



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

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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

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

	Group					
	3-month period ended 30 Sep			9-month period ended 30 Sep		
	2014	2013	Increase/ (Decrease)	2014	2013	Increase/ (Decrease)
	RMB'000	RMB'000 (Restated)	%	RMB'000	RMB'000 (Restated)	%
Revenue	37,054	23,833	55.5	111,031	85,358	30.1
Cost of sales	(29,385)	(23,560)	24.7	(93,439)	(77,897)	20.0
Gross Profit	7,669	273	2,709.2	17,592	7,461	135.8
Other operating income	448	462	-3.0	1,660	1,249	32.9
Distribution costs	(873)	(668)	30.7	(2,769)	(2,228)	24.3
Administrative expenses	(2,945)	(3,180)	-7.4	(10,925)	(10,382)	5.2
Profit/(Loss) before taxation	4,299	(3,113)	238.1	5,558	(3,900)	242.5
Taxation	(1,158)	-	n.m.	(1,714)	-	n.m.
Profit/(Loss) after taxation	3,141	(3,113)	200.9	3,844	(3,900)	198.6
Other comprehensive income, net of tax	-	-		-	-	
Total comprehensive income/(loss)	3,141	(3,113)	200.9	3,844	(3,900)	198.6
Earnings/(Loss) per share (RMB cent)						
- Basic	1.14	(1.20)		1.39	(1.50)	
- Diluted	1.14	(1.20)		1.39	(1.50)	

Note:

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

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

	Group			
	3-month period ended 30 Sep		9-month period ended 30 Sep	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	77	59	212	209
Depreciation and amortisation	(945)	(2,328)	(2,761)	(7,548)
Gain on disposal of property, plant and equipment	-	-	311	-
Reversal of inventory impairment	-	-	2,043	-

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

	Company		Group	
	30 Sep 14 RMB'000	31 Dec 13 RMB'000	30 Sep 14 RMB'000	31 Dec 13 RMB'000
Non-Current Assets				
Property, plant and equipment	2	4	34,307	34,842
Investment in subsidiary	115,485	115,485	-	-
Deferred tax assets	-	-	847	1,117
	<u>115,487</u>	<u>115,489</u>	<u>35,154</u>	<u>35,959</u>
Current Assets				
Inventories	-	-	46,371	38,026
Trade receivables	-	-	23,698	23,475
Other receivables and prepayment	80	-	2,975	2,746
Tax recoverable	-	-	-	200
Cash and cash equivalents	2,121	5,231	88,545	82,974
	<u>2,201</u>	<u>5,231</u>	<u>161,589</u>	<u>147,421</u>
Total Assets	117,688	120,720	196,743	183,380
Capital and reserves				
Share capital	125,769	125,769	125,769	125,769
(Accumulated losses)/ Retained earnings	(16,243)	(13,715)	(35,016)	(38,860)
Statutory common reserve	-	-	28,284	28,284
	<u>109,526</u>	<u>112,054</u>	<u>119,037</u>	<u>115,193</u>
Current Liabilities				
Trade payables	-	-	38,504	27,426
Other payables and accruals	1,084	1,353	16,692	19,495
Amount owing to subsidiary	6,180	6,415	-	-
Loans from related parties	-	-	20,368	20,368
Advances from directors	898	898	898	898
Tax liability	-	-	1,244	-
	<u>8,162</u>	<u>8,666</u>	<u>77,706</u>	<u>68,187</u>
Total equity and liabilities	117,688	120,720	196,743	183,380

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

Amount repayable in one year or less, or on demand

As at 30 Sep 2014		As at 31 Dec 2013	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
-	21,266	-	21,266

Amount repayable after one year

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

Details of any collateral

Not Applicable.

