



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

UNAUDITED SECOND QUARTER RESULTS FOR THE PERIOD ENDED 30 JUNE 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.**

	Group					
	3-month period ended 30 June			6-month period ended 30 June		
	2014	2013	Increase/ (Decrease)	2014	2013	Increase/ (Decrease)
	RMB'000	RMB'000 (Restated)	%	RMB'000	RMB'000 (Restated)	%
Revenue	36,515	32,401	12.7	73,977	61,525	20.2
Cost of sales	(28,916)	(29,464)	-1.9	(64,054)	(54,337)	17.9
Gross Profit	7,599	2,937	158.7	9,923	7,188	38.0
Other operating income	738	420	75.7	1,212	787	54.0
Distribution costs	(935)	(820)	14.0	(1,896)	(1,560)	21.5
Administrative expenses	(3,412)	(4,362)	-21.8	(7,980)	(7,202)	10.8
Profit/(Loss) before taxation	3,990	(1,825)	-318.6	1,259	(787)	-260.0
Taxation	(556)	-	-100.0	(556)	-	-100.0
Profit/(Loss) after taxation	3,434	(1,825)	-288.2	703	(787)	-189.3
Other comprehensive income, net of tax	-	-		-	-	
Total comprehensive income/(loss)	3,434	(1,825)	-288.2	703	(787)	-189.3
Earnings/(Loss) per share (RMB cent)						
- Basic	1.24	(0.70)		0.25	(0.30)	
- Diluted	1.24	(0.70)		0.25	(0.30)	

Note:

Certain figures in FY2013 were restated due to reclassification of cost of sales which was wrongly set-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 profit/(loss) before taxation of the group is arrived at after (charging)/crediting the following:

	Group			
	3-month period ended 30 June		6-month period ended 30 June	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	70	81	135	150
Depreciation and amortisation	(886)	(2,517)	(1,816)	(5,220)
Gain on disposal of property, plant and equipment	311	-	311	1
Reversal of inventory impairment	2,043	-	2,043	-

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	
	30 June 14 RMB'000	31 Dec 13 RMB'000	30 June 14 RMB'000	31 Dec 13 RMB'000
Non-Current Assets				
Property, plant and equipment	2	4	33,322	34,842
Investment in subsidiary	115,485	115,485	-	-
Deferred tax assets	-	-	847	1,117
	<u>115,487</u>	<u>115,489</u>	<u>34,169</u>	<u>35,959</u>
Current Assets				
Inventories	-	-	38,854	38,026
Trade receivables	-	-	31,179	23,475
Other receivables and prepayment	65	-	4,245	2,746
Tax recoverable	-	-	-	200
Cash and cash equivalents	2,468	5,231	80,660	82,974
	<u>2,533</u>	<u>5,231</u>	<u>154,938</u>	<u>147,421</u>
Total Assets	118,020	120,720	189,107	183,380
Capital and reserves				
Share capital	125,769	125,769	125,769	125,769
(Accumulated losses)/ Retained earnings	(15,589)	(13,715)	(38,157)	(38,860)
Statutory common reserve	-	-	28,284	28,284
	<u>110,180</u>	<u>112,054</u>	<u>115,896</u>	<u>115,193</u>
Current Liabilities				
Trade payables	-	-	34,801	27,426
Other payables and accruals	762	1,353	17,058	19,495
Amount owing to subsidiary	6,180	6,415	-	-
Loans from related parties	-	-	20,368	20,368
Advances from directors	898	898	898	898
Tax liability	-	-	86	-
	<u>7,840</u>	<u>8,666</u>	<u>73,211</u>	<u>68,187</u>
Total equity and liabilities	118,020	120,720	189,107	183,380

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

Amount repayable in one year or less, or on demand

As at 30June2014		As at 31 Dec 2013	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
-	21,266	-	21,266

Amount repayable after one year

As at 30June 2014		As at 31 Dec 2013	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
-	-	-	-

