of the financial instruments at the balance sheet date with the risk of default at the initial recognition date to determine the relative change in the risk of default over the expected life of the financial instruments to assess whether the credit risk of the financial instruments has increased significantly since the initial recognition. Generally, the Company considers that the credit risk of the financial instrument has increased significantly if the maturity exceeds 30 days, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

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

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss reserve at an amount equivalent to the expected credit loss over the entire life of the financial instrument; If the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company measures its loss reserve at an amount equivalent to the expected credit loss of the financial instrument over the next 12 months. The resulting increase or reversal of the loss provision is recognised in the current profit or loss as impairment loss or gain. For financial assets (debt instruments) that are measured at fair value and whose changes are recognized in other comprehensive income, the loss provision is recognized in other comprehensive income and the impairment loss or gain is recognized in profit or loss for the current period without reducing the carrying value of the financial asset as shown in the balance sheet.

If there is objective evidence that a financial asset has suffered credit impairment, the Company shall make an impairment provision for the financial asset on an individual basis.

For receivables and contractual assets formed from transactions regulated by Accounting Standard for Enterprises 14 - Revenue (2017), whether or not they contain a significant financing component, the Company always measures its loss provision at an amount equal to expected credit losses over the entire duration.

For lease receivables, the Company chooses to always measure its loss provision at an amount equal to expected credit losses over the entire duration.

In addition to assessing overdue credit losses on an individual basis for certain financial assets, the Group also assesses expected credit losses on financial assets measured at amortised cost on an aging portfolio basis.

In addition to the above receivables for which the provision for bad debts is made individually, the Company divides the remaining financial instruments into several combinations according to the credit risk characteristics, on the basis of which the expected credit losses are determined. The Company's combination of expected credit losses for notes receivable, accounts receivable, receivables financing, other receivables, etc. and the basis for determination are as follows:

item	Combination class	Determination basis
Accounts receivable 1	Aging portfolio	With reference to the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, the comparison table of the expected credit loss rate of the accounts receivable aging and the whole life is prepared to calculate the expected credit loss.
Accounts receivable 2	Combination of related parties	In principle, no provision is made for doubtful accounts unless there is clear evidence that it is indeed impossible to recover all or part of the money
Notes receivable 1	Banker's acceptance	
Notes receivable 2	Commercial acceptance	
Notes receivable 3	Finance company acceptance bill	
Financing of receivables	Banker's acceptance	
Other receivables 1	Combination of related parties	In principle, no provision is made for doubtful accounts unless there is clear evidence that it is indeed impossible to recover all or part of the money
Other receivables 2	Aging portfolio	With reference to the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, the expected credit loss is calculated through the default risk exposure and the expected credit loss rate of the whole duration.
Other receivable 3	Risk-free portfolio (classified by the reputation of the transaction object, the nature of the payment, transaction safeguards, etc.)	

If the Company no longer reasonably expects that the cash flow of the financial asset contract can be recovered in whole or in part, it shall directly write down the book balance of the financial asset.

18. Holding assets for sale

19. Debt investment

20. Other debt investment

21. Long-term receivables

22. Long-term equity investment

1.Common control, significant influence criteria

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 Company, 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 Company.

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 Company is able to exert significant influence on the investee, the investee is an associate enterprise of the Company.

2. Determination of initial investment costs

(1) Long-term equity investment formed by business merger

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 investee 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.

(2) Long-term equity investments made through means other than business consolidation

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.

3. Subsequent measurement and profit and loss recognition methods

(1) 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.

(2) 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 Company 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 the company's accounting policies and accounting periods.

The profit or loss of unrealized internal transactions between the company and its associate or joint venture shall be offset by the part attributable to the company 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 the Company 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, the company shall resume the recognition of the income sharing amount after the income sharing amount has made up the unrecognized loss sharing amount.

(3) 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.

The Company 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.

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 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 Company'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.

30. Impairment of long-term assets

Long-term equity investments, investment real estate measured by the cost model, fixed assets, construction in progress, use rights assets, intangible assets with limited useful life, oil and gas assets 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 Company 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 Company 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 Company 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 Company, the Company 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 Company shall, during the accounting period in which the employees provide services to the Company, 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 Company 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 Company 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 Company, 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 Company participates in the Enterprise annuity plan/Supplementary pension insurance fund approved by the relevant state authorities. The Company 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 Company 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 Company 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 Company 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 Company cannot unilaterally withdraw the termination benefits provided by the termination of labor relations plan or reduction proposal; When the Company 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 Company as projected liabilities when the following conditions are met:

- (1) The obligation is a current obligation of the Company;
- (2) the performance of the obligation is likely to result in the outflow of economic benefits from the Company;
- (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 Company 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

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 Company 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 Company's resources to meet performance obligations in the future.
- This cost is expected to be recovered.

The incremental cost incurred by the Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company'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 Company'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 Company 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 Company 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 Company, it shall be included in other income; If it is not related to the daily activities of the Company, it is included in non-operating income);

Government grants related to revenue that are used to compensate the Company 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 Company's daily activities; If it is not related to the daily activities of the Company, 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 Company, it is directly included in the current profit and loss (if it is related to the daily activities of the Company, it is included in other income; If it is not related to the daily activities of the Company, 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 Company 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 Company 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 Company 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

Lease refers to a contract in which the lessor transfers the right to use the asset to the lessee for consideration within a certain period of time. On the commencement date of the contract, the Company assesses whether the contract is a lease or includes a lease. A contract is a lease or includes a lease if one party cedes the right to control the use of one or more identified assets for a certain period of time in exchange for consideration.

If the contract contains multiple separate leases at the same time, the Company will split the contract and conduct accounting treatment for each separate lease. If the contract contains both lease and non-lease parts, the lessee and lessor shall split the lease and non-lease parts.

1. The Company as lessee

(1) Right to use assets

On the commencement date of the lease term, the Company 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 Company;

costs expected to be incurred by the Company 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 Company 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 Company 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 Company shall, in accordance with the principles set out in "3, (17) 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 Company 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 Company;

The exercise price of the purchase option if the Company 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 Company will exercise the option to terminate the lease.

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

The Company 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 Company 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 Company 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 Company 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 Company 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 company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company recognizes the financial lease receivable for the financial lease and terminates the recognition of the financial lease assets. When the Company 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 Company 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 Company 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 Company 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 Company 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 Company will account for it in accordance with the Company'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

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 2025 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 shall be calculated according to the actual VAT and consumption tax paid	7%
Corporate income tax	The tax shall be paid on the basis of taxable income	15%、25%
Education fee surcharge	The tax shall be calculated according to the actual VAT and consumption tax paid	3%
Local education surcharge	The tax shall be calculated according to the actual VAT and consumption tax paid	2%
The property tax	70% of the original value of the property for self-use or rental income from the rented property	1.2%or12%
Land use tax	Area of land use right	6yuan/Square meter

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	71,654,748.26	160,907,298.24
Other monetary funds	16,394,431.87	78,491,624.86
A combined	88,049,180.13	239,398,923.10

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	217,260.04	221,882.59
A combined	217,260.04	221,882.59

3. Derivative financial assets

4.Notes receivable

(1) Category of notes receivable

In RMB Yuan

Items	Closing Balance	Opening Balance
Banker's acceptance	304,736,222.33	402,220,507.99
Commercial acceptance	222,910,495.31	196,993,155.22
Finance company acceptance bill	2,413,831.61	7,832,575.73
Bad debt reserve	-9,940,551.09	-9,849,657.75
total	520,119,998.16	597,196,581.19

(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	530,060,549.25	100.00%	9,940,551.09	0.70%	520,119,998.16	607,046,238.94	100.00%	9,849,657.75	1.62%	597,196,581.19
Among them:										
Banker's acceptance	304,736,222.33	57.49%			236,462,078.36	402,220,507.99	66.26%			402,220,507.99

Finance company acceptance bill	2,413,831.61	0.46%			2,413,831.61	7,832,575.73	1.29%			
Commercial acceptance	222,910,495.31	42.05%	9,940,551.09	4.46%	281,244,088.19	196,993,155.22	32.45%	9,849,657.75	5.00%	187,143,497.47
total	530,060,549.25	100.00%	9,940,551.09		520,119,998.16	607,046,238.94	100.00%	9,849,657.75		597,196,581.19

