Wafangdian Bearing Company Limited

Apply for Lifting the delisting risk warning and changing the short title

The Company, all 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.

I.Special risk warning:

1. Since May12, 2017, company stock opening date of suspension for 1 day, from the opening date of May15, 2017 to resume trading;

2. Since May 15,2017, the company's stock delisting delisting delisting risk warning, the short name of the stock change from *ST Wazhou B to Wazhou B, and the Stock code 200706 is unchanged;

3. Company 2016 annual net profit attributable to shareholders of listed companies of 30,872,950.22 yuan, net profit after deducting non-recurring gains and losses of -57,771,828.22 Yuan;

4. The daily limit of stock prices change from 5% to 10%.

II. Implementation of delisting risk warning for stock of the Company

Wafangdian Bearing Co., Ltd. (hereinafter referred to as the Company) have been in the red in most recent two consecutive years of 2014 and 2015, and according to relevant regulation of Stock Listing Rules of Shenzhen Stock Exchange (2014 Revised), stock of the Company are being special treated on trading as "delisting risk warning" on 27 April 2016 on Shenzhen Stock Exchange. Short form of the stock turns to "*ST Wazhou B" after warning and daily limit turns to 5%.

III. Works during delisting risk warning

In 2016, Board of the Directors work hard for revoking the delisting risk warning and urged management taking efficient measures to implemented. Finally, the Company makes a profit instead of suffering a loss. We finally realized the stated objective made by management at year-beginning, through un-remitting efforts of the Company; protect the interest of shareholders effectively.

Achieving profitability is the priority target for the year of 2016 in operation, in purpose of revoking the delisting risk warning. Determine profitability in 2016 as main line, and earning from non-main business as subordinate line, effectively reverse the loss of two consecutive years by double insurance measure.

i) Main countermeasures for main operation

At beginning of the year, management makes a prompt decision on operation strategy as "steady growth, structure adjustment, de-stocking, tightening receivable, reducing cost and guarantee efficiency". Stabilized revenue from main business by adjusting product structure, develop high profit products; optimize resources allocation, integrate resources of lathe worker and heat treatment as well as overseas marketing network, tightening expenses and improving efficiency; the Company stripping business with deficits in

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legal procedures, such as auto manufacture, cage business and roller services etc, for reducing the losses; implemented lean management in whole Company, reducing 7 kinds of wastes for cost reduction and efficiency enhancement; tightening manufactured inventory and work-in-process (WIP), increasing cash flows, improving turnover rate of funds and reducing financial expenses;

1. Customer satisfaction-oriented, bring forth new ideas in management mechanism and operation mechanism

1) Customer focus, promoting the reform of marketing mechanism

In principle of differentiation, segmentation and key-customer-products emphasized, integrating clients, employees and institutional facilities in industrial equipment market and re-building business procedures; organized and implemented a management system reform in regional sales company and sales branch, established an integrative unify management platform to improving localization sales management.

Implement customer authorization management, solved the issues of unclear marketing area, competing for customers and price war between direct market and trading market effectively. Customer base has expanded significantly and has soaring strategy clients and trading customers.

2) Stripping deficit industry, shifting operation mechanism

Management mechanism reform completed for business of rolling element, retainer, domestic truck bearing and automobile gear box bearing etc. Implemented overall stripping and carried out related transactions in principle of socialization and marketization, costs for products are reduced dramatically. The Company finished an integration of hot working procedures, established a bearing accessory branch and optimized resources allocation, the efficiency of hot working are improved and production costs reduced.

2. Promotion of lean manufacturing, improve market capacity continuously

Introducing idea of lean management, promoting continued development of the Company. Organized many lean training camp activities, promoted establishment of lean class, adjusted process layout and implemented 5S management etc. Many changes are made in respect of idea and process improvement, on-site management and sequence of production have a qualitative change, and the capital efficiency enhance significantly in pilot units.

3. Strengthen operation controls, improve operation quality

Optimized asset allocation and liquidize remnant assets; reducing consumption, tightening expenses. Implemented cost incentive mechanism and measures of reducing cost and increasing efficiency. Fully mobilize the initiative and self-motivated for “increasing production efficiency and lowering costs” from the Company, implemented the measures for real.

ii) Main countermeasures for non-main operation

Facing the bad business environment for main-operation market, the Company actively dispose and making use of the idle assets, making deep cleaning and disposal for fixed assets and current assets. The Company effectively increases the profitability by carrying out profitability measures, under the premise of ensuring

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compliance with relevant law and regulations, and performing necessary procedures.

Under the help of various measures, and on basis of ensuring safe production, strive to reverse severe business situation for the Company, achieved an innovation development in adversity; re-shaping image of listed company and avoiding the suspended listing on stock exchange.

The financial data for year of 2016 has been audited by Shine Wing CPA, and with an auditor's report with standard unqualified opinion issued (XYZH/2017DLA10202). After auditing, ended as 31 December 2016, net assets attributable to shareholders of listed company amounting to 1379 million Yuan, operation revenue for year of 2016 was 2493.9266 million Yuan and net profit attributable to shareholder of listed company was 30.873million Yuan. Main business of the Company are perform normally recently.

IV.The issue approved by the Shenzhen Stock Exchange,

After approved by the Shenzhen Stock Exchange, Since May 15,2017, the company's stock delisting delisting delisting risk warning. In line with the <the Shen Zhen stock exchange stock listing rules> article 13.2.18, May12, 2017, company stock opening date of suspension for 1 day, from the opening date of May15, 2017 to resume trading. the short name of the stock change from *ST Wazhou B to Wazhou B, and the Stock code 200706 is unchanged, The daily limit of stock prices change to 10%.

V. Other warning

Information disclosure media appointed by the Company refers to Securities Times, Hong Kong Commercial Daily and Juchao website (www.cninfo.com.cn), investors are advice to pay attention to the investment risks.

Hereby notify

BOD of

Wafangdian Bearing Co., Ltd.

May11, 2017

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