China Bearing (Singapore) Ltd.
中国轴承(新加坡)有限公司

ANNUAL REPORT 2015

CONTENTS

CORPORATE **PROFILE**

On 21 December 2015, China Bearing (Singapore) Ltd. ("the Company") completed the disposal of its principal operating subsidiary, Linyi Kaiyuan Bearing Co., Ltd. ("LYKY") to Spring Century Investment Limited through the sale of the entire issued and paid-up share capital of LYKY for a consideration equivalent to S$15 million ("Disposal").

Upon completionof the Disposal, the Company, in accordance with Rule 1018(1) of the Listing Manual, placed 90% of its cash and short-dated securities (including existing cash balance and the net proceeds from the disposal) in an escrow account opened with United Overseas Bank Ltd.

Following the completion of the Disposal, the Company became a cash company under Rule 1018 of the Listing Manual. The Company does not have any subsidiaries as at 31 December 2015.

The Company is currently dormant and is considering the various options available including new business acquisitions. Announcements on material developments will be made as and when appropriate. Shareholders should however note there is no certainty that the Company will not be delisted after a period of 12 months in accordance with Rule 1018(2) of the Listing Manual.

CHAIRMAN'S **MESSAGE**

Dear Valued Shareholder,

It is with great pleasure that I present to you, on behalf of the Board of Directors ("Board") of China Bearing (Singapore) Ltd. (the "Company"), the annual report for the financial year ended 31 December 2015 ("FY2015").

2015 HIGHLIGHTS

The Board has decided to dispose of its underperforming wholly-owned subsidiary Linyi Kaiyuan Bearing Co., Ltd. ("LYKY") in 2015. On 21 December 2015, the Company completed the disposal of LYKY to Spring Century Investment Limited for a consideration equivalent to S$15 million.

Following the completion of the disposal, the Company ceased to have any operating subsidiaries or businesses and accordingly, the Company is deemed to be a cash company and was thus suspended from trading on the Singapore Exchange Securities Limited (the "SGX-ST") in compliance with Rule 1018 of the SGX-ST Listing Manual. Subsequently, the Company placed 90% of its cash in an escrow account opened with United Overseas Bank Ltd ("Escrow Money"). The Escrow Money shall only be used for the acquisition of a new business or pro-rata distributions to shareholders.

The Company recorded losses of RMB 58.2 million for FY2015, mainly due to operating loss of RMB 43.5 million recorded by LYKY, foreign exchange losses arising from the disposal of LYKY of RMB 6.9 million and losses on the disposal of LYKY of RMB 5.0 million.

Since the completion of the disposal, we have been actively exploring opportunities for the acquisition of new businesses as we are strongly committed to creating values to our shareholders. The Company will make the appropriate announcement(s) as and when there are material updates or developments in relating to the Company's plans.

IN APPRECIATION

With the completion of the disposal, the Board was reconstituted on 21 December 2015, which saw Ms Zhang Anling and Mr Xu Yihe resigned as Executive Director and Mr Zhang Anxi, Managing Director and CEO, re-designated as Non-Executive Director. On behalf of the Board, I would like to extend my deepest appreciation for their significant contributions to the Company.

On behalf of the Board, I would like to express my gratitude to our management, staff and shareholders for their contributions and support in the past year. We will continue to work hard in the coming years to reap success for the Company.

Datuk Lim Kean Tin
Non-Executive Chairman

On 21 December 2015, the Group completed divestment of its principal operating subsidiary, Linyi Kaiyun Bearing Co., Ltd. which involved in manufacturing and sale of bearing to Spring Century Investment Limited. Following the disposal, the Group recognised a loss on disposal of RMB 5.0 million in other operating expenses.

Administrative expenses increased by RMB 6.4 million from RMB 3.2 million for the financial year ended 31 December 2014 ("FY2014") to RMB 9.6 million for the financial year ended 31 December 2015 ("FY2015"), due mainly to loss on foreign exchange arising from disposal of subsidiary.

Results from Discontinued Operation

As a result of the disposal of the subsidiary, the results of the disposed subsidiary were classified as discontinued operation. Revenue decreased by RMB 64.2 million from RMB 140.3 million in FY2014 to RMB 76.1 million in FY2015. The decrease was mainly due to decrease in sales of heavy bearing products (RMB 51.7 million), light bearing products (RMB 0.4 million), agency fees (RMB 1.2 million) and bearing accessories and partial-complete bearing products (RMB 12.2 million) and partially offset by increase in sales of micro-size bearing products (RMB 0.3 million) and other bearing products (RMB 1.0 million). Decrease in sales of heavy bearing products in FY2015 was the result of decrease in the sales volume and lower average selling price. On the other hand, decrease in sales of light bearing products was mainly due to decrease in average selling price. In addition, the decrease in revenue from agency fee was due to termination of the agency service agreement.

Cost of sales decreased by RMB 42.0 million to RMB 79.9 million in FY2015 as compared to RMB 121.9 million in FY2014 in tandem with the decrease in revenue.

For FY2015, gross loss of RMB 3.8 million has been recorded as compared to gross profit of RMB 18.4 million in FY2014. Gross profit margin decreased from 13.1% in FY2014 to gross loss in FY2015, due to decrease in the selling price of all range of bearing products, discount/rebate amounting to RMB 2.3 million given to the customers, and allowance for inventories impairment of RMB 4.3 million.

Distribution costs decreased by RMB 0.5 million or 32.6% from RMB 1.5 million in FY2014 to RMB 1.0 million in FY2015 due mainly to decrease in sales commission.

Administrative expenses increased by RMB 14.3 million from RMB 11.0 million in FY2014 to RMB 25.3 million in FY2015, due mainly to penalty of RMB 8.4 million imposed by customers on defective products and product development cost incurred for improvement on bearing products.

Other operating income decreased by RMB 0.6 million from RMB 2.3 million in FY2014 to RMB 1.7 million in FY2015 due mainly to decrease in income from sales of waste materials.

Other operating expenses was RMB 13.9 million in FY2015 due mainly to impairment of property, plant and equipment and land use rights of RMB 11.5 million and loss on disposal of property, plant and equipment of RMB 1.6 million.

As a result of higher expenses and loss from discontinued operation, the Group recorded a net loss after tax of RMB 58.2 million for FY2015, as compared to net profit after tax of RMB 3.3 million for FY2014.

OPERATIONS & **FINANCIAL REVIEW**

FINANCIAL POSITION

Current assets

Following the completion of the disposal of subsidiary, the Company became a cash company under Rule 1018 of the SGX-ST Listing Manual.

The total assets of the Group comprise mainly of cash and cash equivalents of approximately RMB 61.9 million.

Current liabilities

Other payable and accruals comprise mainly of accruals for directors' fee and statutory expenses.

CASH FLOW

For FY2015, the Group recorded net cash outflow of RMB 30.0 million from operating activities as compared to net cash inflow of RMB 10.0 million in FY2014. This was mainly attributable to loss incurred during the year.

Net cash generated from investing activities was RMB 21.4 million in FY2015 which was mainly due to proceeds from disposal of a subsidiary. This was partially offset by capital expenditure incurred for the property, plant and equipment during FY2015.

There was a net cash outflow of RMB 65.9 million from financing activities in FY2015 arising from repayment to related parties and restricted deposit which represents cash placed in an escrow account.

As a result of the above, cash and cash equivalents decreased from RMB 80.6 million as at FY2014 to RMB 6.2 million as at FY2015.

MR LIM KEAN TIN, a Malaysian, was appointed as our Non-Executive Chairman of the Board of Directors on 4 February 2016. He is also a member of our Audit Committee, Nominating Committee and Remuneration Committee. Mr Lim started his own businesses in Malaysia, which spanned involvement in, among others, the education, shipping, real estate, plantation and consultancy sectors. Mr Lim is currently the Group Chairman of KTG Education Group, a private higher education provider located in Malaysia. In addition, Mr Lim, being a keen advocate of the Chinese culture in Malaysia, founded and is also a director of 21st Century Maritime Silk Road Foundation which is actively involved in promotion and development of maritime trade and commerce and cultural activities between China and Malaysia. Further, Mr Lim has been bestowed with the Darjah Seri Melaka in 2010 and in 2012, the Darjah Pangkuan Seri Melaka which carries the "Datuk" title in conjunction with Yang Dipertua Negeri Melaka Tun Mohd Khalil Yaakob's birthday celebration in recognition for Mr Lim's numerous contributions to the economic development of Melaka.

MR ZHANG ANXI has been re-designated as our Non-Executive Director following the disposal by the Company of its operating subsidiary and business assets in December 2015. Prior to the disposal of the operating subsidiaries and business assets of the Company, he was the Managing Director and CEO. He joined our Group as Deputy General Manager and Deputy Chairman in 2000. He is responsible for the overall management of our Group. Since 2000, the Group succeeded in achieving new business development in the bearing industry under his leadership. In November 2004, Mr Zhang was awarded the "Outstanding Enterpreneur of the Linyi City, Shandong Province" (临沂市优秀企业家) by the Economic and Trade Committee of Linyi City (临沂市经济贸易委员会). In December 2002, he was awarded the "2002 Shandong Province Machinery Industries Excellent Entrepreneur" award by the Shandong Machinery Industries Department of the Shandong provincial government. In 1998, Mr Zhang obtained his Bachelor Degree in Business Administration from the Shandong Economics College (山东经济学院). Mr Zhang was first appointed to our Board of Directors on 17 May 2006.

MR TAN KAH GHEE is our Independent Director and was appointed to our Board on 14 May 2014. He is the Chairman of our Audit Committee and a member of our Nominating Committee and Remuneration Committee. He has more than 20 years of experience in finance and accounting. Mr Tan is currently the Chief Financial Officer of Keong Hong Holdings Limited which is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited. From 2009 to 2012, he was the Group Financial Controller at Mainboard listed Asia Enterprises Holding Limited. He is a fellow member of the Institute of Chartered Accountants of Singapore. He holds a Bachelor of Accountancy from the National University of Singapore and obtained a Master of Business Administration from the Nanyang Technological University of Singapore.

MR WONG CHEE MENG LAWRENCE is our Independent Director and was appointed to our Board on 15 October 2014. He is the Chairman of our Nominating Committee and a member of our Audit Committee and Remuneration Committee. He has accumulated an extensive working experience in both the public and the private sectors of the legal profession. Mr Wong is currently the Managing Director of Equity Law LLC. He was previously a partner of large reputable law firms and co-headed the Corporate and Securities Practice of his previous firm. He graduated with an Honours Degree in Law from the National University of Singapore on a scholarship from the Public Service Commission of Singapore. He is an advocate and solicitor in Singapore and a solicitor in Hong Kong Special Administrative Region of People's Republic of China.

BOARD OF **DIRECTORS**

MR LEE KEAN CHEONG is our Independent Director and was appointed to our Board on 4 February 2016. He is the Chairman of our Remuneration Committee and a member of our Audit Committee and Nominating Committee. He has more than 10 years directorship experience in various industries. Currently, Mr Lee is a Partner in a management consultancy firm and Independent Non Executive Director of companies which are listed on the Main Market of Bursa Malaysia Securities Berhad namely Teo Guan Lee Corporation Berhad, Petrol One Resources Berhad and D.B.E. Gurney Resources Berhad. Between 2006 and 2014, he was the Vice President of Chrysalis Group, a venture capital management company. Mr Lee graduated with a Master of Commerce (Management Accounting), from University of New South Wales, Australia and a Bachelor of Commerce, from Murdoch University, Australia. He is a fellow member of Malaysian Institute of Accountants (MIA) and Certified Practising Accountant (CPA), Australia.

KEY **MANAGEMENT**

MR LEYNG THAI WENG was appointed as our Financial Controller on 8 April 2013 and is responsible for the financial management of our Group. Prior to joining China Bearing, he was the Corporate Planning Executive of Hunza Properties Berhad, a position he held from October 2011 to March 2013. Hunza Properties Berhad is a property developer listed on the Malaysia Exchange. Mr Leyng was responsible for the financial reporting of the group, including the quarterly result announcement. From April 2010 to September 2011, he was the Internal Auditor of NTPM Holdings Berhad, a paper product manufacturer also listed on the Malaysia Exchange. His first job was with a Malaysian audit firm from September 2006 to March 2010, where he left as an Audit Senior. Mr Leyng holds a Degree in Accountancy from the University of Malaya, Malaysia and is a Chartered Accountant of the Malaysia Institute of Accountants.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Mr Lim Kean Tin
Non-Executive Chairman

Mr Zhang Anxi
Non-Executive Director

Mr Tan Kah Ghee
Independent Director

Mr Wong Chee Meng Lawrence
Independent Director

Mr Lee Kean Cheong
Independent Director

AUDIT COMMITTEE

Mr Tan Kah Ghee *(Chairman)*
Mr Wong Chee Meng Lawrence
Mr Lee Kean Cheong
Mr Lim Kean Tin

REMUNERATION COMMITTEE

Mr Lee Kean Cheong *(Chairman)*
Mr Tan Kah Ghee
Mr Wong Chee Meng Lawrence
Mr Lim Kean Tin

NOMINATING COMMITTEE

Mr Wong Chee Meng Lawrence *(Chairman)*
Mr Tan Kah Ghee
Mr Lee Kean Cheong
Mr Lim Kean Tin

COMPANY SECRETARY

Lau Yan Wai

REGISTERED OFFICE

161A Thomson Road
Goldhill Centre
Singapore 307614

SHARE REGISTRAR & SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road, #02-00
Singapore 068898

INDEPENDENT AUDITOR

Foo Kon Tan LLP
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce &
Industry Building
Singapore 179365

Partner-in-charge: Mr Yeo Boon Chye (Appointed with effect from FY2015)

BANKERS

United Overseas Bank
OCBC Bank

CORPORATE GOVERNANCE & FINANCIAL CONTENTS

China Bearing (Singapore) Ltd. (the "Company") is committed to ensuring and maintaining a high standard of corporate governance within the Company to ensure effective self-regulation practices are in place to enhance corporate performance and accountability. This statement describes the corporate governance framework and practices of the Company for financial year ended 31 December 2015 ("FY2015") with specific references made to the Code of Corporate Governance 2012 (the "Code") to provide the Company a structure through which the objectives of protection of shareholders' interest and enhancement of long term shareholders' value are met.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board of Directors (the "Board") comprises two Non-Executive Directors and three Independent Directors. The Board members of the Company are:

Mr Lim Kean Tin	(Non-Executive Chairman)
Mr Zhang Anxi	(Non-Executive Director)
Mr Lee Kean Cheong	(Independent Director)
Mr Tan Kah Ghee	(Independent Director)
Mr Wong Chee Meng Lawrence	(Independent Director)

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the corporate strategies of the Company, and directions and goals for Management, by ensuring that the necessary financial and human resources are in place for the Company to meet its objectives. The Board supervises Management and monitors performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Company.