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	304,736,222.33		
trade acceptance draft	2,413,831.61		
amount to	222,910,495.31	9,940,551.09	4.46%
name	530,060,549.25	9,940,551.09	

Explanation of the basis for determining this combination:

Provision is made based on a combination of credit risk characteristics

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	
Bad debt provision	9,849,657.75	300,000.00	209,106.66			9,940,551.09
Total	9,849,657.75	300,000.00	209,106.66			9,940,551.09

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.

item	The amount pledged at the end of the period
bank acceptance	
a trade acceptance	4,545,045.09
total	4,545,045.09

(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		236,462,078.36
Trade acceptance notes		174,720,337.82
Financial company acceptance bill		2,413,831.61
Total		413,596,247.79

(6) The actual write-off of notes receivable in the current period

5.Accounts receivable**(1) Age disclosure****In RMB Yuan**

aging	Ending book balance	Opening book balance
Within 1 year (inclusive)	963,579,705.81	957,607,035.33
1 to 2 years	116,402,680.23	110,054,134.18
2 to 3 years	30,370,017.89	28,806,314.47
More than 3 years	79,675,427.26	74,909,200.31
3 to 4 years	18,995,307.73	17,819,751.52
Four to five years	22,479,322.19	20,453,597.77
More than 5 years	38,200,797.34	36,635,851.02
total	1,190,027,831.19	1,171,376,684.29

(2) Disclosure by classification according to bad debt provision method**In RMB Yuan**

category	Ending balance					Opening balance				
	Book balance		Bad debt reserve			Book balance		Bad debt reserve		
	amount	scale	amount	Provision ratio	Book value	amount	scale	amount	Provision ratio	Book value
Accounts receivable that are set aside for bad debts on an individual basis	74,898,300.34	6.29%	74,898,300.34	100.00%		74,975,375.60	6.40%	74,975,375.60	100.00%	
Among them:										
Accounts receivable that are provided for bad debts on a combined basis	1,115,129,530.85	93.71%	69,579,197.61	6.24%	1,045,550,333.24	1,096,401,308.69	93.60%	70,174,322.24	6.40%	1,026,226,986.45
Among them:										
Aging portfolio	986,440,929.76	82.89%	67,056,240.64	6.80%	919,384,689.12	894,281,761.39	76.34%	64,984,479.65	7.27%	829,297,281.74
Combination of related parties	128,688,601.09	10.81%	2,522,956.97	1.96%	126,165,644.12	202,119,547.30	17.25%	5,189,842.59	2.57%	196,929,704.71
total	1,190,027,831.19	100.00%	144,477,497.95		1,045,550,333.24	1,171,376,684.29	100.00%	145,149,697.84		1,026,226,986.45

Category Name of provision for Bad Debts by individual item:

In RMB Yuan

name	Opening Balance		Ending balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Provision ratio	Reason for provision
Individual accruals	74,975,375.60	74,975,375.60	74,898,300.34	74,898,300.34	100.00%	non-recoverable
total	74,975,375.60	74,975,375.60	74,898,300.34	74,898,300.34		

Category Name of Bad debt provision by portfolio:Combination of credit risk characteristics

In RMB Yuan

name	Ending balance
------	----------------

	Book balance	Bad debt reserve	Provision ratio
Within 1 year	862,670,489.17	43,133,524.46	5.00%
1 to 2 years	86,500,532.13	8,650,053.21	10.00%
2 to 3 years	20,617,608.31	4,123,521.66	20.00%
3 to 4 years	8,962,494.54	4,481,247.27	50.00%
Four to five years	5,109,557.84	4,087,646.27	80.00%
More than 5 years	2,580,247.77	2,580,247.77	100.00%
Combination of related parties	128,688,601.09	2,522,956.97	
total	1,115,129,530.85	69,579,197.61	

Statement on the basis for determining the combination:

Provision for bad debts shall be made according to the combination of credit risk characteristics.

If the bad debt provision for accounts receivable is calculated 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	145,149,697.84		404,445.65	267,754.24		144,477,497.95
total	145,149,697.84		404,445.65	267,754.24		144,477,497.95

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

In RMB Yuan

item	Amount written off
Accounts receivable actually written off	267,754.24

(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 subsidiaries	216,048,811.82	3,852,475.80	219,901,287.62	18.31%	10,995,064.38
Wafangdian Bearing Group Co., LTD and its subsidiaries	126,372,986.13		126,372,986.13	10.52%	
China CRRC Group Co., Ltd. and its subsidiaries	31,830,198.44		31,830,198.44	2.65%	1,591,509.92
Anben Group and its subsidiaries	26,125,515.91		26,125,515.91	2.18%	1,306,275.80
Baowu Group and its subsidiaries	25,735,985.41		25,735,985.41	2.14%	1,286,799.27
Total	426,113,497.71	3,852,475.80	429,965,973.51	35.80%	15,179,649.37

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
Payment for performance of the contract	10,711,197.24	605,182.64	10,106,014.60	12,103,652.85	605,182.64	11,498,470.21
A combined	10,711,197.24	605,182.64	10,106,014.60	12,103,652.85	605,182.64	11,498,470.21

(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		Bookin g value	Booking balance		Provision		Bookin g value
	Amount	%	Amount	%		Amount	%	Amount	%	
Among them:										
Provision for bad debts on a portfolio basis	10,711,197.24	100.00 %	605,182.64	5.65 %	10,106,014.60	12,103,652.85	100.00 %	605,182.64	5.00%	11,498,470.21
Among them:										
Performanc e contract money	10,711,197.24	100.00 %	605,182.64	5.65 %	10,106,014.60	12,103,652.85	100.00 %	605,182.64	5.00%	11,498,470.21
total	10,711,197.24	100.00 %	605,182.64		10,106,014.60	12,103,652.85	100.00 %	605,182.64	5.00%	11,498,470.21

Category name of bad debt provision for combined collection: contract performance payment

In RMB Yuan

name	ending balance		
	book balance	bad debt provision	Provision ratio
Performance contract payments			
amount to	10,711,197.24	605,182.64	5.65%
name	10,711,197.24	605,182.64	

Statement on the basis for determining the combination:

Provision for bad debts is made according to the general model of expected credit losses

☐ Applicable ☒ Not applicable

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

(5) The actual write-off of contract assets in the current period

7. Receivables financing

(1) Classification and listing of receivables financing

In RMB Yuan

item	Ending balance	Opening balance
Banker's acceptance	42,502,064.44	48,925,906.07
total	42,502,064.44	48,925,906.07

8. Other receivables

In RMB Yuan

item	Ending balance	Opening balance
Other receivables	10,485,149.04	7,962,213.75
total	10,485,149.04	7,962,213.75

(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	7,658,436.20	6,973,511.88
Personal cash reserves	2,099,974.16	1,365,292.16
Other amounts	9,176,298.53	8,072,969.56
total	18,934,708.89	16,411,773.60

2) Aging disclosure

In RMB Yuan

aging	Ending book balance	Opening book balance
Within 1 year (inclusive)	9,128,337.42	6,359,374.16
1 to 2 years	1,083,146.99	889,646.99
2 to 3 years	1,838,308.31	2,409,108.18
More than 3 years	6,884,916.17	6,753,644.27
3 to 4 years	1,189,981.53	1,203,245.68
Four to five years	186,222.09	196,403.88
More than 5 years	5,508,712.55	5,353,994.71
total	18,934,708.89	16,411,773.60

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		Booki ng value
	Amount	%	Amount	%		Amount	%	Amount	%	
Account s receiva ble with individu al bad debt provisio n	6,079,333.51	32.11%	6,079,333.51	100.00%		6,079,333.51	37.04%	6,079,333.51	100.00%	
Among them:										
Provisio n for	12,855,375.38	67.89%	2,370,226.34	18.44%	10,485,149.04	10,332,440.09	62.96%	2,370,226.34	22.94%	7,962,213.7

bad debts on a portfolio basis										5
Among them:										
Account age portfolio	12,402,529.92	65.50%	2,370,226.34	19.11%	10,032,303.58	10,173,479.37	61.99%	2,370,226.34	25.25%	10,173,479.37
Back-up cash reserves		0.00%			0.00	123,960.72	0.76%			123,960.72
Combination of related parties	452,845.46	2.39%			452,845.46	35,000.00	0.21%			35,000.00
total	18,934,708.89	100.00%	8,449,559.85		10,485,149.04	16,411,773.60	100.00%	8,449,559.85		7,962,213.75

