



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

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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		Increase/ (Decrease) %
	2014 RMB'000	2013 RMB'000	
Revenue	140,290	115,805	21.1
Cost of sales	(118,761)	(110,344)	7.6
Gross Profit	21,529	5,461	294.2
Other operating income	2,276	1,295	75.9
Distribution costs	(3,649)	(3,160)	15.5
Administrative expenses	(15,063)	(15,696)	(4.0)
Other expenses	-	(44,928)	n.m.
Profit/(Loss) before taxation	5,093	(57,027)	n.m.
Taxation	(1,838)	1,832	n.m.
Profit/(Loss) after taxation	3,255	(55,196)	n.m.
Other comprehensive Income, net of tax	-	-	
Total comprehensive income/(loss)	3,255	(55,196)	n.m.
Earnings/(Loss) per share (RMB cent)			
- Basic	1.18	(21.25)	
- Diluted	1.18	(21.25)	

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

	Group	
	2014 RMB'000	2013 RMB'000
Interest income	285	267
Depreciation and amortisation	(3,727)	(9,996)
Gain/(Loss) on disposal of property, plant and equipment	554	(447)
Impairment on property, plant and equipment	-	(44,928)
Reversal of inventory impairment/(Impairment on inventory)	1,821	(2,063)

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 Dec 14 RMB'000	31 Dec 13 RMB'000	31 Dec 14 RMB'000	31 Dec 13 RMB'000
Non-Current Assets				
Property, plant and equipment	1	4	34,028	34,842
Investment in subsidiary	115,485	115,485	-	-
Deferred tax assets	-	-	1,117	1,117
	<u>115,486</u>	<u>115,489</u>	<u>35,145</u>	<u>35,959</u>
Current Assets				
Inventories	-	-	42,373	38,026
Trade receivables	-	-	24,963	23,475
Other receivables and prepayment	-	-	2,043	2,746
Tax recoverable	-	-	-	200
Cash and cash equivalents	1,734	5,231	80,605	82,974
	<u>1,734</u>	<u>5,231</u>	<u>149,984</u>	<u>147,421</u>
Total Assets	117,220	120,720	185,129	183,380
Capital and reserves				
Share capital	125,769	125,769	125,769	125,769
Accumulated losses	(16,894)	(13,715)	(35,605)	(38,860)
Statutory common reserve	-	-	28,284	28,284
	<u>108,875</u>	<u>112,054</u>	<u>118,448</u>	<u>115,193</u>
Current Liabilities				
Trade payables	-	-	35,282	27,426
Other payables and accruals	1,270	1,353	18,802	19,495
Amount owing to subsidiary	6,300	6,415	-	-
Loans from related parties	-	-	10,184	20,368
Advances from directors	775	898	775	898
Tax liability	-	-	1,638	-
	<u>8,345</u>	<u>8,666</u>	<u>66,681</u>	<u>68,187</u>
Total equity and liabilities	117,220	120,720	185,129	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 31 Dec 2014		As at 31 Dec 2013	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
-	10,959	-	21,266

Amount repayable after one year

As at 31 Dec 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	
	2014 RMB'000	2013 RMB'000
Cash flows from operating activities:		
Profit/(Loss) before taxation	5,093	(57,027)
Adjustments for:		
Depreciation	3,727	9,996
(Gain)/Loss on disposal of property, plant and equipment	(554)	447
Impairment on property, plant and equipment	-	44,928
Interest income	(285)	(267)
(Reversal) /Allowance for inventories written down	(1,821)	2,063
Operating cash flow before working capital changes	6,160	140
(Increase)/Decrease in inventories	(2,526)	(5,137)
(Increase)/Decrease in receivables	(785)	4,218
Increase/(Decrease) in payables	7,099	(2,465)
Cash generated from/(used in) operations	9,948	(3,244)
Income tax paid	-	(438)
Net cash generated from/(used in) operating activities	9,948	(3,682)
Cash flows from investing activities:		
Payment for acquisition of property, plant and equipment	(3,202)	(1,030)
Proceeds from disposal of property, plant and equipment	784	2,262
Interest received	285	267
Net cash (used in)/generated from investing activities	(2,133)	1,499
Cash flows from financing activities:		
Proceeds from shares placement	-	6,287
Repayment to related parties	(10,184)	-
Net cash generated from/(used in) financing activities	(10,184)	6,287
Net (decrease)/increase in cash and cash equivalents	(2,369)	4,104
Cash and cash equivalents at beginning of the year	82,974	78,870
Cash and cash equivalents at end of the year	80,605	82,974

