

## **Wafangdian Bearing Co., LTD**

### **Announcement of uncovered losses exceeding one third of paid-in capital stock**

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

Wafangdian Bearing Co., LTD. (hereinafter referred to as the "Company") held the fifth meeting of the 10th Board of Directors on April 24, 2026 to consider and pass the "Proposal on uncovered losses exceeding one third of paid-in capital stock", which needs to be submitted to the 2025 annual general meeting of shareholders for deliberation. The details are hereby announced as follows:

#### **I. Basic information**

According to the audit by Zhongtian Zhonghuan Certified Public Accountants (Special General Partnership), as of December 31, 2025, the company's consolidated financial statements for 2025 had an undistributed profit of -824,475,798.9 yuan, accounting for -204.79% of the total share capital of 402,600,000.00 yuan. The undistributed profit of the parent company's financial statements for 2025 was -551,829,520.9 yuan, accounting for -137.07% of the total share capital of 402,600,000.00 yuan. The company's unremedied losses have exceeded one-third of the total share capital. According to the relevant provisions of the "Company Law of the People's Republic of China" and the "Company Charter", this matter needs to be submitted to the company's shareholders' meeting for deliberation.

#### **II. Reasons for loss**

1. In 2025, the company's total credit impairment loss and asset impairment loss resulting from the provision of various impairment provisions amounted to 59.2 million yuan, an increase of 9.32 million yuan compared to the previous year.
2. Other income decreased by 14.72 million yuan, mainly due to the decline in VAT carry-forward and deduction income.
3. Affected by the dual factors of rising product sales prices and decreasing raw material purchase costs, the product profit margin has increased, and the operating profit increased by 74.73 million yuan compared to the previous year.

#### **III. Countermeasures**

The company continues to set its main business goals as increasing product profits and enhancing profitability. The main measures are as follows:

1. Increase revenue and improve product profit margins.

(1) Seize market orders to increase revenue, focus on major clients for addition, deeply cultivate high-value major clients, develop mid-to-high-end products, narrow down product varieties, divest non-core products, and enhance profitability.

(2) Focus on sales prices for value-added, further strengthen price control, and increase product profit margins. Establish a multi-dimensional price management system and standardize the sales prices of service providers.

2. Implement meticulous cost control to increase profit levels through cost reduction.

(1) Continuously deepen technological research, optimize design and manufacturing processes. Increase the proportion of R&D for mid-to-high-end products and A-class products, optimize design templates, increase the number of standard parts, achieve simplified and serialized design, reduce manufacturing costs, and increase added value.

(2) Deepen the transformation of integrated supply chains, enhance procurement efficiency through centralized purchasing, direct purchasing, and bidding, and achieve cost reduction.

(3) Deepen the transformation of lean production to improve production efficiency, quality, and reduce costs.

(4) Control labor costs, strictly control the total number of employees, and improve personnel efficiency.

(5) Deepen the management of warehousing and logistics to reduce inventory and shipping costs.

#### **IV. Documents for reference**

1. Resolution of the fifth meeting of the 10th Board of Directors of Wafangdian Bearing Co., LTD.;

**Hereby notify**

**Board of directors of**

**Wafangdian bearing Company limited**

**April 27, 2026**