

CHINA BEARING (SINGAPORE) LTD.
(Company Registration No. 200512048E)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERY ON UNAUDITED FIRST QUARTER RESULTS FOR PERIOD ENDED 31 MARCH 2014

The Board of Directors (the "Board") of China Bearing (Singapore) Ltd. (the "Company", and together with its subsidiary, collectively the "Group") refers to the following query received from Singapore Exchange Securities Trading Limited on the unaudited first quarter results of the Group for the period ended 31 March 2014 released on 5 May 2014:-

"Please explain the reason(s) for the 41.3% increase in cost of sales from RMB24,873,000 in the period ended 31 March 2013 to RMB35,138,000 in the period ended 31 March 2014."

The Board wishes to respond as follows:-

The increase in cost of sales from RMB24,873,000 in the period ended 31 March 2013 ("FP2013") to RMB35,138,000 in the period ended 31 March 2014 ("FP2014") was mainly attributable to the increase in direct material costs. Direct material costs increased from RMB18.0 million or 72.5% of our total cost of sales in FP2013 to RMB28.0 million or 79.6% of our total cost of sales in FP2014. Our direct material costs increased by RMB10.0 million as a result of increase in the production volume of heavy bearing products from 197,855 sets in FP2013 to 362,021 sets in FP2014.

By order of the Board

ZHANG ANXI
Managing Director and Chief Executive Officer
12 May 2014