

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. ("PROPOSED ACQUISITION")

*Unless otherwise defined, capitalised terms herein shall have the same meaning ascribed to them in the Company's announcement dated 1 November 2016 ("**Announcement**") in relation to the Proposed Acquisition.*

1. The Board of Directors of the Company ("**Board**") refers to the Announcement in relation to the SPA and the Proposed Acquisition.
2. In connection with the Proposed Acquisition, the Company will be seeking the approval of its shareholders ("**Shareholders**") for the proposed transfer of the listing of the Shares from the Mainboard to the Catalist of the SGX-ST. Upon Completion, the Company shall be listed on Catalist of the SGX-ST.
3. The Proposed Acquisition constitutes a "Very Substantial Acquisition" or "Reverse Takeover" as defined under Rule 1015 of the Catalist Rules. Accordingly, pursuant to Rules 1015(1)(a)(ii) and 1015(4)(a), read with Rules 407(1) of the Catalist Rules ("**Relevant Rules**"), the circular to Shareholders in respect of a "Very Substantial Acquisition" or "Reverse Takeover" ("**Circular**") is required to, *inter alia*, comply with Parts II to XI of the Fifth Schedule, Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 ("**Fifth Schedule**").

In particular, paragraph 23 of Part IX of the Fifth Schedule requires the pro forma combined financial statements of the Company, the Target Company and their respective subsidiaries (collectively, "**Enlarged Group**") for the most recent completed financial year, and *if applicable* for the period covered in any interim financial statements, to be included in the Circular.

4. Further to the Announcement, the Board wishes to announce that ZICO Capital Pte. Ltd., in their capacity as the Financial Adviser and Sponsor ("**Financial Adviser**") to the Company in respect of the Proposed Acquisition had made an application to the SGX-ST for a waiver from compliance with the Relevant Rules, specifically the requirement to present the pro forma financial statements of the Enlarged Group in the Circular, and to only present:
 - (i) the audited combined financial statements of the Target Group for the financial years ended 31 December 2014, 2015 and 2016; and
 - (ii) the unaudited combined interim financial statements of the Target Group for six months financial periods ended 30 June 2016 and 2017,

in the Circular ("**Waiver**").

5. The bases for the Waiver are as follows:

- (i) the Company has ceased all operating businesses following the disposal of its wholly-owned subsidiary, Linyi Kaiyuan Bearing Co., Ltd to Spring Century Investment Limited on 21 December 2015, and is currently a cash company under Rule 1018 of the Listing Manual. Upon Completion, the Enlarged Group's business will comprise wholly of the business currently being carried on by the Target Group;
- (ii) the Company believes that the audited combined financial statements of the Target Group will be reflective of the new business of the Enlarged Group after Completion;
- (iii) the Company and the Reporting Accountant and Auditor, Baker Tilly TFW LLP, are of the view that the audited combined financial statements of the Target Group will not be materially different from the pro forma financial statements of the Enlarged Group, save for (i) S\$12.2 million cash deposits which were placed in escrow ("**Escrow Cash**"); (ii) certain operating expenses of the Company, such as costs expected to be incurred in the day-to-day running of the Company; (iii) non-cash expenses in connection with the Proposed Acquisition, mainly arising from reverse acquisition accounting in accordance with the prevailing financial reporting standards; (iv) professional fees and arranger fees incurred in connection with the Proposed Acquisition; and (v) interest expenses of up to S\$100,000 expected to be incurred in respect of the S\$1.0 million loan facility granted by Axis Megalink Sdn. Bhd. (which is expected to be repaid within 14 days from Completion) to fund the professional fees payable in connection with the Proposed Acquisition, all of which are non-operational and non-recurring in nature; and
- (iv) Shareholders who wish to have an understanding of the historical financial performance and position of the Company and its subsidiaries ("**Group**") can refer to the Group's annual reports, periodic financial announcements and the announcements by the Company on the monthly valuation of assets and utilisation of cash pursuant to Rule 1018(1)(b) of the Listing Manual.

6. Pursuant to Rule 107 of the Listing Manual, the SGX-ST may waive or modify compliance with a listing rule (or part of a rule) either generally or to suit the circumstances of a particular case, unless the listing rule specifies that the SGX-ST will not waive it. The SGX-ST may grant a waiver subject to such conditions, as it considers appropriate. If the SGX-ST waives a listing rule (or part of a rule) subject to a condition, the condition must be satisfied for the waiver to be effective. Where a waiver is granted, the issuer must

announce the waiver, the reasons for seeking the waiver and the conditions, if any, upon which the waiver is granted as soon as practicable.

7. The SGX-ST has, on 16 November 2017, responded that it has no objections to the application for the Waiver, subject to the following:
 - (i) the Company making an announcement of the Waiver granted, stating the reasons for seeking the Waiver and the conditions as per Listing Rule 107, and that the Company and/or its Board of Directors are not aware of any other material information in respect of the Company and the Proposed Acquisition which was not formerly disclosed to investors;
 - (ii) the disclosure of the Waiver granted and the bases for seeking the waiver in the Circular; and
 - (iii) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and its constituent documents.
8. The Board wishes to announce that save for the information set out under Paragraph 5(iii) above, the Company and the Board of Directors are not aware of any other material information in respect of the Company and the Proposed Acquisition which was not formerly disclosed to investors.
9. **Shareholders are advised that the Proposed Acquisition is subject to numerous conditions and further 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 therefore asked 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

21 November 2017