

CHINA BEARING (SINGAPORE) LTD.
(Incorporated in the Republic of Singapore)
(Co Registration No. 200512048E)

PROPOSED ACQUISITION OF PT VASCO NUSANTARA, PT MILLENNIUM DANATAMA RESOURCES AND PT MILLENNIUM MINING AND RESOURCES

1. INTRODUCTION

The board of directors ("**Board**") of China Bearing (Singapore) Ltd. ("**Company**") wishes to announce that the Company had on 27 January 2014 entered into a term sheet ("**Term Sheet**") with (i) Lim Tahir Ferdian, Hungdres Halim, and Edward Halim (each, a "**Vendor**" and collectively, the "**Vendors**"), (ii) Lim Victory Halim, Rudi Wijaja, and PT Millennium Investment (each, a "**Covenantor**" and collectively, the "**Covenantors**"), and (iii) PT Vasco Nusantara ("**Vasco**"), PT Millennium Danatama Resources ("**Danatama**") and PT Millennium Mining and Resources ("**Millennium Mining**") (collectively, the "**Targets**"), pursuant to which the Company shall acquire the entire issued and paid-up share capital of the Target Holding Company (as defined below) from the Vendors for the Consideration (as defined below) ("**Proposed Acquisition**"). The Proposed Acquisition is expected to constitute a "Very Substantial Acquisition" or "Reverse Take-over" under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**").

The Term Sheet provides that it shall form the basis of the definitive documents relating to the Proposed Acquisition ("**Definitive Documents**") which shall include the Acquisition SPA (as defined below). The Term Sheet shall terminate six (6) months from 27 January 2014 ("**Term Sheet Period**").

The Term Sheet also provides that the parties to the Term Sheet ("**Parties**") will in good faith proceed expeditiously to do all acts and things necessary or desirable to negotiate and agree on the terms of the Definitive Documents including the Acquisition SPA, before the expiration of the Term Sheet Period. Upon the expiry of the Term Sheet Period, all Parties may mutually agree to extend the Term Sheet Period for a practicable period for finalising the Definitive Documents.

Shareholders of the Company ("Shareholders") are advised to read this announcement in its entirety, in particular the Cautionary Statement as set out in paragraph 12 of this announcement.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Target Holding Company and its proposed subsidiaries

Vasco is a company incorporated in Indonesia on 16 April 2008 with an issued and paid-up share capital of RP500,000,000 consisting of 500 issued and paid-up shares. As at the date of this announcement, the shareholders of Vasco are Edward Halim, Lim Victory Halim and Hungdres Halim. Vasco currently holds a production operations mining business licence ("**Production Operations IUP**") in respect of an iron ore mine in Sukabumi, Jawa Barat, Indonesia for an area of 687.4 ha ("**Vasco Assets**").

Danatama is a company incorporated in Indonesia on 28 June 2007 with an issued and paid-up share capital of RP500,000,000 consisting of 500 issued and paid-up shares. As at the date of this announcement, the shareholders of Danatama are Lim Tahir Ferdian, Rudi Wijaya and PT Millennium Investment. Danatama currently holds an exploration mining business licence ("**Exploration IUP**") in respect of an iron ore mine in Bengkayang, Kalimantan Barat, Indonesia for an area of 1,000 ha ("**Danatama Assets**").

Millennium Mining is a company incorporated in Indonesia on 28 June 2007 with an issued and paid-up share capital of RP500,000,000 consisting of 500 issued and paid-up shares. As at the date of this announcement, the shareholders of Millennium Mining are Lim Tahir Ferdian, Rudi Wijaya and PT Millennium Investment. Millennium Mining currently holds Exploration IUP in respect of an iron ore mine in Lamandau, Kalimantan Tengah, Indonesia for an area of 5,923 ha and 7,003 ha ("**Millennium Mining Assets**").

