Wafangdian Bearing Co. LTD Announcement on the sale of Automobile Bearing Plant and related transactions

The Company and all members of the Board of Directors guarantee that the information disclosed is true, accurate and complete, without false records, misleading statements or material omissions.

I.Summary of transactions

1. Recently, Wafangdian Municipal Government launched a special action of "Difficulty in obtaining certificates" for industrial enterprises, requiring enterprises to sort out the problems of lack of documents and procedures in land use and real estate construction in Wafangdian area, and the government gave centralized solutions.

When conduction immovable property registers, requirement land droit and building droit person must no difference.The automobile bearing factory in Xijiao Park is invested by the company, and the land of the factory is owned by Wafangdian Bearing Group Co., LTD. (hereinafter referred to as "Wafangdian Group"), which is difficult to be divided and sold to the company. After negotiation by both parties and considering the actual situation, the company sells the factory to Wafangdian Group At the assessed value of RMB 58,510,000.00.

2.the counterparty of this transaction is Wafangdian Bearing Group Co., LTD., the largest shareholder of the Company (hereinafter referred to as "Wafangdian Group"), so the asset sale constitutes a related party transaction;

3. The related party transaction was unanimously approved by the 8th board meeting of the 8th session of the Company. The related directors Liu Jun, Zhang Xinghai, Chen Jiajun and Sun Najuan avoided voting during the review of the matter, while the remaining seven directors all voted for the matter, without any negative vote or abstention.The independent director of the company issued a "Letter of prior approval of the independent director" and "Opinion of the independent director" on this matter;

4. According to the shenzhen stock exchange "stock listing rules" (5) of article 9.3: "The profit generated by the transaction accounts for more than 50% of the audited net profit of the most recent fiscal year of the listed company, and the absolute amount is more than 5 million yuan" need to be submitted to the general meeting of shareholders, the deal does not constitute a "trading" shall be submitted to the shareholders meeting, also does not constitute a major restructuring of listed companies management method "regulation of material assets reorganization.

5. According to the shenzhen stock exchange "stock listing rules" article 10.2.5:The amount of transactions between the listed company and the associated person (except cash assets donated by the listed company and guarantee provided) shall be more than 30 million

yuan.And the amount of related transactions accounted for more than 5% of the absolute value of audited net assets of listed companies in the latest period,In addition to timely disclosure, it shall, in accordance with Article 9.7 of these Rules, to employ an intermediary institution with business qualifications related to securities and futures to evaluate or audit the subject matter of the transaction and submit the transaction to the shareholders' meeting for review.The amount of this related transaction accounts for 4.77% of the company's audited net assets in the latest period, and does not constitute a "transaction that shall be submitted to the shareholders' meeting for consideration".

II.Counter party situation

1.The enterprise name: Wafangdian Bearing Group Co. LTD

2. Registered capital:413.7931 million yuan

3. Legal representative: Liu Jun

4. Type of enterprise: state-owned enterprise

5. Registered address: Wafangdian City, Liaoning Province

6. Business scope: manufacturing and sales of bearings, bearing spare parts, bearing special tools, fixtures, equipment, mechanical equipment, abrasives, abrasives, castings, auto parts, locomotive parts and related industrial products;Bearing design, repair, maintenance and technical services;Procurement and sales of bearing raw materials and auxiliary materials;Rental of premises and equipment.

7. Financial Situation in the last year:

The audited financial situation of Wafan Group in 2019: the total assets are 7.15 billion yuan, the net assets are 3.44 billion yuan, the operating income is 3.54 billion yuan, and the net profit attributable to the parent company owner is -180 million yuan.