Regular meetings are held to deliberate the strategic policies of the Company including the approval of significant acquisitions and disposals, review and approval of annual budgets, review of the performance of the business and approval of the release of periodic financial results and announcements on SGXNET.

Material transactions that require Board's approval include the following:

(a) Acquisition or disposal of a significant asset, including property, plant and equipment.

(b) Joint ventures and acquisition/merger or disposal of businesses.

(c) Employment or termination of key management personnel or general manager equivalent.

(d) Significant development projects.

(e) Borrowing of a significant amount of funds.

(f) Significant litigation.

To assist the Board in the execution of its responsibilities, the Board is supported by three Board Committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). These Board Committees operate within clearly defined terms of reference and they play an important role in ensuring good corporate governance in the Company. These terms of reference are reviewed on a regular basis to ensure their continued relevance with the Code.

The following table discloses the number of meetings held for the Board and Board Committees and the attendance of all Directors for the financial year ended 31 December 2015:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	5	4	1	1
Mr Lim Kean Tin(1)	0	0	0	0
Mr Zhang Anxi(2)	5	–	–	–
Mr Xu Yihe(3)	3	–	–	–
Ms Zhang Anling(4)	5	–	–	–
Mr Tan Kah Ghee	5	4	1	1
Mr Wong Chee Meng Lawrence	5	4	1	1
Mr Lee Kean Cheong(5)	0	0	0	0
Mr Luo Jiwei(6)	2	2	1	1

Notes:

(1) Mr Lim Kean Tin was appointed as Non-Executive Chairman on 4 February 2016
(2) Mr Zhang Anxi was re-designated from Managing Director and Chief Executive Officer to Non-Executive Chairman on 21 December 2015, and from Non-Executive Chairman to Non-Executive Director on 4 February 2016
(3) Mr Xu Yihe had resigned as Executive Director on 21 December 2015 following completion of the Company's disposal of its wholly owned subsidiary, Linyi Kaiyuan Bearing Co., Ltd. on 21 December 2015 ("Disposal")
(4) Ms Zhang Anling had resigned as Executive Director on 21 December 2015 following completion of the Disposal
(5) Mr Lee Kean Cheong was appointed as Independent Director on 4 February 2016
(6) Mr Luo Jiwei resigned as Independent Director on 4 February 2016

While the Board considers Directors' attendance at Board and Board Committee meetings to be important, it should not be the only criteria to measure their contributions to the Board. It also takes into account the other forms of contributions by Board members including periodic reviews, provision of guidance and advice on various matters relating to the Company.

The Board is also updated regularly on changes to the Singapore Exchange Securities Trading Limited (the "SGX-ST") listing rules, risk management, corporate governance and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committee members.

Newly appointed Directors are given an orientation program to familiarise with the Company's operations. The Directors will also receive updates from time to time, particularly on relevant new laws and regulations, changing commercial risks and business conditions from the Company's relevant advisors through emails, seminars or briefings at the Board meetings.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board now consists of five Directors, of whom two are Non-Executive Directors and three are Independent Directors.

The criteria for independence are based on the definition given in the Code. The Board considers an "Independent" Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The Board, after taking into account the NC's views, is satisfied that Mr Lee Kean Cheong, Mr Tan Kah Ghee and Mr Wong Chee Meng Lawrence remain as Independent Directors as there are no relationships or circumstances which could interfere, or could reasonably be perceived to interfere with the exercise of independent business judgement of each Independent Director. Further, none of the current Independent Directors have been serving on the Board beyond nine years from the date of his first appointment.

Accordingly, the Board is also satisfied that there is a strong element of independent presence in the Board, as the numbers of independent directors make up more than half of the whole Board.

The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Company. The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for effective functioning and informed decision-making.

Key information regarding the Directors is given in the 'Board of Directors' section of this Annual Report.

Particulars of interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and its related corporations, if any, (other than wholly-owned subsidiaries) are set out in the Directors' Statement on pages 23 and 24 of this Annual Report.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executive responsible for managing the company's business. No individual should represent a considerable concentration of power.

The Board has not appointed a Chief Executive Officer ("CEO") following the re-designation of Mr Zhang Anxi after completion of the Disposal. Taking into consideration that the Company is presently a cash company with no significant business activities, the Board is of the view that the Company does not need a CEO.

Mr Lim Kean Tin, the Non-Executive Chairman bears responsibilities for the workings of the Board and focuses on exploring and developing the new business direction for the Company. The Chairman is also responsible for leading the Board and ensuring that all Directors receive complete, adequate and timely information (both financial and non-financial) to enable them to participate effectively in Board discussions and decisions. The Chairman also assists in ensuring compliance with the corporate governance policy of the Company.

All major decisions such as substantial acquisitions and entering into any material contracts come under the purview of the Board.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises four members, majority of whom are Independent Directors:

Mr Wong Chee Meng Lawrence (Chairman)
Mr Tan Kah Ghee
Mr Lee Kean Cheong
Mr Lim Kean Tin

The NC functions under the terms of reference which sets out its responsibilities including, inter alia, the following:

(a) To make recommendations to the Board on all Board appointments, re-appointments and re-nominations;

(b) To assess the effectiveness of the Board as a whole and the effectiveness and contribution of each Director to the Board.

(c) To make recommendation on the review of plans for succession, in particular, for the Chairman and CEO.

(d) To determine annually and as and when circumstances require, if a director is independent pursuant to the Code.

If the NC considers that a director who has one or more of the relationships mentioned in the Code can be considered independent, the NC shall provide its views to the Board for the Board's consideration. Conversely, the NC has the discretion to consider that a director is not independent even if he has no business or other relationships with the Company, its related companies or its officers.

The Articles of Association of the Company provides that not less than one-third of the Directors for the time being shall retire from office at each AGM. Accordingly, the Directors will submit themselves for re-election at regular intervals of at least once every three years. The NC will review candidates for the appointment of new directors based on the needs of the Company and the experience of the candidates, interview and make recommendation to the Board for the appointment of new Directors.

Each member of the NC shall abstain from voting on any resolutions in respect of his re-nomination as a Director.

The key information of each Director is set out below:

Name of Director	Date of Appointment	Date of Last Re-election	Principal Commitment	Directorship in Listed Company	
				Present	Past Preceding 3 years
Mr Lim Kean Tin	4 February 2016	Nil	Group Chairman of KTG Education Group	• China Bearing (Singapore) Ltd.	Nil
Mr Zhang Anxi	17 May 2006	28 April 2015	Non-Executive Director of China Bearing (Singapore) Ltd.	• China Bearing (Singapore) Ltd.	Nil
Mr Tan Kah Ghee	14 May 2014	Nil	Chief Financial Officer of Keong Hong Holdings Limited	• China Bearing (Singapore) Ltd.	Nil
Mr Wong Chee Meng Lawrence	15 October 2014	Nil	Managing Director of Equity Law LLC	• China Bearing (Singapore) Ltd. • Sino Grandness Food Industry Group Limited • Artivision Technologies Limited • Eindec Corporation Limited	• WE Holdings Limited • Juken Technology Limited • SG Tech Holdings Limited • Ziwo Holdings Ltd.
Mr Lee Kean Cheong	4 February 2016	Nil	Managing Partner of KC Lee and Partners	• China Bearing (Singapore) Ltd. • Teo Guan Lee Corporation Berhad • Petrol One Resources Corporation Berhad • D.B.E. Gurney Resources Berhad	

Mr Tan Kah Ghee who is retiring pursuant to Article 93 of the Articles of Association of the Company has given his consent to continue in office. The Board has accepted the NC's recommendation and accordingly, Mr Tan Kah Ghee will be offering himself for re-election at the upcoming AGM.

The Board has recommended that Mr Lee Kean Cheong and Mr Lim Kean Tin, who are retiring pursuant to Article 99 of the Articles of Association of the Company, for re-election as Directors at the upcoming AGM. Mr Lee Kean Cheong, Mr Tan Kah Ghee and Mr Wong Chee Meng Lawrence each have no relationship with any director of the Company, the Company or its 10% shareholders.

The NC is satisfied that sufficient time and attention has been dedicated by the Directors to the affairs of the Company and the Directors have adequately carried out their duties as Directors of the Company during FY2015, despite their other board representations and/or personal commitments. The Board has not experienced competing time commitments among its Board members and Board Committee meetings are planned and scheduled in advance. The NC does not establish a guideline for a maximum number of board representation which a director may have as it believes that putting a maximum limit on the number of directorships a director can hold is arbitrary, given that time requirements for each vary, and thus should not be prescriptive.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

While the Code recommends that the NC be responsible for assessing the Board as a whole and also assessing the individual evaluation of each Directors' contribution, NC is of the view that it is more appropriate and effective to assess the Board as a whole, bearing in mind that each member of the Board contributes in different way to the success of the Company and Board decisions are made collectively.

The Board has implemented and continued the process for assessing the effectiveness of the Board as a whole. At the end of each financial year, each Director will complete a board questionnaire on self-evaluation basis, which will be collated by the Chairman for review and discussion by the NC. The NC focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities and the Directors' standards of conduct in assessing the Board's performance as a whole. Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

The Board has taken the view that the financial indicators, may not be appropriate as these are more of a measurement of Management's performance and therefore less applicable to Directors.

Although the Directors are not evaluated individually, during the re-nomination of the Directors at the end of each financial year, the NC assesses the contribution of such Directors to the effectiveness of the Board by considering factors such as attendance at meetings of the Board and Board Committees, the qualification, business knowledge and experience of such Directors, level of participation at meetings, and the overall contributions in time and efforts to the Company's business and affairs.

The NC has examined and is satisfied that the current Board's size is appropriate for effective decision making and the Board performance as a whole during the financial year ended 31 December 2015 by taking into account the nature and scope of the Group's operations.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors are from time to time furnished with information concerning the Company to enable them to be fully cognizant of the decisions and actions of the Company's executive management. The Board has unrestricted access to the Company's records and information.

Key management personnel are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to the Company Secretary and to other key management personnel of the Group at all times in carrying out their duties. The appointment and the removal of Company Secretary is a matter for the Board as a whole. The Company Secretary and/or his representative attend all Board meetings and meetings of the Board Committees of the Company and ensure that Board procedures are followed and that applicable rules and regulations are complied with.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Company's operations or undertakings in order to fulfill their duties and responsibilities as directors.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises four members, majority of whom are Independent Directors. The members of the RC are:

Mr Lee Kean Cheong (Chairman)
Mr Tan Kah Ghee
Mr Wong Chee Meng Lawrence
Mr Lim Kean Tin

The RC will review and recommend to the Board a general framework of remuneration for the Directors and key management personnel, and specific remuneration package, for each Executive Director and key management personnel. The recommendations will be submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, if applicable, and benefits in kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package.

The RC functions under the terms of reference which sets out its responsibilities:

(a) To review and recommend to the Board a general framework for remuneration for the Directors and key management personnel of the Group;

(b) To review and recommend specific remuneration package for each Director and key management personnel of the Group;

(c) To review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company. The Company has not engaged a remuneration consultant in respect of the remuneration matters of the Company during the financial year ended 31 December 2015.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companiews. However, the RC will also consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The remuneration of Independent Directors is also reviewed to ensure that the remuneration is commensurate with the contribution and responsibilities of the Independent Directors. The RC ensures that Independent Directors are not over-compensated to the extent that their independence may be compromised.

The Company will submit the quantum of Directors' fees for each financial year to the shareholders for approval at each AGM.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors, key management personnel and their performance.

