



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

ANNUAL REPORT 2016

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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.

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

The Company, in accordance with Rule 1018(1) of the Listing Manual, placed 90% of its cash (including existing cash balance and the net proceeds from the disposal) in an Escrow Account opened with United Overseas Bank Ltd. The Company has on 21 December 2016 entered into an escrow agreement with Standard Chartered Bank (Singapore) Limited to act as escrow agent for the Company in accordance with Rule 1018(1)(a) of the Listing Manual after the escrow agreement dated 14 December 2015 with United Overseas Bank Ltd. was expired.

The Company has on 24 August 2016 announced that it has entered into a term sheet (the “Term Sheet”) with Far East Mining Pte. Ltd. (the “Vendor”), pursuant to which the Company shall acquire the entire issued and paid-up share capital of PT Anugrah Tambang Sejahtera (“PT ATS”) (the “Proposed Acquisition”). Subsequent to the announcement on 24 August 2016, the Company announced that the Company and the Vendor, FE Resources Pte. Ltd. (the “Target Company”) and PT ATS had entered into a conditional sales and purchase agreement (the “SPA”) on 27 October 2016 for the acquisition of the entire issued and paid-up capital of the Target Company.

The Financial Advisor, ZICO Capital Pte. Ltd. has on behalf of the Company, written to the SGX-ST on 11 November 2016 to seek approval for a 12-month extension of time under Rule 1018(2) of the Listing Manual for the Company to complete the Proposed Acquisition by 20 December 2017. By way of letter dated 30 November 2016, SGX-ST has granted the Company an extension of time to 20 June 2017 (“Extension Date”), for the completion of the Proposed Acquisition.

Subject to further due diligence by the Vendor and the Company and the approval of SGX-ST, shareholders should note that there is no assurance that the Parties will be able to complete the Proposed Acquisition on 20 June 2017.

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 2016 ("FY2016").

2016 HIGHLIGHTS

Following the disposal of its subsidiary on 21 December 2015, the Company is deemed to be a cash company, and there was no revenue recognised in FY2016. The Company recorded expenses of S\$ 0.8 million in FY2016, mainly due to professional fees incurred for the Proposed Acquisition (as defined below).

The assets of the Company comprise principally of cash and cash equivalents of S\$ 12.5 million, of which S\$ 12.2 million was held in an Escrow Account.

PROPOSED ACQUISITION OF FE RESOURCES PTE. LTD.

I wrote last year that the Company was exploring options to maximize value for shareholders, including a reverse takeover. I am pleased to announce that in our quest for a suitable and profitable business for the Company, the Company has on 27 October 2016 entered into a conditional sale and purchase agreement ("SPA") with Far East Mining Pte. Ltd. ("Vendor"), FE Resources Pte. Ltd. (the "Target Company") and PT Anugrah Tambang Sejahtera ("PT ATS") to acquire the entire issued and paid-up capital of the Target Company in a proposed acquisition transaction ("Proposed Acquisition"). We are currently working through the requisite steps to ensure that the due diligence is adhered to and effectively executed to enable completion of this Proposed Acquisition.

With this Proposed Acquisition, the Company hopes to satisfy the Singapore Exchange Securities Limited (the "SGX-ST") requirements for a new listing. The Proposed Acquisition, if it proceeds to completion, is expected to result in a Reverse Takeover of the Company, subject to the approval of the SGX-ST and the approval of the shareholders of the Company at an Extraordinary General Meeting to be convened.

As announced on 2 December 2016, the Company has been granted by SGX-ST, as a cash company, a 6-month extension period until 20 June 2017 (the "Extension") to complete the Proposed Acquisition so as to meet the requirements for a new listing. The Company will provide updates to the SGX-ST and the shareholders of the Company via announcements to be released on the SGXNET on material developments to the Proposed Acquisition.

IN APPRECIATION

I would like to take this opportunity to thank my fellow Board members for their committed contributions, support and services to the Company. My sincere thanks is also extended to the former Board members, Mr Zhang Anxi and Mr Luo Jiwei who have resigned during the year for their contribution to the Group.

On behalf of the Board, I would like to express my gratitude and appreciation to our valued shareholders and business associates for your unwavering support to the Company through this period of transition.

Datuk Lim Kean Tin
Non-Executive Chairman

OPERATIONS & **FINANCIAL REVIEW**

The Company had in December 2015 completed the disposal of its principal and wholly-owned subsidiary (the “Disposal”). Following the Disposal, the Company became a cash company under Rule 1018 of the SGX-ST Listing Manual and ceased to have any operating subsidiaries or businesses for the financial year ended 31 December 2016 (“FY2016”).

FINANCIAL PERFORMANCE

Operating expenses

Administrative expenses decreased by S\$ 1.3 million from S\$ 2.1 million for the financial year ended 31 December 2015 (“FY2015”) to S\$ 0.8 million for FY2016, due mainly to an absence of loss on foreign exchange related to the Disposal.

Other operating expenses recorded in FY2015 was due to loss on disposal of subsidiary in relation to the Disposal.

The comparison of the results against discontinued operation in FY2015 is not meaningful since the Company did not have any operations in FY2016.

Net Profit

As a result of lower administrative expenses and absence of loss from discontinued operation, the Group recorded a loss after tax of S\$ 0.8 million for FY2016, as compared to loss after tax of S\$ 12.2 million for FY2015.

FINANCIAL POSITION

Current assets

The current assets of the Company comprises mainly cash and cash equivalents of approximately S\$ 12.5 million of which S\$ 12.2 million represents restricted deposit placed in an escrow account.

Current liabilities

Other payable and accruals comprise mainly accruals for directors’ fee and professional expenses for the Proposed Acquisition.

CASH FLOW

For FY2016, the Company recorded net cash outflow of S\$ 1.0 million from operating activities compared to net cash outflow of S\$ 7.7 million in FY2015. This was due to lower loss incurred in FY2016 after the Disposal.

Cash and cash equivalents decreased from S\$ 13.5 million as at FY2015 to S\$ 12.5 million as at FY2016. Of the S\$ 12.5 million, S\$ 12.2 million was placed in an Escrow Account.

BOARD OF **DIRECTORS**

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 TAN KAH GHEE is our Independent Director and was appointed to our Board on 14 May 2014. He is the Chairman of our Audit Committees 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 Committees 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.

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 industry. 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.

SENIOR **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 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

7 Temasek Boulevard
#43-03 Suntec Tower One
Singapore 038987

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
Public Accountants and Chartered Accountants
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621

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

PRINCIPAL BANKERS

Oversea Chinese Banking Corporation Limited
Standard Chartered Bank (Singapore) Limited

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STATEMENT OF CORPORATE GOVERNANCE

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 2016 ("FY2016") 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 a Non-Executive Director and three Independent Directors. The Board members of the Company are:

Mr Lim Kean Tin	(Non-Executive Chairman)
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.