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 from Apr to June		6-month period from Jan to June	
	2014 RMB'000	2013 RMB'000 (Restated)	2014 RMB'000	2013 RMB'000 (Restated)
Cash flows from operating activities:				
Profit/(Loss) before taxation	3,990	(1,825)	1,259	(787)
Adjustments for:				
Depreciation	886	2,517	1,816	5,220
Gain on disposal of property, plant and equipment	(311)	-	(311)	-
Interest income	(70)	(81)	(135)	(150)
Reversal for inventories written down	(2,043)	-	(2,043)	-
Operating cash flow before working capital changes	2,452	611	586	4,283
(Increase)/Decrease in inventories	(2,678)	1,348	1,215	(3,026)
(Increase) / Decrease in receivables	(2,868)	1,262	(9,203)	2,832
Increase / (Decrease) in payables	(2,289)	(2,116)	5,301	(299)
Cash (used in)/generated from operations	(5,383)	1,105	(2,101)	3,790
Income tax paid	-	(238)	-	(438)
Net cash (used in)/generated from operations	(5,383)	867	(2,101)	3,352
Cash flows from investing activities:				
Payment for acquisition of property, plant and equipment	(678)	(239)	(740)	(500)
Proceeds from disposal of property, plant and equipment	392	-	392	-
Interest received	70	81	135	150
Net cash used in investing activities	(216)	(158)	(213)	(350)
Cash flows from financing activity:				
Proceeds from shares placement	-	6,287	-	6,287
Net cash generated from financing activity	-	6,287	-	6,287
Net (decrease)/increase in cash and cash equivalents	(5,599)	6,996	(2,314)	9,289
Cash and cash equivalents at beginning of the period	86,259	81,163	82,974	78,870
Cash and cash equivalents at end of the period	80,660	88,159	80,660	88,159

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
(RMB'000)				
2014				
Balance at 1 Jan 2014	125,769	28,284	(38,860)	115,193
Profit for the period	-	-	703	703
Total comprehensive income for the period	-	-	703	703
Balance as at 30 June 2014	125,769	28,284	(38,157)	115,896
2013				
Balance at 1 Jan 2013	119,482	28,284	16,336	164,102
Loss for the period	-	-	(787)	(787)
Total comprehensive loss for the period	-	-	(787)	(787)
Issuance of shares pursuant to share placement	6,631	-	-	6,631
Share issuance expenses	(344)	-	-	(344)
Total contribution by equity holders	6,287	-	-	6,287
Total transactions with equity holders in their capacity as equity holders	6,287	-	(787)	6,287
Balance as at 30 June 2013	125,769	28,284	15,549	169,602

(RMB'000)	Company		
	Share Capital	Retained Earnings	Total
2014			
Balance as at 1 Jan 2014	125,769	(13,715)	112,054
Loss for the period	-	(1,874)	(1,874)
Total comprehensive loss for the period	-	(1,874)	(1,874)
Balance as at 30 June 2014	125,769	(15,589)	110,180
2013			
Balance as at 1 Jan 2013	119,482	(12,835)	106,647
Loss for the period	-	(1,076)	(1,076)
Total comprehensive loss for the period	-	(1,076)	(1,076)
Issuance of shares pursuant to share placement	6,631	-	6,631
Share issuance expenses	(344)	-	(344)
Total contribution by equity holders	6,287	-	6,287
Total transactions with equity holders in their capacity as equity holders	6,287	-	6,287
Balance as at 30 June 2013	125,769	(13,911)	111,858

- 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 30 June 2014 and 30 June 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	
	30 June 14	31 Dec 13	30 June 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 30 June 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.

The Group has adopted all new and revised Financial Reporting Standard ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014, where applicable.

The directors do not anticipate that the adoption of the new and revised FRS 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 30 June		6-month period ended 30 June	
	2014	2013	2014	2013
Net profit/(loss) for the period (RMB'000)	3,434	(1,825)	703	(787)
Basic earnings per share (RMB cent)	1.24	(0.70)	0.25	(0.30)
Diluted earnings per share (RMB cent)	1.24	(0.70)	0.25	(0.30)

Explanatory notes:

Earnings per share is calculated based on the Group profit/(loss) after taxation divided by the actual weighted average number of ordinary shares in issue of 276,000,000 (2013: 259,742,466) shares for the period under review. The basic and diluted EPS were the same as the Group did not have any potential dilutive instruments for the respective financial period.

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	
	30 June 14	31 Dec 13	30 June 14	31 Dec 13
Net Asset Value per share (RMB cents)	39.9	40.6	42.0	41.7

The net asset value per ordinary share of the Group and the Company as at 30 June 2014 and 31 December 2013 were calculated based on the issued share capital of the Company of 276,000,000 shares as at 30 June 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

Q2FY2014 vs Q2FY2013

Revenue increased by RMB 4.1 million from RMB 32.4 million in second quarter ended 30 June 2013 ("Q2FY2013") to RMB 36.5 million in second quarter ended 30 June 2014 ("Q2FY2014"). The increase was mainly due to increase in sales of heavy bearing products (RMB 8.0 million), and offset by decrease in sales of micro-size bearing products (RMB 1.2 million), light bearing products (RMB 0.9 million), agency fees (RMB 0.2 million), bearing accessories and partial-complete bearing products (RMB 1.6 million). Sales of heavy bearing products increased by RMB 8.0 million in Q2FY2014 was the result of increase in the sales volume and selling price.

Cost of sales decreased by RMB 0.6 million to RMB 28.9 million in Q2FY2014 as compared to RMB 29.5 million in Q2FY2013. The decrease was mainly attributable to the reversal of inventories impairment amounting to RMB 2.0 million as a result of a recovery in the selling price of the Group's heavy bearing products and light bearing products.