The details of remuneration of Directors of the Company and key management personnel of the Group disclosed in bands for services rendered during the financial year ended 31 December 2015 are as follows:

	Number of Directors		Number of Key Management Personnel	
	2015	**2014**	**2015**	**2014**
S$500,000 and above	–	–	–	–
S$250,000 to S$499,999	–	–	–	–
Below S$250,000	8	8	4	4
Total	8	8	4	4

The summary remuneration table for the Directors and key management personnel of the Group for the financial year ended 31 December 2015 is set out below:

	Salary %	Bonus %	Allowances and Other Benefits %	Directors' Fees %	Total %
Below S$250,000					
Non-Executive Directors					
Mr Lim Kean Tin[(1)]	–	–	–	–	–
Mr Zhang Anxi[(2)]	98	–	2	–	100
Executive Directors					
Mr Xu Yihe[(3)]	94	–	6	–	100
Ms Zhang Anling[(4)]	93	–	7	–	100
Independent Directors					
Mr Tan Kah Ghee	–	–	–	100	100
Mr Wong Chee Meng Lawrence	–	–	–	100	100
Mr Lee Kean Cheong[(5)]	–	–	–	–	–
Mr Luo Jiwei[(6)]	–	–	–	100	100
Key Management Personnel					
Mr Leyng Thai Weng	98	–	2	–	100
Mr Zhang Lianfeng[(7)]	100	–	–	–	100
Mr Wang Zeen[(8)]	99	–	1	–	100
Mr Wang Jiarong[(9)]	99	–	1	–	100

Note:

(1) Mr Lim Kean Tin was appointed as Non-Executive Chairman on 4 February 2016
(2) Mr Zhang Anxi was re-designated from Managing Director and Chief Executive Officer to Non-Executive Chairman on 21 December 2015, and from Non-Executive Chairman to Non-Executive Director on 4 February 2016
(3) Mr Xu Yihe had resigned as Executive Director on 21 December 2015 following completion of the Disposal
(4) Ms Zhang Anling had resigned as Executive Director on 21 December 2015 following completion of the Disposal
(5) Mr Lee Kean Cheong was appointed as Independent Director on 4 February 2016
(6) Mr Luo Jiwei resigned as Independent Director on 4 February 2016
(7) Mr Zhang Lianfeng was the General Manager of Linyi Kaiyuan Bearing Co., Ltd during FY2015. Following completion of the Disposal, Mr Zhang Lianfeng is not considered a key management personnel of the Group with effect from 21 December 2015.
(8) Mr Wang Zeen was the Production Manager of Linyi Kaiyuan Bearing Co., Ltd. during FY2015. Following completion of the Disposal, Mr Wang Zeen is not considered a key management personnel of the Group with effect from 21 December 2015.
(9) Mr Wang Jiarong was the Human Resources Manager of Linyi Kaiyuan Bearing Co., Ltd. during FY2015. Following completion of the Disposal, Mr Wang Jiarong is not considered a key management personnel of the Group with effect from 21 December 2015.

There is no employee of the Company who is an immediate family member of a Director whose remuneration exceeds S$50,000 during FY2015.

The exact remuneration of the Directors and the aggregate amount of the remuneration of the key management personnel of the Group are not disclosed in this Annual Report in light of confidentiality and for competitive reasons in relation to the Directors and to avoid poaching of Management and executives.

The remuneration packages of the Directors and key management personnel of the Group remain unchanged for FY2015.

The Company does not have any share option scheme or other share incentive schemes in place for its employees.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information of the Company to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within prescribed periods on SGXNET.

Risk Management and Internal Controls

Principle 11: The Board is responsible for governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges its responsibility for the overall corporate governance of the Company and the implementation of risk management system and internal controls of the Company to safeguard interest of shareholders and the Company's assets. At this stage, the Board is of the view that a separate board risk committee need not be established as the Board is currently responsible for the implementation of the company's risk management framework and policies and the current arrangement is effective for the time being.

During FY2015, the Company has carried out a formal risk assessment exercise for the purpose of ensuring key financial, operational and compliance risks are identified, assessed and continuously monitored together with the implementation of internal controls to manage the said risks. The key risks identified are deliberated by Senior Management and reported to the AC.

The Board, with the guidance from AC, will ensure that a review of the adequacy and effectiveness of the Company's material internal controls, including financial, operational, compliance controls and enterprise risk management system, is conducted annually. In this respect, the AC will review the audit plans and the findings of the internal auditors and external auditors, and will ensure that the Group follows up on the auditors' recommendations raised, if any, during the audit process.

During FY2015, Mr Zhang Anxi, then Managing Director and CEO and Ms Zhang Anling, then Executive Director (Finance), had provided assurance on a quarterly basis to the AC and the Board that, inter alia, the financial statements give a true and fair view of the state of affairs of the Company, including the financial position and performance of the Company; and the risk management and internal compliance and control systems to the extent that financial reporting, operational and compliance risk are being reported effectively and efficiently, in all material aspects, based on the Group's risk management policies.

Based on the internal controls established and maintained by the Company, results of the external statutory audit, relevant reviews performed by Management and the written statement and representation from Management including the Board's and AC's assessment on the Group's internal controls and risk management systems, the Board, with the concurrence of AC, is of the view that the internal controls and risk management systems of the Group are adequate and effective in addressing financial, operational, compliance and information technology risks and ensuring assets of the Company are safeguarded as at 31 December 2015.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises four members, majority of whom are Independent Directors. The AC comprises the following members:

Mr Tan Kah Ghee (Chairman)
Mr Wong Chee Meng Lawrence
Mr Lee Kean Cheong
Mr Lim Kean Tin

The AC functions under the terms of reference which sets out its responsibilities as follows:

(i) to review significant financial reporting issues and judgements so as to ensure integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(ii) to review and report to the Board annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;

(iii) to review the scope and the results of the external audit, and the independence and objectivity of the external auditors;

(iv) to review the consolidated financial statements, balance sheets, profit and loss accounts and the independent auditor's report on financial statements, before submission to the Board of Directors for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit compliance with accounting standards and compliance with the Listing Manual of the SGX-ST and any other relevant statutory or regulatory requirements;

(v) to review the co-operation given by the Management to the auditors;

(vi) to make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors;

(vii) to approve the remuneration and terms of engagement of external auditors;

(viii) to review and approve any interested person transactions, falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;

(ix) to review any potential conflicts of interest;

(x) to consider the repayment of loans to the shareholders of Shandong Yimeng Bearing Joint Stock Co., Ltd, taking into consideration, inter alia, the Company's working capital and gearing positions;

(xi) to review and approve any future hedging policies, instruments used for hedging and foreign exchange policies and practices of the Company;

(xii) to undertake such other reviews and projects as may be requested by the Board and to report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(xiii) to generally undertake such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time; and

(xiv) to review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any relevant law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

The AC keeps abreast of new accounting standards and related issues which have a direct impact on the Company's financial statements through regular updates from the Company's relevant advisors.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

Each member of the AC shall abstain from voting any resolutions in respect of matters he is interested in.

The AC has full access to and co-operation of the Management and has full discretion to invite any Director or Executive Officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC meets with both the independent auditors and internal auditors without the presence of the Management at least once a year.

The AC reviews the independence of the external auditors annually. The AC noted that no non-audit services extended by the external auditors, Foo Kon Tan LLP ("FKT"), and therefore, their independence and objectivity is satisfied. The AC noted that FKT has adequate resources and experience to perform the audit of the Group, and FKT is registered with the Accounting and Corporate Regulatory Authority. As the Company's foreign-incorporated subsidiary was also audited by FKT, both Rule 712 and 715 of the Listing Manual of the SGX-ST have been complied with. The AC has accordingly recommended that Foo Kon Tan LLP be nominated for re-appointment as external auditors at the forthcoming AGM.

For the financial year ended 31 December 2015, the total fees payable by the Group to the external auditors for audit services were approximately RMB 487,802. There were no non-audit fees paid to the external auditors.

The Company has in place a whistle-blowing framework where staff of the Company can raise concerns about improprieties in matters of financial reporting or other matters through normal channels to the dedicated officers of the Company or to the AC via email or letter. As of to-date, there were no reports received through the whistle-blowing mechanism established by the Company.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has engaged Wensen Consulting Asia (S) Pte.Ltd. as its internal auditors since August 2011. The roles of the internal auditors of the Company are to provide independent and objective assurance and consulting advisory services that add value and improve the effectiveness of risk management, controls and governance processes of the Company.

The responsibilities of the internal auditors are to assist the Company to accomplish its objectives by adopting a systematic and disciplined approach to evaluate and continuously improve the effectiveness of risk management, control and governance processes of the Company. These include:

(a) carrying out its function in accordance to the Internal Auditing Standards set forth in the International Professional Practices Framework issued by the Institute of Internal Auditors and other nationally and internationally recognised framework;

(b) designing its approach that integrates corporate governance, risk management, business controls, financial controls and compliance controls;

(c) planning and performing its internal audit activities to obtain assurance that controls implemented are adequate, relevant and in operation to manage key financial, operational and compliance risks;

(d) reporting on exceptions and/or improvement opportunities to enhance the effectiveness of the governance, risk management and control processes for assisting the Company to achieve its strategic, operational and compliance objectives; and

(e) continuously monitor the actions undertaken by the Management to ensure that improvement measures are implemented.

The internal auditors report functionally to the AC and administratively to the Board.

The AC and the Board are of the opinion that an adequate system of internal controls is in place and following the completion of the Disposal and having regard to the scope and nature of the Company's current operations as a cash company, no internal audit had been scheduled for the financial year ended 31 December 2015.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

In line with continuous obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is that all shareholders be informed of all material developments that impact the Company.

Material development information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements;

(b) Annual Report prepared and issued to all shareholders;

(c) Press releases on material developments of the Group; and

(d) Notices of and explanatory memoranda for AGMs and Extraordinary General Meetings ("EGM").

The Company's general meetings are the principal forums for dialogue with shareholders. The Chairmen of the AC, RC and NC are normally present and available at the general meetings to answer any question relating to the scope of matters considered by their respective Committees. The External Auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay apprised of the Company's strategy and goals. Each shareholder has the opportunity to participate and vote either in person or through duly appointed proxies at the general meetings on poll in accordance with manners provided by the articles of association of the Company and the Listing Manual of the SGX-ST. Shareholders also have the opportunity to communicate their views and discuss with the Directors and Management matters affecting the Company after the general meetings.

Notice of the general meeting will be advertised in newspapers and announced on SGXNET. Each item of special business will be accompanied by full explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings.

The proceedings of all general meetings including questions and answers exchanged between the Company and shareholders are recorded in the minutes book of the Company, and available to shareholders upon their request.

The Company currently does not have a fixed dividend policy. The form, frequency and amount of dividends that the Directors may recommend or declare in respect of any particular financial year or period are subject to various other factors including the level of cash and retained earnings. In light of the Company's negative retained earnings, the Board does not recommend any dividend for the financial year ended 31 December 2015.

Dealing In Company's Securities

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, the Company has adopted its own internal compliance code pursuant to the SGX-ST's best practices on dealing in securities and these are applicable to the Company and its officers in relation to their dealings in the Company's securities. The Company and its officers are advised not to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements, until the release of the financial statements to SGXNET, or if they are in possession of unpublished price-sensitive information of the Company. In addition, the Company and its officers are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period and they should not deal in the Company's securities on short-term consideration.

Interested Person Transactions Policy

The Company adopted an internal policy in respect of any transactions with interested person and has established procedures for review and approval of the interested person transactions entered into by the Company. The AC has reviewed the rationale and terms of the Company's interested person transactions and is of the view that the interested person transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Pursuant to Rule 920(1)(a)(ii) of the Listing Manual of the SGX-ST, the aggregate value of interested person transactions was entered into by the Group for the financial year ended 31 December 2015 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than RMB 458,000 (S$100,000) and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than RMB 458,000 (S$100,000)) RMB
Shandong Yimeng Bearing Joint Stock Co., Ltd.	865,430	–

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

The additional information for disclosures on interested person transactions entered into by the Group in FY2015 is as follows:-

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

   Linyi Kaiyuan Bearing Co, Ltd leased 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 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 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"). For financial year ended 31 December 2015, total lease rental paid to Yimeng Bearing was RMB 865,430 as a result of the termination of lease on November 2015.

2. Loan from Shandong Yimeng Bearing Joint Stock Co., Ltd.

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 RMB 10.2 million were made in third quarter of FY2011 and fourth quarter of FY2014 respectively. During second quarter of FY2015, remaining balance of the loan amounting to RMB 10.2 million has been fully paid. As such, there was no outstanding balance as at 31 December 2015.

Material Contracts

There are no material contracts entered into by the Company involving the interest of the Company's Chief Executive Officer, any Director, or controlling shareholder subsisted at the end of the financial year ended 31 December 2015 or have been entered into since the end of the previous financial year.

Use of Proceeds

The Company has on 10 May 2013 completed the placement of up to 46,000,000 new ordinary shares in the capital of the Company and raised approximately RMB 6,630,715 cash proceeds for its general working capital requirements.

As at 31 December 2015, the uilisation of the cash proceeds of approximately RMB 6,630,715 were as follows:

Utilisation of Share Placement Proceeds	RMB
General working capital:	
Payment for various professional services	3,028,906
Payment for administration expenses	3,258,212
Payment for expenses incurred in connection with the Share Placement	343,597
Share Placement proceeds utilised	6,630,715
Unutilised balance of the Share Placement proceeds	–
Total cash proceeds received from the Share Placement	6,630,715

The directors present their statement to the members of the Company together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

In the opinion of the directors:

(a) the accompanying statements of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Names of directors

The directors of the Company in office at the date of this report are:

Lim Kean Tin (Non-Executive Chairman) (appointed on 4.2.2016)
Zhang Anxi (Non-Executive Director)
Tan Kah Ghee (Lead Independent Director)
Wong Chee Meng Lawrence (Independent Director)
Lee Kean Cheong (Independent Director) (appointed on 4.2.2016)

Arrangements to enable directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor its subsidiary was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporation, except as follows:

	Number of ordinary shares			
	Holdings registered in the name of director		**Holdings in which director is deemed to have an interest**	
	As at 1.1.2015	**As at 31.12.2015 and 21.1.2016, or date of appointment, if later**	As at 1.1.2015	**As at 31.12.2015 and 21.1.2016, or date of appointment, if later**
<u>The Company</u>				
Zhang Anxi	–	**–**	126,412,000	**43,888,000**
Lim Kean Tin (appointed 4.2.2016)	–	**82,524,000**	–	**–**

Directors' interest in shares or debentures (Cont'd)

	Number of ordinary shares			
	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 1.1.2015	**As at 31.12.2015 and 21.1.2016**	As at 1.1.2015	**As at 31.12.2015 and 21.1.2016**
Immediate holding company - <u>China Bearing (Bermuda) Co., Ltd.</u>				
Zhang Anxi*	2,388	**2,388**	7,092	**7,092**
Xu Yihe	1,428	#	–	#
Zhang Anling	1,092	#	–	#

* Zhang Anxi and his son own 19.9% and 59.1% respectively of China Bearing (Bermuda) Co., Ltd., which owns 126,412,000 shares in the Company.