Vasco Resources Pte. Ltd. (Company Registration No. 201218023W) ("**Vasco Singapore**") is a company incorporated in Singapore with an issued and paid-up share capital of S\$10,000 consisting of 10,000 issued and paid-up shares. As at the date of this announcement, the shareholders of Vasco Singapore are Hungdres Halim, Edward Halim and Lim Tahir Ferdian.

Millennium Mining Management Pte. Ltd. (Company Registration No. 201218020E) ("**Millennium Mining Singapore**"), is a company incorporated in Singapore with an issued and paid-up share capital of S\$10,000 consisting of 10,000 issued and paid-up shares. As at the date of this announcement, the shareholders of Millennium Mining Singapore are Hungdres Halim, Edward Halim and Lim Tahir Ferdian.

As a condition precedent to the Proposed Acquisition, the Vendors shall carry out the following restructuring:

- (a) Vasco Singapore shall acquire 49% of Vasco in accordance with the following resultant shareholding structure:

Vasco Singapore	49% of the total number of issued shares in the form of ordinary shares
Vendors	45% of the total number of issued shares in the form of ordinary shares
Independent third party	6% of the total number of issued shares in the form of non-voting preference shares

- (b) Millennium Mining Singapore shall acquire 75% of both Danatama and Millennium Mining in accordance with the following resultant shareholding structure:

Millennium Mining Singapore	75% of the total number of issued shares in the form of ordinary shares
Vendors	25% of the total number of issued shares in the form of ordinary shares

- (c) Vasco Singapore shall incorporate a wholly-owned subsidiary in Indonesia to provide management services to Vasco, Danatama and Millennium Mining respectively for a fee ("**Mining Services Company**");
- (d) The Vendors shall incorporate an investment holding company ("**Target Holding Company**") in British Virgin Islands under the name "Vasco Mineral Limited" or such other name as the relevant government authority shall approve and as agreed by the Vendors and the Company. The shareholders of the Target Holding Company shall be Lim Tahir Ferdian, Edward Halim and Hungdres Halim; and
- (e) The Target Holding Company shall acquire 100% of both Vasco Singapore and Millennium Mining Singapore,

(collectively, the "**Target Group Restructuring**").

For the purpose of this announcement, the Target Holding Company, the Targets, Vasco Singapore, Millennium Mining Singapore and Mining Services Company shall be collectively referred to as the "**Target Group**".

About the Vendors

Lim Tahir Ferdian is the founder, chairman and controlling shareholder of PT Millennium Danatama Sekuritas, a company incorporated in Indonesia which is involved primarily in the provision of platform for online trading of securities and derivative products including listed stocks, bonds, futures, options and derivatives products that are traded on the Indonesia Stock Exchange. Lim Tahir Ferdian and his family also own PT Bumi Citra Investindo which is a controlling shareholder of PT Bumi Citra Permai Tbk (a company

currently listed on the Indonesia Stock Exchange which involves in industrial and commercial property developments in Indonesia).

Edward Halim, Hungdres Halim and Lim Victory Halim are the sons of Lim Tahir Ferdian. Rudi Wijaya is the nephew of Lim Tahir Ferdian. PT Millennium Invesment is an investment holding company incorporated in Indonesia. As at the date of this announcement, the shareholders of PT Milennium Invesment are Edward Halim, Lim Victory Halim, Lim Angie Christina, Lim Anny Christina and Andrew Halim, all of whom are the children of Lim Tahir Ferdian.

2.2 Consideration

The aggregate consideration for all the issued and paid-up ordinary shares in the share capital of the Target Holding Company ("**Target Shares**") shall be an amount equivalent to the actual valuation amount indicated in the valuation report ("**Valuation Report**") to be prepared by an independent qualified valuer which complies with the requirements for mineral, oil and gas companies as set out in the Listing Manual ("**Consideration**").