In tandem with the increase in revenue, gross profit increased by RMB 4.7 million in Q2FY2014 to RMB 7.6 million as compared to RMB 2.9 million in Q2FY2013. Gross profit margin increased from 9.1% in Q2FY2013 to 20.8% in Q2FY2014 due mainly to increase in the selling price of heavy bearing products and light bearing products and also reversal of inventories impairment.

Distribution costs increased by RMB 0.1 million or 14.0% from RMB 0.8 million in Q2FY2013 to RMB 0.9 million in Q2FY2014. This was mainly due to increase in transportation charges on the back of more frequent delivery to the customers.

Administrative expenses decreased by RMB 1.0 million from RMB 4.4 million in Q2FY2013 to RMB 3.4 million in Q2FY2014, which was due mainly to decrease in legal and professional fee of RMB 0.3 million, travelling expenses of RMB 0.3 million and depreciation charges of RMB 0.3 million due to lower carrying value of property, plant and equipment as a result of impairment done in FY2013.

The Group recorded an increase of RMB 0.3 million in other operating income to RMB 0.7 million in Q2FY2014. The increase was mainly due to increase in the sales of waste materials as a result of higher level of production activities.

As a result of higher revenue and gross profit and lower expenses, the Group recorded a profit before tax of RMB 4.0 million for Q2FY2014, as compared to loss before tax of RMB 1.8 million for Q2FY2013. Accordingly, the Group recorded a provision for income tax amounting to RMB 0.6 million for Q2FY2014.

1HFY2014 vs 1HFY2013

Revenue increased by RMB 12.5 million from RMB 61.5 million for the 6 months ended 30 June 2013 ("1HFY2013") to RMB 74.0 million for the 6 months ended 30 June 2014 ("1HFY2014"). The increase was mainly due to the increase in sales of heavy bearing products (RMB 18.0 million) which was offset by the decrease in sales of micro-size bearing products (RMB 1.8 million), light bearing products (RMB 0.3 million), agency fees (RMB 0.6 million), bearing accessories and partial-complete bearing product (RMB 2.8 million). Sales of heavy bearing products increased by RMB 18.0 million in Q2FY2014 was achieved on the back of higher sales volume and selling price.

Cost of sales increased by RMB 9.8 million from RMB 54.3 million in 1HFY2013 to RMB 64.1 million in 1HFY2014. The increase was mainly attributable to the increase in direct material costs of RMB 8.2 million as a result of higher production volume in 1HFY2014.

For 1HFY2014, gross profit increased by RMB 2.7 million to RMB 9.9 million in line with the increase in revenue. Gross profit margin improved from 11.7% in 1HFY2013 to 13.4% in 1HFY2014, due

mainly to increase in the selling price of heavy bearing products and light bearing products as well as a reversal of inventories impairment.

Distribution costs increased by RMB 0.3 million or 21.5% from RMB 1.6 million in 1HFY2013 to RMB 1.9 million in 1HFY2014. This was mainly due to increase in transportation charges as a result of more frequent delivery to the customers.

Administrative expenses increased by RMB 0.8 million from RMB 7.2 million in 1HFY2013 to RMB 8.0 million in 1HFY2014. The increase was mainly due to increase in repair and maintenance costs of RMB 0.4 million and legal and professional fees of RMB 0.7 million incurred for the Proposed Acquisition (defined below). This was partially offset by a decrease in depreciation charges of RMB 0.3 million.

Other operating income increased by RMB 0.4 million from RMB 0.8 million in 1H2013 to RMB 1.2 million in 1HFY2014 which was mainly due to increase in sales of waste materials generated from higher level of production activities.

For 1H2014, the Group achieved a profit before tax of RMB 1.3 million as compared to a loss before tax of RMB 0.8 million for 1HFY2013. The Group has provided for an income tax expense of RMB 0.6 million in 1HFY2014.

Review of Balance Sheet

Property, plant and equipment decreased by RMB 1.5 million, from RMB 34.8 million as at 31 December 2013 to RMB 33.3 million as at 30 June 2014 due mainly to depreciation expense during the period.

Inventories increased marginally from RMB 38.0 million as at 31 December 2013 to RMB 38.9 million as at 30 June 2014. This was due to the increase in raw material of RMB 1.6 million and work in progress of RMB 0.4 million and was offset by the decrease in finished goods of RMB 1.1 million.

Trade receivables increased by RMB 7.7 million from RMB 23.5 million as at 31 December 2013 to RMB 31.2 million as at 30 June 2014 as a result of increase in revenue during 2QFY2014.

Other receivables and prepayments increased by RMB 1.5 million from RMB 2.7 million as at 31 December 2013 to RMB 4.2 million as at 30 June 2014 as a result of an increase in prepayment to suppliers for the purchases of raw materials.