The Company has adopted internal guidelines setting forth matters that require the Board's approval. 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.

The Management is responsible for day-to-day operations and administration of the Company and they are accountable to the Board. Clear directions have been given out to the Management that reserved matters as set out above must be approved by the Board.

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.

STATEMENT OF CORPORATE GOVERNANCE

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 2016:

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

Notes:

- (1) Mr Lim Kean Tin was appointed as Non-Executive Chairman on 4 February 2016
- (2) Mr Lee Kean Cheong was appointed as Independent Director on 4 February 2016
- (3) Mr Luo Jiwei resigned as Independent Director on 4 February 2016
- (4) Mr Zhang Anxi resigned as Non-Executive Director on 1 August 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 themselves 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 four Directors, of whom one is a Non-Executive Director 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.

STATEMENT OF CORPORATE GOVERNANCE

The independence of each Director is reviewed annually by the NC in accordance with the Code's definition of independence. Each Director is required to declare his independence by duly completing and submitting a 'Confirmation of Independence' form. The said form, which is drawn up based on the definitions and guidelines set forth in Principle 2 in the Code and the Guidebook for Audit Committees in Singapore (Second Edition) issued by the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority and the Singapore Exchange in August 2014 ("Guidebook"), requires each Director to assess whether he considers himself independent despite not having any relationships identified in the Code. 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. To facilitate a more effective check on the Management, Independent Directors and Non-Executive Directors are encouraged to meet regularly with the presence of the Management. Where necessary, the Independent Directors will meet without the presence of the other non-Independent Directors, and feedback will be provided to the Chairman after such meetings if necessary.

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 is 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 22 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 executives responsible for managing the company's business. No one 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 of Linyi Kaiyuan Bearing Co., Ltd. (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.

STATEMENT OF CORPORATE GOVERNANCE

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. The members of the NC are:

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.

The NC makes recommendations to the Board on all nominations for appointment and re-appointment of Directors to the Board. It ascertains the independence of Directors and evaluates the Board's performance as a whole on an annual basis. The NC assesses the independence of Directors based on the guidelines set out in the Code, the Guidebook and any other salient factors.

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.

In the nomination and selection process, the NC reviews the composition of the Board by taking into consideration the mix of expertise, skills and attributes of existing Board members, so as to identify desirable competencies for a particular appointment. In doing so, it strives to source for candidates who possess the skills and experience that will further strengthen the Board, and are able to contribute to the Company in relevant strategic business areas, in line with the growth and development of the Company. The Board is to ensure that the selected candidate is aware of the expectations and the level of commitment required. Directors are encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors, SGX-ST, other business and financial institutions as well as consultants.

STATEMENT OF CORPORATE GOVERNANCE

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	27 April 2016	Managing Director of Silk Road of China Energy Holdings Limited	China Bearing (Singapore) Ltd.	Nil
Mr Tan Kah Ghee	14 May 2014	27 April 2016	Chief Financial Officer of Keong Hong Holdings Limited	China Bearing (Singapore) Ltd.	Nil
Mr Wong Chee Meng Lawrence	15 October 2014	28 April 2015	Managing Director of Equity Law LLC	- China Bearing (Singapore) Ltd. - Sino Grandness Food Industry Group Limited - Artivision Technologies Ltd. - Eindec Corporation Limited	Ziwo Holdings Ltd.
Mr Lee Kean Cheong	4 February 2016	27 April 2016	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	Nil

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

Mr Wong Chee Meng Lawrence and Mr Lee Kean Cheong who are retiring pursuant to Article 93 of the Articles of Association of the Company have given their consent to continue in office. The Board has accepted the NC's recommendation and accordingly, Mr Wong Chee Meng Lawrence and Mr Lee Kean Cheong will be offering themselves for re-election at the upcoming AGM.

Mr Lee Kean Cheong, Mr Tan Kah Ghee and Mr Wong Chee Meng Lawrence each have no relationships 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 FY2016, 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.

STATEMENT OF CORPORATE GOVERNANCE

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, the 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.

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 evaluation of effectiveness and performance of each Board Committee as a whole is carried out annually on a self-evaluation basis by the respective members of each Board Committee. The results of the evaluation are reviewed and discussed by each respective Board Committee, and each Board Committee reports the evaluation results to the Board thereafter. The assessment criteria include but are not limited to the composition of the Board Committees and the procedure and accountability of each Board Committee.

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 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 2016 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 calendar of the meetings of the Board and the Board Committees ("Meetings") are planned a year in advance. Draft agendas for the Meetings are also circulated in advance to the respective Chairman for review, and if necessary, to provide additional agenda items for the respective Board Committee meetings. Periodic financial reports, budgets, forecasts and disclosure documents are provided to the Board, where appropriate, prior to the Meetings.

STATEMENT OF CORPORATE GOVERNANCE

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, if any, 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', if any, 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 2016.

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.

STATEMENT OF CORPORATE GOVERNANCE

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. 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 annually 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 and key management personnel of the Company disclosed in bands for services rendered during the financial year ended 31 December 2016 are as follows:

	Number of Directors		Number of Key Management Personnel	
	2016	2015	2016	2015
S\$500,000 and above	–	–	–	–
S\$250,000 to S\$499,999	–	–	–	–
Below S\$250,000	6	8	1	1
Total	6	8	1	1

The summary remuneration table for the Directors and key management personnel of the Company for the financial year ended 31 December 2016 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⁾	–	–	–	–	–
Independent Directors					
Mr Tan Kah Ghee	–	–	–	100	100
Mr Wong Chee Meng Lawrence	–	–	–	100	100
Mr Lee Kean Cheong ⁽³⁾	–	–	–	100	100
Mr Luo Jiwei ⁽⁴⁾	–	–	–	–	–
Key Management Personnel					
Mr Leyng Thai Weng	93	–	7	–	100

STATEMENT OF CORPORATE GOVERNANCE

Note:

- (1) Mr Lim Kean Tin was appointed as Non-Executive Chairman on 4 February 2016
- (2) Mr Zhang Anxi resigned as Non-Executive Director on 1 August 2016
- (3) Mr Lee Kean Cheong was appointed as Independent Director on 4 February 2016
- (4) Mr Luo Jiwei resigned as Independent Director on 4 February 2016

There is no employee of the Company who is an immediate family member of a Director whose remuneration exceeds S\$50,000 during FY2016.

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 RC has reviewed and approved the remuneration packages of the Directors and key management personnel, having regard to their contributions as well as the financial performance and the commercial needs of the Company and has ensured that the Directors and key management personnel are adequately but not excessively remunerated. The remuneration packages of the Directors and key management personnel of the Company remain unchanged from FY2015 to FY2016.

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.

The Board has assessed and is of the opinion that there are no Key Audit Matters ("KAM") to be highlighted for the financial year ended 31 December 2016. This has been reaffirmed in the Independent Auditor's Report on page 25 of this Annual Report.

