

Wafangdian Bearing Company Limited
A Supplemental Announcement Relating to Debt Reorganizations
During Normal Operation of Business
Involving Partial Related Transactions

The Company, all the members of the Board of Directors, supervisors and top management hereby guarantee the truth, accuracy and completeness of the information disclosure, no any false records, misleading statements and major missing contents.

The seventh session of the board of directors of Wafangdian Bearing Company Limited (the "Company") held the sixth meeting to review and consider the Company's debt reorganization occurred during the normal operation of business throughout 2017, and disclosed the Announcement of Wafangdian Bearing Company Limited Relating to Debt Reorganization During Normal Operation of Business Involving Partial Related Transactions on 26 April 2018. Set out below are the details of the supplemental announcement:

1. The Company entered into a Debt Reorganization Agreement with 100 suppliers, including Zhangjiakou New Century Rubber Products Company Limited*(张家口市新世纪橡胶制品有限公司), pursuant to which, these suppliers agreed to make compromise in respect of the debts owed by the Company during the normal operation of business after arm's length negotiation. This transaction enabled the Company to record gains from debt reorganization of RMB5,304,472.04.

2. A total of six related parties are involved in this reorganization, among which, Wafangdian Bearing Group Precision Retainers Co., Ltd.*(瓦房店轴承集团精密保持器有限公司), Wafangdian Bearing Group Precision Rolling Elements Co., Ltd.*(瓦房店轴承集团精密滚动体有限公司), Wafangdian Bearing Group Equipment and Technology Engineer Co., Ltd.*(瓦房店轴承集团装备技术工程有限公司) and Wafangdian Bearing Group National Bearing Engineer Technology Research Center Co., Ltd.*(瓦房店轴承集团国家轴承工程技术研究中心有限公司) are all the wholly-owned subsidiaries of Wafangdian Bearing Group Company Limited which is the largest shareholder of the Company. Wazhou Group High-end Auto Bearing Co., Ltd.*(瓦轴集团高端汽车轴承有限责任公司) and Dalian Wazhou Jinzhou Machinery Co., Ltd.*(大连瓦轴金舟机械有限公司) are the holding and associate subsidiaries of Wafangdian Bearing Group Company Limited. For further information of the related parties, please refer to the announcement of the Company disclosed at the website of "www.cninfo.com.cn" on 26 April 2018 - 《Announcement of Wafangdian Bearing Company Limited Relating to Execution of Daily Related Transactions for 2017 and Planning of Daily Related Transactions for 2018》.

For details of the aforesaid two matters, please refer to the detailed description of debt reorganization as set out in the 《Reply from Wafangdian Bearing Company Limited for the Enquiry Letter of 2017 Annual Report》:

3. This debt reorganization is conducted on a normal operation basis, which means there is no material legal impediment for the respective party to conduct the debt reorganization.

4. The debt reorganizations between the Company and related parties and debt reorganizations between the Company and third party suppliers are separate from each other and are not subject to mutual precondition, thus no package deal is constituted.

5. There is no other relationship between the counterparties of the debt reorganization and the Company or the top ten shareholders of the Company in terms of title, business, assets, creditor's right and debts and personnel which may cause or have caused that interest is created in favor of the counterparties or the Company. All the debt reorganizations would be made by the Company on an equal and fair basis, with no exception.

6. The main reason accounting for the debt reorganizations is the capital shortage of the Company in a short run due to the impact of general market conditions. In order to mitigate capital pressure, the suppliers agreed the Company to make payments to them at certain discounts which are determined after arm's length negotiation between the parties subject to the acceptable level for their operations. Save as those as agreed in the reorganization agreements, there is no other agreement or arrangement disclosed. Debt reorganization involving related parties shall not be viewed as equity transaction.

7. The Company entered into debt reorganization agreements with 100 suppliers including subsidiaries of Wazhou Bearing Group in 2017, pursuant to which, debts of the Company were reorganized on a fair and equal basis with no exception. This transaction represents the purchase of goods payment or labor cost arising from the Company's normal business at market price, therefore it is a fair transaction of business nature.

8. The subsequent payment arrangement will be made by the Company taking into account (i) the amount owed to the suppliers as of the settlement period; (ii) actual collection of capital of the Company during the period. The capital is mainly sourced from the actual capital collected by the Company from sales of bearing products, which belongs to normal capital payment business, thus brings no impact on the Company's normal operation.

This is the supplemental announcement to elaborate all the required details.

**The Board of Directors of
Wafangdian Bearing Company Limited
24 May 2018**