

Wafangdian Bearing Co., Ltd.

Announcement on Daily Related Transactions Forecast for year of 2024

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

I. Daily related transactions in 2023

As reviewed and approved at the 4th session of the 9th BOD and the 2022 annual general meeting of shareholders, the company expected that the total amount of related transactions related to the sales and purchase of various commodities with related parties would be 2,082.1million yuan in 2023. The actual amount of related transactions of the company in 2023 was 1,492.79 million yuan (audited).

II. Overview of the expected daily related transactions in 2024

The company held the 9th session of the 9th board of directors on April 26, 2024, and reviewed the “Proposal of Daily Related Transactions Forecast for year of 2024”. The related directors, Liu Jun, Chen Jiajun, Zhang Xinghai, and Sun Najuan avoided voting, the meeting approved the proposal with 8 votes in favor, 0 against, and 0 abstentions. Independent directors issued prior approval and independent opinions.

In 2024, the company expects that the total amount of related transactions involving sales and purchases of various commodities with related parties will be 1,795.4million yuan.

This proposal needs to be submitted to the general meeting of shareholders of the Company for consideration and approval. At that time, Wafangdian Bearing Group Co., LTD., the associated shareholder, will avoid voting on this proposal at the general meeting of shareholders.

(i) Types and amount of expected daily related transactions in 2024

Unit: Ten thousand yuan

Types of Related Transactions	Related Person	Content of Related Transactions	Pricing Principles Related Transactions	Projected amount for 2024	Actual occurrence amount from January to March 2024	Projected amount in 2023
Purchase spare parts from associated parties	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Spare parts	Marketization	100,000	15,292	109,000
Purchase bearing products from associated parties	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Products	Marketization	50	7	10,000
Leasing from a related party	Wafangdian Bearing Group Corp., Ltd.	Leased premises Leasehold land Leased equipment	Marketization, cost pricing	2,000	476	2,000

Sourcing fuel and power from associates	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Kinetic energy	Government pricing, cost pricing	7,000	1,573	6,000
Purchase equipment from affiliates	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	equipment	marketization	500	-	1,200
Accept services provided by affiliated parties	Dalian Heavy Industry Equipment Group Co., Ltd. its subsidiaries	repair	Mutual agreement	70	0	30
	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Security, fire service, trademark use, sharing of public facilities, publicity, vehicle use, technology development services, maintenance/greening, engineering services, labor fees, gear cleaning, training, physical examination, etc.,	Mutual agreement	8,500	1,096	8,000
Total purchase amount from related parties				118,120	18,445	136,230
Sell products to affiliates	Dalian Heavy Industry Equipment Group Co., Ltd. its subsidiaries	product	marketization	8,000	1,107	8,000
	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	product	marketization	35,000	5,328	33,000
Sell materials to affiliates	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	supplies	marketization	1,000	139	17,000
Sell semi-finished products and spare parts to related people	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Semi-finished products, spare parts	marketization	70	0	30
Rent to affiliated parties	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Lease of plant, equipment, land	Marketization, cost pricing	2,300	477	2,700
Provide services to associates	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Heat treatment, sharing of public facilities, pickling and other services	marketization	15,000	2,827	11,000
Sell equipment to affiliates	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	equipment	marketization	50	-	250
Total sales to related parties				61,420	9,877	71,980

(ii) Actual occurrence of daily related transactions in the previous year (2023)

Unit: Ten thousand yuan

Types of Related Transactions	Related Person	Content of Related Transactions	Pricing Principles Related Transactions	The actual completion of the quota from January to December 2023	Projected amount in 2023	Proportion of actual amount to similar business (%)	Difference between actual amount and approved amount (%)
Purchase spare parts from related person	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Spare parts	Marketization	84,063	109,000	0.85	-22.88
Purchase bearings from related person	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Products	Marketization	43	10,000	0.00	-99.57
Lease from related parties	Wafangdian Bearing Group Corp., Ltd.	Lease housing Lease land Lease equipment	Marketization, cost pricing	1,850	2,000	0.02	-7.48
Purchase fuel and power from related person	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Kinetic energy	Government pricing, cost pricing	5,533	6,000	0.06	-7.78
Purchase equipment from related person	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Equipment	Marketization	223	1,200	0.00	-81.39
Accept labor services provided by related person	Dalian Heavy Industry Equipment Group Co., Ltd and its subsidiaries	repair	Mutual agreement	40	30	0.00	32.25
	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Security, fire service, trademark use, sharing of public facilities, publicity, vehicle use, technology development services, maintenance /greening, engineering services, labor fees, gear cleaning,	Mutual agreement	7,368	8,000	0.07	-8.42

