



**CHINA BEARING (SINGAPORE) LTD.**  
**(Company Registration Number 200512048E)**  
**(Incorporated in Singapore)**

**UNAUDITED FIRST QUARTER RESULTS FOR THE PERIOD ENDED 31 MARCH 2014**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF – YEAR AND FULL YEAR RESULTS**

**1(a) A statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Group</b>		Increase/ (Decrease) %
	3-month period ended 31 March		
	<b>2014</b> RMB'000	<b>2013</b> RMB'000 (Restated)	
Revenue	37,462	29,124	28.6
Cost of sales	(35,138)	(24,873)	41.3
Gross Profit	2,324	4,251	(45.3)
Other operating income	474	367	29.2
Distribution costs	(961)	(740)	29.9
Administrative expenses	(4,568)	(2,840)	60.8
Loss before taxation	(2,731)	1,038	(363.1)
Taxation	-	-	-
Loss after taxation	(2,731)	1,038	(363.1)
Other comprehensive Income, net of tax	-	-	-
Total comprehensive loss	(2,731)	1,038	(363.1)
Loss per share (RMB cent)			
- Basic	(0.99)	0.45	
- Diluted	(0.99)	0.45	

Note:

Certain figures in FY2013 were restated due to reclassification of cost of sales which was wrongly sett-off against revenue in prior year and to conform to the audited financial statements for financial year ended 31 December 2013 and current presentation.

**The (loss)/profit before taxation of the group is arrived at after (charging)/crediting the following:**

	<b>Group</b>	
	3-month period ended 31 March	
	<b>2014</b> RMB'000	<b>2013</b> RMB'000
Interest income	65	69
Depreciation and amortisation	(930)	(2,703)

**1(b)(i) A statements of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	Company		Group	
	31 Mar 14 RMB'000	31 Dec 13 RMB'000	31 Mar 14 RMB'000	31 Dec 13 RMB'000
<b>Non-Current Assets</b>				
Property, plant and equipment	3	4	34,009	34,842
Investment in subsidiary	115,485	115,485	-	-
Deferred tax assets	-	-	1,117	1,117
	<u>115,488</u>	<u>115,489</u>	<u>35,126</u>	<u>35,959</u>
<b>Current Assets</b>				
Inventories	-	-	34,133	38,026
Trade receivables	-	-	29,056	23,475
Other receivables and prepayment	146	-	3,500	2,746
Tax recoverable	-	-	200	200
Cash and cash equivalents	4,442	5,231	86,259	82,974
	<u>4,588</u>	<u>5,231</u>	<u>153,148</u>	<u>147,421</u>
<b>Total Assets</b>	<b>120,076</b>	<b>120,720</b>	<b>188,274</b>	<b>183,380</b>
<b>Capital and reserves</b>				
Share capital	125,769	125,769	125,769	125,769
(Accumulated losses)/ Retained earnings	(15,020)	(13,715)	(41,591)	(38,860)
Statutory common reserve	-	-	28,284	28,284
	<u>110,749</u>	<u>112,054</u>	<u>112,462</u>	<u>115,193</u>
<b>Current Liabilities</b>				
Trade payables	-	-	34,485	27,426
Other payables and accruals	2,014	1,353	20,061	19,495
Amount owing to subsidiary	6,415	6,415	-	-
Loans from related parties	-	-	20,368	20,368
Advances from directors	898	898	898	898
	<u>9,327</u>	<u>8,666</u>	<u>75,812</u>	<u>68,187</u>
<b>Total equity and liabilities</b>	<b>120,076</b>	<b>120,720</b>	<b>188,274</b>	<b>183,380</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

As at 31 Mar 2014		As at 31 Dec 2013	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
NA	NA	NA	NA

**Amount repayable after one year**

As at 31 Mar 2014		As at 31 Dec 2013	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
NA	NA	NA	NA

**Details of any collateral**

Not Applicable.