Trade payables increased by RMB 7.4 million from RMB 27.4 million as at 31 December 2013 to RMB 34.8 million as at 30 June 2014 due mainly to higher amount of raw material purchased.

Other payables and accruals decreased by RMB 2.4 million from RMB 19.5 million as at 31 December 2013 to RMB 17.1 million as at 30 June 2014. This was due to decrease in accrued staff salary and related expenses of RMB 2.0 million and payment of RMB 0.4 million to suppliers of property, plant and equipment.

Review of Cash Flow Statement

Q2 FY2014 vs Q2 FY2013

FOR Q2FY2014, the Group generated positive operating cash flows of RMB 2.5 million before movements in working capital. After taking into account changes in working capital, which included mainly the higher level of inventories and receivables and lower payables, cash used in operations was RMB 5.4 million compared to cash generated from operations of RMB 1.1 million in Q2FY2013.

For Q2FY2014, net cash used in investing activities of RMB 0.2 million was due mainly to capital expenditure of RMB 0.7 million on acquisition of plant and machinery and was offset by proceeds of RMB 0.4 million from disposal of plant and machinery and interest of RMB 0.07 million.

There was no net cash generated from financing activity in Q2FY2014 as compared to Q2FY2013 where there was net proceeds from the share placement exercise completed on 10 May 2013.

Cash and cash equivalent decreased from RMB 88.2 million in Q2FY2013 to RMB 80.7 million in Q2FY2014.

1HFY2014 vs 1HFY2013

For 1HFY2014, the Group recorded cash flow used in operations of RMB 2.1 million compared to cash flow generated from operations of RMB 3.4 million in 1HFY2013. This was mainly attributable to the increase in receivables in 1H2014 as a result of increase in revenue.

Net cash used in investing activities was RMB 0.2 million in 1H2014 compared to RMB 0.4 million. The decrease was due mainly to higher amount of interest received and proceeds from disposal of plant and machinery received in 1HFY2014.

There was no net cash generated from financing activity in Q2FY2014 as compared to Q2FY2013 where there was net proceeds from the share placement exercise completed on 10 May 2013.

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

No forecast or prospect statement previously disclosed.

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 bearing industry in China recorded an increase in total profit of 64.3% from 1HFY2013 to 1HFY2014. In addition, the market for single row tapered roller bearings also increased by 4.8% from 84.0 million units in 1HFY2013 to 88.0 million units in 1HFY2014. As the Company's main product is the single row tapered roller bearing, the effect of the recovery of the industry has been reflected in the Group's financial results in 1HFY2014.

(sources: www.cbia.com.cn)

In addition, the selling price and sales volume of the Company's products have been gradually recovered in Q2FY2014. This is in line with the management expectation on the recovery of bearing industry during the year.

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 (Please refer to the Company's announcement dated 27 January 2014 for full information).

Subsequent to the announcement on 27 January 2014, the Company announced that it has entered into a termination agreement ("Termination Agreement") with the Vendors, Covenantors, and the Targets, pursuant to which the parties mutually agreed to terminate the Term Sheet with immediate effect upon execution of the Termination Agreement on 24 July 2014. The termination was agreed upon by the parties, following discussions and negotiations in relation to the Proposed Acquisition and the Definitive Documents, and having considered the results of due diligence by the Company on the Target Group (Please refer to the Company's announcement dated 24 July 2014 for full information). Going forward, the management will continue to explore new business opportunity.

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 30 June 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 30 June 2014:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than RMB491,000 (S\$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 (S\$100,000)
	RMB'000	RMB'000
Shandong Yimeng Bearing Joint Stock Co., Ltd.	472	-

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 RMB 6,630,715.

As at 30 June 2014, the utilisation of the cash proceeds of approximately RMB 4,162,376 were as follows:

Utilisation of Share Placement Proceeds	RMB
General working capital	
- Payment for various professional services	1,994,563
- Payment for administration expenses	1,824,216
Payment for expenses incurred in connection with the Share Placement	343,597
Share Placement proceeds utilised	4,162,376
Unutilised balance of the Share Placement proceeds	2,468,339
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 30 June 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 30 June 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 RMB 944,106. For financial period ended 30 June 2014, total lease rental paid to Yimeng Bearing was RMB 472,052. 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 with Yimeng Bearing and shareholders of Yimeng Bearing, our subsidiary, Linyi Kaiyuan Bearing Co., Ltd has obtained loans from the shareholders of Yimeng Bearing for an amount of approximately RMB 25.1 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 RMB 4.7 million was made in third quarter of FY2011 and the balance loan of RMB 20.4 million remained outstanding as at 30 June 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
13 August 2014

Zhang Anling
Executive Director