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

	Group			
	3-month period from Jul to Sep		9-month period from Jan to Sep	
	2014 RMB'000	2013 RMB'000 (Restated)	2014 RMB'000	2013 RMB'000 (Restated)
Cash flows from operating activities:				
Profit / (Loss) before taxation	4,299	(3,113)	5,558	(3,900)
Adjustments for:				
Depreciation	945	2,328	2,761	7,548
Gain on disposal of property, plant and equipment	-	-	(311)	-
Interest income	(77)	(59)	(212)	(209)
Reversal for inventories written down	-	-	(2,043)	-
Operating cash flow before working capital changes	5,167	(844)	5,753	3,439
(Increase) in inventories	(7,517)	(222)	(6,302)	(3,248)
Decrease / (Increase) in receivables	8,751	8,331	(452)	11,163
Increase / (Decrease) in payables	3,048	(5,537)	8,349	(5,836)
Cash generated from operations	9,449	1,728	7,348	5,518
Income tax paid	-	-	-	(438)
Net cash generated from operations	9,449	1,728	7,348	5,080
Cash flows from investing activities:				
Payment for acquisition of property, plant and equipment	(1,641)	(406)	(2,381)	(906)
Proceeds from disposal of property, plant and equipment	-	-	392	-
Interest received	77	59	212	209
Net cash used in investing activities	(1,564)	(347)	(1,777)	(697)
Cash flows from financing activity:				
Proceeds from shares placement	-	-	-	6,287
Net cash generated from financing activity	-	-	-	6,287
Net increase in cash and cash equivalents	7,885	1,381	5,571	10,670
Cash and cash equivalents at beginning of the period	80,660	88,159	82,974	78,870
Cash and cash equivalents at end of the period	88,545	89,540	88,545	89,540

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

	Group			
	Share Capital	Statutory Common Reserve	Retained Earnings	Total
(RMB'000)				
2014				
Balance at 1 Jan 2014	125,769	28,284	(38,860)	115,193
Profit for the period	-	-	3,844	3,844
Total comprehensive income for the period	-	-	3,844	3,844
Balance as at 30 Sep 2014	125,769	28,284	(35,016)	119,037
2013				
Balance at 1 Jan 2013	119,482	28,284	16,336	164,102
Loss for the period	-	-	(3,900)	(3,900)
Total comprehensive loss for the period	-	-	(3,900)	(3,900)
Issuance of shares pursuant to share placement	6,631	-	-	6,631
Share issuance expenses	(344)	-	-	(344)
Total contribution by equity holders	6,287	-	-	6,287
Total transactions with equity holders in their capacity as equity holders	6,287	-	(3,900)	2,387
Balance as at 30 Sep 2013	125,769	28,284	12,436	166,489

(RMB'000)	Company		
	Share Capital	Retained Earnings	Total
2014			
Balance as at 1 Jan 2014	125,769	(13,715)	112,054
Loss for the period	-	(2,528)	(2,528)
Total comprehensive loss for the period	-	(2,528)	(2,528)
Balance as at 30 Sep 2014	125,769	(16,243)	109,526
2013			
Balance as at 1 Jan 2013	119,482	(12,835)	106,647
Loss for the period	-	(1,698)	(1,698)
Total comprehensive loss for the period	-	(1,698)	(1,698)
Issuance of shares pursuant to share placement	6,631	-	6,631
Share issuance expenses	(344)	-	(344)
Total contribution by equity holders	6,287	-	6,287
Total transactions with equity holders in their capacity as equity holders	6,287	-	4,589
Balance as at 30 Sep 2013	125,769	(14,533)	111,236

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

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

The Company has no outstanding convertibles or treasury shares as at 30 September 2014 and 30 September 2013.

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

	Group		Company	
	30 Sep 14	31 Dec 13	30 Sep 14	31 Dec 13
Total number of issued shares	276,000,000	276,000,000	276,000,000	276,000,000
Less: Treasury shares	-	-	-	-
Total number of issued shares excluding treasury shares	276,000,000	276,000,000	276,000,000	276,000,000

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

The Company has no treasury shares as at 30 September 2014.

