Wafangdian Bearing Co., Ltd.

Related Transaction of Equity Purchasement

The Company and whole members of the Board hereby ensure that the Notice is factual, accurate and complete without any false record, misleading statements or important omissions.

I Summary of the transactions

1. Wafangdian Bearing Company Limited (hereinafter referred to as "the Company") intends to purchase equipments from Wafangdian Bearing Group Equipment Technology Engineering Co., Ltd. (hereinafter referred to as "Equipment Technology Engineering Company").

These equipments are the production equipments in use the company renting from Wafangdian Bearing Group, in accordance with the unified arrangements of Wafangdian Bearing Group Corp. (hereinafter referred to as "ZWZ"), shift 219 equipments originally rented to the Company to its wholly owned subsidiary - Wafangdian Bearing Group Equipment Technology Engineering Co., Ltd., the company intends to purchase some of these equipments by considering the actual operation and decrease of related transactions.

2. Equipment Technology Engineering Company is a wholly owned subsidiary of the Company's largest shareholder - ZWZ, so this purchase of equipment constitutes the related transaction;

3. This related transaction has been deliberated and unanimously approved by the first meeting of the Company's 7th session of board of directors, the related directors Meng Wei, Zhang Xinghai, Chen Jiajun, Li Shi, Sun Maolin and Sun Najuan avoided the deliberation on this matter, other directors all voted yes for this matter, there was neither negative vote nor abstention vote. The company's independent directors have issued the "Prior approval of independent directors" and made "Independent directors' opinions" on this matter;

4. Above-mentioned business does not constitute a major asset restructuring;

5. This transaction still needs to get the approval of shareholders meeting, person affiliated with this related transaction will give up the rights to vote for this proposal at the shareholders meeting.

II Basic information of the counterparty

Company Name: Wafangdian Bearing Group Equipment Technology Engineering Co., Ltd.

Registered capital: 3 million Yuan

Legal representative: Zhang Xinghai

Business scope of Equipment Technology Engineering Company: electromechanical engineering installation & construction, purchase, manufacturing, installation, and marketing of mechanical equipments and instruments; purchase, manufacturing, installation, and marketing of bearing products and components & tool and tooling; buying and selling and leasing of immovable property and mechanical equipments; non-financial assets management.

Audited financial situation in 2015: Total assets are 45,692,472.27 Yuan, net assets are 5,583,145.12 Yuan, operating incomes are 93,892,962.11 Yuan, and net profits are 1,579,051.51 Yuan.

3. About the object of transactions

1. Overview of the underlying assets

(1) The underlying assets purchased this time is the in-use production equipments originally rented from ZWZ, mortgage, pledge or other third party rights don't exist in the related assets, no significant dispute, litigation or arbitration involves in the related assets, and neither judicial measures such as close down and freeze exist; details are as follows:

Project		Qty（pcs）	Original Value（Yuan）	Net Value （Yuan）
The company purchases equipments from Equipment Engineering Company	The Company's super-huge branch offices are using	145	4,550.74	3,278.51
	The Company's branch factory No. 2 of finished products is using	21	102.42	64.75
	The Company's precision branch offices are using	53	986.46	479.37
	The Company's quality assurance department is using	16	20.4	0.92
Total		219	5,660.02	5,660.02

2. The Company will invite the assessment agencies with professional qualification for security and futures-related businesses to assess the related objects in accordance with relevant laws and regulations, departmental rules and regulations, and provisions of "Stock Listing Rules" of the Shenzhen Stock Exchange.

III Main contents of the transaction protocol draft

1. Transfer the consideration

Both sides agree that the costs the Company paid for purchasing assets from Equipment Technology Engineering Company are subject to the appraisal value of underlying assets.

2. Payment methods and deadlines

Both sides negotiate and agree that party B should offer payment for the transferred price agreed in article II of this protocol to party A by cash or in other ways by mutual consent within one year after the protocol going into effect

3. The delivery of the transfer of assets

1. Both sides agree that party A transfers assets to party B, the settlement day is intended to be Within 10 working days after the protocol going into effect

2. Party A should transfer the assets under the present contract to party B before the settlement day appointed by the contract, and both parties should handle the relevant hand-over procedures. After one year, if party B fails to pay as agreed, party A will be entitled to take back this part of the transaction assets, and party B will need to bear all costs for the transaction and pay one-year rental fees to party A based on the market price.

4. Other matters

(1) Since the equipments purchased this time are the in-use equipments of the Company's branch companies, there is neither disposal of land, buildings and personnel nor transfer of creditor's rights or debts.

(2) Both sides sign the related transaction protocol for the related transactions generated by the purchase of equipments, and proceed normatively.

IV The impact of the transaction on the company

The company can reduce the related transactions in the future due to the need of production and management.

V Independent directors' opinions

The company's independent directors have issued the "Prior approval of independent directors" and made "independent directors' opinions" on this matter, the independent directors think this transaction can reduce the company's future related transactions, so it will neither damage the company's interests nor the rights and interests of minority shareholders.

VI Other explanations

1. The final price of transaction is subject to the audit and assessment data, the Company will report the assessment results to the members of the board of directors and make supplementary announcement after auditing and assessing and before holding the shareholders meeting.

VII Documents available for reference

1. Resolution of the First Meeting of 7th Board of Directors of Wafangdian Bearing Co., Ltd.;

2. Independent Opinions;

3. Prior approval of independent directors.

Hereby notify

Board of Directors of

Wafangdian Bearing Co., Ltd.

26 August 2016