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.

In respect of the past 12 months, there are no significant potential risks that subsist in the Company since the Company is a cash company. The Company assets are substantially cash held in an escrow account with United Overseas Bank Limited and current accounts with Oversea-Chinese Banking Corporation Limited, which require two jointly authorised signatories to operate both accounts. For the escrow account, withdrawals from the account are only available if Rule 1018(1)(a) of the Listing Manual has been satisfied. The significant financial risk management policies are disclosed in the accompanying audited financial statements.

STATEMENT OF CORPORATE GOVERNANCE

The Company has on 21 December 2016 entered into an escrow agreement with Standard Chartered Bank (Singapore) Limited to act as escrow agent for the Company in accordance with Rule 1018(1)(a) of the Listing Manual after the escrow agreement dated 14 December 2015 with United Overseas Bank Limited was expired.

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 external auditors, and will ensure that the Group follows up on the auditors' recommendations raised, if any, during the audit process.

During FY2016, the Non-Executive Chairman and the Financial Controller, 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 Company'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 Company'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 Company 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 2016.

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 members of the AC are:

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;

STATEMENT OF CORPORATE GOVERNANCE

- (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 review and approve any future hedging policies, instruments used for hedging and foreign exchange policies and practices of the Company;
- (xi) 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;
- (xii) 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
- (xiii) 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 the independent auditors without the presence of the Management at least once a year in FY2016.

The AC reviews the independence of the external auditors annually. The AC noted that no non-audit services were 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 Company, and FKT is registered with the Accounting and Corporate Regulatory Authority. The Company has complied with Rule 712 of the SGX-ST Listing Manual in relation to its independent auditor. Rule 715 of the SGX-ST Listing Manual does not apply to the Company as the Company does not have any subsidiaries or significant associated companies. 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 2016, the total fees payable by the Company to the external auditors for audit services were approximately S\$31,030. 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.

STATEMENT OF CORPORATE GOVERNANCE

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 2016.

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.

STATEMENT OF CORPORATE GOVERNANCE

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 Chairman 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. If any shareholder is unable to attend, he/she is allowed to appoint proxies to vote on his/her behalf at the general meetings through proxy forms sent to the Company within the prescribed period. The Company has introduced the system of voting, pursuant to which each resolution put forth at general meetings is voted by way of a poll. The percentages of votes in favour and against each resolution will be announced via SGXNET after the general meetings. 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 2016.

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.

STATEMENT OF CORPORATE GOVERNANCE

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 2016 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than 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 S\$100,000)
	S\$	S\$
Total	–	–

Note: There were interested person transactions during FY2016, but aggregate value of all interested person transactions was less than S\$100,000.

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

Material Contracts

There were no material contracts entered into by the Company involving the interest of the Company's Non-Executive Chairman, any Director, or controlling shareholder subsisting at the end of the financial year ended 31 December 2016, or entered into since the end of the previous financial year ended 31 December 2015.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

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 2016 and the statement of financial position of the Company as at 31 December 2016.

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 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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 as disclosed in Note 3 to the financial statements.

Names of directors

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

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

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 31.12.2016		As at 31.12.2016	
	As at 1.1.2016	and 21.1.2017	As at 1.1.2016	and 21.1.2017
<u>The Company</u>				
Zhang Anxi	—	—	43,888,000	*
Lim Kean Tin	82,524,000	82,524,000	—	—

* resigned on 1.8.2016

There are no changes to the above shareholdings as at 21 January 2017.

DIRECTORS' STATEMENT

For the financial year ended 31 December 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
Lee Kean Cheong

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

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 external auditor, assistance given by the Company's officers to the external auditor and results of the 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 2016 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).

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

Audit committee (Cont'd)

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.

Full details regarding the Audit Committee are provided in the "Statement of Corporate Governance".

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.

Other information required by the SGX-ST

Material information

There are no material contracts to which the Company, 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 20 to the financial statements.

On behalf of the Board of Directors

LIM KEAN TIN

TAN KAH GHEE

Dated: 8 February 2017

INDEPENDENT AUDITOR'S REPORT

To the members of China Bearing (Singapore) Ltd.

Opinion

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 2016, 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 notes to the financial statements, including a summary of significant accounting policies.

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 Companies Act, Chapter 50 (the "Act") and the Financial Reporting Standards in Singapore ("FRS") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The subsidiary was disposed of on 21 December 2015 (see Note 8). As the Group is regarded as a cash company as disclosed in Note 3 to the financial statements, in particular, the proposed acquisition which is in the business of mining subject to the approval of Singapore Exchange Securities Trading Limited ("SGX-ST") under the rules of the Listing Manual ("SGX-ST Listing Manual") and the approval of shareholders at the EGM to be convened, we have determined that there are no key audit matters to report for the financial year ended 31 December 2016.

Other Information

Management is responsible for the other information. The other information comprises pages 1 to 63 of the annual report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the remaining sections pages 64 to 68 of the annual report which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the members of China Bearing (Singapore) Ltd.

Other Information (Cont'd)

When we read the remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

To the members of China Bearing (Singapore) Ltd.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial information or business activities within the Group to express an opinion on the consolidated financial statements.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditor's report is Yeo Boon Chye.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 8 February 2017

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

		The Group			The Company		
		31 December 2016	31 December 2015	1 January 2015	31 December 2016	31 December 2015	1 January 2015
Note	\$	\$	\$	\$	\$	\$	\$
			*(restated)	*(restated)		*(restated)	*(restated)
ASSETS							
Non-Current Assets							
Property, plant and equipment	5	–	–	6,304,592	–	–	195
Land use rights	6	–	–	960,326	–	–	–
Intangible assets	7	–	–	–	–	–	–
Subsidiary	8	–	–	–	–	–	22,705,000
Deferred tax assets	9	–	–	238,480	–	–	–
		–	–	7,503,398	–	–	22,705,195
Current Assets							
Inventories		–	–	9,046,600	–	–	–
Trade and other receivables		–	–	5,765,983	–	–	–
Cash and bank balances	10	12,534,880	13,500,035	17,201,704	12,534,880	13,500,035	362,649
		12,534,880	13,500,035	32,014,287	12,534,880	13,500,035	362,649
Total assets		12,534,880	13,500,035	39,517,685	12,534,880	13,500,035	23,067,844
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital	11	24,713,916	24,713,916	24,713,916	24,713,916	24,713,916	24,713,916
Exchange reserve		–	–	1,791,483	–	–	–
Other reserve	12	–	–	5,640,029	–	–	–
Accumulated losses		(12,413,020)	(11,580,640)	(6,839,448)	(12,413,020)	(11,580,640)	(3,287,287)
Total equity		12,300,896	13,133,276	25,305,980	12,300,896	13,133,276	21,426,629
LIABILITIES							
Current Liabilities							
Trade and other payables	13	233,984	366,759	11,687,766	233,984	366,759	411,481
Amount owing to a subsidiary		–	–	–	–	–	1,229,734
Advances from related parties		–	–	2,174,298	–	–	–
Current tax payable		–	–	349,641	–	–	–
Total liabilities		233,984	366,759	14,211,705	233,984	366,759	1,641,215
Total equity and liabilities		12,534,880	13,500,035	39,517,685	12,534,880	13,500,035	23,067,844