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

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

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

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

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

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

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

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

The directors do not anticipate that the adoption of the new and revised FRS will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

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

	Group			
	3-month period ended 30 Sep		9-month period ended 30 Sep	
	2014	2013	2014	2013
Net profit/(loss) for the period (RMB'000)	3,141	(3,113)	3,844	(3,900)
Basic earnings/(loss) per share (RMB cent)	1.14	(1.20)	1.39	(1.50)
Diluted earnings/(loss) per share (RMB cent)	1.14	(1.20)	1.39	(1.50)

Explanatory notes:

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

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:

(a) current financial year reported on; and

(b) immediately preceding financial year.

	Company		Group	
	30 Sep14	31 Dec 13	30 Sep 14	31 Dec 13
Net Asset Value per share (RMB cents)	39.7	40.6	43.1	41.7

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

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

Review of Performance

Q3FY2014 vs Q3FY2013

Revenue increased by RMB 13.3 million from RMB 23.8 million in third quarter ended 30 September 2013 ("Q3FY2013") to RMB 37.1 million in third quarter ended 30 September 2014 ("Q3FY2014"). The increase was mainly due to increase in sales of heavy bearing products (RMB 14.1 million), and offset by decrease in sales of micro-size bearing products (RMB 0.1 million), light bearing products (RMB 0.3 million), car bearing products (RMB 0.1 million), bearing accessories and partial-complete bearing products (RMB 0.3 million). The increase in sales revenue of heavy bearing products of RMB 14.1 million in Q3FY2014 was the result of increase in the sales volume and average selling price.

Cost of sales increased by RMB 5.8 million to RMB 29.4 million in Q3FY2014 as compared to RMB 23.6 million in Q3FY2013 in tandem with the increase in revenue.

In tandem with the increase in revenue, gross profit increased by RMB 7.4 million in Q3FY2014 to RMB 7.7 million as compared to RMB 0.3 million in Q3FY2013. Gross profit margin increased from 1.2% in Q3FY2013 to 20.7% in Q3FY2014 due mainly to increase in the selling price of heavy bearing products and light bearing products.

Distribution costs increased by RMB 0.2 million or 30.7% from RMB 0.7 million in Q3FY2013 to RMB 0.9 million in Q3FY2014. This was mainly due to increase in transportation charges on the back of more frequent delivery to the customers and salary of the sales personnel.

Administrative expenses decreased by RMB 0.3 million from RMB 3.2 million in Q3FY2013 to RMB 2.9 million in Q3FY2014, which was due mainly to decrease in depreciation charges of RMB 0.3 million due to lower carrying value of property, plant and equipment as a result of impairment done in FY2013.

Other operating income recorded at RMB 0.4 million in both Q3FY2014 and Q3FY2013.

As a result of higher revenue and gross profit, the Group recorded a profit before tax of RMB 4.3 million for Q3FY2014, as compared to loss before tax of RMB 3.1 million for Q3FY2013. Accordingly, the Group recorded a provision for income tax amounting to RMB 1.2 million for Q3FY2014.

9MFY2014 vs 9MFY2013

Revenue increased by RMB 25.6 million from RMB 85.4 million for the 9 months ended 30 September 2013 ("9MFY2013") to RMB 111.0 million for the 9 months ended 30 September 2014 ("9MFY2014"). The increase was mainly due to the increase in sales of heavy bearing products (RMB 32.0 million) which was offset by the decrease in sales of micro-size bearing products (RMB 1.9 million), light bearing products (RMB 0.7 million), car bearing products (RMB 0.2 million), agency fees (RMB 0.5 million), bearing accessories and partial-complete bearing product (RMB 3.1 million). The increase in sales revenue of heavy bearing products of RMB 32.0 million in 9MFY2014 was achieved on the back of higher sales volume and average selling price.

Cost of sales increased by RMB 15.5 million from RMB 77.9 million in 9MFY2013 to RMB 93.4 million in 9MFY2014 in tandem with the increase in revenue.

For 9MFY2014, gross profit increased by RMB 10.1 million to RMB 17.6 million in line with the increase in revenue. Gross profit margin improved from 8.7% in 9MFY2013 to 15.8% in 9MFY2014, due mainly to increase in the selling price of heavy bearing products as well as a reversal of inventories impairment.