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	Accumulated Losses	Total
(RMB'000)				
2014				
Balance at 1 Jan 2014	125,769	28,284	(38,860)	115,193
Profit for the year	-	-	3,255	3,255
Total comprehensive income for the year	-	-	3,255	3,255
Balance as at 31 Dec 2014	125,769	28,284	(35,605)	118,448
2013				
Balance at 1 Jan 2013	119,482	28,284	16,336	164,102
Loss for the period	-	-	(55,196)	(55,196)
Total comprehensive loss for the year	-	-	(55,196)	(55,196)
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	-	(55,196)	(48,909)
Balance as at 31 Dec 2013	125,769	28,284	(38,860)	115,193

(RMB'000)	Company		
	Share Capital	Accumulated Losses	Total
2014			
Balance as at 1 Jan 2014	125,769	(13,715)	112,054
Loss for the year	-	(3,179)	(3,179)
Total comprehensive loss for the year	-	(3,179)	(3,179)
Balance as at 31 Dec 2014	125,769	(16,894)	108,875
2013			
Balance as at 1 Jan 2013	119,482	(12,835)	106,647
Loss for the period	-	(880)	(880)
Total comprehensive loss for the year	-	(880)	(880)
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	(880)	5,407
Balance as at 31 Dec 2013	125,769	(13,715)	112,054

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 December 2014 and 31 December 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 Dec 14	31 Dec 13	31 Dec 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 31 December 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	
	2014	2013
Net profit/(loss) for the year (RMB'000)	3,255	(55,196)
Basic earnings per share (RMB cent)	1.18	(21.25)
Diluted earnings per share (RMB cent)	1.18	(21.25)

Explanatory notes:

Earnings/(Loss) 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	
	31 Dec 14	31 Dec 13	31 Dec 14	31 Dec 13
Net Asset Value per share (RMB cents)	39.4	40.6	42.9	41.7

The net asset value per ordinary share of the Group and the Company as at 31 December 2014 and 31 December 2013 were calculated based on the issued share capital of the Company of 276,000,000 shares as at 31 December 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 vs FY2013

Revenue increased by RMB 24.5 million from RMB 115.8 million in financial year ended 31 December 2013 ("FY2013") to RMB 140.3 million in financial year ended 31 December 2014 ("FY2014"). The increase was mainly due to increase in sales of heavy bearing products (RMB 34.2 million), and partially offset by decrease in sales of micro-size bearing products (RMB 2.4 million), light bearing products (RMB 2.8 million), car bearing products (RMB 0.4 million), agency fees (RMB 0.3 million), bearing accessories and partial-complete bearing products (RMB 3.8 million). The increase in sales revenue of heavy bearing products of RMB 34.2 million in FY2014 was achieved on the back of higher sales volume and average selling price.

Cost of sales increased by RMB 8.5 million to RMB 118.8 million in FY2014 as compared to RMB 110.3 million in FY2013 in tandem with the increase in revenue.

Gross profit margin improved from 4.7% in FY2013 to 15.3% in FY2014, due mainly to increase in the selling price of heavy bearing products as well as a reversal of inventories impairment made in FY2013.

Distribution costs increased by RMB 0.4 million or 15.5% from RMB 3.2 million in FY2013 to RMB 3.6 million in FY2014. This was mainly due to increase in transportation charges on the back of more frequent delivery to the customers and higher salary for sales personnel.

Administrative expenses decreased by RMB 0.6 million from RMB 15.7 million in FY2013 to RMB 15.1 million in FY2014, which was attributable mainly to decrease in depreciation charges of RMB 0.6 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 1.0 million in other operating income to RMB 2.3 million in FY2014. The increase was mainly due to increase in sales of waste materials generated from higher level of production activities and gain on disposal of motor vehicle and machinery.

The Group recorded RMB 44.9 million in "other expenses" in FY2013 due to impairment of property, plant and equipment. No such impairment was recorded in FY2014

As a result of higher revenue and gross profit coupled with lower expenses, the Group recorded a profit before tax of RMB 5.1 million for FY2014, as compared to loss before tax of RMB 55.2 million for FY2013. Accordingly, the Group recorded a provision for income tax amounting to RMB 1.8 million for FY2014.

Review of Balance Sheet

Property, plant and equipment decreased by RMB 0.8 million, from RMB 34.8 million as at 31 December 2013 to RMB 34.0 million as at 31 December 2014 due mainly to depreciation expense of RMB 3.7 million which was partially offset by the acquisition of RMB 3.1 million during the year.

Inventories increased from RMB 38.0 million as at 31 December 2013 to RMB 42.4 million as at 31 December 2014. This was due to the increase in finished goods of RMB 9.6 million which was offset by the decrease in raw material of RMB 2.5 million and work in progress of RMB 2.7 million.

Trade receivables increased by RMB 1.5 million from RMB 23.5 million as at 31 December 2013 to RMB 25.0 million as at 31 December 2014 in line with the increase in revenue during the period.

Other receivables and prepayments decreased by RMB 0.7 million from RMB 2.7 million as at 31 December 2013 to RMB 2.0 million as at 31 December 2014 as a result of decrease in prepayment to suppliers for the purchases of raw materials.