Category Name of provision for Bad Debts by individual item: Individual accruals

In RMB Yuan

name	Opening balance		Ending balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Provision ratio	Reason for provision
Provide bad debt provision on a case-by-case basis	6,079,333.51	6,079,333.51	6,079,333.51	6,079,333.51	100.00%	non-recoverable
total	6,079,333.51	6,079,333.51	6,079,333.51	6,079,333.51		

Category Name of Bad debt provision by portfolio: Credit risk portfolio

In RMB Yuan

name	Ending balance		
	Book balance	Bad debt reserve	Provision ratio
Within 1 year	8,097,550.28	404,877.51	5.00%
1 to 2 years	935,646.99	93,564.70	10.00%
2 to 3 years	1,519,141.67	303,828.33	20.00%
3 to 4 years	489,981.53	244,990.77	50.00%
Four to five years	186,222.09	148,977.67	80.00%
More than 5 years	1,173,987.36	1,173,987.36	100.00%
Combination of related parties	452,845.46		
total	12,855,375.38	2,370,226.34	

Loss Provision Prepare for significant changes in book balances during the 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

Unit name	Nature of money	Ending balance	aging	Percentage of total ending balance of other receivables	Ending balance of allowance for doubtful accounts
Anhui Conch Cement Co., LTD	bail	1,300,000.00	Two to three years	6.87%	260,000.00
Shenyang Railway Bus Factory, China Railway Shenyang Bureau Group Co., LTD	bail	1,216,300.00	Within 1 year	6.42%	
China Railway Logistics Co., LTD	bail	1,183,070.00	1-2 years	6.25%	59,153.50
Material Procurement Office, Daqin Railway Co., LTD	bail	507,400.00	1-2 years	2.68%	35,520.00
China Railway Materials Co., LTD	bail	500,400.00	1-2 years	2.64%	15,000.00
amount to		4,707,170.00		24.86%	369,673.50

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	7,607,747.79	87.28%	9,059,242.73	82.74%
1 to 2 years	349,026.14	4.00%	691,092.65	6.31%
2 to 3 years	759,835.41	8.72%	1,142,161.71	10.43%
More than 3 years		0.00%	56,027.74	0.52%
total	8,716,609.34		10,948,524.83	

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

prepayer	Ending balance	Percentage of total closing balance of prepayments (%)
Daye Special Steel Co., LTD	5,678,111.01	65.14
State Grid Liaoning Electric Power Co., LTD. Dalian Power Supply Company	413,410.68	4.74
Fushun Special Steel Co., LTD	276,494.39	3.17
Quike Chemical (China) Co., LTD	201,176.50	2.31
China Railway Track Rail Technology Service Group Co., LTD	156,516.12	1.80
amount to	6,725,708.70	77.16

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 inventory decline or contract performance cost impairment	Book value	Book balance	Reserve for inventory decline or contract performance cost impairment	Book value
Raw material	61,897,920.41	10,373,535.37	51,524,385.04	71,827,818.05	10,373,535.37	61,454,282.68
Goods in process	148,790,569.49	11,500,641.54	137,289,927.95	149,656,639.78	11,500,641.54	138,155,998.24
Goods in stock	515,476,214.45	66,049,055.70	449,427,158.75	544,114,655.33	66,049,055.70	478,065,599.63
Turnover material	927,491.26	185,271.20	742,220.06	458,772.00	185,271.20	273,500.80
Delivery of goods	12,212,774.99		12,212,774.99	10,491,357.08		10,491,357.08
total	739,304,970.60	88,108,503.81	651,196,466.79	776,549,242.24	88,108,503.81	688,440,738.43

(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	10,373,535.37					10,373,535.37
goods in process	11,500,641.54					11,500,641.54
merchandise inventory	66,049,055.70					66,049,055.70
Turnover materials	185,271.20					185,271.20
amount to	88,108,503.81					88,108,503.81

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
Input tax to be deducted	39,839,368.87	53,298,611.95
total	39,839,368.87	53,298,611.95

14. Debt investment

15. Other debt investments

16. Investment in other equity instruments

In RMB Yuan

Project name	Opening	Gains recogniz	Loss recogni	Gains accrued to	Loss accrued to	Dividen d	Ending balance	Reasons specified as
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	balance	ed as other compreh ensive income in the current period	zed in other compre hensive income in the current period	other comprehe nsive income at the end of the current period	other comprehe nsive income at the end of the period	income recogniz ed for the period		measured at fair value and for which changes are included in other comprehensi ve income
Shanghai Aimuyi electromechanic al equipment chain Co., LTD	2,000,000.00					1,000,000.00	2,000,000.00	
Tianjin Bogang No. 12 Enterprise Management Partnership (Limited Partnership) (Qian 'an Zha Yi Steel Group Co., LTD.)	1,301,958.80					2,352.64	1,301,958.80	
Trust Beneficiary Rights of CCB Trust - Caidie No.1 Property Rights Trust Plan (Qian 'an Zha Yi Iron and Steel Group Co., LTD.)	1,181,879.86						1,181,879.86	
General Technology Group Dalian Machine Tool Co., LTD. (Dalian Longhui Industry and Trade Co., LTD.)	7,423,089.69						7,423,089.69	
Total	11,906,928.35					1,002,352.64	11,906,928.35	

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	112,228,925.54	52,861,118.81		165,090,044.35
2. Increase in the current period	13,640,919.06	0.00		13,640,919.06

(1) Outsourcing	0.00	0.00		0.00
(2) Transfer of inventory, fixed assets and construction in progress	4,465,509.78	0.00		4,465,509.78
(3) Increase in business combinations				
(3) Other transfers	9,175,409.28			
3. Reduction amount in the current period	591,563.84	0.00		591,563.84
(1) Disposal	0.00	0.00		0.00
(2) Other transfers	591,563.84	0.00		591,563.84
4. End-of-period balance	125,278,280.76	52,861,118.81		178,139,399.57
II. Accumulated depreciation and amortization				
1. Opening balance	69,524,288.87	23,885,828.43		93,410,117.30
2. Increase in the current period	8,216,846.33	660,756.00		8,877,602.33
(1) Provision or amortization	2,065,030.57	660,756.00		2,725,786.57
(2) Other transfers	6,151,815.76			6,151,815.76
3. Reduction amount in the current period	337,972.19	0.00		337,972.19
(1) Disposal	0.00	0.00		0.00
(2) Other transfers	337,972.19	0.00		337,972.19
4. End-of-period balance	77,403,163.01	24,546,584.43		101,949,747.44
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	47,875,117.75	28,314,534.38		76,189,652.13
2. Initial book value	42,704,636.67	28,975,290.38		71,679,927.05

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

Other notes:

(2) Investment real estate measured at fair value

☐ Applicable ☒ Not applicable

21. Fixed assets

item	Ending balance	Opening balance
Fixed assets	424,356,561.00	437,398,315.29
total	424,356,561.00	437,398,315.29

(1) Fixed assets

In RMB Yuan

Project	buildings	machinery equipment	delivery equipment	Electronic equipment	Other equipment	total
I. Original Book Value:						
1. Opening balance	289,536,784.35	1,071,033,507.85	17,231,477.41	57,054,270.50	234,130,132.63	1,668,986,172.74
2. Increase the amount in this period	0.00	19,489,299.61	0.00	709,813.35	8,215,688.49	28,414,801.45
(1) Purchase	0.00	0.00	0.00	0.00	0.00	0.00
(2) Transfer of construction in progress	0.00	19,489,299.61	0.00	709,813.35	2,788,423.90	22,987,536.86
(3) The number of business combinations has increased						
(4) Changes in the category of fixed assets	0.00	0.00	0.00	0.00	5,427,264.59	5,427,264.59
(5) Transfer out to investment real estate	0.00	0.00	0.00	0.00	0.00	0.00
3. Reduced amount in this period	9,862,549.12	33,354,785.62	447,816.77	4,257,756.70	4,173.47	47,927,081.68
Disposal or scrapping	591,563.84	32,294,044.69	447,816.77	578,372.88	4,173.47	33,915,971.65
(2) Transfer out to investment real estate	8,583,845.44	0.00	0.00	0.00	0.00	8,583,845.44
(3) Changes in the category of fixed assets	687,139.84	1,060,740.93	0.00	3,679,383.82	0.00	5,427,264.59
4. Closing balance	279,674,235.23	1,057,168,021.84	16,783,660.64	53,506,327.15	242,341,647.65	1,649,473,892.51
II. Accumulated Depreciation						
1. Opening balance	196,133,491.93	811,729,768.80	13,267,876.92	41,526,684.15	137,615,929.88	1,200,273,751.68
2. Increase the amount in this period	3,243,620.77	23,116,489.28	444,869.31	1,180,399.44	6,310,061.90	34,295,440.70
(1) Provision	3,243,620.77	23,116,489.28	444,869.31	1,180,399.44	2,367,494.60	30,352,873.40
(2) Changes in the category of	0.00	0.00	0.00	0.00	3,942,567.30	3,942,567.30