		training, physical examination , etc.,					
Total purchase amount from related parties				99,121	136,230	1.00	-27.27
Sell products to affiliates Sell materials to affiliates	Dalian Heavy Industry Equipment Group Co., Ltd. and its subsidiaries	Products	Marketization	6,382	8,000	0.12	-20.22
	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Products	Marketization	29,612	33,000	0.61	-3.55
Sell semi-finished products and spare parts to related people	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	supplies	Marketization	561	17,000	0.01	-96.70
Rent to affiliated parties	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Semi-finished products, spare parts	Marketization	389	30	0.01	1198.13
Provide services to associates	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Leased plant, Equipment, land	Marketization, cost pricing	2,027	2,700	0.04	-24.91
Sell equipment to affiliates	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	Heat treatment, sharing of public facilities, pickling and other services	Marketization	11,139	11,000	0.21	1.26
Sell products to affiliates	Wafangdian Bearing Group Corp., Ltd. and its subsidiaries	equipment	Marketization	47	250	0.00	-81.18
Total sales to related parties				50,158	71,980	1.00	-27.24

III Introduction of related person and relationship

(i) Introduction of related person

1.Wafangdian Bearing Group Corp., Ltd.

Legal representative: Liu Jun

Registered capital: 519,869,400 yuan

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

Type of enterprise: Limited Liability Company

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

Unified social credit code: 91210200242386663D

Business scope: Import and export of goods, import and export of technologies (for projects subject to approval according to law, business activities can only be carried out after approval by relevant departments, the specific business projects shall be subject to the approval results) General projects: Manufacturing of bearings, gears and transmission parts, sales of bearings, gears and transmission parts, manufacturing of metal tools, sales of metal tools, manufacturing of special equipment (excluding licensed professional equipment manufacturing), research and development of machinery and equipment, sales of machinery and equipment, manufacturing of non-metallic mineral products, sales of non-metallic minerals and products, ferrous metal casting, non-ferrous metal casting, automotive parts and accessories manufacturing, Auto parts retail, auto parts wholesale, railway rolling stock parts manufacturing, railway rolling stock parts sales, industrial design services, general equipment repair, technical service, technical development, technical consultation, technical exchange, technology transfer, technology promotion, metal materials sales, housing leasing, non-residential real estate leasing, machinery and equipment leasing

Latest audited financial position (2022) : Total assets of 930,325 million yuan, net assets of 2,748.31 million yuan, realized operating income of 5,353,770 million yuan, net profit of -32.48 million yuan (audited).

2. Dalian Heavy Industry Equipment Group Co. , Ltd.

Legal representative: Meng Wei

Registered capital: 2,440,000,000 yuan

Registered address: No. 169, Bayi Road, Xigang District, Dalian City, Liaoning Province

Type of enterprise: Limited Liability Company

Business term: From December 27, 2001 to December 26, 2051

Unified social credit code: 91210200732769552T

Business scope: Mechanical equipment design, manufacturing, installation and debugging; Spare parts supply; Metal products, metal structure manufacturing; Mold manufacturing; Metal surface treatment and heat treatment; Mechanical and electrical equipment parts and manufacturing, collaborative processing; Real estate development; Transportation, warehousing, labor and personnel training; Commercial trade; Export business; Project general contracting; Mechanical and electrical equipment leasing and technical development, consulting; Computer applications; Lifting machinery special equipment design, manufacturing, installation, transformation, maintenance; Pressure vessel design and manufacture.