\# Resigned on 21.12.2015

Zhang Anxi, by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, is deemed to have an interest in the whole of the issued share capital of Linyi Kaiyuan Bearing Co., Ltd.

There are no changes to the above shareholdings as at 21 January 2016.

Share options

No options were granted during the financial year to take up unissued shares of the Company or its subsidiary.

No shares were issued during the financial year to which this report relates by virtue of the exercise of the options to take up unissued shares of the Company or its subsidiary.

There were no unissued shares of the Company under option at the end of the financial year.

Audit committee

The Audit Committee at the end of the financial year comprises the following members:

Tan Kah Ghee (Chairman)
Wong Chee Meng Lawrence
Lim Kean Tin (appointed on 4.2.2016)
Lee Kean Cheong (appointed on 4.2.2016)

All members of the Audit Committee are non-executive directors and except for Mr. Lim Kean Tin, all members are independent.

Audit committee (Cont'd)

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed the following:

(i) audit plans of the internal auditor and external auditor, assistance given by the Company's officers to the internal auditor and external auditor and results of the internal and external auditor's audit procedures;

(ii) the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 as well as the auditor's report thereon;

(iii) effectiveness of the Company's material internal controls, including financial, operational, information technology and compliance controls, and risk management via reviews carried out by the internal auditors;

(iv) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(v) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vi) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(vii) reviewed the nature and extent of non-audit services provided by the external auditor;

(viii) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(ix) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and

(x) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

In appointing the auditors for the Company and its subsidiary, the directors have complied with Rules 712 and 715 of the SGX Listing Manual.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Other information required by the SGX-ST

Material information

Apart from the Service Agreements between the executive directors and the Company, there are no material contracts to which the Company or its subsidiary, is a party which involve directors' interests subsisted or have been entered into during the financial year.

Interested person transactions

There was no interested person transaction as defined in Chapter 9 of Listing Manual of the Singapore Exchange conducted during the financial year except as disclosed under "Interested Person Transactions Policy" on "Corporate Governance" section of the Annual Report and on Note 22 to the financial statements.

On behalf of the Board of Directors

ZHANG ANXI

TAN KAH GHEE

Dated: 21 March 2016

Report on the financial statements

We have audited the accompanying financial statements of China Bearing (Singapore) Ltd. (the "Company") and its subsidiary (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 21 March 2016

STATEMENTS OF
FINANCIAL POSITION
As at 31 December 2015

		The Group		The Company	
		31 December 2015	31 December 2014	**31 December 2015**	31 December 2014
	Note	**RMB**	RMB	**RMB**	RMB
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	**–**	29,529,791	**–**	997
Land use rights	5	**–**	4,498,013	**–**	–
Intangible assets	6	**–**	–	**–**	–
Subsidiary	7	**–**	–	**–**	115,484,694
Deferred tax assets	8	**–**	1,117,000	**–**	–
		–	35,144,804	**–**	115,485,691
Current Assets					
Inventories	9	**–**	42,372,833	**–**	–
Trade and other receivables	10	**–**	26,892,997	**–**	–
Cash and bank balances	11	**61,881,462**	80,605,245	**61,881,462**	1,733,791
		61,881,462	149,871,075	**61,881,462**	1,733,791
Total assets		**61,881,462**	185,015,879	**61,881,462**	117,219,482
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	**125,769,286**	125,769,286	**125,769,286**	125,769,286
Other reserve	13	**–**	28,283,552	**–**	–
Accumulated losses		**(65,550,561)**	(35,605,103)	**(65,550,561)**	(16,893,979)
Total equity		**60,218,725**	118,447,735	**60,218,725**	108,875,307
LIABILITIES					
Current Liabilities					
Trade and other payables	14	**1,662,737**	54,746,417	**1,662,737**	2,044,044
Amount owing to a subsidiary	7	**–**	–	**–**	6,300,131
Advances from related parties	15	**–**	10,184,065	**–**	–
Current tax payable		**–**	1,637,662	**–**	–
Total liabilities		**1,662,737**	66,568,144	**1,662,737**	8,344,175
Total equity and liabilities		**61,881,462**	185,015,879	**61,881,462**	117,219,482

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	Year ended 31 December 2015 RMB	Year ended 31 December 2014 RMB
Continuing operation			
Revenue	3	–	–
Cost of sales		–	–
Gross profit		–	–
Other operating income		**788**	–
Administrative expenses	16(a)	**(9,637,376)**	(3,178,852)
Other operating expenses	16(b)	**(5,045,463)**	–
Loss from continuing operation before taxation	17	**(14,682,051)**	(3,178,852)
Taxation	18	–	–
Loss after tax from continuing operation		**(14,682,051)**	(3,178,852)
Discontinued operation			
(Loss)/profit from discontinued operation, net of tax	19	**(43,546,959)**	6,433,153
(Loss)/profit for the year, net of tax		**(58,229,010)**	3,254,301
Other comprehensive income, net of tax	20	–	–
Total comprehensive (expense)/income for the year		**(58,229,010)**	3,254,301
(Loss)/earnings per share (RMB cents)	21		
From continuing operation attributable to equity holders of the Company			
- Basic		**(5.32)**	(1.15)
- Diluted		**(5.32)**	(1.15)
From discontinued operation attributable to equity holders of the Company			
- Basic		**(15.78)**	2.33
- Diluted		**(15.78)**	2.33

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

For the financial year ended 31 December 2015

		Share capital	Statutory common reserve	Accumulated losses	Total equity
The Group	**Note**	**RMB**	**RMB**	**RMB**	**RMB**
Balance at 1 January 2014		125,769,286	28,283,552	(38,859,404)	115,193,434
Profit after taxation and total comprehensive income for the year		–	–	3,254,301	3,254,301
Balance at 31 December 2014		125,769,286	28,283,552	(35,605,103)	118,447,735
Balance at 1 January 2015		**125,769,286**	**28,283,552**	**(35,605,103)**	**118,447,735**
Loss after taxation and total comprehensive expense for the year		**–**	**–**	**(58,229,010)**	**(58,229,010)**
Disposal of subsidiary	13	**–**	**(28,283,552)**	**28,283,552**	**–**
Balance at 31 December 2015		**125,769,286**	**–**	**(65,550,561)**	**(60,218,725)**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Year ended 31 December 2015	Year ended 31 December 2014
	RMB	RMB
Cash Flows from Operating Activities		
Loss before tax from continuing operation	**(14,682,051)**	(3,178,852)
(Loss)/profit before tax from discontinued operation	**(42,235,125)**	8,271,286
(Loss)/profit before taxation, total	**(56,917,176)**	5,092,434
Adjustments for:		
Depreciation of property, plant and equipment	**920,828**	3,666,267
Amortisation of land use rights	**23,315**	61,098
Impairment on property, plant and equipment	**11,501,422**	–
Impairment of land use rights	**1,095,249**	–
Loss/(gain) on disposal of property, plant and equipment	**1,645,187**	(554,407)
Loss on disposal of subsidiary	**5,045,463**	–
Allowance/(reversal) for inventories written down	**4,328,490**	(1,820,919)
Interest income	**(165,745)**	(284,843)
Operating (loss)/profit before working capital changes	**(32,522,967)**	6,159,630
Decrease/(increase) in inventories	**9,553,192**	(2,526,328)
Decrease/(increase) in trade and other receivables	**10,475,374**	(603,313)
(Decrease)/increase in trade and other payables	**(22,563,664)**	6,985,992
Cash (used in)/generated from operations	**(35,058,065)**	10,015,981
Income tax paid	**(1,832,497)**	–
Net cash (used in)/generated from operating activities	**(36,890,562)**	10,015,981
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment (Note A)	**(25,485,708)**	(3,202,290)
Acquisition of land use rights	**(12,160,067)**	–
Proceeds from disposal of property, plant and equipment	**266,614**	784,560
Proceeds from sale of subsidiary (Note B)	**58,657,504**	–
Exchange loss arising from proceeds on disposal of subsidiary	**6,936,756**	–
Interest received	**165,745**	284,843
Net cash generated from/(used in) investing activities	**28,380,844**	(2,132,887)
Cash Flows from Financing Activities		
Repayment to related parties	**(10,184,065)**	(10,184,065)
Advances to ultimate holding company	**(30,000)**	(68,000)
Restricted deposits	**(55,693,316)**	–
Net cash used in financing activities	**(65,907,381)**	(10,252,065)
Net decrease in cash and cash equivalents	**(74,417,099)**	(2,368,971)
Cash and cash equivalents at beginning of year	**80,605,245**	82,974,216
Cash and cash equivalents at end of year (Note 11)	**6,188,146**	80,605,245

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF
CASH FLOWS

For the financial year ended 31 December 2015

Notes:

A. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RMB25,946,483 (2014 - RMB3,143,460) of which RMB1,231,978 (2014 - RMB771,203) remained unpaid as at 21 December 2015. Cash payments of RMB25,485,708 (2014 - RMB3,202,290) were made to purchase property, plant and equipment.

B. Disposal of subsidiary

The Group disposed of its subsidiary on 21 December 2015. The carrying value of assets disposed of and liabilities discharged were as follows:

	2015	2014
	RMB	RMB
Property, plant and equipment	**41,142,223**	–
Land use rights	**15,539,516**	–
Inventories	**28,491,150**	–
Trade and other receivables	**16,447,621**	–
Cash and bank balances	**3,162,740**	–
Trade and other payables	**(30,980,787)**	–
Net assets disposed of	**73,802,463**	–
Loss on disposal of subsidiary	**(5,045,463)**	–
Exchange loss on disposal of subsidiary*	**(6,936,756)**	–
Proceeds received	**61,820,244**	–
Less:		
Cash balance in subsidiary disposed of	**(3,162,740)**	–
Net cash inflow on disposal	**58,657,504**	–

* This is related to exchange loss of S$1,513,320 (RMB6,936,756) arising from the proceeds received of S$15,000,000 on disposal of subsidiary, which was denominated in Malaysia Ringgit. The proceeds received was deposited in an escrow account.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 General information

The financial statements of the Company and of the Group for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is listed on the Singapore Exchange Mainboard (SGX-ST). It was incorporated and is domiciled in Singapore as a limited liability company.

On 29 July 2015, the Company entered into a sale and purchase agreement ("SPA"), pursuant to which the Company has agreed to sell to the Purchaser, Spring Century Investment Limited ("Spring Century"), the entire issued and paid-up share capital of Linyi Kaiyuan Bearing Co., Ltd. ("Linyi Kaiyuan"), a wholly-owned subsidiary of the Company, on the terms and conditions of the SPA ("Disposal") for an aggregate consideration of S$15 million (or its foreign currency based on the relevant closing exchange rate as published by any major bank as at the business day immediately prior to the SPA). Spring Century is a company incorporated in Hong Kong and is a special purpose vehicle incorporated for the purposes of undertaking the Disposal.

The Disposal was completed on 21 December 2015. Upon completion of the Disposal, the Company ceased to own and operate any business. The Company became a cash company under Rule 1018 of the Listing Manual upon completion.

The registered office is located at 161A Thomson Road Goldhill Centre, Singapore 307614.

The immediate and ultimate holding company of the Company was China Bearing (Bermuda) Co., Ltd. ("China Bearing (Bermuda)"), a company incorporated in Bermuda. On 22 December 2015, the partial disposal of shares by China Bearing (Bermuda) to Mr Lim Kean Tin, Non-Executive Director (appointed on 4.2.2016) resulted in a decrease in its shareholding interests in the Company from 45.8% to 15.9%. Arising from the said disposal of shares, China Bearing (Bermuda) ceased to the immediate and ultimate holding company of the Company.

The principal activity of the Company was that of an investment holding company. The principal activities of the disposed subsidiary were the manufacturing and sale of bearings under the "Yimeng" brand for use in automobiles, equipment and machinery.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations to FRS ("INT FRS") promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Renminbi ("RMB") which is the Company's functional currency. All financial information is presented in RMB, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The following are the critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

2(a) Basis of preparation (Cont'd)

Significant judgements in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amount recognised in the financial statements:

Assets held for sale and liabilities directly associated with assets held for sale

In the course of evaluating the divestment of Linyi Kaiyuan during the first quarter of 2015, management has applied judgement to the timing to which assets and liabilities directly associated to the assets be classified under "held-for-sale" in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations.

In March 2015, Mr Zhang Anxi, director of the substantial shareholder, China Bearing (Bermuda) was in preliminary negotiation with Mr Sun Jinpeng (the "Purchaser") for the disposition of the shares in the subsidiary company, Linyi Kaiyuan ("Disposal"). Extension of lease period of land located at No. 2, Yi Qing Road, Yinan County, Linyi City, Shandong Province, ZIP Code 276300 via its lessor, Shandong Yimeng Bearing Joint Stock Co., Ltd. (see Note 22 Significant related party transactions) was a pre-condition to the proposed sale and purchase mandate. On 5 May 2015, China Bearing (Bermuda) has entered into a tentative sale and purchase mandate with the Purchaser. Mr Zhang Anxi, who is also the Executive Director of the Group, representing the substantial shareholder has committed to a plan to sell Linyi Kaiyuan and efforts to sell Linyi Kaiyuan have started. Accordingly, Linyi Kaiyuan was classified as a disposal group held for sale on 1 March 2015.

Income taxes (Note 18)

The Group has exposure to income taxes in certain jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Determination of functional currency

The Group measures foreign currency transactions in the functional currency of the Company and its subsidiary. In determining the functional currency of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Critical accounting estimates and assumptions used in applying accounting policies

The key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Measurement of fair values (Notes 4 and 5)

In conjunction with the disposal of Linyi Kaiyuan, the management carried out a review of the recoverable amount of property, plant and equipment based on the fair values determined by an independent professional valuer using the cost approach (replacement costs of assets less depreciation cost).