fixed assets						
3. Reduced amount in this period	6,738,049.67	23,450,179.81	417,737.68	3,198,471.47	2,673.94	33,807,112.57
Disposal or scrapping	342,880.43	22,802,642.05	417,737.68	484,767.60	2,673.94	24,050,701.70
(2) Transfer out to investment real estate	5,813,843.57	0.00	0.00	0.00	0.00	5,813,843.57
(3) Changes in the category of fixed assets	581,325.67	647,537.76	0.00	2,713,703.87	0.00	3,942,567.30
4. Closing balance	192,639,063.03	811,396,078.27	13,295,008.55	39,508,612.12	143,923,317.84	1,200,762,079.81
lii. Impairment Provision						
1. Opening balance	1,166,765.45	29,359,495.02	25,027.00	625,936.70	136,881.60	31,314,105.77
2. Increase the amount in this period	0.00	0.00	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00	0.00	0.00
(2) Changes in the category of fixed assets	0.00	0.00	0.00	0.00	131,370.94	0.00
3. Reduced amount in this period	0.00	6,862,902.13	17,101.18	77,714.91	1,135.85	6,958,854.07
Disposal or scrapping	0.00	6,862,902.13	17,101.18	77,714.91	1,135.85	6,958,854.07
(2) Changes in the category of fixed assets	0.00	131,370.94	0.00	0.00	0.00	
4. Closing balance	1,166,765.45	22,496,592.89	7,925.82	548,221.79	135,745.75	24,355,251.70
Iv. Book Value						
Book value at the end of the period	85,868,406.75	223,275,350.68	3,480,726.27	13,449,493.24	98,282,584.06	424,356,561.00
2. Initial book value	92,236,526.97	229,944,244.03	3,938,573.49	14,901,649.65	96,377,321.15	437,398,315.29

(2) Temporarily idle fixed assets

(3) Fixed assets leased through operating leases

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

(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	16,691,520.90	34,740,635.71
total	16,691,520.90	34,740,635.71

(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
Precision bearing factory renovation	1,254,867.25		1,254,867.25	794,690.25		794,690.25
Renovation of the seventh finished product factory area	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	1,110,842.55	88,020.00	1,703,287.33	1,110,842.55	592,444.78
Grinding and processing production line maintenance and renovation	741,000.00	741,000.00		741,000.00	741,000.00	
Railway renovation	665,647.85	24,854.40	640,793.45	665,647.85	24,854.40	640,793.45
Ultra precision machine installation project	456,878.68	456,878.68		456,878.68	456,878.68	
Channel 2 construction project	256,249.27	222,849.70	33,399.57	256,249.27	222,849.70	33,399.57
Precision rolling element modification	13,091.45		13,091.45	13,091.45		13,091.45
Grinding and processing production line	38,957.26		38,957.26	38,957.26		38,957.26
computer project	18,000.00		18,000.00	18,000.00		18,000.00
Dalian Industrial Park project	5,590.45		5,590.45	5,590.45		5,590.45
Equipment to be installed	3,542,332.84	1,069,687.13	2,472,645.71	18,257,773.90	1,081,752.51	17,176,021.39
Plant workshop renovation project				80,188.68		80,188.68
Overhaul of large equipment	5,088,495.58		5,088,495.58	5,498,470.80		5,498,470.80
Rail bearing maintenance branch project	683,185.84		683,185.84			
Renovation and upgrading project of CNC production				1,628,318.59		1,628,318.59

lines for components in medium and large-sized branch companies						
The bearing project of the bullet train				530,973.45		530,973.45
A major repair of a joint company				1,550,000.00		1,550,000.00
Company engineering transformation	5,707,837.18		5,707,837.18	5,707,837.18		5,707,837.18
The company's ball base project	543,982.29		543,982.29	329,203.54		329,203.54
Total	23,770,777.77	7,079,256.87	16,691,520.90	41,831,957.96	7,091,322.25	34,740,635.71

(2) Changes in the current period of important construction projects under construction

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
Large special branch 1400 pressure quenching and heat treatment production line project		444,900.00	2,289,395.86	2,734,295.86		0.00						other
Ultra precision machine installation project		330,088.50		330,088.50		0.00						other
Ball bearing inner		504,424.78	336,283.19	840,707.97		0.00						other

race super precision machine project of accessor y compan y												
Equipme nt renovati on of railway bearing mainten ance branch			683,1 85.84			683,1 85.84						other
The compan y's three- dimensio nal library renovati on project is a value- added project			4,385, 321.1 0	4,385, 321.10		0.00						other
High speed train axle box bearing low temperat ure test machine renovati on project		530, 973. 45	1,905, 254.4 5	2,436, 227.90		0.00						other
Ball base surface grinding machine			543,9 82.29			543,9 82.29						other
Total		1,81 0,38 6.73	10,14 3,422. 73	10,726 ,641.3 3	0.00	1,227, 168.1 3						

23. Productive biological assets

24. Oil and gas assets

☐ Applicable ☒ Not applicable

25. Use the assets

26. Intangible assets

(1) Intangible assets

item	Land use right	Patent right	software	total
I. Original book value				
1. Opening balance	124,575,250.35		12,055,595.99	136,630,846.34
2. Increased amount for the current period				
(1) Purchase				
(2) Internal research and development				
(3) Increased business mergers				
3. Decrease the amount in the current period				
(1) Disposal				
4. Closing balance	124,575,250.35		12,055,595.99	136,630,846.34
II. Cumulative amortization				
1. Opening balance	57,154,037.24		9,355,749.52	66,509,786.76
2. Increased amount for the current period	1,560,151.16		441,591.30	2,001,742.46
(1) Provision	1,560,151.16		441,591.30	2,001,742.46
3. Decrease the amount in the current period				
(1) Disposal				
4. Closing balance	58,714,188.40		9,797,340.82	68,511,529.22
III. Reserve for impairment				
1. Opening balance				
2. Increased amount for the current period				
(1) Provision				
3. Decrease the amount in the current period				
(1) Disposal				
4. Closing balance				
IV. Book value				
1. Ending book value	65,861,061.95		2,258,255.17	68,119,317.12
2. Opening book value	67,421,213.11		2,699,846.47	70,121,059.58

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
Expenditure on improvement of fixed assets	3,932,858.79		574,681.32		3,358,177.47
House maintenance expenditure	2,669,554.18		161,055.06		2,508,499.12
total	6,602,412.97		735,736.38		5,866,676.59

29. Deferred tax assets/deferred tax liabilities

(1) Unoffset deferred income tax assets

(2) Unoffset deferred income tax liabilities

In RMB Yuan

project Asset evaluation appreciation in non- controlling enterprise mergers	ending balance		beginning balances; initial balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
amount to	3,496,568.07	524,485.21	3,496,568.07	524,485.21
project	3,496,568.07	524,485.21	3,496,568.07	524,485.21

(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		524,485.21		524,485.21

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

In RMB Yuan

project	ending balance	beginning balances
Deductible temporary differences	290,568,029.91	430,976,118.37
Deductible loss	856,258,144.28	805,391,478.16
Total	1,146,826,174.19	1,236,367,596.53

(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
2024		14,645,709.83	
2025	82,495,762.79	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		
total	856,258,144.28	805,391,478.16	

30. Other non-current assets

31. Assets whose ownership or use rights are restricted

32. Short-term borrowing

(1) Classification of short-term loans

In RMB Yuan

item	Ending balance	Opening balance
Credit loan	432,000,000.00	570,000,000.00
total	432,000,000.00	570,000,000.00