* please refer to Note 24 to the financial statements

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 2016

		Year ended 31 December 2016	Year ended 31 December 2015
	Note	\$	\$ *(restated)
Continuing operation			
Revenue	4	–	–
Cost of sales		–	–
Gross profit		–	–
Other operating income		660	172
Administrative expenses	14(a)	(833,040)	(2,125,204)
Other operating expenses	14(b)	–	(1,037,275)
Loss from continuing operation before taxation	15	(832,380)	(3,162,307)
Taxation	16	–	–
Loss after tax from continuing operation		(832,380)	(3,162,307)
Discontinued operation			
Loss from discontinued operation, net of tax	17	–	(9,677,840)
Loss for the year, net of tax		–	(12,840,147)
Other comprehensive income for the year, net of tax			
Item that may be reclassified subsequently to profit or loss			
- currency translation differences	18	–	667,443
Total comprehensive expense for the year		(832,380)	(12,172,704)
Loss per share (cents)			
From continuing operation attributable to equity holders of the Company	19		
- Basic		(0.30)	(1.15)
- Diluted		(0.30)	(1.15)
From discontinued operation attributable to equity holders of the Company			
- Basic		–	(3.26)
- Diluted		–	(3.26)

* please refer to Note 24 to the financial statements

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 2016

		Share capital	Exchange reserve	Statutory common reserve	Accumulated losses	Total equity
The Group	Note	\$	\$	\$	\$	\$
Balance at 1 January 2015 (restated)		24,713,916	1,791,483	5,640,029	(6,839,448)	25,305,980
Loss after taxation for the year		–	–	–	(12,840,147)	(12,840,147)
Other comprehensive income for the year		–	667,443	–	–	667,443
Loss after taxation and total comprehensive expense for the year (restated)		–	667,443	–	(12,840,147)	(12,172,704)
Disposal of subsidiary	12	–	(2,458,926)	(5,640,029)	8,098,955	–
Balance at 31 December 2015 (restated)		24,713,916	–	–	(11,580,640)	13,133,276
Loss after taxation and total comprehensive expense for the year		–	–	–	(832,380)	(832,380)
Balance at 31 December 2016		24,713,916	–	–	(12,413,020)	(12,300,896)

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 2016

	Year ended 31 December 2016 \$	Year ended 31 December 2015 \$(restated)
Cash Flows from Operating Activities		
Loss before tax from continuing operation	(832,380)	(3,162,307)
Loss before tax from discontinued operation	–	(9,390,811)
Loss before taxation, total	(832,380)	(12,553,118)
Adjustments for:		
Depreciation of property, plant and equipment	–	201,454
Amortisation of land use rights	–	5,101
Impairment on property, plant and equipment	–	2,516,511
Impairment of land use rights	–	239,640
Loss on disposal of property, plant and equipment	–	359,967
Loss on disposal of subsidiary	–	1,037,275
Allowance for inventories written down	–	940,581
Interest income	–	(36,265)
Operating loss before working capital changes	(832,380)	(7,288,854)
Decrease in inventories	–	1,914,892
Decrease in trade and other receivables	–	2,218,643
Decrease in trade and other payables	(132,775)	(4,140,617)
Cash used in operations	(965,155)	(7,295,936)
Income tax paid	–	(398,190)
Net cash used in operating activities	(965,155)	(7,694,126)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment (Note A)	–	(5,574,034)
Acquisition of land use rights	–	(2,660,623)
Proceeds from disposal of property, plant and equipment	–	58,335
Proceeds from sale of subsidiary (Note B)	–	12,799,417
Exchange loss arising from proceeds on disposal of subsidiary (Note B)	–	1,513,320
Interest received	–	36,265
Net cash generated from investing activities	–	6,172,680
Cash Flows from Financing Activities		
Repayment to former related parties	–	(2,174,298)
Advances to former ultimate holding company	–	6,564
Restricted deposits	–	(12,162,504)
Net cash used in financing activities	–	(14,330,238)
Net decrease in cash and cash equivalents	(965,155)	(15,851,684)
Cash and cash equivalents at beginning of year	1,337,531	17,201,704
Effects of exchange rate changes on cash and cash equivalents	–	(12,489)
Cash and cash equivalents at end of year (Note 10)	372,376	1,337,531

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 2016

Notes:

A. Property, plant and equipment

During the financial year ended 31 December 2015, the Group acquired property, plant and equipment with an aggregate cost of \$5,677,090 of which \$103,056 remained unpaid as at 21 December 2015. Cash payments of \$5,574,034 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:

	Year ended 31 December 2016	Year ended 31 December 2015
	\$	\$
Property, plant and equipment	–	8,940,205
Land use rights	–	3,376,737
Inventories	–	6,191,127
Trade and other receivables	–	3,574,068
Cash and bank balances	–	687,263
Trade and other payables	–	(6,732,125)
Net assets disposed of	–	16,037,275
Loss on disposal of subsidiary	–	(1,037,275)
Exchange loss on disposal of subsidiary*	–	(1,513,320)
Proceeds received	–	13,486,680
Less:		
Cash balance in subsidiary disposed of	–	(687,263)
Net cash inflow on disposal	–	12,799,417

* This is related to exchange loss arising from the proceeds received of \$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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

1 General information

The financial statements of the Company and of the Group for the financial year ended 31 December 2016 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.

On 21 December 2016, the Company publicly announced that SGX-ST has on 30 November 2016 agreed to grant the Company an extension of time to 20 June 2017 under Rule 1018(2) of the SGX-ST Listing Manual for the Company to meet the requirements for a new listing.

The registered office is located at 7 Temasek Boulevard, #43-03 Suntec Tower One, Singapore 038987.

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, with the partial disposal of shares by China Bearing (Bermuda) to Mr Lim Kean Tin, Non-Executive Director (appointed on 4.2.2016) the shareholding interests of China Bearing (Bermuda) in the Company decreased from 45.8% to 15.9%. Arising from the said disposal of shares, China Bearing (Bermuda) ceased to be regarded as 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 Singapore dollar ("S\$") which is the Company's functional currency (see accounting policy "functional currency"). All financial information is presented in \$, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

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

Significant judgements in applying accounting policies

There are no critical judgements that the management has made in the process of applying the Group's accounting policies during the financial year ended 31 December 2016 that have the most significant effect on the amounts recognised in the financial statements, except as disclosed in Note 3 in relation to the Company's going concern, which required management's judgement.