**1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group	
	3-month period ended 31 March	
	2014 RMB'000	2013 RMB'000 (Restated)
<b>Cash flows from operating activities:</b>		
(Loss)/Profit before taxation	(2,731)	1,038
Adjustments for:		
Depreciation	930	2,703
Interest income	(65)	(69)
Operating cash flow before working capital changes	(1,866)	3,672
Decrease/(Increase) in inventories	3,893	(4,374)
(Increase)/Decrease in receivables	(6,335)	1,570
Increase in payables	7,590	1,817
Cash generated from operations	3,282	2,685
Income tax paid	-	(200)
Net cash generated from operating activities	3,282	2,485
<b>Cash flows from investing activities:</b>		
Payment for acquisition of property, plant and equipment	(62)	(261)
Interest received	65	69
Net cash generated from/(used in) investing activities	3	(192)
Net increase in cash and cash equivalents	3,285	2,293
Cash and cash equivalents at beginning of the period	82,974	78,870
<b>Cash and cash equivalents at end of the period</b>	<b>86,259</b>	<b>81,163</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			
	Share Capital	Statutory Common Reserve	Retained Earnings	Total
<b>(RMB'000)</b>				
<b>2014</b>				
Balance at 1 Jan 2014	125,769	28,284	(38,860)	115,193
Loss for the period	-	-	(2,731)	(2,731)
Total comprehensive loss for the period	-	-	(2,731)	(2,731)
Balance as at 31 Mar 2014	125,769	28,284	(41,591)	112,462
<b>2013</b>				
Balance at 1 Jan 2013	119,482	28,284	16,336	164,102
Profit for the period	-	-	1,038	1,038
Total comprehensive income for the period	-	-	1,038	1,038
Balance as at 31 Mar 2013	119,482	28,284	17,374	165,140

(RMB'000)	Company		
	Share Capital	Retained Earnings	Total
<b>2014</b>			
Balance as at 1 Jan 2014	125,769	(13,715)	112,054
Loss for the period	-	(1,305)	(1,305)
Total comprehensive loss for the period	-	(1,305)	(1,305)
Balance as at 31 Mar 2014	125,769	(15,020)	110,749
<b>2013</b>			
Balance as at 1 Jan 2013	119,482	(12,835)	106,647
Loss for the period	-	(534)	(534)
Total comprehensive loss for the period	-	(534)	(534)
Balance as at 31 March 2013	119,482	(13,369)	106,113

**1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share option or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There are no changes to the share capital of the Company since 31 December 2013.

The Company has no outstanding convertibles or treasury shares as at 31 March 2014 and 31 March 2013.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Group		Company	
	31 Mar 14	31 Dec 13	31 Mar 14	31 Dec 13
Total number of issued shares	276,000,000	276,000,000	276,000,000	276,000,000
Less: Treasury shares	-	-	-	-
Total number of issued shares excluding treasury shares	276,000,000	276,000,000	276,000,000	276,000,000

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company has no treasury shares as at as at 31 March 2014.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

The figures have not been audited nor reviewed by our auditors.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ("FY") ended 31 December 2013.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reason for, and the effect of, the change.**

Reference	Description	Effective date (Annual periods beginning on or after)
Revised FRS 27	Separate Financial Statements	1 January 2014
Revised FRS 28	Investments in Associates and Joint Ventures	1 January 2014
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 111	Joint Arrangements	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 36	Recoverable Amount Disclosures for Non-Financial assets	1 January 2014
Amendments to FRS 39	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
Amendments to FRS 19	Defined Benefit Plans: Employee Contributions	1 July 2014
Improvements to FRSs (2014)	Various	1 July 2014

The directors do not anticipate that the adoption of the above FRSs in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

**6. Earnings per ordinary share of the group for the current financial period reported on and the immediately preceding financial period, after deducting any provision for preference dividends.**

	Group	
	3-month period ended 31 March	
	2014	2013
Net (loss)/profit for the period (RMB'000)	(2,731)	1,038
Basic earnings per share (RMB cent)	(0.99)	0.45
Diluted earnings per share (RMB cent)	(0.99)	0.45

Explanatory notes:

Earnings per share is calculated based on the Group profit/(loss) after taxation divided by the issued share capital of the Company of 276,000,000 (2013: 230,000,000) shares for the period under review.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:**  
**(a) current financial year reported on; and**  
**(b) immediately preceding financial year.**

	Company		Group	
	31 Dec 14	31 Dec 13	31 Dec 14	31 Dec 13
Net Asset Value per share (RMB cents)	40.1	40.6	40.7	41.7

The net asset value per ordinary share of the Group and the Company as at 31 March 2014 and 31 December 2013 were calculated based on the issued share capital of the Company of 276,000,000 shares as at 31 March 2014 and 31 December 2013.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### ***Review of Performance***

#### **FY2014 Q1 vs FY2013 Q1**

Revenue increased by RMB8.4 million from RMB29.1 million in First Quarter of Financial Period ended 31 March 2013 ("Q1 FP2013") to RMB37.5 million in First Quarter of Financial Period ended 31 March 2014 ("Q1 FP2014"). The increase in the revenue was mainly due to increase in sales of light bearing products (RMB0.5 million) and heavy bearing products (RMB9.9 million) and set off with the decreased in sales of micro-size bearing products (RMB0.5 million), agency fees (RMB0.4 million), bearing accessories and partial complete bearing product (RMB1.2 million).