The Consideration was agreed at after arm's length negotiations between the Company and the Vendors and was based on a willing-buyer willing-seller basis, subject to the valuation of the Vasco Assets, Danatama Assets and the Millennium Mining Assets as shown in the Valuation Report not being less than S\$100,000,000 ("**Minimum Valuation**"). In the event the Minimum Valuation in the Valuation Report is not met, the Company shall be entitled to terminate the Term Sheet and in such event the Parties shall be released and discharged from their respective obligations under the Term Sheet.

The Consideration will be satisfied via the allotment and issuance of such number of new ordinary shares in the capital of the Company ("**Shares**") ("**Consideration Shares**") at an issue price of S\$0.05 per Share (representing a premium of 38.12% over the volume weighted average price of S\$0.0362 per Share for trades done on 27 January 2014, being the full market day on which the Term Sheet was signed) on a pre-Share Consolidation (as defined below) basis to the Vendors and/or their respective nominees, subject to approval from Shareholders at an extraordinary general meeting to be convened in due course.

2.3 Consolidation

For the purpose of compliance with Rule 1015(3)(d) of SGX-ST's Listing Manual, the Company shall carry out, and the Vendors shall procure the carrying out of, a share consolidation exercise ("**Share Consolidation**") after the issue of the Consideration Shares such that the price per Share after adjusting for the Share Consolidation must not be lower than S\$0.50.

Notwithstanding the above, subject to the results of the JORC Report (as defined below) and Valuation Report and other factors which may be relevant, the Company may seek

approval to remain on the Main Board of the SGX-ST or for a transfer to the Catalist of the SGX-ST.

2.4 Compliance Share Placement

Upon completion of the Proposed Acquisition, as the percentage of the Shares that are held in public hands would fall below the requisite free float requirement under the Listing Manual, the Parties have agreed that the Vendors and/or the Company shall carry out a compliance placement in the form of a vendor sale of Consideration Shares or placement of new Shares ("**Compliance Placement Shares**") to public investors ("**Compliance Share Placement**") to enable the Company to comply with the shareholding spread and distribution requirements set out in the Listing Manual.

The terms of the Compliance Share Placement may be determined by the Company and/or Vendors (as the case may be) as it deems fit and will be subject to placement agreement(s) to be entered into by the Company and/or the Vendors (as the case may be) and the public investors.

The Company and the Vendors shall ensure that the public investors for the Compliance Share Placement shall be such institutional investors, retail investors and/or existing shareholders of the Company as may be acceptable to the SGX-ST for the purposes of fulfilling the free float requirements.

2.5 Conditions Precedent

The obligations of the Parties in respect of the Proposed Acquisition shall be conditional upon, *inter alia*:

- (a) the execution of the definitive sale and purchase agreement in respect of the Proposed Acquisition on terms and conditions that are mutually agreeable by the Parties ("**Acquisition SPA**");
- (b) the findings of the Valuation Report satisfying the minimum valuation the Targets of S\$100 million and the findings of the JORC Report being satisfactory to the Company;
- (c) the Valuation Report and JORC Report being in compliance with the requirements for mineral, oil and gas companies set out in the Listing Manual;
- (d) either the Vasco Assets, the Danatama Assets or the Millennium Mining Assets having commenced production of iron ore, and the rate of production and mining extraction of iron ores shall not be less than an average of 20,000 tons per month, from six (6) months after the date of the Term Sheet up to completion as certified by an auditor appointed by the Company;