The management assesses and documents the evidence obtained from the independent professional valuer to support the conclusion that such valuation meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

Allowance for inventory obsolescence (Note 9)

The Group reviewed the ageing analysis of inventories at the end of each reporting period, and made allowance for obsolete and slow moving inventory items identified that were no longer suitable for sale. The net realisable value for such inventories were estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

If the net realisable value of the inventories increased/decreased by 10% from management's estimates, the Group's results would decrease/increase by RMB313,144 for the financial year ended 31 December 2014.

The carrying amount of the inventories as at end of the reporting period is disclosed in Note 9 to the financial statements.

Useful lives of plant and machinery (Note 4)

Plant and machinery were depreciated on a straight-line basis over their estimated economic useful lives. Management estimated the useful lives of these assets to be within 12 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at the end of reporting period is disclosed in Note 4 to the financial statements.

A 10% difference in the expected useful lives of these assets from management's estimates would result in approximately 7% variance in the Group's results for the financial year ended 31 December 2014.

Depreciation of property, plant and equipment (Note 4)

Property, plant and equipment were depreciated on a straight-line basis over their estimated useful lives. Management estimated the useful lives of the property, plant and equipment to be within 3 to 40 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2014 was RMB29,529,791. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the end of reporting period is disclosed in Note 4 to the financial statements.

If depreciation on property, plant and equipment increased/decreased by 10% from management, the Group's results for the financial year ended 31 December 2014 would decrease/increase by approximately RMB366,627.

The Company and the Group assessed annually whether property, plant and equipment had any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment had been determined based on value-in-use calculations. These calculations required the use of judgments and estimates.

The key assumptions for the value-in-use calculations were those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimated discount rates using pre-tax rates that reflected current market assessments of the time value of money and the risks specific to the CGUs. The growth rates were based on industry growth forecasts. Changes in selling prices and direct costs were based on past practices and expectations of future changes in the market.

An increase in one percentage point in revenue growth rate would result in an increase in recoverable amount in property, plant and equipment by RMB3,422,522 for the financial year ended 31 December 2014. A decrease in one percentage point in revenue growth rate would result in a decrease in recoverable amount in property, plant and equipment by RMB3,313,252 as at 31 December 2014.

The accounting policies have been applied consistently to all periods presented in these financial statements.

2(b) Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Company and the Group adopted the amended FRSs that are mandatory for application from that date. Changes to the Company's and the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs. This includes the following FRSs:

Reference	Description
Amendments to FRS 19	Defined Benefit Plans: Employee Contributions
Improvement to FRSs (January 2014)	
Amendments to FRS 16	Property, Plant and Equipment
Amendments to FRS 24	Related Party Disclosures
Amendments to FRS 38	Intangible Assets
Amendments to FRS 102	Share-based Payment
Amendments to FRS 103	Business Combinations
Amendments to FRS 108	Operating Segments
Improvement to FRSs (February 2014)	
Amendment to FRS 40	Investment Property
Amendment to FRS 103	Business Combinations
Amendment to FRS 113	Fair Value Measurement

The adoption of these amended FRSs did not result in substantial changes to the Company's and the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2(c) FRS issued but not yet effective

The following are the new or amended FRSs issued but not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
FRS 114	Regulatory Deferral Accounts	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018
Amendments to:		
FRS 1	Disclosure Initiative	1 January 2016
FRS 7	Disclosure Initiative	1 January 2017
FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 16 and FRS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 16 and FRS 41	Agriculture: Bearer Plants	1 January 2016
FRS 27	Equity Method in Separate Financial Statements	1 January 2016
FRS 111	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 110 and FRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 110, FRS 112 and FRS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016

2(c) FRS issued but not yet effective (Cont'd)

Reference	Description	Effective date (Annual periods beginning on or after)
Improvements to:		
FRS 19	Employee Benefits	1 January 2016
FRS 34	Interim Financial Reporting	1 January 2016
FRS 105	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
FRS 107	Financial Instruments: Disclosures	1 January 2016

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.

2(d) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the end of the reporting period. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. Information on its subsidiary is given in Note 7 to the financial statements.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;

- exposure, or rights or variable returns from its involvement with the investee; and

- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

<u>A change in the ownership interest</u>

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Transactions with Non-Controlling Interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

	Useful lives
Electrical fittings	12 years
Computers	3-5 years
Motor vehicles	6 years
Plant and machinery	12 years
Office building and dormitory	40 years
Factory	20 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment, if any.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Company and the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month after acquisition and to the month of disposal respectively. Fully depreciated property, plant and equipment, if any, are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Land use rights

Land use rights were initially measured at cost. Following initial recognition, land use rights were measured at cost less accumulated amortisation and accumulated impairment losses, if any. The land use rights were amortised on a straight-line basis over the lease term of 40 years.

2(d) Summary of significant accounting policies (Cont'd)

Intangible assets

Intangible assets were accounted for using the cost model. Capitalised costs were amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they were carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they were subjected to annual impairment testing.

Intangible assets were written off where, in the opinion of the directors, no further future economic benefits were expected to arise.

Patents and licenses

Costs relating to patents and licenses which were acquired were capitalised and amortised on straight-line basis over their useful life of ten years, commencing in the year of operations.

Subsidiary

A subsidiary was an entity controlled by the Group. Control existed when the Group had the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that were currently exercisable or convertible were considered when assessing whether there was control.

In the Company's separate financial statements, shares in a subsidiary were stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Inventories

Inventories were carried at the lower of cost and net realisable value. Cost was determined on a first-in, first-out basis for finished goods and weighted-average basis for raw materials, and included all costs in bringing the inventories to their present location and condition. In the case of manufactured products, cost included all direct expenditure and production overheads based on the normal level of activity.

Provision was made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value was the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment of impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

2(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company and the Group currently have a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in the consolidated income statement when received, regardless of how the related carrying amount of financial assets is measured.

The Group does not hold any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables and deposits with banks. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in the consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits with financial institutions, which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits with financial institutions which are subject to an insignificant risk of changes in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Financial liabilities

The Company's and the Group's financial liabilities include trade and other payables, amount owing to a subsidiary and advances from related parties.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in the consolidated income statement. Financial liabilities are derecognised if the Company's and the Group's obligations specified in the contract expire or are discharged or cancelled.

2(d) Summary of significant accounting policies (Cont'd)

Financial liabilities (Cont'd)

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Trade and other payables, amount owing to a subsidiary and advances from related parties are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

As at the date of the financial position, the related parties are regarded past related parties.

Leases

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases.

Rentals on operating leases were charged to the profit or loss on a straight-line basis over the lease term. Lease incentives, if any, were recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, were recognised in the consolidated income statement when incurred.

2(d) Summary of significant accounting policies (Cont'd)

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investment in a subsidiary, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets subjected to impairment were reviewed at the end of each reporting period to determine whether there was any indication of impairment. If any such indication existed, the asset's recoverable amount was estimated.

If it was not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belonged would be identified.

For the purpose of assessing impairment, assets were grouped at the lowest levels for which there were separately identifiable cash flows (cash-generating units). As a result, some assets were tested individually for impairment and some were tested at cash-generating unit level.

Individual assets or cash-generating units that included other intangible assets, if any, with an indefinite useful life or those not yet available for use were tested for impairment at least annually. All other individual assets or cash-generating units were tested for impairment whenever events or changes in circumstances indicated that the carrying amount might not be recoverable.

An impairment loss was recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeded its recoverable amount. The recoverable amount was the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation.

2(d) Summary of significant accounting policies (Cont'd)

Impairment of non-financial assets (Cont'd)

Impairment losses recognised for cash-generating units, to which goodwill had been allocated were credited initially to the carrying amount of goodwill. Any remaining impairment loss was charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets were subsequently reassessed for indications that an impairment loss previously recognised might no longer exist.

Any impairment loss was charged to the consolidated income statement unless it reversed a previous revaluation in which case it was charged to equity.

With the exception of goodwill,

- An impairment loss was reversed if there had been a change in the estimates used to determine the recoverable amount or when there was an indication that the impairment loss recognised for the asset no longer existed or decreased.

- An impairment loss was reversed only to the extent that the asset's carrying amount did not exceed the carrying amount that would had been determined if no impairment loss had been recognised.

- A reversal of an impairment loss on a revalued asset was credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the consolidated income statement, a reversal of that impairment loss was recognised as income in the consolidated income statement.

Discontinued operation

A component of the Group is classified as a discontinued operation when it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations.

In the profit or loss of the current reporting period, and of the comparative period, all income and expenses from discontinued operation are reported separately from income and expenses from continuing activities, down to the level of loss after taxes.

The resulting loss (after taxes) is reported separately in consolidated income statement.

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes relevant value-added taxes ("VAT"), where applicable, and is arrived at after deduction of trade discounts, if any. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

<u>Sale of goods</u>

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

<u>Rendering of services</u>

Revenue from services is recognised upon rendering of services.

<u>Interest income</u>

Interest income is recognised on a time-apportioned basis using the effective interest method.

2(d) Summary of significant accounting policies (Cont'd)

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

Employee benefits

Pension obligations

The Company and the Group participate in the defined contribution schemes as provided by the laws of the countries in which it has operations. In particular, the Singapore incorporated company in the Group contributes to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore. The contributions to national pension schemes are charged to the consolidated income statement in the period to which the contributions relate.

The subsidiary in the People's Republic of China (the "PRC") is required to provide certain staff pension benefits to their employees under existing PRC regulations. Pension contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiary's employees.

Employee leave entitlements

No provision has been made for employee leave entitlements as any unconsumed annual leave not utilised will be forfeited.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain managers are considered key management personnel.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Company and the Group are presented in RMB, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in the profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the exchange translation reserve.

2(d) Summary of significant accounting policies (Cont'd)

Conversion of foreign currencies (Cont'd)

Transactions and balances (Cont'd)

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transactions.

Operating segments

For the financial years presented, the Group primarily had one operating segment, which was the manufacturing and sale of bearings. The Group's manufacturing activities operated predominantly in the People's Republic of China ("PRC").

For management purposes, operating segments were organised based on their products and services which were independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers were directly accountable to the Chief Executive Officer who regularly reviewed the segment results in order to allocate resources to the segments and to assess segment performance.

3 Revenue

No revenue is generated from continuing operation.

4 Property, plant and equipment

The Group	Electrical fittings RMB	Computers RMB	Motor vehicles RMB	Plant and machinery RMB	Office building and dormitory RMB	Factory RMB	Total RMB
Cost							
At 1 January 2014	10,622,151	196,275	3,521,656	78,471,801	19,253,772	26,785,996	138,851,651
Additions	–	10,000	36,000	3,097,460	–	–	3,143,460
Disposals	–	–	(779,042)	(4,501,486)	–	–	(5,280,528)
At 31 December 2014 and 1 January 2015	**10,622,151**	**206,275**	**2,778,614**	**77,067,775**	**19,253,772**	**26,785,996**	**136,714,583**
Additions	**–**	**–**	**–**	**14,353,648**	**1,830,545**	**9,762,290**	**25,946,483**
Disposals	**(234,791)**	**(104,089)**	**(2,431,138)**	**(26,564,904)**	**–**	**(1,592,835)**	**(30,927,757)**
Attributable to discontinued operation	**(10,387,360)**	**(94,708)**	**(347,476)**	**(64,856,519)**	**(21,084,317)**	**(34,955,451)**	**(131,725,831)**
At 31 December 2015	**–**	**7,478**	**–**	**–**	**–**	**–**	**7,478**
Accumulated depreciation and impairment losses							
At 1 January 2014	7,849,052	175,963	3,099,322	66,161,342	12,692,141	18,591,080	108,568,900
Depreciation for the year	383,297	12,482	162,432	2,313,020	210,384	584,652	3,666,267
Disposals	–	–	(698,340)	(4,352,035)	–	–	(5,050,375)
At 31 December 2014 and 1 January 2015	**8,232,349**	**188,445**	**2,563,414**	**64,122,327**	**12,902,525**	**19,175,732**	**107,184,792**
Depreciation for the year	**60,322**	**3,265**	**48,714**	**519,466**	**32,594**	**256,467**	**920,828**
Disposals	**(219,026)**	**(103,867)**	**(2,351,129)**	**(25,128,479)**	**–**	**(1,213,455)**	**(29,015,956)**
Impairment losses	**1,154,816**	**5,818**	**15,404**	**6,863,939**	**2,661,233**	**800,212**	**11,501,422**
Attributable to discontinued operation	**(9,228,461)**	**(86,183)**	**(276,403)**	**(46,377,253)**	**(15,596,352)**	**(19,018,956)**	**(90,583,608)**
At 31 December 2015	**–**	**7,478**	**–**	**–**	**–**	**–**	**7,478**
Net book value							
At 31 December 2015	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2014	2,389,802	17,830	215,200	12,945,448	6,351,247	7,610,264	29,529,791

4 Property, plant and equipment (Cont'd)

	Computers
The Company	**RMB**
Cost	
At 1 January 2014, at 31 December 2014 and **at 31 December 2015**	**7,478**
Accumulated depreciation	
At 1 January 2014	3,490
Depreciation for the year	2,991
At 31 December 2014 and 1 January 2015	6,481
Depreciation for the year	997
At 31 December 2015	**7,478**
Net book value	
At 31 December 2015	**–**
At 31 December 2014	997

(a) Impairment losses on property, plant and equipment and land use rights (Note 5)

Impairment testing of property, plant and equipment and land use rights (Note 5)

The recoverable amount of a CGU was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate in which the CGU operates.