Critical accounting estimates and assumptions used in applying accounting policies

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year ended 31 December 2016, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 2016

The directors do not anticipate that the adoption of the FRSs will have a material impact on the financial statements of the Company and the Group in the period of their initial adoption except for the following new or amended FRS and INT FRS issued and effective in year 2016:

Reference	Description
Amendments to FRS 1	Disclosure initiatives
The amendments to FRS 1 Presentation of Financial Statements clarify, rather than significantly change, existing FRS 1 requirements. The amendments clarify:	
• The materiality requirements in FRS 1 • That specific line items in the statement(s) of profit or loss and other comprehensive income ("OCI") and the statement of financial position may be disaggregated • That entities should adopt a systemic order in which they present the notes to financial statements • That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss	

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The amendments to FRS 1 are effective for annual periods beginning on or after 1 January 2016. As this is a disclosure standard, it will have no impact to the financial position and performance of the Company and the Group when applied in.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2(c) FRS issued but not yet effective

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the SGX-ST will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on the SGX-ST will have to assess the impact of IFRS 1 First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

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

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 7	Disclosure Initiative	1 January 2017
FRS 115	Revenue from Contracts with Customers	1 January 2018
Clarification to FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018
INT FRS 122	Foreign Currency Transactions and Advance Consideration	1 January 2018
FRS 116	Leases	1 January 2019

The directors do not anticipate that the adoption of the above FRSs (were applicable) 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 were prepared for the same reporting date as the Company. Consistent accounting policies were applied to like transactions and events in similar circumstances.

Information on its subsidiary is given in Note 8 to the financial statements.

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

Subsidiary was consolidated from the date of acquisition, being the date on which the Group obtained control and continued to be consolidated until the date that such control ceased.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

Consolidation (Cont'd)

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

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

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

Thus, the Group controlled an investee if and only if the Group had 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 reassessed whether or not it controlled an investee if facts and circumstances indicated that there were changes to one or more of the three elements of control listed above.

When the Group had less than a majority of the voting rights of an investee, it had power over the investee when the voting rights were sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considered all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee were 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 that arose from other contractual arrangements; and
- any additional facts and circumstances that indicated that the Group had, or did not have, the current ability to direct the relevant activities at the time that decisions needed to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

Consolidation (Cont'd)

A change in the ownership interest

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

When the Group lost control of a subsidiary, a gain or loss was recognised in profit or loss and was 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 were 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 was lost was 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.

Transactions with Non-Controlling Interest

Non-controlling interest represented the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and were 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 did not result in a loss of control were accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests were adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest was adjusted and the fair value of the consideration paid or received was recognised directly in equity and attributed to owners of the Company.

Property, plant and equipment and depreciation

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

	<u>Useful lives</u>
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 included expenditure that was directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs were included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration was incurred as a consequence of acquiring or using the asset. Cost might 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

Property, plant and equipment and depreciation (Cont'd)

Subsequent expenditure related to property, plant and equipment that had been recognised was added to the carrying amount of the asset when it was probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, would flow to the Company and the Group and the cost could be reliably measured. Other subsequent expenditure was recognised as an expense during the financial year in which it was 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, were retained in the books of accounts until they were no longer in use.

Depreciation methods, useful lives and residual values were 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.

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 related 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

Financial assets (Cont'd)

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.

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 intend 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 placed in escrow account as required by laws, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

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.

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); or
 - (viii) the entity, or any member of a group which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

Impairment of non-financial assets (Cont'd)

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.

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 have 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 was classified as a discontinued operation when it had been disposed of and such a component represented a separate major line of business or geographical area of operations, was part of a single co-ordinated major line of business or geographical area of operations.

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

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

Employee benefits

Defined contribution schemes

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

Employee benefits (Cont'd)

Defined contribution schemes (Cont'd)

The subsidiary in the People's Republic of China (the "PRC") was required to provide certain staff pension benefits to their employees under existing PRC regulations. Pension contributions were provided at rates stipulated by PRC regulations and were contributed to a pension fund managed by government agencies, which were 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 Singapore dollar ("S\$"), which is also the functional currency of the Company.

Prior to 1 January 2016, the Company's functional currency was RMB. The directors of the Company have determined the functional currency of the Company to be Singapore dollar ("S\$") based on their re-assessment of the economic environment in which the Company currently operates and having considered the majority of the Company's expenses and cash flows are denominated in S\$. The change in the functional currency of the Company from RMB to S\$ has been applied prospectively with effect from 1 January 2016. All items have been translated by using the exchange rate prevailing at the date of change.

Consequent to the above, the presentation currency of the financial statements have also been changed from RMB to S\$. The directors of the Company have determined that the change in presentation currency is to better reflect the Group's current business activities and having a more appropriate presentation of the financial performance and financial positions of the Group and of the Company. The change of presentation currency of the financial statements from RMB to S\$ has been applied retrospectively. Details of the effects of the change in presentation currency are set out in Note 24.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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 Going concern

Notwithstanding the Group has incurred loss for the year of \$832,380 (2015 - \$3,162,307) and total comprehensive loss of \$832,380 (2015 - \$12,172,704) and net cash used in operating activities of \$965,155 (2015 - \$7,694,126), the Group has net current assets of \$12,300,896 (2015 - \$13,133,276). 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 Group is only a cash company with cash and bank balances of \$12,534,880 (2015 - S\$13,500,035).

The financial statements have been prepared on a going concern basis, which assumes that a share restructuring exercise will be undertaken to allow injection of a new line of business under the SGX-ST Listing Manual. As at the date of this report, the Company has announced a proposed acquisition in the business of mining.

Proposed Acquisition

On 24 August 2016, the Company announced that it has entered into a term sheet (the "Term Sheet") with Far East Mining Pte. Ltd. (the "Vendor"), pursuant to which the Company shall acquire the entire issued and paid-up share capital of PT Anugrah Tambang Sejahtera ("PT ATS") from the Vendor (the "Proposed Acquisition"). The Proposed Acquisition is subject to, inter alia, the execution of definitive sale and purchase agreement and/or such other terms and conditions stated in the Company's announcement dated 24 August 2016.