The latest audited financial situation: At the end of 2022, the audited total assets were 27.701 billion yuan, net assets of 6.613 billion yuan; In 2022, the operating income was 12.533 billion yuan and the net profit was 168 million yuan (audited).

None of the above related parties belongs to the person subject to enforcement for breach of trust.

(ii) Relationship with the Company

Wafangdian Bearing Group Corp., Ltd., the above-mentioned related party, is the first majority shareholder of the Company; DHI·DCW Group Co., Ltd. is a company controlled by the company's ultimate controller, Dalian Equipment Investment Group Co., Ltd., according to the provisions of Item (ii) of Section II of Article 6.3.3 of the Listing Rules of the Shenzhen Stock Exchange, the above-mentioned companies are related legal persons of the company.

IV. Pricing basis and pricing principles for related transactions

The Company and related parties reach transaction agreements based on the principles of voluntariness, equality, mutual benefit, fairness and justness. The pricing of related transactions, except for government pricing, cost pricing and agreement pricing, is based on market prices. The transactions between the company and the above-mentioned related parties are normal production and operation activities, and there is no situation that damages the interests of the listed company;

Pricing principles and basis: where market comparable prices are available, pricing is based on market prices; where market comparable prices are not available, pricing is based on cost plus or agreement;

The prices of the above-mentioned daily related transactions follow the fair and reasonable pricing principle and are based on market prices, all parties sign trade agreements based on the principles of voluntariness, equality and mutual benefit, and ensure that the prices of products provided to each other do not deviate from the prices of third parties; the transaction price shall be calculated according to the agreed price and the actual transaction quantity, and the payment arrangement and settlement method shall be implemented with reference to industry-accepted standards or contractual agreements. For related transactions that occur within the expected scope of 2024, after the "Proposal of Wafangdian Bearing Co., Ltd. on the Expected Daily Related Transactions in 2024" being reviewed and approved by the company's general meeting of shareholders, the company will execute the transactions after signing the corresponding contract agreement with related parties based on the market prices or the prices negotiated and determined by both parties according to actual needs.

V. Purpose of the related transaction and its impact on the listed company

The Company leases the houses and factory sites of Wafangdian Bearing Group Corp., Ltd., uses its "ZWZ" trademark for a fee, and accepts security, fire protection, technology development and other services provided by Wafangdian Bearing Group Corp., Ltd. and its subsidiaries, these are necessary for the company's development and production and operation activities, and provide a favorable guarantee for the company's development.

The Company purchases spare parts, bearings, products, and steel products from related parties, and sells materials and spare parts and rent housing and other items to related parties. These transactions are necessary for the company's development and ensure the company's normal production and operation activities.

The above related transactions are all daily business transactions and are conducted on the basis of necessity, fairness and mutual benefit, the parties to the transactions strictly follow the relevant agreements, there is no damage to the interests of the listed company, no great impact on the company's current and future financial status and operating results, nor influence on the independence of the listed company.

VI. Prior approval of independent directors and opinions of independent directors

On April 16, 2024, the Company held the first special meeting of the independent directors in 2024, deliberating and passing the "Motion on the Forecast of Daily Connected Party Transactions in 2024", and all the independent directors believe that: The Company follows the principles of openness, fairness and justice, and the transaction price is objective and fair, which is necessary for the normal operation of the company. The implementation of the affiliated transaction is conducive to the optimal allocation of the company's resources and the sustainable development of production and operation, complies with the provisions of relevant laws and regulations, normative documents and the Articles of Association of the Company, and does not harm the legitimate rights and interests of the Company and all shareholders. In particular, the interests of minority shareholders, and agreed to submit the above proposal to the ninth meeting of the ninth Board of Directors of the company for consideration.

VII. Documents available for inspection

1. Resolution of the ninth meeting of the ninth Board of Directors of Wafangdian Bearing Co., LTD.;
2. Wafangdian Bearing Co., LTD. Ninth seventh board of supervisors resolution;
3. Resolution of the first special meeting of independent directors in 2024;
4. Other documents required by the Shenzhen Stock Exchange;
5. Summary table of related transactions of listed companies.

**Board of Directors of
Wafangdian Bearing Co., Ltd.
April 29, 2024**