Distribution costs increased by RMB 0.6 million or 24.3% from RMB 2.2 million in 9MFY2013 to RMB 2.8 million in 9MFY2014. This was mainly due to increase in transportation charges as a result of more frequent delivery to the customers and salary of the sales personnel.

Administrative expenses increased by RMB 0.5 million from RMB 10.4 million in 9MFY2013 to RMB 10.9 million in 9MFY2014. The increase was mainly due to increase in legal and professional fees of RMB 1.0 million incurred for the Proposed Acquisition (defined in Company's announcement dated 27 January 2014). This was partially offset by a decrease in depreciation charges of RMB 0.6 million.

The Group recorded a marginal increase of RMB 0.5 million in other operating income to RMB 1.7 million in 9MFY2014. The increase was mainly due to increase in sales of waste materials generated from higher level of production activities.

For 9MFY2014, the Group achieved a profit before tax of RMB 5.6 million as compared to a loss before tax of RMB 3.9 million for 9MFY2013. The Group has provided for an income tax expense of RMB 1.7 million in 9MFY2014.

Review of Balance Sheet

Property, plant and equipment decreased by RMB 0.5 million, from RMB 34.8 million as at 31 December 2013 to RMB 34.3 million as at 30 September 2014 due mainly to depreciation expense of RMB 2.8 million which was offset by the acquisition of RMB 2.3 million during the period.

Inventories increased from RMB 38.0 million as at 31 December 2013 to RMB 46.4 million as at 30 September 2014. This was due to the increase in finished goods of RMB 11.6 million which was offset by the decrease in raw material of RMB 1.3 million and work in progress of RMB 1.9 million.

Trade receivables increased marginally by RMB 0.2 million from RMB 23.5 million as at 31 December 2013 to RMB 23.7 million as at 30 September 2014 in line with the increase in revenue during the period.

Other receivables and prepayments increased by RMB 0.3 million from RMB 2.7 million as at 31 December 2013 to RMB 3.0 million as at 30 September 2014 as a result of an increase in prepayment to suppliers for the purchases of raw materials.

Trade payables increased by RMB 11.1 million from RMB 27.4 million as at 31 December 2013 to RMB 38.5 million as at 30 September 2014 due mainly to higher amount of raw material purchased.

Other payables and accruals decreased by RMB 2.8 million from RMB 19.5 million as at 31 December 2013 to RMB 16.7 million as at 30 September 2014. This was due to decrease in accrued staff salary and related expenses of RMB 0.7 million and payment of RMB 2.1 million for VAT and other taxes.

Review of Cash Flow Statement

Q3FY2014 vs Q3FY2013

For Q3FY2014, the Group generated positive operating cash flows of RMB 9.4 million from operations compared to positive operating cash flows of RMB 1.7 million from operations in Q3FY2013. This was due mainly to higher profit generated in Q3FY2014.

For Q3FY2014, net cash used in investing activities of RMB 1.6 million was due mainly to capital expenditure on acquisition of plant and machinery.

There was no net cash generated from financing activity in Q3FY2014 as well as Q3FY2013.

Cash and cash equivalent decreased from RMB 89.5 million in Q3FY2013 to RMB 88.5 million in Q3FY2014.

9MFY2014 vs 9MFY2013

For 9MFY2014, the Group recorded cash flow generated from operations of RMB 7.3 million compared to cash flow generated from operations of RMB 5.1 million in 9MFY2013. This was mainly attributable to higher profit generated during the period.

Net cash used in investing activities was RMB 1.8 million in 9MFY2014 compared to RMB 0.7 million in 9MFY2013. The increase was due mainly to higher capital expenditure on acquisition of plant and machinery in 9MFY2014.

There was no net cash generated from financing activity in 9MFY2014 as compared to 9MFY2013 where there was net proceeds from the share placement exercise completed on 10 May 2013.

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

No forecast or prospect statement previously disclosed.