Key assumptions used for value-in-use calculations:

	2014
Revenue growth rate[1]	1.0%
Gross margin[2]	15.6% - 16.4%
Growth rate[3]	1.0%
Discount rate[4]	25.62%

1 Budgeted sales volume growth rate covering a five-year period
2 Budgeted gross margin covering a five-year period
3 Growth rate used to extrapolate cash flows beyond the budget period
4 Pre-tax discount rate applied to the pre-tax cash flow projections

These assumptions were used for the analysis of the CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of the market developments. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

4 Property, plant and equipment (Cont'd)

(a) Impairment losses on property, plant and equipment and land use rights (Note 5) (Cont'd)

Key assumptions used for value-in-use calculations (Cont'd):

As at 31 December 2014, the recoverable amount of property, plant and equipment and land use rights exceeded the carrying amount by RMB1,222,743. Notwithstanding the surplus of the recoverable amount of the Group CGU over the carrying amount, management had determined that as the service potential of the Group CGU had not increased owing to the same property, plant and equipment and land use rights being used in generating future cash flows, no reversal of impairment loss recognised in prior period was recognised on the carrying values of the Group's non-current assets for the year ended 31 December 2014 in accordance with FRS 36.

In 2015, the management carried out a review of the recoverable amount of property, plant and equipment based on the fair values determined by an independent professional valuer, using the cost approach (replacement costs of assets less depreciation cost). This is categorised under Level 3 of the fair value hierarchy based on the inputs in the valuation technique.

Valuation techniques and significant unobservable inputs

The following table shows the Group's valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used:

Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs**
Office factory and dormitory	*Cost technique:* The cost approach considers the costs of constructing comparable buildings of similar structure type and function of use, taking into account the costs of infrastructure, building and installation costs and applied a coefficient adjustment to replacement cost derived.	• coefficient adjustment of 50%	The estimated fair value would increase/(decrease) if the liquidity coefficient adjustment is lower/(higher). The liquidity coefficient is the discount applied in the valuation in considering the liquidation value on disposition.
Equipment (electrical fittings, plant and machinery, motor vehicles)	*Cost technique:* The cost approach considers the market price based on the features of the equipment for manufacturing purpose and available market information assuming continuing usage under normal conditions and applied a coefficient adjustment to replacement cost derived. The estimated value takes into account inquiries of procurement from manufacturers and equipment trading companies, current market prices of similar assets in domestic market, freight and installation costs and references to recent market price information.	• coefficient adjustment of 50% • Weightages applied to residual ratio of 0.4 by theory which is determined on actual conditions and the maintenance involved and 0.6 by survey which is derived using service life method • Inquiries of procurement from manufacturers and equipment trading companies	The estimated fair value would increase/(decrease) if the liquidity coefficient adjustment is lower/(higher).

4 Property, plant and equipment (Cont'd)

(a) Impairment losses on property, plant and equipment and land use rights (Note 5) (Cont'd)

Valuation techniques and significant unobservable inputs (Cont'd)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs
Land use rights (Note 5)	*Cost and market comparison technique:* The Group considers both approaches, and reconciles and weighs the estimates under each approach based on its assessment of the judgement that market participants would apply. The cost approach considers the price of land on land access fees, expenses for land development, tax payable and value-added income. Comparison was made to valuations of similar parcels of land in recent market transactions and applied coefficient adjustments to land comparison value derived.	• coefficient adjustments which include transaction correction coefficients as to the status and timing, regional factor correction coefficient and specific factor correction coefficient.	The estimated fair value would increase/(decrease) if the coefficient adjustments are lower/(higher).

The impairment losses of RMB11,501,422 represent the write-down of certain property, plant and equipment to its recoverable amount.

(b) Depreciation expense is charged to:

	2015	2014
The Group	**RMB**	RMB
Continuing operation		
Administrative expenses	**997**	2,991
Discontinued operation		
Cost of sales	**823,177**	3,194,075
Administrative expenses	**96,654**	469,201
	919,831	3,663,276
	920,828	3,666,267

(c) As at 31 December 2014, a motor vehicle costing RMB36,000 of the Group was registered in the name of an employee. This was held in trust for the Group.

5 Land use rights

The Group	2015 RMB	2014 RMB
Cost		
At 1 January	**5,597,168**	5,597,168
Additions	**12,160,067**	–
Attributable to discontinued operation	**(17,757,235)**	–
At 31 December	**–**	5,597,168
Accumulated amortisation and impairment losses		
At 1 January	**1,099,155**	1,038,057
Amortisation charge	**23,315**	61,098
Impairment losses	**1,095,249**	–
Attributable to discontinued operation	**(2,217,719)**	–
At 31 December	**–**	1,099,155
Net carrying amount		
At 31 December	**–**	4,498,013

(a) As at 31 December 2014, land use rights belonged to Linyi Kaiyuan and were related to buildings on leasehold land located at:

Location	Description	Land area [square metres ("sq m")]	Tenure
Acquired from 沂南县国土资源局			
Yinan Industrial Park Yinan County Shandong Province ZIP Code 276300	Office buildings and dormitory	55,027	40 years (valid till 13 July 2046)

(b) Additions during the financial year ended 31 December 2015 related to land use rights belonging to Linyi Kaiyuan were related to buildings on leasehold land located at:

Location	Description	Land area [square metres ("sq m")]	Tenure
Acquired from 沂南县国土资源局			
No. 2, Yi Qing Road Yinan County Linyi City Shandong Province ZIP Code 276300	Factory, office buildings and dormitory	41,745	40 years (valid till 1 July 2055)

(c) The impairment losses of RMB1,095,249 represent the write-down of land use rights to its recoverable amount.

6 Intangible assets

	RMB
The Group	
Cost	
At 1 January 2014, 31 December 2014 and 1 January 2015	2,800,000
Attributable to discontinued operation	(2,800,000)
At 31 December 2015	–
Accumulated amortisation	
At 1 January 2014, 31 December 2014 and 1 January 2015	2,800,000
Attributable to discontinued operation	(2,800,000)
At 31 December 2015	–
Net book value	
At 31 December 2014 and **31 December 2015**	–

The rights belonged to Linyi Kaiyuan for the use of certain design of precision roller-bearings.

7 Subsidiary

	2015	**2014**
The Company	**RMB**	**RMB**
Unquoted equity shares, at cost	–	115,484,694
Amount owing to a subsidiary	–	6,300,131

The subsidiary was:

Name	**Country of incorporation/ principal place of business**	**Cost of investment**		**Proportion of ownership interest and voting rights held by the Company**		**Principal activities**
		2015	2014	**2015**	2014	
		RMB	RMB	**%**	%	
Linyi Kaiyuan Bearing Co., Ltd.	The People's Republic of China	–	115,484,694	–	100	Manufacture and sale of bearings

As at 31 December 2014, the non-trade amount owing to a subsidiary pertained to payments made on behalf of the Company, were unsecured, interest-free and repayable on demand. The carrying amount approximated the fair value of the non-trade amount.

In pursuant to the Deed of Discharge and Waiver entered into between the Company and Linyi Kaiyuan dated 21 December 2015, Linyi Kaiyuan agreed to the waiver for the sum of RMB7,707,697.

On 21 December 2015, the Company disposed of its entire issued and paid-up share capital of the subsidiary to Spring Century. The financial results up to date of disposal have been audited by Foo Kon Tan LLP.

The non-trade amount owing to a subsidiary was denominated in RMB.

8 Deferred taxation

	2015	2014
The Group	**RMB**	RMB
Deferred tax asset		
Balance as at beginning of year	**1,117,000**	1,117,000
Recognised in profit or loss		
- discontinued operation (Note 18)	**(1,117,000)**	–
Balance as at end of year	–	1,117,000
Deferred tax asset comprise tax on:		
Unutilised tax losses	–	1,117,000

On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui [2008] No. 001, which imposes withholding tax on distribution of dividends from post 1 January 2008 profits to foreign investors. For the period 2008 to 2014, Linyi Kaiyuan recorded a net loss of RMB17,087,211. Accordingly, no deferred tax liability is recorded as at the reporting date.

9 Inventories

	2015	2014
The Group	**RMB**	RMB
At cost:		
Raw materials	–	3,030,778
Consumables	–	3,283,264
Work-in-progress	–	7,300,075
Finished goods	–	25,627,276
	–	39,241,393
At net realisable value:		
Work-in-progress	–	576,962
Finished goods	–	2,554,478
	–	3,131,440
	–	42,372,833
Cost of inventories included in cost of sales	–	118,760,813

A sum of RMB894,074 related to work-in-progress and finished goods had been written down to its net realisable value as at 31 December 2014.

During the financial year ended 31 December 2014, a sum of RMB2,714,993 related to write down of inventories had been reversed due to the recovery of selling prices.

10 Trade and other receivables

The Group	2015 RMB	2014 RMB
Trade receivables	–	24,963,462
Other receivables		
Advances to suppliers of raw materials	–	1,674,890
Amount owing by ultimate holding company (non-trade)	–	93,000
Prepayments	–	100,795
Sundry receivables	–	78,000
	–	1,946,685
Allowance for impairment on other receivables		
Balance at beginning and at end of year	–	(17,150)
Net other receivables	–	1,929,535
	–	26,892,997

Trade receivables were usually due within 30 to 90 days and did not bear any effective interest rate. All trade receivables were subject to credit risk exposure. The 5 largest debtors accounted about 79% of the total receivables as at 31 December 2014.

Trade and other receivables were denominated in RMB.

Financial assets that are neither past due nor impaired

Trade receivables that were neither past due nor impaired were substantially companies with good collection track record with the Group were as follows:

The Group	2015 RMB	2014 RMB
Current	–	24,963,462

Other receivables of RMB1,828,740 that were not impaired and categorised as financial assets as disclosed in this report, were considered current and not past due.

Impairment on other receivables was made on specific debts for which the directors of the Company were of the opinion that these debts were long outstanding and were not recoverable.

The advances made to suppliers of raw materials were related to down-payment for supplies made. The carrying value approximated the fair value of the advances.

The non-trade amount owing by the ultimate holding company, China Bearing (Bermuda) pertained to payments made on behalf which were unsecured, interest-free and repayable on demand. The carrying amount approximated the fair value of the non-trade amount.

11 Cash and bank balances

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB	RMB	**RMB**	RMB
Cash on hand	**10**	8,690	**10**	10
Bank balances	**6,188,136**	80,596,555	**6,188,136**	1,733,781
Restricted deposits	**55,693,316**	–	**55,693,316**	–
Cash and bank balances	**61,881,462**	80,605,245	**61,881,462**	1,733,791
Less:				
Restricted deposits	**(55,693,316)**	–	**(55,693,316)**	–
Cash and cash equivalents	**6,188,146**	80,605,245	**6,188,146**	1,733,791

Cash and bank balances are denominated in the following currencies:

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB	RMB	**RMB**	RMB
Renminbi	**–**	78,871,454	**–**	–
Singapore dollar	**61,881,462**	1,733,791	**61,881,462**	1,733,791
	61,881,462	80,605,245	**61,881,462**	1,733,791

Restricted deposits of RMB55,693,316 represents cash placed in an escrow account. This is in compliance with SGX-ST's Rules as the Company ceased to have any operation business and is deemed a cash company after the disposal of its subsidiary on 21 December 2015. The Company has until 21 December 2016 to acquire a new business. Restricted deposits cannot be drawn down until the completion of the acquisition of a business, except for payment of expenses to be incurred in a reverse takeover approved by shareholders and pro-rata distributions to shareholders.

12 Share capital

	Number of ordinary shares		Amount	
	2015	2014	**2015**	2014
The Company			**RMB**	RMB
Issued and fully paid, with no par value				
Balance at beginning and at end of year	**276,000,000**	276,000,000	**125,769,286**	125,769,286

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

13 Other reserve

	2015	2014
The Group	**RMB**	RMB
Statutory common reserve		
Balance as at beginning of year	**28,283,552**	28,283,552
Movement during the year		
- Attributable to discontinued operation	**(28,283,552)**	–
Balance as at end of year	**–**	28,283,552

According to the current PRC Company Law, the disposed subsidiary incorporated in the PRC was required to transfer between 5% and 10% of its profit after taxation to statutory common reserve until the common reserve balance reached 50% of the registered capital. For the purpose of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the PRC accounting standards. The transfer to this reserve must be made before the distribution of dividends to shareholders.

Statutory common reserve could be used to make good previous year's losses and for conversion to capital, if any, provided that the balance remained not less than 25% of the registered capital.

14 Trade and other payables

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB	RMB	**RMB**	RMB
Trade payables	**–**	37,134,535	**–**	–
Accruals for salaries and related costs	**547,636**	14,641,343	**547,636**	710,526
Accrued operating expenses	**1,115,101**	1,194,241	**1,115,101**	558,237
	1,662,737	52,970,119	**1,662,737**	1,268,763
<u>Other payables</u>				
Advances from directors	**–**	775,281	**–**	775,281
VAT payable	**–**	125,452	**–**	–
Other tax payables	**–**	104,362	**–**	–
Liability owing to suppliers of property, plant and equipment	**–**	771,203	**–**	–
	–	1,776,298	**–**	775,281
	1,662,737	54,746,417	**1,662,737**	2,044,044

The advances from directors were unsecured, interest-free and repayable on demand.

14 Trade and other payables (Cont'd)

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB	RMB	**RMB**	RMB
Renminbi	**–**	52,702,373	**–**	–
Singapore dollar	**1,662,737**	2,044,044	**1,662,737**	2,044,044
	1,662,737	54,746,417	**1,662,737**	2,044,044

The fair value of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the statements of financial position to be reasonable approximation of their fair value. The ageing analysis of trade payables approximates 159 days for the financial year ended 31 December 2014.

15 Advances from related parties

	2015	2014
The Group	**RMB**	RMB
Shandong Yimeng Bearing Joint Stock Co., Ltd.	**–**	3,413,006
Zhang Anxi	**–**	4,131,059
Xu Yihe	**–**	1,500,000
Zhang Anling	**–**	1,140,000
	–	10,184,065

The advances were unsecured, interest-free and had no fixed terms of repayment. The repayment of these advances were subjected to the approval of Audit Committee, taking into account, inter alia, the Group's working capital and gearing positions.

During the financial year ended 31 December 2015, these advances have been repaid in full.

The advances from related parties were denominated in RMB.

Related parties are entities in which certain directors of the Group have a direct interest in.

