

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

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF FE RESOURCES PTE. LTD. – ENTRY INTO A LOAN AGREEMENT DATED 12 MARCH 2018 BETWEEN THE COMPANY AND AXIS MEGALINK SDN. BHD. ("LENDER")

1. INTRODUCTION

The board of directors ("**Board**") of China Bearing (Singapore) Ltd. (the "**Company**") refers to the announcements made by the Company on 24 August 2016, 1 November 2016, 2 December 2016, 11 January 2017, 4 April 2017, 20 June 2017 and 7 July 2017 in relation to the proposed acquisition of the entire issued and paid-up share capital of FE Resources Pte. Ltd. ("**Proposed Acquisition**") and on 17 November 2017 in relation to the entry into a loan agreement dated 17 November 2017 ("**First Loan Agreement**") with Axis Megalink Sdn. Bhd. ("**Lender**"). The announcements made by the Company on 24 August 2016, 1 November 2016, 2 December 2016, 11 January 2017, 4 April 2017, 20 June 2017, 7 July 2017 and 17 November 2017 referred to as the "**Announcements**".

Unless otherwise defined herein, capitalised terms used herein shall bear the same meaning ascribed to them in the Announcements.

2. THE LOAN

The Board wishes to announce that the Company has on 12 March 2018 entered into a second loan agreement ("**Second Loan Agreement**") with the Lender, pursuant to which the Lender has agreed to extend to the Company a loan of S\$270,000 (the "**Loan**") on the terms and subject to the conditions of the Second Loan Agreement. The Lender is a company incorporated in Malaysia and is unrelated to the Company. The shareholders of the Lender are not related to the Company's Directors or Controlling Shareholder and their respective associates.

3. SALIENT TERMS OF THE LOAN AGREEMENT

The salient terms of the loan agreement are as follows:

- (a) Principal amount : S\$270,000, to be released and disbursed in two (2) tranches, with the first tranche being S\$100,000 ("**Tranche 1**") and the final tranche being S\$170,000 ("**Tranche 2**") respectively.
- (b) Release and disbursement of : Tranche 1 shall be disbursed within seven (7) business days from the date of signing of the Loan Agreement.

Tranche 1

- (c) Conditions precedent to the release and disbursement of Tranche 2 : Disbursement of Tranche 2 is conditional upon the submission of the circular containing the notice of extraordinary general meeting to seek shareholders' approval for, *inter alia*, the Proposed Acquisition, to the Singapore Exchange Securities Trading Limited ("**SGX-ST**").
- (d) Interest : Ten percent (10%) per annum, to be compounded daily at a 365-day year basis. In the event the Loan is not fully repaid by the Repayment Date, the interest payable from the Repayment Date (defined below) onwards shall automatically increase by five percentage points to 15.0% per annum compounded daily at a 365-day year basis.
- (e) Repayment Date : The Company shall repay the Outstanding Sum by way of cash to the Lender within twenty-one (21) calendar days upon the occurrence of any of the following events:
- (i) the Completion of the Proposed Acquisition;
 - (ii) the Company being able, in accordance with the Listing Manual of the SGX-ST ("**Listing Manual**") to utilise the funds in the escrow account set up by the Company pursuant to Rule 1018(1) of the Listing Manual;
 - (iii) the failure by the Company to complete the Proposed Acquisition for any reason by 16 August 2018 ("**Long Stop Date**"); or
 - (iv) the Proposed Acquisition is aborted at any time before the Long Stop Date.
- (f) Governing law : The terms of the Loan Agreement shall be governed by and construed in accordance with the laws of Singapore.

4. RATIONALE AND USE OF PROCEEDS

- 4.1. Since 21 December 2015 when the Company became a cash company, the Company had, in compliance with Rule 1018(1) of the Listing Manual, placed at least 90% of the Company's cash and short-dated securities into an escrow account ("**Escrow Account**"). The amount placed in the Escrow Account cannot be drawn down until the completion of the acquisition of a business which is able to satisfy SGX-ST's requirements for a new listing, except for payment of expenses incurred in a reverse takeover approved by shareholders and pro-rata distributions to shareholders.

- 4.2. Having considered the above, the Loan will enable the Company to supplement its existing cash balance which are not subject to the Escrow Account, to be used as general working capital in the ordinary course of its business.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

To the best of the Directors' knowledge, none of the Directors and controlling shareholders or their associates have any interest, direct or indirect in the Loan Agreement, save for their respective interests in the shares of the Company.

6. RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement 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 of the Loan Agreement, the Company, 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 (including information relating to the Lender) 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 this announcement in its proper form and context.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Loan Agreement is available for inspection during normal business hours at the registered office of the Company at 7 Temasek Boulevard, #43-03 Suntec Tower One, Singapore 038987 for a period of three (3) months from the date of this announcement.

8. CAUTIONARY STATEMENT

Shareholders of the Company are advised that the Proposed Acquisition is subject to numerous conditions and due diligence by the Vendor and the Company. As such, there is no assurance that the Parties will be able to complete the Proposed Acquisition and that the shares of the Company will eventually resume trading on the SGX-ST. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders are therefore advised to exercise caution when dealing in the shares of the Company and should consult their legal, financial, tax and other professional advisers if they have any doubt as to the action to take.

BY ORDER OF THE BOARD

LIM KEAN TIN

Non-Executive Chairman

12 March 2018