33. Transactional financial liabilities

34. Derivative financial liabilities

35. Notes payable

In RMB Yuan

species	Ending balance	Opening balance
Commercial acceptance	26,625,291.30	20,472,638.17
Banker's acceptance	21,000,000.00	175,309,107.43
Letter of credit	65,348,156.00	205,348,156.00
total	112,973,447.30	401,129,901.60

36. Accounts payable

(1) Accounts payable are listed

In RMB Yuan

item	Ending balance	Opening balance
Payment for goods	1,705,181,082.52	1,607,501,304.61
Project fund	53,129,692.62	56,314,734.85
other	8,875,442.34	
total	1,767,186,217.48	1,663,816,039.46

(2) Important accounts payable with a maturity of more than one year or overdue

37. Other payables

In RMB Yuan

item	Ending balance	Opening balance
Other payables	287,629,191.45	135,258,184.75
total	287,629,191.45	135,258,184.75

(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
Tender bond and deposit	1,265,698.75	300,922.14
Rent, trademark royalties and land payments payable to the Group	139,103.42	
Authorized dealer margin	92,193,581.47	87,359,076.36
other	194,030,807.81	47,598,186.25
total	287,629,191.45	135,258,184.75

38. Advance payment

39. Contract liabilities

In RMB Yuan

item	Ending balance	Opening balance
Contract pending business	32,755,051.06	34,098,145.99
total	32,755,051.06	34,098,145.99

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	37,348,348.42	169,007,559.70	171,993,951.53	34,361,956.59
II. Post-employment benefits - Set up a savings plan	4,705,119.59	18,099,993.38	18,146,359.55	4,658,753.42

III. Dismissal welfare	35,886.00	888,451.75	836,451.75	87,886.00
total	42,089,354.01	187,996,004.83	190,976,762.83	39,108,596.01

(2) Short-term salary is listed

In RMB Yuan

item	Opening balance	Current increase	Current decrease	Ending balance
1. Salaries, bonuses, allowances and subsidies	32,947,366.87	134,291,705.70	135,733,650.91	31,505,421.66
2. Employee welfare expenses	1,750,136.60	9,350,600.79	10,861,365.59	239,371.80
3. Social insurance premiums	17,037.30	11,542,330.51	11,559,367.81	0.00
Among them: health insurance premiums	16,542.64	9,263,797.41	9,280,340.05	0.00
Industrial injury insurance premium	494.66	1,216,551.21	1,217,045.87	0.00
Maternity insurance premium		1,061,981.89	1,061,981.89	0.00
4. Housing fund	2,506,210.43	12,482,442.68	12,437,040.32	2,551,612.79
(5) Union funds and staff education funds	127,597.22	1,340,480.02	1,402,526.90	65,550.34
total	37,348,348.42	169,007,559.70	171,993,951.53	34,361,956.59

(3) Set up deposit plan list

In RMB Yuan

item	Opening balance	Current increase	Current decrease	Ending balance
1. Basic endowment insurance	4,634,392.14	17,551,476.02	17,596,973.56	4,588,894.60
2. Unemployment insurance	70,727.45	548,517.36	549,385.99	69,858.82
total	4,705,119.59	18,099,993.38	18,146,359.55	4,658,753.42

41. Taxes should be paid

In RMB Yuan

item	Ending balance	Opening balance
Value-added tax	5,967,726.63	9,626,068.98
Individual income tax	89,993.03	168,808.45
City maintenance and construction tax	297,692.73	120,272.26
Vehicle and vessel tax	523.35	523.35
House tax	775,735.80	758,803.28
Water taxes	1,267.30	
Education surcharge	133,454.11	45,825.66
Land use tax	613,163.82	613,163.82
Local education fees surcharge	77,390.63	30,088.25
Stamp duty	685,504.87	700,665.55
total	8,642,452.27	12,064,219.60

42. Holding liabilities held for sale

43. Non-current liabilities due within one year

In RMB Yuan

project	Ending balance	Opening balance
Long-term loans due within one year		98,350,000.00
amount to		98,350,000.00

44. Other current liabilities

In RMB Yuan

item	Ending balance	Opening balance
Pending resale tax	4,254,711.05	4,417,479.62
total	4,254,711.05	4,417,479.62

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

(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	
Information construction	75,000.00			75,000.00	
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 assurance	9,640,631.73	7,651,644.80	Advance product quality compensation
Wind power product quality claims	31,966,946.32	32,761,252.54	The product has quality problems and the customer is seeking compensation
Rail bearing maintenance business to compensate customers for losses	15,358,774.52	15,358,774.52	Bearings are repaired to compensate customers for losses
Total	56,966,352.57	55,771,671.86	

51. Deferred income

In RMB Yuan

item	Opening balance	Current increase	Current decrease	Ending balance	Formation reason
Government subsidy	15,074,718.66	1,260,000.00	1,498,218.84	14,836,499.82	Receive government subsidies
Old factory relocation compensation	22,645,138.69		569,457.93	22,075,680.76	The plant and land cost of the new plant due to the demolition of the old plant of Liao Axis

total	37,719,857.35	1,260,000.00	2,067,676.77	36,912,180.58	
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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

58. Special reserve

In RMB Yuan

item	Opening balance	Current increase	Current decrease	Ending balance
Safety cost	2,305,094.24	3,831,389.92	3,268,840.69	2,867,643.47
total	2,305,094.24	3,831,389.92	3,268,840.69	2,867,643.47

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	-766,382,732.49	-656,170,250.96
Adjust the undistributed profit at the beginning of the later period	-766,382,732.49	-656,170,250.96
Plus: Net profit attributable to the owner of the parent company for the period	-20,930,911.54	-110,212,481.53
Undistributed profit at the end of the period	-787,313,644.03	-766,382,732.49

61. Operating income and operating costs

In RMB Yuan

item	Current amount		Amount incurred in the previous period	
	income	cost	income	cost
Main business	1,297,524,895.46	1,131,292,818.53	1,061,536,514.37	967,457,579.92
Other business	33,090,322.02	19,525,773.78	60,829,937.46	32,939,846.56

total	1,330,615,217.48	1,150,818,592.31	1,122,366,451.83	1,000,397,426.48
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62. Taxes and surcharges

In RMB Yuan

item	Current amount	Amount incurred in the previous period
City maintenance and construction tax	2,970,002.57	1,248,903.51
Education surcharge	2,121,114.97	892,395.21
House tax	1,647,231.77	1,682,859.35
Land use tax	1,382,431.64	1,396,322.33
Stamp duty	1,420,212.63	1,382,431.64
other	16,835.04	98,376.15
total	9,557,828.62	6,701,288.19

63. Administrative expenses

In RMB Yuan

item	Current amount	Amount incurred in the previous period
Employee compensation	51,992,583.25	46,369,150.19
Amortization of intangible assets	2,001,742.46	2,330,909.06
Guard and fire cost	1,609,068.09	1,392,699.83
Depreciation cost	1,985,814.69	1,937,298.41
Business entertainment	165,316.91	150,005.48
Travel expense	1,109,040.96	1,545,759.45
Other expenses	7,375,576.35	5,671,788.17
total	66,239,142.71	59,397,610.59

64. Sales expenses

In RMB Yuan

item	Current amount	Amount incurred in the previous period
Employee compensation	37,698,149.82	35,618,809.35
Quality compensation	817,987.23	2,485,770.67
freight	604,876.90	1,526,973.95
Travel expense	6,690,045.12	8,224,272.03
Trademark royalty	9,731,454.38	9,734,456.39
Business activity expense	3,782,163.92	4,902,384.98
Rental fee	400,807.50	325,207.50
Conference expense	523,403.45	125,291.49
Other expenses	8,229,557.04	13,132,549.04
total	68,478,445.36	76,075,715.40

65. Research and development costs

In RMB Yuan

item	Current amount	Amount incurred in the previous period
Material input	43,582,392.71	19,065,794.72
Technical service fee, design fee, new process specification setting fee (equipment debugging fee - new product tooling)		
Labor cost	5,459,731.85	2,818,090.92
Amortization of depreciation expense and long-term expense	2,232,237.46	335,857.29
Fuel power	782,504.74	414,503.22
Research and development equipment repair and rental costs	184,681.90	97,828.47

Processing cost	18,352.96	9,721.81
Test fee		
Other expenses	13,522,010.65	12,103,761.78
total	65,781,912.27	34,845,558.21