16(a) Administrative expenses

The Group	2015 RMB	2014 RMB
Exchange loss		
- arising from proceeds on disposal of subsidiary	**6,936,756**	–
- others	**2,543**	37,948
Exchange gain	**(75,437)**	–
Exchange loss, net	**6,863,862**	37,948
Directors' fees	**547,636**	434,497
Employee benefit costs	**393,075**	409,351
Audit fees	**283,020**	522,625
Legal and professional fees	**873,809**	1,288,961
Travelling expenses	**145,193**	77,095
Depreciation of property, plant and equipment	**997**	2,991
Others	**529,784**	405,384
	9,637,376	3,178,852

16(b) Other operating expenses

The Group	2015 RMB	2014 RMB
Loss on disposal of subsidiary	**5,045,463**	–

16(c) Employee benefit costs

The Group	2015 RMB	2014 RMB
Directors' remuneration		
- salaries and related costs	**547,636**	434,497
Key management personnel (other than directors)		
- salaries and related costs	**383,966**	409,351
- defined contributions	**9,109**	–
	940,711	834,848
Employee benefit costs charged to:		
Administrative expenses	**940,711**	834,848

17 Loss from continuing operation before taxation

The Group	Note	2015 RMB	2014 RMB
Loss from continuing operation before taxation has been arrived at after charging/(crediting):			
Audit fees paid/payable to auditor of the Company*			
- current year		**389,979**	496,003
- (over)/underprovision in respect of prior year		**(106,959)**	26,622
	16(a)	**283,020**	522,625
Depreciation of property, plant and equipment	4	**997**	2,991
Exchange loss	16(a)	**6,863,862**	37,948
Directors' fees	16(a)	**547,636**	434,497
Employee benefit costs	16(a)	**393,075**	409,351
Loss on disposal of subsidiary	16(b)	**5,045,463**	–

* amount excludes audit fees paid/payable to auditor of the Company included in loss from discontinued operation, net of tax as follows:

	2015 RMB	2014 RMB
Audit fees paid/payable to auditor of the Company		
- current year	**226,305**	267,500
- overprovision in respect of prior year	**(21,523)**	(256,284)
	204,782	11,216

18 Taxation

The Group	2015 RMB	2014 RMB
Continuing operation		
Current taxation	**–**	–
Discontinued operation		
Current taxation	**401,321**	1,838,133
Overprovision in respect of prior years:		
- current taxation	**(206,487)**	–
- deferred taxation (Note 8)	**1,117,000**	–
Taxation attributable to discontinued operation	**1,311,834**	1,838,133

18 Taxation (Cont'd)

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the PRC statutory rate of income tax on the results of the companies in the Group as a result of the following:

The Group	2015 RMB	2014 RMB
Loss from continuing operation	**(14,682,051)**	(3,178,852)
(Loss)/profit from discontinued operation	**(42,235,125)**	8,271,286
(Loss)/profit before taxation, total	**(56,917,176)**	5,092,434
Tax at the domestic rate applicable to (loss)/profit in the countries concerned[1]	**(20,757,325)**	1,527,416
Tax effect on non-deductible expenses	**14,011,839**	1,192,090
Tax effect on non-taxable income	**(827,488)**	–
Overprovision in respect of prior years:		
- current taxation	**(206,487)**	–
- deferred tax asset	**1,117,000**	–
Utilisation of deferred tax assets on temporary differences previously unrecognised	**–**	(881,373)
Deferred tax assets arising from temporary differences foregone upon disposal of subsidiary	**7,974,295**	–
Net tax expense	**1,311,834**	1,838,133

(1) This is prepared by aggregating separate reconciliations for each national jurisdictions

Provision for Singapore tax has not been made as the Company did not derive any significant taxable profit in Singapore.

The applicable tax rate of the Company and of Linyi Kaiyuan is 17% and 25% respectively.

Tax effect on non-deductible expenses mainly relates to disallowed expenditures including reversal of write-down of inventories, impairment losses on property, plant and equipment, entertainment expense and loss on disposal of subsidiary.

The Group had RMB30,291,894 (2014 - Nil) unabsorbed tax losses and RMB43,260,603 (2014 - RMB45,525,444) deductible temporary differences as at 21 December 2015 belonging to the disposed subsidiary, which were subject to agreement with the relevant tax authorities. These unabsorbed tax losses were available for a period of 5 years for offsetting against future taxable income provided that the provisions of the relevant tax legislations were complied with.

Deferred tax assets had not been recognised in respect of the unutilised tax benefits of RMB18,388,124 (2014 - RMB11,381,361) arising from unabsorbed tax losses and deductible temporary differences because it was not probable that future taxable profits would be available against which the Group could utilise the benefits.

19 Discontinued operation

Following the approval of the Shareholders in a general meeting on 17 December 2015 for the sale of Linyi Kaiyuan by the Company, the transaction was completed on 21 December 2015. Upon completion, Linyi Kaiyuan ceased to be subsidiary of the Company and consequently, the Company ceased to own and operate any business, with its assets consisting substantially of cash.

The summarised financial information of the discontinued operation are as follows:

	2015	2014
	RMB	RMB
Revenue	**76,116,066**	140,290,374
Other operating income	**1,722,168**	2,276,148
Operating costs	**(120,073,359)**	(134,295,236)
(Loss)/profit before taxation from discontinued operation	**(42,235,125)**	8,271,286
Taxation	**(1,311,834)**	(1,838,133)
(Loss)/profit from discontinued operation after taxation	**(43,546,959)**	6,433,153

The cash flows attributable to the discontinued operation for the year ended 31 December are as follows:

	2015	2014
	RMB	RMB
Operating cash (outflow)/inflow	**(26,873,667)**	13,398,268
Investing cash outflow	**(40,376,156)**	(2,132,887)
Financing cash outflow	**(11,621,631)**	(10,137,071)
Net cash (outflow)/inflow	**(78,871,454)**	1,128,310

20 Other comprehensive income, net of tax

The Group did not generate other comprehensive income for the financial years ended 31 December 2015 and 2014.

21 (Loss)/earnings per share

Basic (loss)/earnings per share from continuing/discontinued operations are calculated by dividing the net profit from continuing/discontinued operations, net of tax, attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted (loss)/earnings per share from continuing/discontinued operations are calculated by dividing net profit from continuing/discontinued operations, net of tax, attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

21 (Loss)/earnings per share (Cont'd)

The following table reflects the consolidated income statement and share data used in the computation of basic (loss)/earnings per share from continuing/discontinued operations for the financial years ended 31 December:

	2015	2014
The Group	**RMB**	RMB
Net (loss)/profit attributable to equity owners of the Company	**(58,229,010)**	3,254,301
Add back: Loss/(profit) from discontinued operation, net of tax, attributable to owners of the Company	**43,546,959**	(6,433,153)
Loss from continuing operation, net of tax, attributable to owners of the Company used in the computation of basic earnings per share from continuing operation	**(14,682,051)**	(3,178,852)

	No. of shares	
	2015	2014
Weighted average number of ordinary shares for the purpose of basic earnings per share	**276,000,000**	276,000,000
Basic and diluted (loss)/earnings per share (cents)		
From continuing operation attributable to equity owners of the Company	**(5.32)**	(1.15)
From discontinued operation attributable to equity owners of the Company	**(15.78)**	2.33

As there are no dilutive potential ordinary shares that were outstanding during the financial year, the basic (loss)/earnings per share is the same as the diluted (loss)/earnings per share.

22 Significant related party transactions

Other than the related party information disclosed elsewhere in the financial statements, transactions with related parties based on terms agreed between the parties are as follows:

	2015	2014
The Group	**RMB**	RMB
Yinan County Yimeng Paper Co., Ltd.[(1)]		
- purchase of packaging materials	**228,231**	1,015,526
Shandong Yimeng Bearing Joint Stock Co., Ltd.		
- rental of land and buildings	**865,430**	944,106
Yinan Hongfeng Bearing Co., Ltd. ("Hongfeng")[(2)]		
- purchases of bearings products	**3,951,259**	21,913,298
- sale of bearings products	**–**	12,138,553
- services rendered to	**–**	1,439,017
- others	**2,562**	–
Services provided by entities in which a director of the Company has interests in		
- secretarial services	**98,088**	23,384
- legal services	**290,205**	–

22 Significant related party transactions (Cont'd)

(1) entity was struck off on 16 October 2015 and ceased to be a related party

(2) Zhang Lian Feng, the son of the Company's ex-Chief Executive Officer, holds more than 30% of the equity interest ("Shares") in Hongfeng by way of nominee shareholding. The Company's PRC legal Counsel is of the opinion that, Zhang Lian Feng was a nominee shareholder of Hongfeng and all the rights and interests attached to such Shares shall be vested with the beneficiary and all the liabilities incurred with respect to such Shares shall be borne by the beneficiary.

Sales and purchases transactions with Hongfeng ceased on 1 January 2015 and 13 October 2015 respectively.

Secretarial and legal services rendered are with entities in which one of directors of the Company has directorships in.

23 Commitments

23.1 Capital commitments

Capital commitments not provided for in the financial statements were as follows:

	2015	2014
The Group	**RMB**	RMB
Contracted but not provided for:		
- Acquisition of machinery and equipment	–	730,800

23.2 Operating lease commitments

At the end of the reporting period, the Group was committed to making the following lease rental payments under non-cancellable operating lease for buildings and factory facilities:

	2015	2014
The Group	**RMB**	RMB
Not later than one year	–	944,106
Later than one year and not later than five years	–	236,026
Later than five years	–	–

The lease related to Linyi Kaiyuan's buildings and factory facilities located at 山东省临沂市沂南县沂青路2号 and covered an area of 41,745 sqm commencing 1 April 2006 for its operations and productions with a related party, Shandong Yimeng Bearing Joint Stock Co., Ltd. under operating lease at RMB78,675 (2014 - RMB78,675) per month.

This lease was terminated on 30 November 2015 on mutual agreement by both parties.

24 Financial risk management objectives and policies

The Board of Directors meets periodically to analyse and formulate measures to manage the Company's and the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Company and the Group employ a conservative strategy regarding its risk management. As the Company's and the Group's exposure to market risk is kept at a minimum level, the Company and the Group have not used any derivatives or other instruments for hedging purposes.

There has been no change to the Company's and the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

As at the end of reporting period, the Company's and the Group's financial instruments mainly consisted of cash and bank balances, receivables and payables.

24.1 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The currency exposure of the Company and the Group based on the information provided to key management is as follows:

		2015	2014
The Company and the Group	Note	**RMB**	RMB
Financial assets			
Cash and bank balances	11	**61,881,462**	1,733,791
Financial liabilities			
Trade and other payables	14	**(1,662,737)**	(2,044,044)
Currency exposure on financial assets and liabilities		**60,218,725**	(310,253)

<u>Sensitivity analysis for foreign currency risk</u>

The following table demonstrates the sensitivity to a reasonably possible change in the Singapore dollar ("SGD") exchange rates (against RMB), with all other variables held constant, of the Group's profit net of tax.

	Increase/(Decrease)			
	2015		2014	
	Profit net of taxation	**Equity**	Profit net of taxation	Equity
The Company and the Group	**RMB**	**RMB**	RMB	RMB
SGD - strengthened 5% (2014 - 5%)	**2,499,000**	**2,499,000**	13,000	13,000
SGD - weakened 5% (2014 - 5%)	**(2,499,000)**	**(2,499,000)**	(13,000)	(13,000)

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's and the Group's exposure to currency risk.

24 Financial risk management objectives and policies (Cont'd)

24.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's and the Group's financial instruments will fluctuate because of changes in market interest rates.

The Company and the Group are not exposed to any cash flows risk as it does not have any monetary financial instruments with variable interest rates.

24.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables and bank balances.

Management has a credit control policy in place. Credit evaluations are performed on all customers requiring credit over a certain amount. Transactions are conducted with customers with appropriate credit histories.

The credit risk and amount outstanding are monitored on an ongoing basis. With these credit evaluation processes, credit control policies and collection procedures in place, the credit risk is mitigated substantially.

The Group does not require collateral in respect of financial assets.

The 5 largest debtors accounted about 79% of the total receivables at the end of the reporting period 31 December 2014.

The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers.

The allowance for impairment on trade receivables is based upon a review of the expected collectability of all trade and other receivables.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

No other financial assets carry a significant exposure to credit risk.

Cash is held with financial institutions of good standing.

Further details of credit risks on trade and other receivables are disclosed in Note 10 to the financial statements.

24.4 Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company and the Group do not hold any quoted or marketable financial instrument, hence are not exposed to any movement in market prices.

24 Financial risk management objectives and policies (Cont'd)

24.5 Liquidity risk

Liquidity or funding risk is the risk that the Company and the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The exposure of the Company and the Group to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company and the Group manage its liquidity risk by ensuring the availability of adequate funds to meet all its obligations in a timely and cost-effective manner.

As at the end of the reporting period, there is no non-current item of monetary assets or liabilities which require analysis of the liquidity risk as to its maturity period.

24.6 Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

		The Group Carried at amortised cost		The Company Carried at amortised cost	
		2015	2014	**2015**	2014
	Note	**RMB**	RMB	**RMB**	RMB
Financial assets:					
Cash and bank balances	11	**61,881,462**	80,605,245	**61,881,462**	1,733,791
Trade and other receivables	10	**–**	26,792,202	**–**	–
		61,881,462	107,397,447	**61,881,462**	1,733,791
Financial liabilities:					
Trade and other payables	14	**(1,662,737)**	(54,516,603)	**(1,662,737)**	(2,044,044)
Amount owing to a subsidiary	7	**–**	–	**–**	(6,300,131)
Advances from related parties	15	**–**	(10,184,065)	**–**	–
		(1,662,737)	(64,700,668)	**(1,662,737)**	(8,344,175)

25 Capital management

The Company's and the Group's objectives when managing capital are:

(a) To safeguard the Company's and the Group's ability to continue as a going concern;

(b) To support the Company's and the Group's stability and growth;

(c) To provide capital for the purpose of strengthening the Company's and the Group's risk management capability; and

(d) To provide an adequate return to shareholders.