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

The bearing industry in China recorded an increase in total revenue of 11.81% from 9MFY2013 to 9MFY2014. On the other hand, the production for single row tapered roller bearings also increased by 10.1% from 137.3 million units in 9MFY2013 to 151.3 million units in 9MFY2014.
(sources: www.cbia.com.cn)

Barring any unforeseen circumstances, the management expect the gradually recovery of bearing industry during the year. The Group will continue to look into offering more value adding products, implement cost control measures and stay competitive. In addition, with its strong balance sheet backed by net cash of RMB 88.5 million as at 30 September 2014, the Group is well positioned to act on any attractive expansion opportunity.

11. If a decision regarding dividend has been made

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

None.

(b) (i) Amount per share

Not Applicable.

(ii) Previous corresponding period

Not Applicable.

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

Not Applicable.

(d) The date the dividend is payable

Not Applicable.

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

Not Applicable.

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

The Board of Directors of the Company does not recommend that a dividend be paid for the period ended 30 September 2014.

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

Pursuant to Rule 920(1)(a)(ii) of the Listing Manual, the details of the aggregate value of interest person transactions conducted for the financial year from 1 January 2014 to 30 September 2014:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than RMB491,000 (S\$100,000) and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than RMB491,000 (S\$100,000))
	RMB'000	RMB'000
Shandong Yimeng Bearing Joint Stock Co., Ltd.	708	-

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

14. Use of proceeds arising from share placement

The Company completed the share placement on 10 May 2013 and raised RMB 6,630,715.

As at 30 September 2014, the utilisation of the cash proceeds of approximately RMB 4,509,758 were as follows:

Utilisation of Share Placement Proceeds	RMB
General working capital	
- Payment for various professional services	2,022,452
- Payment for administration expenses	2,143,709
Payment for expenses incurred in connection with the Share Placement	343,597
Share Placement proceeds utilised	4,509,758
Unutilised balance of the Share Placement proceeds	2,120,957
Total cash proceeds received from Share Placement	6,630,715

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

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

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results of China Bearing (Singapore) Ltd for the financial period ended 30 September 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Zhang Anxi
Managing Director and CEO

Zhang Anling
Executive Director

PART II ADDITIONAL INFORMATION FOR DISCLOSURE

INTERESTED PARTY TRANSACTIONS

Aggregate value of interested person transactions conducted for the financial year from 1 January 2014 to 30 September 2014.

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

We currently lease the land and buildings at No. 2 Yiqing Road, Yinan County, Shandong Province, the PRC from Shandong Yimeng Bearing Joint Stock Co., Ltd ("Yimeng Bearing") for office, plant and factory uses. The present lease for the land and buildings is for a term of 10 years, which commenced on 1 April 2006 and will expire on 31 March 2016. The annual rental is RMB 944,106. For financial period ended 30 September 2014, total lease rental paid to Yimeng Bearing was RMB 708,078. For more details please refer to paragraph 4 of page 110 of the Company's Prospectus dated 12 October 2006 (the "Ongoing and Continuing Interested Person Transactions").

2. Loan from Yimeng Bearing

Pursuant to the Asset Purchase Agreement entered with Yimeng Bearing for the purpose of Restructuring and subsequent agreement made with Yimeng Bearing and shareholders of Yimeng Bearing, our subsidiary, Linyi Kaiyuan Bearing Co., Ltd has obtained loans from the shareholders of Yimeng Bearing for an amount of approximately RMB 25.1 million. The loans shall be on an unsecured and interest-free basis, and repayable only after 3 years from the date of admission of our Company to the Official List of SGX-ST. In addition, the repayment of this loan is subject to the approval of Audit Committee, taking into account, *inter alia*, our Group's working capital and gearing positions. A loan repayment of RMB 4.7 million was made in third quarter of FY2011 and the balance loan of RMB 20.4 million remained outstanding as at 30 September 2014. For more details please refer to paragraph 2 of page 110 of the Company's Prospectus dated 12 October 2006 (the "Ongoing and Continuing Interested Person Transactions").

BY ORDER OF THE BOARD

Zhang Anxi
Managing Director and CEO
13 November 2014

Zhang Anling
Executive Director