66. Financial expenses

In RMB Yuan

item	Current amount	Amount incurred in the previous period
Interest expense	7,581,344.95	12,349,659.00
Less: Interest income	450,534.54	1,159,618.61
Plus: exchange loss	-1,148,506.78	-1,564,763.50
Other expenditure	840,802.44	6,831,063.51
total	6,823,106.07	16,456,340.40

67. Other income

In RMB Yuan

Other sources of income	Current amount	Amount incurred in the previous period
Government subsidy	2,780,427.53	3,983,557.69
Input tax plus credit	3,108,617.20	11,104,357.26
Personal income tax withholding fee	77,916.34	74,677.18
Direct VAT relief	0.97	
total	5,966,962.04	15,162,592.13

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	-4,622.55	-58,552.35
total	-4,622.55	-58,552.35

70. Investment income

In RMB Yuan

item	current period	Last period
Dividend income from investments in other equity instruments during the holding period	1,002,352.64	1,000,000.00
Proceeds from debt restructuring	8,661,904.04	5,737,445.76
total	9,664,256.68	6,737,445.76

71. Credit impairment loss

In RMB Yuan

project	current period	Last period
Bad debt loss on notes receivable	-300,000.00	
Bad debt losses on accounts receivable	613,552.31	9,166.55
amount to	313,552.31	9,166.55

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	351,928.90	69,219.93
total	351,928.90	69,219.93

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	-53,003.46	1,544,031.29	-53,003.46
Write-off of payments that cannot be made	230,350.08	2,410,441.77	230,350.08
other	100,953.11	229,848.06	100,953.11
total	278,299.73	4,184,321.12	278,299.73

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	524,378.09	249,003.22
A fine spending	54,500.00	104,438.18	54,500.00
other	113,975.57	1,021.10	113,975.57
total	417,478.79	629,837.37	417,478.79

76. Income tax expenses

77. Other comprehensive income

See notes for details

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	432,887.16	1,090,640.70
Government subsidies	1,430,244.51	1,106,572.40
Come-and-go money	18,202,032.93	21,252,337.79
Return the deposit	5,500.00	5,000.00
other	4,195,845.05	123,266.18
A combined	24,266,509.65	23,577,817.07

Other cash payments in connection with operating activities

In RMB Yuan

project	current period	Last period
Cost of sales	17,356,439.08	18,671,887.05
Management fees	4,392,810.03	3,326,608.47
Finance charges	496,368.60	1,228,045.09
other	22,268,873.14	48,864,634.12
A combined	44,514,490.85	72,091,174.73

(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	326,425,473.31
Borrowing from related parties	150,000,000.00	
The deposit will be recovered upon maturity.	14,191,213.55	18,663,394.30
Total	235,913,150.44	345,088,867.61

Other cash disbursements in connection with fund-raising activities

In RMB Yuan

project	current period	Last period
Bill payable at maturity	299,744,866.45	246,605,895.28
deposit	30,879,433.46	78,568,067.54
total	330,624,299.91	325,173,962.82

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	-20,930,911.54	-46,033,131.67
Plus: Provision for asset impairment		
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	34,295,440.70	32,677,433.51
Depreciation of tenure assets		
Amortization of intangible assets	2,001,742.46	2,857,979.24
Amortization of long-term deferred expenses	735,736.38	643,963.77
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain marked with "-")	351,928.90	69,219.93
Loss on retirement of fixed assets (income marked with "-")	414,054.00	524,378.09
Loss on changes in fair value (gain marked with "-")	4,622.55	58,552.35
Financial expenses (income marked with "-")	7,581,344.95	16,456,340.40
Investment loss (income marked with "-")	-9,664,256.68	-6,737,445.76
Decrease in deferred tax assets (increase marked with "-")		
Increase in deferred tax liabilities (decrease marked with "-")		
Decrease in inventory (increase marked with "-")	37,244,271.64	61,498,623.78
Decrease in operating receivables (increase marked with "-")	-63,886,058.07	-128,846,469.42
Increase in operating payables (decrease marked with "-")	251,194,984.13	96,286,752.46
other	313,552.31	9,166.55
Net cash flow from operating activities	239,656,451.73	29,465,363.23
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	71,652,395.62	140,345,907.67
Less: Opening balance of cash	160,907,298.24	110,664,560.63
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-89,254,902.62	29,681,347.04

(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	71,652,395.62	160,907,298.24
A bank deposit that can be used to pay at any time	71,654,748.26	110,664,560.63
III. Balance of cash and cash equivalents at the end of the period	71,652,395.62	160,907,298.24

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			102,436.08
Including: US dollars	90.67	7.1586	649.07
Euro	12,114.04	8.4024	101,787.01
Hong Kong currency			
accounts receivable			23,203,982.65
Including: US dollars	2,854,717.76	7.1586	20,435,782.56
Euro	329,453.50	8.4024	2,768,200.09
Hong Kong currency			
money borrowed for long term			
Including: US dollars			
Euro			
Hong Kong currency			

(2) Explanation of overseas business entities, including for significant overseas business entities, the main overseas place of operation, the functional currency and the basis for selection should be disclosed. If the functional currency changes, the reasons should also be disclosed.

☐ 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

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
Interest expense on lease liabilities		
Simplified short-term lease expenses included in the cost of relevant assets or current profit or loss	9,620,386.74	10,168,752.76

(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	9,818,676.55	
total	9,818,676.55	

Finance lease as lessor

☐ Applicable ☒ Not applicable

Undiscounted lease receipts for each of the next five years

☐ Applicable ☒ Not applicable

Reconciliation of undiscounted lease receipts to net lease investments

(3) Recognize profit or loss on finance lease sales as a producer or distributor

☐ Applicable ☒ Not applicable

83. Data resources

84. Others

VIII. R&d expenditure

In RMB Yuan

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	Dalian 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 spherical 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

2. Transactions where the share of the owner's equity in a subsidiary changes but the owner still controls the subsidiary
3. Interests in joint ventures or associated enterprises
4. Important joint operation
5. Equity in structured entities not included in the consolidated financial statements
6. Others

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 subsidy added in this period	Amount included in non-operating income in the current period	Amount transferred to other income in the current period	Other changes in current period	Ending balance	Related to assets/earnings
Deferred income	37,719,857.35			807,676.77		36,912,180.58	Related to assets
total	37,719,857.35			807,676.77		36,912,180.58	

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	807,676.77	2,677,390.11
Bank deposits/other income	1,972,750.76	1,380,750.18
total	2,780,427.53	4,058,140.29

XII. Risks associated with financial instruments

1. Various risks arising from financial instruments

Our company is confronted with various financial risks in the course of its operation: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risks).

(1) Credit risk

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

The carrying amount of financial assets recognized in the consolidated balance sheet; For financial instruments measured at fair value, the book value reflects their risk exposure, but it is not the maximum risk exposure. The maximum risk exposure will change with future changes in fair value. To reduce credit risks, the Group has established a dedicated department to determine credit limits, conduct credit approvals, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. In addition, the Group reviews the recovery status of each individual receivables on each balance sheet date to ensure that adequate bad debt provisions are made for amounts that cannot be recovered. Therefore, the management of the Group believes that the credit risk borne by the Group has been significantly reduced.

The working capital of this group is deposited in banks with high credit ratings, so the credit risk of the working capital is relatively low.

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

(2) Liquidity risk

Liquidity risk refers to the risk that an enterprise experiences a shortage of funds when fulfilling its obligation to settle accounts by delivering cash or other financial assets.

The approach of this group to managing liquidity risk is to ensure that there is sufficient capital liquidity to fulfill due debts without causing unacceptable losses or damage to the corporate reputation. The Group regularly analyzes the structure and maturity of liabilities to ensure there is sufficient capital. The management of this group monitors the use of bank borrowings and ensures compliance with borrowing agreements. At the same time, conduct financing negotiations with financial institutions to maintain a certain credit line and reduce liquidity risks.

The various financial liabilities of the Company are presented in undiscounted contractual cash flows by maturity date as follows:

Project	ending balance						book value
	Immediate repayment	Within 1 year	1-2 years	2-5 years	More than 5 years	The total undiscounted contract amount	
Short-term borrowing		432,000,000.00				432,000,000.00	432,000,000.00
Notes payable		112,973,447.30				112,973,447.30	112,973,447.30
Long-term borrowing							
Total		544,973,447.30				544,973,447.30	544,973,447.30

Project	ending balance						book value
	Immediate repayment	Within 1 year	1-2 years	2-5 years	More than 5 years	The total undiscounted contract amount	
Short-term borrowing		570,000,000.00				570,000,000.00	570,000,000.00
Notes payable		401,129,901.60				401,129,901.60	401,129,901.60
Long-term borrowing							
Total		971,129,901.60				971,129,901.60	971,129,901.60

(3) 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.

1) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of financial instruments fluctuate due to changes in market interest rates.

The risk of changes in cash flows of financial instruments caused by interest rate fluctuations of the Group is mainly related to floating-rate bank borrowings. The policy of this group is to maintain the floating interest rates of these borrowings.

2) 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 risks is mainly related to the US dollar, and the Group's main export business is denominated and settled in US dollars. As of June 30, 2025, except for the balance of foreign currency monetary items in Note 5 (54) of this note, the assets and liabilities of the Group were all in RMB balance. The foreign exchange risks arising from the assets and liabilities of such foreign currency balances may have an impact on the operating results of the Group.

The exchange rate risk faced by our company mainly stems 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:

Project	ending balance			Balance at the end of the previous year		
	dollar	Other foreign currencies	Total	dollar	Other foreign currencies	Total
Monetary funds	649.07	101,787.01	102,436.08	17,634,717.37	3,687,718.23	21,322,435.60
Accounts receivable	20,435,782.56	2,768,200.09	23,203,982.65	12,321,831.39	2,207,814.76	14,529,646.15
Total	20,436,431.63	2,869,987.10	23,306,418.73	29,956,548.76	5,895,532.99	35,852,081.75

3) Other price risks

As of June 30, 2025, the Group's purchased bearing assemblies 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 risk and interest rate risk.

2. Hedging

3. Financial assets

(1) Classification of transfer modes

☒ Applicable ☐ Not applicable

In RMB Yuan

Transfer mode	The nature of the transferred financial assets	Amount of financial assets transferred	Termination recognition condition	The judgment basis of the termination of confirmation
The bill is endorsed and not due	Banker's acceptance	236,462,078.36	Underminated acknowledgement	
The bill is endorsed and not due	Commercial acceptance	174,720,337.82	Underminated acknowledgement	
The bill is endorsed and not due	Finance company acceptance bill	2,413,831.61	Underminated acknowledgement	
Total		413,596,247.79		

(2) Financial assets that are derecognized due to transfer

☒ Applicable ☐ Not applicable

In RMB Yuan

Project	The way financial assets are transferred	The amount of financial assets terminated and recognized	Gains or losses related to the termination of recognition
Receivables financing		59,015,814.28	
Total		59,015,814.28	

(3) Continue to be involved in the transfer of financial assets

☐ Applicable ☒ Not applicable

XIII. Disclosure of fair value

items	F V at the year end
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	1st Level FV Measurement	2nd Level FV Measurement	3rd Level FV Measurement	Total
I. Continuously measured at FV				
◆Tradable financial asset	217,260.04			217,260.04
1.Financial assets at fair value through profit or loss	217,260.04			217,260.04
(1) Equity instrument investment	217,260.04			217,260.04
◆Receivables financing		42,502,064.44		42,502,064.44
Total assets measured at fair value on an ongoing basis	217,260.04	42,502,064.44		42,719,324.48

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%

A description of the parent company of the enterprise

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 of the Company's subsidiaries, see the interests in other entities in Note 8.

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

4. Other related parties

Names of other related parties	Relationships between other related parties and the enterprise
The subsidiaries of Wafangdian Bearing Group Co., Ltd.	The enterprises controlled by the same controlling shareholder and ultimate controller
Dalian Heavy Industry Equipment Group Co., Ltd. and its subsidiaries	Other related parties
The affiliated companies Wafangdian Bearing Group Co., Ltd.	Other related parties

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	348,781,805.35	850,000,000.00	no	475,723,888.16
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Product	328,733,809.64	600,000,000.00	no	665,060.58
Wafangdian Bearing Group	Kinetic energy	26,993,189.	65,000,000.	no	30,880,253.

Co., LTD. and its subsidiaries		50	00		06
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Equipment	23.25	9,000,000.00	no	1,232,078.39
Dalian Heavy Industry Equipment Group Co., Ltd. and its subsidiaries	Maintenance	26,378.73	1,500,000.00	no	119,943.15
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Security, fire protection services, trademark usage, public facility sharing, publicity, vehicle usage, technical development services, interest on capital occupation, maintenance/greening, engineering labor, labor fees, cover cleaning, training, physical examination, etc	32,265,488.35	110,000,000.00	no	35,905,829.23

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	44,816,945.78
Wafangdian Bearing Group Co., LTD. and its subsidiaries	product	141,903,271.76	115,798,584.63
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Materials	11,287,363.03	8,646,838.96
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Semi-finished products and spare parts	139,558.98	19,960.86
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Services such as heat treatment	32,083,674.21	57,735,725.83
Wafangdian Bearing Group Co., LTD. and its subsidiaries	Equipment	58,229.88	397,789.72

(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	3,638,571.24	2,735,824.74
Wafangdian Bearing Group Co., Ltd. and its subsidiaries	Equipment	4,851,898.45	5,194,021.04
Wafangdian Bearing Group Co., Ltd. and its subsidiaries	Land	1,101,097.50	1,111,671.30
Wafangdian Bearing Group Co., Ltd. and its subsidiaries	House	3,638,571.24	2,735,824.74

The Company as lessee:

In RMB Yuan

Name of lessor	Types of	Simplified treatment of rental costs for	Variable lease payments not	Rent paid	Interest expense	Increased access to
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	lease hold assets	short-term leases and leases of low value assets (if applicable)		included in the measurement of lease liabilities (if applicable)				incurred on lease liabilities		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	1,581,552.54	1,484,546.34			1,581,552.54	1,484,546.34				
Wafangdian Bearing Group Co., Ltd. and its subsidiaries	House	6,777,336.00	6,292,882.74			6,777,336.00	6,292,882.74				
Wafangdian Bearing Group Co., Ltd. and its subsidiaries	Equipment	1,128,501.24	1,268,164.03			1,128,501.24	1,268,164.03				

(4) Related guarantee situation

(5) Fund lending by related parties

(6) Asset transfer and debt restructuring of related parties

(7) Remuneration for key management personnel

In RMB Yuan

item	Current amount	Amount incurred in the previous period
Key management compensation	855,695.64	725,344.26

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	Wafangdian Bearing Group Co., Ltd. and its subsidiaries	126,372,986.13	2,407,853.62	52,695,347.62	0.00
	Dalian Heavy Industry Equipment Group Co., Ltd. and its subsidiaries	2,315,614.96	115,103.35	103,543,860.93	5,189,842.60
Advance payment	Wafangdian Bearing Group Co., Ltd. and its subsidiaries			1,773,006.38	
Other receivables	Wafangdian Bearing Group Co., Ltd. and its subsidiaries	457,845.46		20,000.00	

(2) Payable items

In RMB Yuan			
Project name	Affiliated party	Ending balance book	Opening balance book
payable account	Wafangdian Bearing Group Co., Ltd. and its subsidiaries	482,870,334.51	315,999,255.48
	Dalian Heavy Industry Equipment Group Co., Ltd. and its subsidiaries	145,547.84	455,434.39
Other payables	Wafangdian Bearing Group Co., Ltd. and its subsidiaries	152,634,633.17	2,415,350.75
	Dalian Heavy Industry Equipment Group Co., Ltd. and its subsidiaries	0.00	32,502.00

XV. Share payment

1. Overall situation of share-based payment

☐Applicable ☒ Not applicable

2. The situation of share-based payments settled in equity

☐Applicable ☒ Not applicable

3. The situation of share-based payments settled in cash

☐Applicable ☒ Not applicable

4. Share-based payment expenses for this period

☐Applicable ☒ Not applicable

5. The modification and termination of share-based payment

6. Others

XVI. Commitments and contingencies

1. Important commitments

Important commitments of the Group that do not need to be disclosed as of June 30, 2025.

2. Contingencies

(1) Significant contingencies existing at the balance sheet date

Important contingent matters that the Group does not need to disclose as of June 30, 2025.

