

Wafangdian Bearing Company Limited

Announcement of asset sales related to related transactions

Our company, the whole members of the board of directors and top managements ensured the truth, accuracy, completeness, no false record, misleading statement and fatal omit of the announcement.

Wafangdian Bearing Co., LTD. (hereinafter referred to as "the company") held the tenth meeting of the seventh board of directors on August 16, 2019, deliberated and adopted the asset sale proposal concerning some related transactions, and hereby announces the above matters as follows:

I. Summary of transactions:

The company is a wholly owned subsidiary - "Wazhou Precision Spherical Roller Bearings, Wafangdian) Co., LTD." (hereinafter referred to as the "Spherical Company") for product structure adjustment, since 2014 to now, gradually eliminate a backlog of a total of 158 sets of unserviceable and waste equipment, this batch of equipment idle for a long time, over the years the company has been actively looking for buyers, intends to dispose of this batch of equipment, but for this batch of equipment have serious aging, not adapt to the rapid transformation and the fierce market competition, spherical company has been unable to market effective disposition of this batch of old equipment. Every year, the Spherical Company needs to invest a certain amount of manpower and material resources to maintain , and occupy a large space, which causes a great negative impact on the operation of the spherical company. In order to activate the assets and improve the operation quality, most of them cannot be reused after on-site appraisal by the members of the company's evaluation team. Based on the interests of all parties, sphere company, approved by the board of directors, disposed 3 sets of equipment with certain utilization value to wafangdian tongda bearing manufacturing co., LTD., an associated party. To dispose 155 sets of waste equipment as waste bodies to Harbin ruiying metal materials recycling co., LTD., a non-affiliated party.

According to article 9.3 (5) of the stock listing rules of shenzhen stock exchange, if the profit generated from trading accounts for more than 50% of the audited net profit of the listed company in the latest fiscal year and the absolute amount exceeds 5 million yuan, it shall be submitted to the general meeting of shareholders for deliberation. The company's audited net profit in 2018 was 106.322 million yuan. According to preliminary calculation, the amount involved did not touch the disclosure standard, so it is not necessary to submit it to the shareholders' meeting for deliberation.

The transaction of assets to be sold does not constitute the material assets reorganization stipulated in the administrative measures for material assets reorganization of listed companies.

2. The other party of this transaction involves a subsidiary of tile axis group, the largest shareholder of the company, so the asset sale involves an affiliated transaction;
3. This affiliated transaction was deliberated and unanimously approved at the 10th meeting of the seventh board of directors of the company. The affiliated directors, Meng Wei, Zhao Yang, Zhang Xinghai, Chen Jiajun, Sun Najuan and Sun Maolin, recused themselves during the discussion of this matter. The company's

independent director has issued "independent director opinions" on this matter;

II. Basic information of the transaction object and the other party

1. Related buyers

Name: Wafangdian Tongda Bearing Manufacturing Co., LTD

Registered Capital: RMB 3.2 million yuan

Legal Representative: Liu Feng

Enterprise Type: limited company (state-owned equity participation)

Scope: bearings manufacturing and sales bearings manufacturing and sales

Financial status in the past year: Audited financial situation in 2018: total assets are RMB 107,285,798.63, net assets are RMB 63,687,093.00, operating income is RMB 155,675,596.04, and net profit is RMB 4,306,751.95.

2. Non-affiliated buyers

Company name: Harbin Ruiying Metal Material Recycling Co., LTD

Type of business: limited liability company

Legal representative: Liang Hongbo

Registered capital: RMB 10 million yuan

Business scope: waste materials recycling (countries have special provisions except) : sales of building materials (excluding hazardous chemicals), steel, timber, rubber products, metal products, groceries, metal materials, electronic products, electrical equipment, chemical products (excluding chemical dangerous goods), railway locomotive vehicle accessories, construction machinery and equipment, medical equipment, cement products, concrete structures.

Major financial indicators in recent year: total assets are 2,820,919.23 yuan, net assets are 441,636.76 yuan, operating income is 9,350,418.83 yuan, and net profit is 358,266.34 yuan.

II. Basic information of the transaction object

1. Details of the equipment disposed to related parties are as follows:

Unit:10000yuan

Name	quantity (set)	Original value	accumulated depreciation	Net value	selling price	tax	earnings
Discarded equipment	3	26.10	23.49	2.61	11.5	0.22	8.67

2. Details of the used airframe disposed to the non-affiliated party are as follows:

Unit:10000yuan

Name	quantity (set)	Original value	Accumulate depreciation	Net value	Selling price	tax	earnings
Discarded machine	155	825.80	674.96	150.83	41.57	4.78	114.04

The ownership of the above assets is clear, and there is no mortgage, pledge or other third party rights, no major disputes, litigation or arbitration involving the relevant assets, and no judicial measures such as sealing up or freezing.

IV. Main contents of the transaction agreement

(I) main contents of the transaction agreement

Parties to the contract:

Seller (hereinafter referred to as party A) :ZWZ Precision Spherical Roller Bearing (Wafangdian) Co. LTD

Buyer (hereinafter referred to as party B) :Wafangdian Tongda Bearing Manufacturing Co. LTD

Harbin Ruiying Metal Material Recycling Co. LTD

1. Transfer price and payment

i. transfer price:

①Dispose of three sets of equipment for Wafangdian Tongda Bearing Manufacturing Co., LTD,public bidding results, three sets of a total price of 115,000 yuan.

②Disposal to Harbin Ruiying Metal Materials Recycling Co., LTD waste airframe,with the transfer base price of 2000 yuan/ton as the base for public bidding, the winning price through online auction is 2883.64 yuan/ton (including tax), which is sold by 0.5KG,Total sale price is 415,700yuan

ii.Payment method: ① bank acceptance ②check or telegraphic transfer.

2. Delivery period.

Party A shall, within ten 10 days upon receipt of the total price of the asset and completion of the contract, deliver the idle equipment/airframe and the materials that party a may provide to party B.

3. Agreement on property right registration.

Party A shall provide party B with relevant procedures and materials from the date when Tongda Company actually receives the assets. And assist party B to go through relevant procedures. For non-affiliated parties, there is no transfer of ownership.

V. Other arrangements involving the sale of assets

The asset sale does not involve subsequent arrangements such as personnel placement, land lease, related transactions and inter-industry competition.

VI.The purpose of the acquisition and sale of assets and the impact on the company

The purpose of the asset sale is to clean up and revitalize the company's assets.The income 86,700 yuan generated from the transaction with Wafangdian Tongda Bearing Manufacturing Co., ltd. and the loss generated from the transaction with Harbin Ruiying Metal Material Recycling Co., ltd. are RMB 1,140,400yuan. The total net loss of the above two items is RMB 1,053,700 yuan,Will affect the current profit and loss of 2019.

VII.The documents for future reference

1. Resolution of the 10th meeting of the 7th board of directors of Wafangdian Bearing Co., LTD
2. The opinion of independent director.
3. Resolution of the 10th meeting of the 7th board of supervisors of Wafangdian Bearing Co., LTD

Board of director of Wafangdian bearing
Company limited
August19. 2019