On 1 November 2016, the Company further announced that the Company has on 27 October 2016 entered into a sale and purchase agreement with the Vendor, FE Resources Pte. Ltd. (the "Target Company") and PT ATS, for the acquisition of the entire issued and paid-up share capital of the Target Company. PT ATS beneficially owns 100% of PT Teknik Aum Service ("PT TAS") that owns the concession rights to a 1,301-hectare nickel ore mine located in Morowali, Sulawesi Tengah, Indonesia ("Asset").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

3 Going concern (Cont'd)

Proposed Acquisition (Cont'd)

The total consideration is calculated as the sum of the Purchase Consideration and the Earn-out Amount ("Total Consideration") for the Proposed Acquisition is expected to be up to US\$120,000,000 (approximately \$166,680,000), being the aggregate of:

- (a) US\$50,000,000 (approximately S\$69,450,000) on the basis that the minimum valuation of 449 hectares within the Asset ("Report 1") based on the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (the "JORC Code") JORC Report 1 as determined in the independent valuation report ("Valuation Report 1"), to be prepared and issued in accordance with the Catalist Rules and the standards of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets 2015 edition ("VALMIN Code"), not being less than US\$55,000,000 (approximately S\$76,395,000), subject to adjustment ("Purchase Consideration"); and
- (b) an earn-out amount equivalent to 90% of the minimum valuation as determined in the independent valuation report ("Valuation Report 2") of the remaining valuation of 852 hectares within the Asset ("Report 2") to be prepared and issued based on JORC Report 2 and in accordance with the Catalist Rules and the VALMIN Code, and subject to a maximum of US\$70,000,000 (approximately S\$97,230,000) ("Earn-Out Amount").

The total consideration is to be satisfied in full by way of allotment and issuance of up to 95,793,103 new ordinary shares of the Company ("Consideration Shares"), and up to 134,110,345 new ordinary shares in full satisfaction of the Earn-Out Amount ("Earn-Out Consideration Shares") at S\$0.725 per Consideration Share, and issue price on a post-Consolidation basis, credited as fully paid up, in the share capital of the Company.

At the date of this report, the Proposed Acquisition is currently ongoing and is expected to be completed by 20 December 2017. The directors believe that the Company will be able to meet its obligations as and when they fall due in the next 12 months by way of proposed share restructuring exercise. On this basis, subject to any unforeseen circumstances, and further extension of time to be granted by the SGX-ST Listing Manual, in the opinion of the directors of the Company, the financial statements for the financial year ended 31 December 2016 prepared on a going concern basis is appropriate.

4 Revenue

No revenue is generated from continuing operation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

5 Property, plant and equipment

The Group	Electrical fittings	Computers	Motor vehicles	Plant and machinery	Office building and dormitory	Factory	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
At 1 January 2015	2,267,829	43,909	593,234	16,453,970	4,110,680	5,718,810	29,188,432
Additions	-	-	-	3,140,578	400,523	2,135,989	5,677,090
Disposals	(51,372)	(22,775)	(531,933)	(5,812,401)	-	(348,512)	(6,766,993)
Attributable to discontinued operation	(2,257,173)	(20,580)	(75,507)	(14,093,322)	(4,581,622)	(7,595,820)	(28,624,024)
Exchange translation difference	40,716	912	14,206	311,175	70,419	89,533	526,961
At 31 December 2015	-	1,466	-	-	-	-	1,466
Written off	-	(368)	-	-	-	-	(368)
At 31 December 2016	-	1,098	-	-	-	-	1,098
Accumulated depreciation and impairment losses							
At 1 January 2015	1,757,607	40,121	547,289	13,690,115	2,754,689	4,094,019	22,883,840
Depreciation for the year	13,198	691	10,659	113,659	7,132	56,115	201,454
Disposals	(47,923)	(22,726)	(514,427)	(5,498,111)	-	(265,504)	(6,348,691)
Impairment losses	252,674	1,273	3,370	1,501,830	582,278	175,086	2,516,511
Attributable to discontinued operation	(2,005,345)	(18,728)	(60,062)	(10,077,777)	(3,389,087)	(4,132,819)	(19,683,818)
Exchange translation difference	29,789	835	13,171	270,284	44,988	73,103	432,170
At 31 December 2015	-	1,466	-	-	-	-	1,466
Written off	-	(368)	-	-	-	-	(368)
At 31 December 2016	-	1,098	-	-	-	-	1,098
Net book value							
At 31 December 2016	-	-	-	-	-	-	-
At 31 December 2015	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

5 Property, plant and equipment (Cont'd)

	Computers
The Company	\$
Cost	
At 1 January 2015, at 31 December 2015	1,466
Written off	(368)
At 31 December 2016	1,098
Accumulated depreciation	
At 1 January 2015	1,271
Depreciation for the year	195
At 31 December 2015	1,466
Written off	(368)
At 31 December 2016	1,098
Net book value	
At 31 December 2016	-
At 31 December 2015	-

- (a) Impairment losses on property, plant and equipment and land use rights (Note 6)

Key assumptions used for value-in-use calculations:

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 was 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	<i>Cost technique:</i> The cost approach considered 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 was lower/ (higher). The liquidity coefficient was the discount applied in the valuation in considering the liquidation value on disposition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

5 Property, plant and equipment (Cont'd)

- (a) Impairment losses on property, plant and equipment and land use rights (Note 6) (Cont'd)

Valuation techniques and significant unobservable inputs (Cont'd)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs
Equipment (electrical fittings, plant and machinery, motor vehicles)	<i>Cost technique:</i> The cost approach considered 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 took 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 was determined on actual conditions and the maintenance involved and 0.6 by survey which was 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 was lower/ (higher).
Land use rights (Note 6)	<i>Cost and market comparison technique:</i> The Group considered both approaches, and reconciled and weighed the estimates under each approach based on its assessment of the judgement that market participants would apply. The cost approach considered 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 included 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 were lower/(higher).

The impairment losses of \$2,516,511 for the financial year ended 31 December 2015 represented the write-down of certain property, plant and equipment to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

5 Property, plant and equipment (Cont'd)

(b) Depreciation expense was charged to:

	2016	2015
The Group	\$	\$
Continuing operation		
Administrative expenses	–	195
Discontinued operation		
Cost of sales	–	180,111
Administrative expenses	–	21,148
	–	201,259
	–	201,454

6 Land use rights

	2016	2015
The Group	\$	\$
<u>Cost</u>		
At 1 January	–	1,194,995
Additions	–	2,660,623
Attributable to discontinued operation	–	(3,858,647)
Exchange translation difference	–	3,029
At 31 December	–	–
<u>Accumulated amortisation and impairment losses</u>		
At 1 January	–	234,670
Amortisation charge	–	5,101
Impairment losses	–	239,640
Attributable to discontinued operation	–	(481,910)
Exchange translation difference	–	2,499
At 31 December	–	–
<u>Net carrying amount</u>		
At 31 December	–	–

(a) 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
<u>Acquired from 沂南县国土资源局</u>			
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)

(b) The impairment losses of S\$239,640 for the financial year ended 31 December 2015 represented the write-down of land use rights to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

7 Intangible assets

	\$
The Group	
Cost	
At 1 January 2015	597,800
Attributable to discontinued operation	(608,440)
Exchange translation difference	10,640
At 31 December 2015 and 31 December 2016	<u><u>-</u></u>
Accumulated amortisation	
At 1 January 2015	597,800
Attributable to discontinued operation	(608,440)
Exchange translation difference	10,640
At 31 December 2015 and 31 December 2016	<u><u>-</u></u>
Net book value	
At 31 December 2015 and 31 December 2016	<u><u>-</u></u>
The rights belonged to Linyi Kaiyuan for the use of certain design of precision roller-bearings.	

