Registration No. 197302030N

FOR IMMEDIATE RELEASE

KIAN HO POSTS HIGHER REVENUE OF $41.7 M

SINGAPORE, 13 August 2014 – Amid an increasingly competitive business landscape, stockist, distributor and retailer of bearings and seals products, **Kian Ho Bearings Ltd**, has posted a revenue of $41.7 million for the half year ended 30 June 2014 ("1H14"), recording a 5% increase from the $39.9 million recorded for the previous corresponding period ("1H13").

The improvement in the top line was mainly driven by increased sales activity in the Malaysia and China Original Equipment Manufacturers ("OEM") market segment and demand recovery in certain export markets. This was however, partially offset by challenging market conditions in the dealers market in China, and weaker domestic Singapore sales in the OEM and Maintenance, Repair and Overhaul ("MRO") segments. The intense price competition in the global dealers markets resulted in an erosion of average selling prices and compressing gross margins to 19%, from 22% a year ago.

Profit before tax fell 56% to $0.6 million, taking into account a $1.5 million provision for slow moving inventories, and a $2.2 million fair value gain on the revaluation of the Group's investment properties. Net profit attributable to shareholders was $0.1 million versus $1.1 million in 1H13. Earnings per share was 0.04 cent, compared to 0.47 cent for 1H13.

The Group's net cash generated from operating activities improved to a positive $10.0 million from a $0.4 million deficit in 1H13. This was mainly due to continual stringent control over inventory purchases and aggressive promotion of its inventories during the period.

Outlook

The Group issued an announcement on 5 June 2014, in relation to the mandatory unconditional cash offer by Raffles United Pte Ltd ("Raffles United") to acquire all the issued and paid-up ordinary shares in the capital of the Company, which was closed on 17 July 2014. Raffles United had expressed its intention to contribute its experience and business contacts in property investment to enhance Kian Ho's growth prospects, even as it continues with its existing businesses. This potential business portfolio diversification may attribute to an increase in shareholder value in future.

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The Board will consider and look into potential diversification of business into property investment. The Group will release appropriate announcement in due course if and whenever appropriate.

The Group will continue to focus on its existing core business in bearings and seals especially the OEM and MRO segments in the countries in which the Group operates.

Barring any unforeseen circumstances, the Directors expect the performance of the Group for the financial year 2014 to remain profitable.

About Kian Ho Bearings Ltd

Kian Ho Bearings Ltd (K22.SI / KH SP) is one of the largest professional stockist, distributor and retailer of bearings and seals products in the region. With more than 50 years of track record and heritage, Kian Ho has built up a comprehensive product range of more than 35,000 product types across various brands. With its extensive presence in South East Asia, Greater China, and Australia, the Group caters to the needs of resellers and OEM customers globally. For more information, please visit http://www.kianho.com.sg

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