8.Not the subject of a breach of trust

III.the introduction of the transaction target

1) Basic information of transaction subject:

Unit: yuan

The name of the asset	Construction area of (Surveying and mapping area (㎡)	The book value		Assessed value (tax included)	Appreciation forehead
		The original cost	Net worth		
Automobile bearing plant	42,677.86	71,508,307.24	53,028,788.61	58,510,000.00	5,481,211.39

The construction of the automobile bearing workshop started in October 2010. The main body of the workshop is steel structure, and it is put into production for the production of automobile bearing.At present, the workshop is rented by Wazhou Group high-end automobile bearing Company and Wazhou high-end automobile bearing Company Tile Shop branch.

2) There is no mortgage, pledge or other rights of third parties, no major disputes, litigation or arbitration involving the relevant assets, no judicial measures such as sealing up or freezing, etc., for the relevant assets sold this time;

3) In accordance with relevant laws and regulations, departmental rules, shenzhen Stock Exchange "Rules on Stock Listing" and other provisions, the relevant subject matter of the Company has been evaluated by an evaluation institution qualified to carry out securities and futures related business;

4) Related party transactions arising from the sale of assets shall be governed by a related party transaction agreement signed by both parties.

IV.Pricing policies and pricing basis

The company hire Liaoning Yuanzheng Asset Appraisal Co., Ltd. to evaluate the transaction assets and issue the asset appraisal report "Yuanzheng Asset Appraisal Report No. 228 [2020]".The book value of the appraised asset is RMB 53028788.61, and the appraised value is RMB 58510000.00 (including tax price), with the appreciation value of RMB 5481211.39.The parties agree to trade at the assessed value.

V. Main contents of the draft transaction Agreement

Party A: Wafangdian Bearing Co. LTD

Party B: Wafangdian Bearing Group Co. LTD

1. The scope of the subject

The subject party A sell to the party B is the auto bearing plant construction projects located in wafangdian bearing industrial park (industrial park) which is invested by party A Details is specific to the liaoning yuan assets appraisal co., LTD. "yuan CNS evaluation report word [2020] no. 228" the assets evaluation report (hereinafter referred to as the "assessment report") shall prevail.

2. Transaction consideration

Both parties agree that Party B shall pay Party A RMB 58.51 million based on the assessment value of the above assessment report.

3. Payment method and term

Both parties agree that Party B shall,pay the transaction price set forth in Article 2 of this Agreement to Party A within one year from the asset delivery date in currency or bank acceptance. (Delivery date refers to the date on which physical assets are handed over, the same below)

4.Delivery of trading assets

1) Both Parties agree that Party A shall sell the assets of the automobile bearing plant to Party

B and the delivery date shall be March 22, 2021 (within 10 working days after this Agreement comes into force).

2)Before the delivery date agreed herein, Party A shall deliver the assets hereunder to Party B,Both parties shall go through relevant handover procedures.

VI.The impact of the deal on the company

1. The sale of the plant is conducive to further straighten out the ownership relationship of assets, solve the problem of different ownership of the plant and land property, and reduce the related transactions between the company and Wazhou Group.

2. After deducting various taxes and fees, the transaction is expected to generate income of 246,000 yuan. The specific amount of the impact on the current profit and loss shall be subject to the audit report.

VII.Prior approval and opinion of the independent directors

The independent director of the company issued the "Independent director's prior approval" and "Independent Director's opinion" on this matter.

The independent director checked the matter of the company's proposed sale of automobile bearing plant to Wazhou Group in advance, and believed that the transaction was conducted in accordance with the evaluation result of the third-party evaluation institution, which was fair and objective.The company shall deal with the above assets in strict accordance with the relevant review procedures, which will not harm the interests of the company and minority shareholders.

VIII.Documents for references

1.Wafangdian Bearing Co., LTD Resolutions of the 8th meeting of 8thBoard Session;

2.Letter of approval of independent directors and opinions of independent directors;

3.Wafangdian Bearing Co., LTD Resolutions of the 6th Meeting of 8th Board of Supervisorn;

4.Letter of intent, agreement or contract;

5.Assessment report;

6.An overview of the transactions of listed companies;

Hereby notify

Board of director of Wafangdian bearing Co., Ltd

March 10, 2021