8 Subsidiary

The subsidiary was Linyi Kaiyuan Bearing Co., Ltd., an entity incorporated in the People's Republic of China.

The principal activities were those of manufacture and sale of bearings.

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.

9 Deferred tax assets

	2016	2015
The Group	\$	\$
Balance as at beginning of year	-	238,480
Exchange translation difference	-	5,919
Recognised in profit or loss		
- discontinued operation (Note 16)	-	(244,399)
Balance as at end of year	<u><u>-</u></u>	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

10 Cash and bank balances

	The Group		The Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash on hand	2	2	2	2
Bank balances	372,374	1,337,529	372,374	1,337,529
Restricted deposits	12,162,504	12,162,504	12,162,504	12,162,504
Cash and bank balances	12,534,880	13,500,035	12,534,880	13,500,035
Less:				
Restricted deposits	(12,162,504)	(12,162,504)	(12,162,504)	(12,162,504)
Cash and cash equivalents	372,376	1,337,531	372,376	1,337,531

Restricted deposits of \$12,162,504 (2015 - \$12,162,504) 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 20 June 2017 to acquire a new business which the Company expects to apply for further extension of time from SGX-ST (Note 3). 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.

Cash and bank balances are denominated in Singapore dollar.

11 Share capital

	←Number of ordinary shares→		←Amount→	
	2016	2015	2016	2015
			\$	\$
The Group and the Company				
<u>Issued and fully paid, with no par value</u>				
Balance at beginning and at end of year	276,000,000	276,000,000	24,713,916	24,713,916

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.

12 Other reserve

	2016	2015
	\$	\$
The Group		
Statutory common reserve		
Balance as at beginning of year	–	5,640,029
Movement during the year		
- Attributable to discontinued operation	–	(5,640,029)
Balance as at end of year	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

12 Other reserve (Cont'd)

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.

13 Trade and other payables

	The Group		The Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Accruals for salaries and related costs	36,355	129,692	36,355	129,692
Accrued operating expenses	197,629	237,067	197,629	237,067
	233,984	366,759	233,984	366,759

Trade and other payables are denominated in Singapore dollar.

14(a) Administrative expenses

	2016	2015
The Group	\$	\$
Exchange loss	–	1,513,320
Directors' fees	88,800	120,000
Employee benefit costs	89,712	86,136
Audit fees	31,030	64,196
Legal and professional fees	448,235	172,024
Travelling expenses	11,519	31,836
Depreciation of property, plant and equipment	–	195
Listing and related expenses	67,588	70,062
Bank charges	25,277	16,160
Others	70,879	51,275
	833,040	2,125,204

Administrative expenses are denominated in Singapore dollar.

14(b) Other operating expenses

	2016	2015
The Group	\$	\$
Loss on disposal of subsidiary	–	1,037,275

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

14(c) Employee benefit costs

	2016	2015
The Group	\$	\$
Directors' remuneration		
- salaries and related costs	88,800	120,000
Key management personnel (other than directors)		
- salaries and related costs	84,132	84,136
- defined contributions	5,580	2,000
	89,712	86,136
	178,512	206,136
Employee benefit costs charged to:		
Administrative expenses	178,512	206,136

Employee benefit costs are denominated in Singapore dollar.

15 Loss from continuing operation before taxation

		2016	2015
The Group	Note	\$	\$
Loss from continuing operation before taxation has been arrived at after charging/(crediting):			
Audit fees paid/payable to auditor of the Company*			
- current year		31,030	85,600
- (over)/under provision in respect of prior year		-	(21,404)
	14(a)	31,030	64,196
Depreciation of property, plant and equipment	5	-	195
Exchange loss	14(a)	-	1,513,320
Directors' fees	14(c)	88,800	120,000
Employee benefit costs	14(c)	89,712	86,136
Loss on disposal of subsidiary	14(b)	-	1,037,275

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

	2016	2015
The Group	\$	\$
Audit fees paid to auditor of the Company		
- current year	-	48,150
- overprovision in respect of prior year	-	(4,709)
	-	43,441

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

16 Taxation

	2016	2015
The Group	\$	\$
Continuing operation		
Current taxation	–	–
Discontinued operation		
Current taxation	–	87,809
Overprovision in respect of prior years:		
- current taxation	–	(45,179)
- deferred taxation (Note 9)	–	244,399
Taxation attributable to discontinued operation	–	287,029

The tax credit/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:

	2016	2015
The Group	\$	\$
Loss from continuing operation	(832,380)	(3,162,307)
Loss from discontinued operation	–	(9,390,811)
Loss before taxation, total	(832,380)	(12,553,118)
Tax at the domestic rate applicable to loss in the countries concerned ⁽¹⁾	(141,505)	(4,141,743)
Tax effect on non-deductible expenses	141,617	2,665,830
Tax effect on non-taxable income	–	(181,054)
Overprovision in respect of prior years:		
- current taxation	–	(45,179)
- deferred tax asset	–	244,399
Deferred tax assets arising from temporary differences foregone upon disposal of subsidiary	–	1,744,776
Others	(112)	–
Net tax expense	–	287,029

⁽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 expenses and loss on disposal of subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

16 Taxation (Cont'd)

The Group had \$Nil (2015 - \$6,582,429) unabsorbed tax losses and \$Nil (2015 - \$9,400,529) 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 \$Nil (2015 - \$3,995,740) 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.

17 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:

	2016	2015
The Group	\$	\$
Revenue	–	16,654,195
Other operating income	–	376,810
Operating costs	–	(26,421,816)
Loss before taxation from discontinued operation	–	(9,390,811)
Taxation	–	(287,029)
Loss from discontinued operation after taxation	–	(9,677,840)
Other comprehensive income	–	667,443
Total comprehensive loss for the year from discontinued operation	–	(9,010,397)

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

	2016	2015
The Group	\$	\$
Operating cash outflow	–	(5,524,568)
Investing cash outflow	–	(8,827,320)
Financing cash outflow	–	(2,474,679)
Net cash outflow	–	(16,826,567)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

18 Other comprehensive income, net of tax

	2016		
	Before tax	Tax expense	Net of tax
	\$	\$	\$
Exchange translation difference	-	-	-
	2015		
	Before tax	Tax expense	Net of tax
	\$	\$	\$
Exchange translation difference	667,443	-	667,443

19 Loss per share

Basic loss 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 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.

