

Wafangdian Bearing Company Limited

Accrual of Assets for Impairment

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.

The 6th session of 7th BOD and 6th session of 7th supervisory committee were held on 24 April 2018 under the name of Wafangdian Bearing Co., Ltd. (hereinafter referred to as the Company), for deliberated and approved proposal of Accrual of Assets for Impairment, details of the notice are as:

I. Overview

With representing a faithfulness financial status and assets value of the Company, according to Accounting Standards for Business Enterprises and relevant rules of accounting policy of the Company, we analyze and evaluated the recycling possibility for vary receivables and net realizable value of inventories, among the Company and subsidiaries for year of 2017. Based on principle of prudence, the impairment provision 30,470,000Yuan in total are accrual for potential impairment of account receivable and inventory. Details are as:

Item	Accrual amount (in 10 thousand Yuan)	Accrual reasons
Inventory	1562	
Fixed Assets	23	The book value of the asset exceeds its recoverable amount, and the difference is recognized as impairment loss.
Accounts Receivables	1462	Bad debt losses confirmed standard:Unit of debt cancellation, bankruptcy, insolvency, shortage of cash flow, lead to serious natural disaster and so on production and in the foreseeable time unable to repay debts, etc.;Other evidence suggests that money really can't take back or withdraw is unlikely.For the possibility of bad debt losses using the allowance method of accounting, alone or in combination for impairment test, the end of provision for bad debts preparation, included in the current profits and losses.
Total	3,047	

II. Impact on financial status and operation results

Accrual for impairment amounting to 30,470,000Yuan, and has 30,470,000 Yuan impact on consolidate statement in profit.

III. Deliberation procedures on the accrual

The accrual for assets impairment has deliberated and approved by 6th session of 7th BOD and 6th session of 7th supervisory committee held on 24 April 2018. Independent directors issue independent opinions with consent. According to regulation of Stock Listing Rules, the proposal shall deliberate in AGM of 2017.

IV. Explanation rationality from the Board

According to Accounting Standards for Business Enterprises and relevant rules of accounting policy of the Company, totally 30,470,000Yuan accrual for account receivable and provision for decline in value of inventory, which is objectively and fairly reflect a financial status and assets of the Company at period-end.

V. Supervisory Committee's opinion

We consider that: the above mentioned resolution has legal procedures and sufficient basis; the accrual is comply with relevant rules of accounting rules for enterprise, and actual situation of the Company, after accrual, assets condition of the Company are representing fairly. We agree to accrual the impairment provision for assets.

VI. Independent opinions

We consider that: the above mentioned accrual has standard decision-making procedures with sufficient basis, and meets relevant regulation of the Company and Accounting Standards for Business Enterprises.

The accrual is fairly presenting financial status, assets value and operation results of the Company ended as 31 December 2017, and meets overall interest of the Company. And also helping a lot in offering more truth-ness, reliable and accuracy accounting information for investors, no situation of interest from the Company and whole shareholders, minority in particular are being damaged. We agree to accrual the impairment provision for assets.

Hereby notify

**BOD of
Wafangdian Bearing Co., Ltd.**

25 April 2018