- (e) approval of the Proposed Acquisition, issue of the Consideration Shares and the Compliance Placement Shares, and the Share Consolidation, by the Shareholders and all governmental and regulatory authorities (including its sponsor (if applicable), the SGX-ST and the Securities Industry Council ("**SIC**"), where applicable);
- (f) the receipt and non-withdrawal of the approval-in-principle of the SGX-ST for, among other things, the listing and quotation of the Consideration Shares and the Compliance Placement Shares on terms acceptable to the Company and the Vendors;
- (g) the receipt and non-withdrawal of the approval of the SIC granted to the Vendors ("**SIC Approval**") to dispense with the requirements of Rule 14 of the Singapore Code on Take-overs and Mergers ("**Code**") to make an offer to the Shareholders arising from the acquisition by the Vendors and/or their respective nominees of the Consideration Shares, subject to the conditions set out in the SIC Approval;
- (h) the Whitewash Resolution (as defined below) being obtained;
- (i) completion of the Target Group Restructuring in the manner as set out in paragraph 2.1 of this announcement;
- (j) execution of a management services agreement between Vasco, Danatama, Millennium Mining and Mining Services Company, for the provision of management services by Mining Services Company to Vasco, Danatama and Millennium Mining respectively for a fee, on terms and subject to conditions to the satisfaction of the Company;
- (k) execution of a shareholders' agreement between the shareholders of Vasco, on terms and subject to conditions to the satisfaction of the Company;
- (l) execution of a shareholders' agreement between the shareholders of Danatama, on terms and subject to conditions to the satisfaction of the Company;
- (m) execution of a shareholders' agreement between the shareholders of Millennium Mining, on terms and subject to conditions to the satisfaction of the Company;
- (n) completion of satisfactory due diligence on the Target Group by the Company;
- (o) completion of satisfactory due diligence on the Company and its subsidiaries by the Vendors;
- (p) the Company receiving a legal opinion in such form satisfactory to the Company confirming that the Target Group Restructuring is legal, valid and binding under the relevant laws and regulations in Indonesia; and

- (q) there being no breach of any warranty, representation, undertaking or obligation by the Parties as set out in the Definitive Documents.

In connection with the Proposed Acquisition, an independent qualified person will be commissioned to prepare a technical report on the reserves and resources of the Vasco Assets, Danatama Assets and the Millennium Mining Assets in accordance with the Joint Ore Reserves Committee Code (“**JORC Code**”) and the requirements of the Listing Manual (“**JORC Report**”).

For avoidance of doubt, the Company shall undertake a review of its existing business of design, development, manufacture and sale of bearings (“**Existing Business**”) subsequent to completion of Proposed Acquisition, which announcement shall be made as and when such a review is completed.

2.6 The Proposed Acquisition as a “Very Substantial Acquisition or Reverse Takeover” transaction

Based on the latest announced unaudited financial statements of the Company for the 9 months financial period ended 30 September 2013 (“**3Q2013**”), the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006(a) to (d) of the Listing Manual are as follows:

1.	Rule 1006(a)	
	Net asset value of the assets to be acquired	Not applicable to an acquisition of assets
	Net asset value of the Group	
	Relative figure	
2.	Rule 1006(b)	
	Net profits attributable to the Target Group	N.A. ⁽¹⁾
	Net profits/(losses) of the Group for 3Q2013	(RMB4,123,000)
	Relative figure	N.A. ⁽¹⁾
3.	Rule 1006(c)	
	Aggregate value of consideration given	S\$100,000,000 ⁽²⁾
	Market capitalisation of the Company as at 27 January 2014, being the full market day on which the Term Sheet was signed	S\$9,991,200
	Relative figure	1,000.88%
4.	Rule 1006(d)	
	Number of Shares to be issued by the Company as consideration for the Proposed Acquisition	2,000,000,000 ⁽³⁾
	Number of Shares in issue	276,000,000

	Relative figure	724.6%
5.	Rule 1006(e)	
	Aggregate volume or amount of proved and probable reserves to be disposed of	Not applicable to an acquisition of mineral, oil or gas assets
	Aggregate of the group's proved and probable reserves	
	Relative figure	

Notes:

- (1) As at the date of this announcement, the consolidated financial statements of the Target Group are not yet available. The Company will make a disclosure on the relative figure under Rule 1006(b) of the Listing Manual when the Acquisition SPA is signed, and as and when appropriate.
- (2) Based on the minimum valuation of S\$100 million.
- (3) Based on the issue price of S\$0.05 per Share on as pre-Share Consolidation basis.