The Company and the Group actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company and the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company and the Group currently do not adopt any formal dividend policy.

25 Capital management (Cont'd)

The Company and the Group monitor capital on the basis of the carrying amount of equity as presented in the statements of financial position.

There were no changes in the Company's and the Group's approach to capital management during the financial year.

The Company and the Group are not subject to externally imposed capital requirements.

Going concern

Notwithstanding the Group has incurred loss for the year of RMB14,682,051 (2014 - RMB3,178,852) and total comprehensive loss of RMB58,229,010 (2014 - total comprehensive profit of RMB3,254,301) and net cash used in operating activities of RMB36,890,562 (2014 - net cash generated from operating activities of RMB10,015,981), the Group has net current assets of RMB60,218,725 (2014 - RMB83,302,931), net assets of RMB60,218,725 (2014 - RMB118,447,735) and cash and bank balances of RMB61,881,462 (2014 - RMB80,605,245). The loss and total comprehensive loss for the financial year ended 31 December 2015 is mainly due to loss on disposal of subsidiary and operating loss of the disposed subsidiary.

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet their obligations as and when they fall due in the next 12 months.

At the date of this report, the Company is actively considering the various business opportunities available including new business acquisitions. At the date of this report, the directors believe that the Company will be able to meet its obligations together with its future commitments via fund raising exercise as and when they fall due in the next 12 months based on the Company's cash flow forecast. Accordingly, in the opinion of the directors of the Company, the financial statements for the financial year ended 31 December 2015 prepared on a going concern basis is appropriate.

26 Segment information

The Group operated principally in a single business segment which is the sale of bearing products for use in automobiles, equipment and machinery. As the business of the Group is engaged entirely in the PRC, no reporting by geographical location of operations is presented.

All revenue attributable to the discontinued operation are to customers who were located in the PRC.

Insofar as to the analysis of major customers, Linyi Kaiyuan has two customers with sales transactions contributing 40% and 15% (2014 - 31% and 16%) to the total revenue of discontinued operation respectively.

As at 31 December 2014, all non-current assets including capital expenditure were located in the PRC.

27 Financial instruments

Fair values

FRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amount of the financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

The Company and the Group do not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

28 Comparative figures

The following comparative figures have been reclassified to conform with current year's presentation:

The Group	As reported 31 December 2014 RMB	Reclassifications RMB	As restated 31 December 2014 RMB
Statements of financial position			
Non-current assets			
Property, plant and equipment[(1)]	34,027,804	(4,498,013)	29,529,791
Land use rights[(1)]	–	4,498,013	4,498,013
Current assets			
Trade and other receivables	27,006,947	(113,950)	26,892,997
Current liabilities			
Trade and other payables	(54,860,367)	113,950	(54,746,417)
	6,174,384	–	6,174,384

(1) In the opinion of the directors, this reclassification is considered to be immaterial as this represented 2.4% of total assets as at 31 December 2014.

	As reported Year ended 31 December 2014 RMB	Reclassifications RMB	As restated Year ended 31 December 2014 RMB
Consolidated statement of cash flows			
Depreciation of property, plant and equipment	3,727,365	(61,098)	3,666,267
Amortisation of land use rights	–	61,098	61,098
Operating receivables	(785,263)	181,950	(603,313)
Operating payables	7,099,942	(113,950)	6,985,992
Advances to ultimate holding company	–	(68,000)	(68,000)
	10,042,044	–	10,042,044

The above reclassifications have no significant impact on the statement of financial position as at 1 January 2013. Accordingly, the statement of financial position as at 1 January 2013 is not presented.

28 Comparative figures (Cont'd)

The following comparative figures in the financial statements are result of disposal of a subsidiary. The results of this operation have been reclassified as discontinued operation.

	As reported Year ended 31 December 2014	As restated Year ended 31 December 2014
	RMB	RMB
Continuing operation		
Revenue	140,290,374	–
Cost of sales	(118,760,813)	–
Gross profit	21,529,561	–
Other operating income	2,276,149	–
Distribution costs	(3,649,043)	–
Administrative expenses	(15,064,233)	(3,178,852)
Profit/(loss) before taxation	5,092,434	(3,178,852)
Taxation	(1,838,133)	–
Profit/(loss) for the year	3,254,301	(3,178,852)
Other comprehensive income, net of tax	–	–
Total comprehensive income/(loss) for the year	3,254,301	(3,178,852)
Discontinued operation		
Profit from discontinued operation, net of tax	–	6,433,153

STATISTICS OF **SHAREHOLDINGS**

As at 15 March 2016

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 - 99	1	0.09	30	0.00
100 – 1,000	28	2.49	25,370	0.01
1,001 – 10,000	327	29.04	2,330,100	0.84
10,001 - 1,000,000	745	66.16	80,195,100	29.06
1,000,001 and above	25	2.22	193,449,400	70.09
GRAND TOTAL	1,126	100.00	276,000,000	100.00

TWENTY-ONE LARGEST SHAREHOLDERS

	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1.	LIM KEAN TIN	82,524,000	29.90
2.	CHINA BEARING (BERMUDA) CO., LTD.	43,888,000	15.90
3.	TAN KIM SENG	7,725,000	2.80
4.	UOB KAY HIAN PTE LTD	6,792,500	2.46
5.	OCBC SECURITIES PRIVATE LTD	6,272,900	2.27
6.	RAFFLES NOMINEES (PTE) LTD	4,494,600	1.63
7.	CIMB SECURITIES (SINGAPORE) PTE LTD	4,259,900	1.54
8.	DBS VICKERS SECURITIES (S) PTE LTD	3,961,000	1.44
9.	DBS NOMINEES PTE LTD	3,393,000	1.23
10.	YAP THIAM JOO	3,213,700	1.16
11.	MAYBANK KIM ENG SECURITIES PTE LTD	3,193,000	1.16
12.	CITIBANK NOMINEES SINGAPORE PTE LTD	3,133,600	1.14
13.	LAW CHEE KHEONG	2,700,000	0.98
14.	SIA CHYE SENG	2,600,000	0.94
15.	CHUA SOH HAR	1,920,000	0.70
16.	HONG LEONG FINANCE NOMINEES PTE LTD	1,900,000	0.69
17.	SIN HENG THONG	1,516,000	0.55
18.	JIB SPECIALIST CONSULTANTS PTE LTD	1,422,200	0.52
19.	LEE CHEE SENG	1,350,000	0.49
20.	LIOW LEONG SAN	1,300,000	0.47
21.	TAY HUI SAN	1,300,000	0.47
	TOTAL	**188,859,400**	**68.44**

STATISTICS OF SHAREHOLDINGS

As at 15 March 2016

CLASS OF SHARES : Ordinary shares

NO. OF SHARE : 276,000,000

VOTING RIGHTS : One vote per ordinary share

As at 15 March 2016, the Company does not have any treasury shares.

SUBSTANTIAL SHAREHOLDERS

(Recorded in the Register of Substantial Shareholders as at 15 March 2016)

	DIRECT INTEREST		DEEMED INTEREST	
NAME	NO. OF SHARES	%	NO. OF SHARES	%
Lim Kean Tin	82,524,000	29.9	–	–
China Bearing (Bermuda) Co., Ltd.	43,888,000	15.9	–	–
Zhang Anxi	–	–	43,888,000	15.9

* Mr Zhang Anxi is deemed to be interested in the shares held by China Bearing (Bermuda) Co., Ltd. by virtue of Section 7 of the Companies Act, Chapter 50.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Based on the above information available to the Company as at 15 March 2016, approximately 54.2% of the Company's total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleven Annual General Meeting of CHINA BEARING (SINGAPORE) LTD. (the "Company") will be held at the Royal Room 1, Level 3, Hotel Royal, 36 Newton Road, Singapore 307964 on Wednesday, 27 April 2016 at 10:00 a.m., to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fee of S$120,000 for the financial year ended 31 December 2015 [2014: S$120,000]. **(Resolution 2)**

3. To approve the payment of Directors' fee of S$120,000 for the financial year ending 31 December 2016, to be paid quarterly in arrears. [2015: S$120,000]. **(Resolution 3)**

4. (i) To re-elect Mr Lim Kean Tin who is retiring under Article 99 of the Articles of Association of the Company. **(Resolution 4)**
   [See Explanatory Note 1]

   (ii) To re-elect Mr Lee Kean Cheong who is retiring under Article 99 of the Articles of Association of the Company. **(Resolution 5)**
   [See Explanatory Note 2]

   (iii) To re-elect Mr Tan Kah Ghee who is retiring under Article 93 of the Articles of Association of the Company. **(Resolution 6)**

5. To re-appoint Messrs Foo Kon Tan LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may be properly transacted at the Annual General Meeting.

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Ordinary Resolution (with or without amendments):-

7. **Authority to allot and issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

   (a) "That pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

   (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase of shares (collectively, "Instruments"), including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares;

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the resolution was in force,

provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities; or

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(Resolution 8)
[See Explanatory Note 3]

By Order of the Board

Mr Lau Yan Wai
Company Secretary
Singapore
12 April 2016

Explanatory Notes:

1. Mr Lim Kean Tin, will upon re-election as a Director of the Company, remain as a member of the Audit Committee, the Remuneration Committee and the Nominating Committee.

2. Mr Lee Kean Cheong, will upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

3. The Ordinary Resolution 8, if passed, will empower the Directors of the Company from the date of the Annual General Meeting until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is earliest, to issue shares and convertible securities in the Company up to (a) the aggregate number of shares to be issued (including shares to be issued in pursuance of convertible securities granted) on a pro rata basis to shareholders of the Company does not exceed 50% of the Company's total number of issued shares excluding treasury shares, and(b) of which the aggregate number of shares to be issued (including shares to be issued in pursuance of convertible securities granted) other than on a pro rata basis to shareholders of the Company does not exceed 20% of the Company's total number of issued shares excluding treasury shares.

Notes:

1. A member is entitled to attend and vote at this meeting and may appoint not more than two proxies to attend and vote in his stead.

2. Where a member appoints two proxies, he/she should specify the proportion of his/her shareholding to be represented by each proxy, failing which the nomination shall be deemed to be alternative.

3. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a member of the Company.

5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.

6. The instrument appointing a proxy or proxies together with the letter or power of attorney, if any, under which it is signed or a duly certified copy thereof must be deposited at the office of the Company's Share Registrar either by hand at 80 Robinson Road #11-02 Singapore 068898 or by post at 80 Robinson Road #02-00, Singapore 068898, not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

Personal data privacy

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CHINA BEARING (SINGAPORE) LTD.
中国轴承（新加坡）有限公司
(Incorporated in the Republic of Singapore)
(Company Registration No. 200512048E)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:
1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "Companies Act"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Meeting.
2. For investors who have used their CPF monies to buy China Bearing (Singapore) Ltd's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees, and is sent solely for their information only.
3. The Proxy Form is, therefore, not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF Investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

I/We ______________________ *(Name)* ______________________ *(NRIC/Passport No.)* ______________

of ____ *(Address)*
being a member/members of CHINA BEARING (SINGAPORE) LTD. (the "Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Royal Room 1, Level 3, Hotel Royal, 36 Newton Road, Singapore 307964 on Wednesday, 27 April 2016 at 10:00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as he/she/they will on any other matter arising at the AGM.

☐ Please tick here if more than two proxies will be appointed (Please refer to note 4). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

NOTE: The Chairman of the AGM will be exercising his right under Article 63 of the Articles of Association of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members of the Company at the AGM and at any adjournment thereof. Accordingly, each resolution at the AGM will be voted on by way of a poll.

No.	Resolutions	Number of votes	
	Ordinary Business	**For****	**Against****
1	To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2015 together with the Auditors' Report thereon.		
2	To approve the payment of Directors' fee of S$120,000 for the financial year ended 31 December 2015.		
3	To approve the payment of Directors' fee of S$120,000 for the financial year ending 31 December 2016, to be paid quarterly in arrears.		
4	To re-elect Mr Lim Kean Tin, a director retiring under Article 99 of the Articles of Association of the Company.		
5	To re-elect Mr Lee Kean Cheong, a Director retiring under Article 99 of the Articles of Association of the Company.		
6	To re-elect Mr Tan Kah Ghee, a Director retiring under Article 93 of the Articles of Association of the Company.		
7	To re-appoint Messrs Foo Kon Tan LLP as the Auditors and to authorise the Directors to fix their remuneration.		
	Special Business		
8	Authority for Directors to allot and issue shares		

* Please indicate your vote "For" or "Against" with a "√" within the box provided.
** If you wish to exercise all your votes "For" or "Against", please indicatewith a "√" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of ______________ 2016.

Total no. of shares in	No. of shares
Depository Register	
Register of Members	

____
Signature(s) of Member(s)/ Common Seal of Corporate Member(s)
* Delete where inapplicable
IMPORTANT: PLEASE READ NOTES FOR PROXY FORM OVERLEAF

NOTES FOR PROXY FORM

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. Such proxy need not be a member of the Company.

3. Where a member of the Company appoints more than one (1) proxy, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the members. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

6. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The instrument appointing a proxy or proxies, together with the power of attorney or other authority, if any, under which it is signed, or duly certified copy thereof, must be deposited at the office of the Company's Share Registrar either by hand at 80 Robinson Road #11-02 Singapore 068898 or by post at 80 Robinson Road #02-00 Singapore 068898 not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding this Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.

10. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be procluded from attending the Meeting.

Personal data privacy

By submitting an instrument appointing a proxi(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2016.

China Bearing (Singapore) Ltd.
中国轴承(新加坡)有限公司

Singapore Office:
161A, Thomson Road
Goldhill Centre
Singapore 307614

Company Registration No: 200512048E