Gross profit recorded a decrease of RMB1.9 million in Q1 FP2014 as a result of gross profit margin also decreased by 8.4% from 14.6% in Q1 FP2013 to 6.2% in Q1 FP2014. This was mainly due to decrease in the selling price of all range of our products.

Distribution costs increased by RMB0.2 million or 29.9% from RMB0.7 million in Q1 FP2013 to RMB0.9 million in Q1 FP2014. This was mainly due to increase in transportation charges as a result of more delivery to the customers.

Administrative expenses increased by RMB1.7 million from RMB2.8 million in Q1 FP2013 to RMB4.5 million in Q1 FP2014 was mainly due to increased in legal and professional fees (RMB1.0 million), travelling expenses (RMB0.3 million) and repair and maintenance fees (RMB0.3 million). The legal and professional fees increased from RMB0.02 million in Q1 FP2013 to RMB1.0 million in Q1 FP2014 as a result of legal and professional fees incurred for the Proposed Acquisition (defined below).

Other operating income recorded a marginal increase of RMB0.1 million from RMB0.4 million in Q1 FP2013 to RMB0.5 million in Q1 FP2014 was mainly due to increase in sales of waste materials.

The above reasons explained losses before income tax increased by RMB3.7 million from net profit of RMB1.0 million in Q1 FP2013 to net losses of RMB2.7 million in Q1 FP2014.

### ***Review of Balance Sheet***

#### **31 March 2014 vs 31 December 2013**

Property, plant and equipment decreased by RMB0.8 million, from RMB34.8 million as at 31 December 2013 ("FY2013") to RMB34.0 million as at 31 March 2014 ("FP2014") was mainly due to depreciation during the period. Depreciation charges decreased by RMB1.8 million from RMB2.7 million in Q1 FP2013 to RMB0.9 million in Q1 FP2014 as a result of impairment of property, plant and equipment in FY2013.

Inventories decreased by RMB3.9 million, from RMB38.0 million as at FY2013 to RMB34.1 million as at FP2014. This was due to decrease in finished goods (RMB6.1 million) and offset against increase of work in progress (RMB1.6 million) and raw material (RMB0.6 million).

Trade receivables increased by RMB5.6 million from RMB23.5 million as at FY2013 to RMB29.1 million as at FP2014 as a result of increase in revenue of our heavy bearing products.

Other receivables and prepayments increased by RMB0.8 million from RMB2.7 million as at FY2013 to RMB3.5 million as at FP2014 as a result of increase in prepayment to suppliers for the purchases of raw materials.

Trade payables increased by RMB7.1 million from RMB27.4 million as at FY2013 to RMB34.5 million as at FP2014 is mainly due to better trade term.

Other payables and accruals increased by RMB0.5 million from RMB19.5 million as at FY2013 to RMB20.0 million as at FP2014. This was due to increase of accrued operating expenses (RMB1.5 million) and offset against decrease in accrued staff salary and related expenses (RMB0.8 million) and Value Added Tax payable (RMB0.2 million).

### ***Review of Cash Flow Statement***

#### **FY2014 Q1 vs FY2013 Q1**

Cash flow from operating activities recorded an increase of RMB0.6 million from RMB2.7 million in Q1 FP2013 to RMB3.3 million in Q1 FP2014. This was mainly attributable to the operating loss before working capital changes of RMB1.9 million in Q1 FP2014 which was largely offset by the cash inflow of RMB5.1 million generated from changes of working capital during the period due to lower inventory levels and higher payables.

Net cash generated from investing activities increased by RMB0.2 million from cash used in investing activities of RMB0.2 million in Q1 FP2013 to cash generated from investing activity of RMB0.003 million in Q1 FP2014 as a result of decreased in acquisition of plant and machinery .

Cash and cash equivalent increased from RMB81.2 million in Q1 FP2013 to RMB86.3 million in Q1 FP2014.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

This is in line with profit guidance announcement released on 30 April 2014.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The market for single row tapered roller bearings in China increased by 17.21% from 24.2 million units in Q1 FP2013 to 28.4 million units in Q1 FP2014. As the Company's main product is the single row tapered roller bearing, the effect of the increase in sales of the single row tapered roller bearing has been reflected in the Group's financial results in Q1 FP2014.

Although the expectation on the marginal increase in the selling price of the products has not been materialized but there is an increment in the sales volume of the products. As such, the management remains conservatively optimistic on the recovery of bearing industry. The management also expects that the labour cost and cost of raw material, mainly steel will not have much fluctuation in the next 12 months.