The relative figures as computed on the bases of Rule 1006(c) and (d) are more than 100%. Accordingly, the Proposed Acquisition will be classified as a "Very Substantial Acquisition" or "Reverse Take-over" under Chapter 10 of the Listing Manual.

2.7 Financial effects of the Proposed Acquisition

As at the date of this announcement, the consolidated financial statements of the Target Group are not yet available. The Company will make a disclosure on the financial effects of the Proposed Acquisition when the Acquisition SPA is signed, or as and when appropriate.

3. WAIVER OF OBLIGATION TO MAKE A MANDATORY GENERAL OFFER

As the Vendors will own more than 30% of the enlarged share capital of the Company upon the completion of the Proposed Acquisition, the Vendors will be required to make a mandatory general offer for all the remaining issued Shares in the Company not already owned, controlled or agreed to be acquired by them pursuant to Rule 14 of the Code. As such, the Vendors will be seeking a waiver of their obligation to make a mandatory general offer under Rule 14 of the Code from the SIC.

An ordinary resolution will be tabled at an extraordinary general meeting to be convened which if passed, will result in a waiver by the independent Shareholders of their right to receive a mandatory general offer from the Vendors and their concert parties in connection with the issue of the Consideration Shares under the Proposed Acquisition (the "**Whitewash Resolution**").

The Company will be appointing an independent financial adviser to the independent directors of the Company ("**Directors**") in connection with the Whitewash Resolution and the advice of the independent financial adviser will be set out in the circular to be despatched to Shareholders in due course.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Directors are of the view that the Proposed Acquisition presents the Company with an investment opportunity to acquire a new business with growth potential in the long run, which will enable the Company to remain competitive and enhance shareholder value. The Proposed Acquisition will enable the Company to gain entry into the growing Indonesian iron ore mining industry and will allow the Company to position itself within an active market for iron ore resources. Subject to the execution of the mining plans by the Target Group and other factors, the Company could potentially generate sustainable revenue and earning streams.

5. SERVICE CONTRACTS

Currently, no person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company, and their associates, has any interest, whether direct or indirect, in the Proposed Acquisition, save for through their shareholdings in the Company (if any). The Company has no common directors or controlling shareholders with each of the Targets and/or the Vendors.

7. CIRCULAR TO SHAREHOLDERS

A circular containing, *inter alia*, details of the Proposed Acquisition, together with the notice of extraordinary general meeting, will be despatched to Shareholders in due course following the finalisation and execution by the Company of the Acquisition SPA.

8. FINANCIAL ADVISER

The Company has appointed Canaccord Genuity Singapore Pte. Ltd. as its financial adviser in respect of the Proposed Acquisition.

9. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company will form its view of the Whitewash Resolution after taking into account the opinion of the independent financial adviser. The opinion of the Audit Committee will be set out in the circular to be despatched to Shareholders in due course.

10. RESPONSIBILITY STATEMENT

The Directors (including those who have been delegated supervision of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement (save for information relating to the Target Group) and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Term Sheet, the Proposed Acquisition, the Share Consolidation, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

The Vendors collectively and individually accept full responsibility for the accuracy of the information given in this announcement in respect of the Target Group and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Target Group, and the Vendors are not aware of any facts in respect of the Target Group the omission of which would make any statement in respect of the Target Group in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Vendors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

11. DOCUMENTS FOR INSPECTION

A copy of the Term Sheet is available for inspection during normal business hours at the registered office of the Company at 161A, Thomson Road Goldhill Centre Singapore 307614 for a period of three (3) months from the date of this announcement.

12. CAUTIONARY STATEMENT

Shareholders should note that the Proposed Acquisition is subject to numerous conditions and further due diligence by the Company and the Vendors. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. Accordingly, Shareholders are advised to exercise caution when trading in the Shares of the Company.

The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this announcement. The Company will disclose further details of the Proposed Acquisition as required under Chapter 10 of the Listing Manual upon execution of the Definitive Documents.

Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

ZHANG ANXI
Managing Director and Chief Executive Officer
27 January 2014