Trade payables increased by RMB 7.9 million from RMB 27.4 million as at 31 December 2013 to RMB 35.3 million as at 31 December 2014 due mainly to higher amount of raw material purchased.

Other payables and accruals decreased by RMB 0.7 million from RMB 19.5 million as at 31 December 2013 to RMB 18.8 million as at 31 December 2014. This was due to decrease in accrued operating expenses of RMB 0.4 million and payment of RMB 0.9 million for VAT and other taxes which was partially offset by increase in accrued salary and related costs of RMB 0.6 million.

Review of Cash Flow Statement

FY2014 vs FY2013

For FY2014, the Group recorded cash flow generated from operations of RMB 9.9 million compared to cash flow used in operations of RMB 3.2 million in FY2013. This was mainly attributable to higher profit generated during the year.

Net cash used in investing activities was RMB 2.1 million in FY2014 compared to net cash generated from investing activities of RMB 1.5 million in FY2013. The decrease was due mainly to higher capital expenditure on acquisition of plant and machinery in FY2014.

There was net cash used in financing activity in FY2014 due to repayment to related parties.

As a result of above, cash and cash equivalent decreased from RMB 83.0 million in FY2013 to RMB 80.6 million in FY2014.

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 revenue of 9.34% from FY2013 to FY2014. On the other hand, the production for single row tapered roller bearings also increased by 6.66% from 213.1 million units in FY2013 to 227.3 million units in FY2014.
(sources: www.cbia.com.cn)

China's bearing industry is likely to remain challenged in the near future as a result of slowdown of overall manufacturing growth within China. To deal with the situation, the Group will continue to look into offering more value adding products, implement cost control measures and stay competitive.

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 year ended 31 December 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 interested person transactions conducted for the financial year from 1 January 2014 to 31 December 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.	944	-

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 31 December 2014, the utilisation of the cash proceeds of approximately RMB 4,896,934 were as follows:

Utilisation of Share Placement Proceeds	RMB
General working capital	
- Payment for various professional services	2,276,873
- Payment for administration expenses	2,276,464
Payment for expenses incurred in connection with the Share Placement	343,597
Share Placement proceeds utilised	4,896,934
Unutilised balance of the Share Placement proceeds	1,733,781
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

Not required for announcement on full year results.

PART II- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group operates principally in a single business segment which is the sale of bearing products. As the business of the Group is engaged entirely in the PRC, no reporting by geographical location of operations is presented.

- 17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

- 18. A breakdown of sales**

	Group		
	FY2014 RMB'000	FY2013 RMB'000	Increase /(Decrease) %
Sales reported for:			
- first half year	73,977	61,108	21.1
- second half year	66,313	54,697	21.2
Operating profit/(loss) after tax before deducting minority interests reported for:			
- first half year	703	(1,018)	n.m.
- second half year	2,552	(54,178)	n.m.

- 19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	FY2014 RMB'000	FY2013 RMB'000
Ordinary	Nil	Nil
Preference	Nil	Nil
Total	Nil	Nil

20. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/ or substantial shareholders	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Zhang Anxi	60	Brother-in-law of Executive Director – Xu Yihe, Brother of Executive Director - Zhang Anling	- Managing Director & CEO - Overall management of the Group - 1 April 2006	None
Xu Yihe	58	Brother-in-law of CEO & MD - Zhang Anxi, Brother-in-law of Executive Director - Zhang Anling	- Executive Director (Marketing) - Overall marketing, customer service and business development of our Group - 1 April 2006	None
Zhang Anling	40	Sister of CEO & MD - Zhang Anxi, Sister-in-law of Executive Director – Xu Yihe	- Executive Director - Financial reporting and compliance of tax and commercial laws of our subsidiary in PRC - 10 July 2013	None
Zhang Lianfeng	34	Son of CEO & MD – Zhang Anxi	- General Manager - Operation and management of wholly owned PRC subsidiary and expanding of business - 3 November 2011	None

The following directors have confirmed that as at 31 December 2014, there were no appointments of any relative of any Director/Chief Officer/Substantial Shareholder of the issuer who were holding a managerial position in the issuer or any of its principal subsidiaries:

Mr Tan Kah Ghee
Mr Wong Chee Meng Lawrence
Mr Luo Jiwei

On behalf of the Board of Directors

Zhang Anxi
Managing Director and CEO
27 February 2015

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 December 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 year ended 31 December 2014, total lease rental paid to Yimeng Bearing was RMB 944,106. 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. Loan repayment of RMB 4.7 million and RMB10.2 million were made in third quarter of FY2011 and fourth quarter of FY2014 respectively. The balance loan of RMB 10.2 million remained outstanding as at 31 December 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
27 February 2015

Zhang Anling
Executive Director