(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)	951,185,445.96	923,943,439.94
1 to 2 years	116,167,190.29	108,743,236.61
2 to 3 years	30,370,017.89	28,591,618.31
More than 3 years	47,261,490.88	70,573,274.55
3 to 4 years	10,186,255.50	17,461,725.43
Four to five years	2,596,572.20	20,435,133.89

More than 5 years	34,478,663.18	32,676,415.23
total	1,144,984,145.02	1,131,851,569.41

(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	71,334,371.53	6.00%	71,334,371.53	100.00%		71,334,371.53	6.30%	71,334,371.53	100.00%	
Among them:										
Accounts receivable that are provided for bad debts on a combined basis	1,073,649,773.49	93.77%	69,415,880.60	6.47%	1,004,233,892.89	1,060,517,197.88	93.70%	69,801,116.22	6.58%	990,716,081.66
Among them:										
Aging portfolio	979,559,216.34	85.55%	66,892,923.63	6.83%	912,666,292.71	893,147,194.64	78.91%	64,611,273.63	7.23%	828,535,921.01
Combination of related parties	94,090,557.15	8.22%	2,522,956.97	2.68%	91,567,600.18	167,370,003.24	14.79%	5,189,842.59	3.10%	162,180,160.65
total	1,144,984,145.02	100.00%	140,750,252.13	12.29%	1,004,233,892.89	1,131,851,569.41	100.00%	141,135,487.75	12.47%	990,716,081.66

Category Name of provision for Bad Debts by individual item: Individual provision

In RMB Yuan

name	Opening balance		Ending balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Provision ratio	Reason for provision
Individual provision	71,334,371.53	71,334,371.53	71,334,371.53	71,334,371.53	100.00%	non-recoverable
total	71,334,371.53	71,334,371.53	71,334,371.53	71,334,371.53		

Category name of bad debt provision by combination: By credit risk characteristics

In RMB Yuan

Name	ending balance		
	book balance	bad debt provision	Provision ratio
Within one year	836,090,981.53	41,804,549.08	5.00%
One to two years	98,742,111.75	9,874,211.17	10.00%
Two to three years	30,066,317.71	6,013,263.54	20.00%
Three to four years	9,889,568.45	4,944,784.22	50.00%
Four to five years	2,570,606.48	2,056,485.18	80.00%
More than 5 years	2,199,630.43	2,199,630.43	100.00%
Portfolio of related parties	94,090,557.15	2,522,956.97	
Total	1,073,649,773.49	69,415,880.60	

Explanation of the basis for determining this combination:

It is determined based on the characteristics of credit risk

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

☐ 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	Current variation				Ending balance
		accrual	Take back or turn back	Cancel after verification	other	
Bad debt reserve	141,135,487.75		384,230.75	1,004.87		140,750,252.13
total	141,135,487.75		384,230.75	1,004.87		140,750,252.13

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

In RMB Yuan

item	Amount written off
Accounts receivable actually written off	1,004.87

(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	216,048,811.82	3,852,475.80	219,901,287.62	18.35%	10,995,064.38
Wafangdian Bearing Group Co., Ltd. and its affiliated companies	91,774,942.19		91,774,942.19	7.66%	
CRRC Corporation Limited and its affiliated companies	31,830,198.44		31,830,198.44	2.66%	1,591,509.92
Anben Group and its affiliated companies	26,125,515.91		26,125,515.91	2.18%	1,306,275.80
Baowu Group and its affiliated companies	25,735,985.41		25,735,985.41	2.15%	1,286,799.27
Total	391,515,453.77	3,852,475.80	395,367,929.57	33.00%	15,179,649.37

2. Other receivables

In RMB Yuan

item	Ending balance	Opening balance
Dividends receivable	253,637,816.14	265,704,686.03
Other receivables	253,637,816.14	265,704,686.03
total	253,637,816.14	265,704,686.03

(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
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Other receivables	260,972,948.77	273,039,818.66
total	260,972,948.77	273,039,818.66

2) Aging disclosure

In RMB Yuan

aging	Ending book balance	Opening book balance
Within 1 year (inclusive)	252,515,786.43	263,191,579.22
1 to 2 years	694,205.08	889,646.99
2 to 3 years	1,838,308.31	2,399,108.18
More than 3 years	5,924,648.95	6,559,484.27
3 to 4 years	1,189,981.53	1,203,245.68
Four to five years	186,222.09	186,403.88
More than 5 years	4,548,445.33	5,169,834.71
total	260,972,948.77	273,039,818.66

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	5,144,066.29	1.97%	5,144,066.29	100.00%	0.00	5,144,066.29	1.88%	5,144,066.29	100.00%	
Among them:										
Provision for bad debts on a portfolio basis	255,828,882.48	98.03%	2,191,066.34	0.86%	253,637,816.14	267,895,752.37	98.12%	2,191,066.34	0.82%	265,704,686.03
Among them:										
Aging portfolio	11,110,209.77	4.26%	2,191,066.34	19.72%	7,803,253.03	9,994,319.37	3.66%	2,191,066.34	21.92%	7,803,253.03
Reserve fund portfolio		0.00%				20,000.00	0.01%			20,000.00
Combination of related parties	244,718,672.71	93.77%			245,814,563.11	257,881,433.00	94.45%			257,881,433.00
total	260,972,948.77	100.00%	7,335,132.63		253,637,816.14	273,039,818.66	100.00%	7,335,132.63		265,704,686.03

Category Name of provision for Bad Debts by individual item: Individual provision

In RMB Yuan

name	Opening balance		Ending balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Provision ratio	Reason for provision
Individual provision	5,144,066.29	5,144,066.29	5,144,066.29	5,144,066.29	100.00%	It is expected to be unrecoverable.
total	5,144,066.29	5,144,066.29	5,144,066.29	5,144,066.29		

Name of bad debt provision category by portfolio: Credit Risk portfolio

In RMB Yuan

Name	ending balance		
	book balance	bad debt provision	Provision ratio
Within one year	7,414,787.95	370,739.40	5.00%
One to two years	546,705.08	54,670.51	10.00%
Two to three years	1,376,031.41	275,206.28	20.00%
Three to four years	489,981.53	244,990.77	50.00%
Four to five years	186,222.09	148,977.67	80.00%
More than 5 years	1,096,481.71	1,096,481.71	100.00%
Portfolio of related parties	244,718,672.71		
Total	255,828,882.48	2,191,066.34	

Explanation of the basis for determining this combination:

Provisions are made based on the characteristics of credit risk

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, 2025	7,335,132.63			7,335,132.63
The balance as of January 1, 2025 is in the current period				
Balance as of June 30, 2025	7,335,132.63			7,335,132.63

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	7,335,132.63					7,335,132.63
total	7,335,132.63					7,335,132.63

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 other receivables	Ending balance of allowance for doubtful accounts
Wazhou liaoyang bearing manufacturing co.,	Borrowing from related parties	98,611,156.58	Within four years	37.79%	

LTD					
Dalian wazhou precision motor car bearing co., LTD	Borrowing from related parties	126,015,640.28	Within four years	48.29%	
Wazhou Precision Spherical Roller Bearing (Wafangdian) Co., LTD	Borrowing from related parties	19,639,030.39	Within four years	7.53%	
Anhui Conch Cement Co., LTD	Deposit	1,300,000.00	Within three years	0.50%	260,000.00
Shenyang Railway Passenger Car Works, China Railway Shenyang Group Co., LTD	Deposit	1,216,300.00	Within one year	0.47%	60,815.00
Total	Borrowing from related parties	246,782,127.25		94.58%	320,815.00

7) Other receivables are presented due to centralized fund management

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
			Addition al 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	1,286,564,016.29	1,135,892,058.76	1,057,439,468.53	984,316,313.48
Other business	30,344,445.96	15,971,777.54	82,194,228.44	31,265,661.36
total	1,316,908,462.25	1,151,863,836.30	1,139,633,696.97	1,015,581,974.84

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	1,002,352.64	1,000,000.00
Proceeds from debt restructuring	4,682,444.26	4,417,269.14
Total	5,684,796.90	5,417,269.14

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	106,350.47	
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)	2,780,427.53	
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	-4,622.55	
Gains and losses on debt restructuring	8,661,904.04	
Other non-operating income and expenditure other than those mentioned above	106,399.37	
Other items of profit or loss that meet the definition of non-recurring profit or loss	1,002,352.64	
Less: Income tax impact	1,906,096.73	
total	10,746,714.77	--

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	-8.35%	-0.0520	-0.0520

Net profit attributable to the company's common shareholders after deducting non-recurring gains and losses	-11.17%	-0.0787	-0.0787
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