On 27 January 2014, the Company announced that it has entered into a term sheet (the "Term Sheet") with (i) Lim Tahir Ferdian, Hungdres Halim, and Edward Halim (each a "Vendor" and collectively, the "Vendors") (ii) Lim Victory Halim, Rudi Wijaja, and PT Millennium Investment, and (iii) PT Vasco Nusantara, PT Millennium Danatama Resources and PT Millennium Mining and Resources, pursuant to which the Company shall acquire the entire issued and paid-up share capital of an investment holding company ("Target Holding Company") to be incorporated in British Virgin Islands from the Vendors (the "Proposed Acquisition"). The Proposed Acquisition is subject to, *inter alia*, the execution of definitive sale and purchase agreement and/or such other terms and

conditions stated in the Company's announcement dated 27 January 2014. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition. Please refer to the Company's announcement dated 27 January 2014 for full information.

**11. If a decision regarding dividend has been made**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended).**

None.

**(b) (i) Amount per share**

Not Applicable.

**(ii) Previous corresponding period**

Not Applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**

Not Applicable.

**(d) The date the dividend is payable**

Not Applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlements to the dividend are determined.**

Not Applicable.

**12. If no dividend has been declared/recommended, a statement to that effect.**

The Board of Directors of the Company does not recommend that a dividend be paid for the period ended 31 March 2014.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Pursuant to Rule 920(1)(a)(ii) of the Listing Manual, the details of the aggregate value of interest person transactions conducted for the financial year from 1 January 2014 to 31 March 2014:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than RMB491,000 (\$100,000) and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than RMB491,000 (\$100,000))
	RMB'000	RMB'000
Shandong Yimeng Bearing Joint Stock Co., Ltd.	236	-



The Company does not have a general mandate from shareholders for interested person transactions.

#### 14. Use of proceeds arising from share placement

The Company completed the share placement on 10 May 2013 and raised RMB6,630,715.

As at 31 March 2014, the utilisation of the cash proceeds of approximately RMB2,188,553 were as follows:

Utilisation of Share Placement Proceeds	RMB
General working capital	
- Payment for various professional services	630,219
- Payment for administration expenses	1,214,737
Payment for expenses incurred in connection with the Share Placement	343,597
Share Placement proceeds utilized	2,188,553
Unutilised balance of the Share Placement proceeds	4,442,162
Total cash proceeds received from Share Placement	6,630,715

The Company will make an announcement as to the use of the proceeds from the share placement as and when such proceeds are materially disbursed.

#### 15. Negative Confirmation Pursuant to Rule 705(5) of the SGX-ST Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results of China Bearing (Singapore) Ltd for the financial period ended 31 March 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Zhang Anxi  
Managing Director and CEO

Zhang Anling  
Executive Director

## PART II ADDITIONAL INFORMATION FOR DISCLOSURE

### INTERESTED PARTY TRANSACTIONS

Aggregate value of interested person transactions conducted for the financial year from 1 January 2014 to 31 March 2014.

#### 1. Lease of property from Shandong Yimeng Bearing Joint Stock Co., Ltd

We currently lease the land and buildings at No. 2 Yiqing Road, Yinan County, Shandong Province, the PRC from Shandong Yimeng Bearing Joint Stock Co., Ltd (“Yimeng Bearing”) for office, plant and factory uses. The present lease for the land and buildings is for a term of 10 years, which commenced on 1 April 2006 and will expire on 31 March 2016. The annual rental is RMB944,106. For financial period ended 31 March 2014, total lease rental paid to Yimeng Bearing was RMB236,026. For more details please refer to paragraph 4 of page 110 of the Company’s Prospectus dated 12 October 2006 (the “Ongoing and Continuing Interested Person Transactions”).

#### 2. Loan from Yimeng Bearing

Pursuant to the Asset Purchase Agreement entered with Yimeng Bearing for the purpose of Restructuring and subsequent agreement made between Yimeng Bearing, our subsidiary, Linyi Kaiyuan Bearing Co., Ltd has obtained loans from the shareholders of Yimeng Bearing for an amount of approximately RMB25.1 million. The loans shall be on an unsecured and interest-free basis; and repayable only after 3 years from the date of admission of our Company to the Official List of SGX-ST. In addition, the repayment of this loan is subject to the approval of Audit Committee, taking into account, *inter alia*, our Group’s working capital and gearing positions. A loan repayment of RMB4.7 million was made in FY2011 Q3 and the balance loan of RMB20.4 million remained outstanding in our balance sheet as at 31 March 2014. For more details please refer to paragraph 2 of page 110 of the Company’s Prospectus dated 12 October 2006 (the “Ongoing and Continuing Interested Person Transactions”).

BY ORDER OF THE BOARD

Zhang Anxi  
Managing Director and CEO  
5 May 2014

Zhang Anling  
Executive Director