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

	2016	2015
The Group	\$	\$
Net loss attributable to equity owners of the Company	(832,380)	(12,172,704)
Add back: Loss from discontinued operation, net of tax, attributable to owners of the Company	-	9,010,397
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	(832,380)	(3,162,307)
	No. of shares	
	2016	2015
The Group		
Weighted average number of ordinary shares for the purpose of basic earnings per share	276,000,000	276,000,000
Basic and diluted loss per share (cents)		
From continuing operation attributable to equity owners of the Company	(0.30)	(1.15)
From discontinued operation attributable to equity owners of the Company	-	(3.26)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

20 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:

	2016	2015
The Group	\$	\$
Yinan County Yimeng Paper Co., Ltd. ⁽¹⁾		
- purchase of packaging materials	–	49,937
Shandong Yimeng Bearing Joint Stock Co., Ltd.		
- rental of land and buildings	–	189,356
Yinan Hongfeng Bearing Co., Ltd. ("Hongfeng") ⁽²⁾		
- purchases of bearings products	–	864,535
- others	–	561
Services provided by entities in which a director of the Company has interests in		
- secretarial services	27,605	21,355
- legal services	–	64,307

(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-Non Executive Director, Zhang Anxi, held more than 30% of the equity interest ("Shares") in Hongfeng by way of nominee shareholding. The Company's PRC legal Counsel was 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.

21 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 and payables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

21.2 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.

21.3 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.

As the Company and the Group do 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.

Cash is held with financial institutions of good standing.

21.4 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.

21.5 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 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. Please refer to Note 3 to the financial statements for further information.

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.

21.6 Accounting classifications of financial assets and financial liabilities

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

		Carried at amortised cost	
		2016	2015
The Group and the Company	Note	\$	\$
Financial assets:			
Cash and bank balances	10	<u>12,534,880</u>	<u>13,500,035</u>
Financial liabilities:			
Trade and other payables	13	<u>233,984</u>	<u>366,759</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

22 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. Please refer to Note 3 to the financial statements for further information.

The Company and the Group monitor capital on the basis of the carrying amount of equity to assets ratio.

Equity to assets ratio is calculated as follows:

		2016	2015
		\$	\$
Total equity	(i)	12,300,896	13,133,276
Total assets	(ii)	12,534,880	13,500,035
Equity to assets ratio	(i)/(ii)	98.1%	97.3%

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.

23 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

24 Effects of the change in presentation currency

Prior to 1 January 2016, the financial statements were presented in Renminbi. With effect from 1 January 2016, the Group changed its presentation currency from Renminbi to Singapore dollar as a result of the change in the Company's functional currency as disclosed in Note 2(c). The financial statements have been presented as if the change in presentation currency had always been in place by restating the comparative financial statements of the relevant preceding years.

A summary of the significant accounts of the comparative financial statements of the relevant preceding years before and after restatement is as follows:

(a) Statements of financial positions

	← 31 December 2015 →			
	The Group		The Company	
	As restated	As previously reported	As restated	As previously reported
	\$	RMB	\$	RMB
ASSETS				
Current Assets				
Cash and bank balances	13,500,035	61,881,462	13,500,035	61,881,462
	13,500,035	61,881,462	13,500,035	61,881,462
Total assets	13,500,035	61,881,462	13,500,035	61,881,462
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	24,713,916	125,769,286	24,713,916	125,769,286
Accumulated losses	(11,580,640)	(65,550,561)	(11,580,640)	(65,550,561)
Total equity	13,133,276	60,218,725	13,133,276	60,218,725
LIABILITIES				
Current Liabilities				
Trade and other payables	366,759	1,662,737	366,759	1,662,737
Total liabilities	366,759	1,662,737	366,759	1,662,737
Total equity and liabilities	13,500,035	61,881,462	13,500,035	61,881,462

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

24 Effects of the change in presentation currency (Cont'd)

(a) Statements of financial positions (Cont'd)

	31 December 2014			
	The Group		The Company	
	As restated	As previously reported	As restated	As previously reported
	\$	RMB	\$	RMB
ASSETS				
Non-Current Assets				
Property, plant and equipment	6,304,592	29,529,791	195	997
Land use rights	960,326	4,498,013	–	–
Subsidiary	–	–	22,705,000	115,484,694
Deferred tax assets	238,480	1,117,000	–	–
	7,503,398	35,144,804	22,705,195	115,485,691
Current Assets				
Inventories	9,046,600	42,372,833	–	–
Trade and other receivables	5,765,983	26,892,997	–	–
Cash and bank balances	17,201,704	80,605,245	362,649	1,733,791
	32,014,287	149,871,075	362,649	1,733,791
Total assets	39,517,685	185,015,879	23,067,844	117,219,482
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	24,713,916	125,769,286	24,713,916	125,769,286
Exchange reserve	1,791,483	–	–	–
Other reserve	5,640,029	28,283,552	–	–
Accumulated losses	(6,839,448)	(35,605,103)	(3,287,287)	(16,893,979)
Total equity	25,305,980	118,447,735	21,426,629	108,875,307
LIABILITIES				
Current Liabilities				
Trade and other payables	11,687,766	54,746,417	411,481	2,044,044
Amount owing to a subsidiary	–	–	1,229,734	6,300,131
Advances from related parties	2,174,298	10,184,065	–	–
Current tax payable	349,641	1,637,662	–	–
Total liabilities	14,211,705	66,568,144	1,641,215	8,344,175
Total equity and liabilities	39,517,685	185,015,879	23,067,844	117,219,482

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

24 Effects of the change in presentation currency (Cont'd)

(b) Consolidated statement of profit or loss and other comprehensive income

	← Year ended 31 December 2015 →	
	As restated	As previously reported
	\$	RMB
Continuing operation		
Revenue	–	–
Cost of sales	–	–
Gross profit	–	–
Other operating income	172	788
Administrative expenses	(2,125,204)	(9,637,376)
Other operating expenses	(1,037,275)	(5,045,463)
Loss from continuing operation before taxation	(3,162,307)	(14,682,051)
Taxation	–	–
Loss after tax from continuing operation	(3,162,307)	(14,682,051)
Discontinued operation		
Loss from discontinued operation, net of tax	(9,677,840)	(43,546,959)
Loss for the year, net of tax	(12,840,147)	(58,229,010)
<u>Other comprehensive income for the year, net of tax</u>		
Item that may be reclassified subsequently to profit or loss		
- currency translation differences	677,443	–
Total comprehensive expense for the year	(12,162,704)	(58,229,010)
Loss per share (cents)		
<u>From continuing operation attributable to equity holders of the Company</u>		
- Basic	(1.15)	(5.32)
- Diluted	(1.15)	(5.32)
<u>From discontinued operation attributable to equity holders of the Company</u>		
- Basic	(3.26)	(15.78)
- Diluted	(3.26)	(15.78)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

24 Effects of the change in presentation currency (Cont'd)

(c) Consolidated statement of cash flows

	← Year ended 31 December 2015 →	
	As restated	As previously reported
	\$	RMB
Net cash used in operating activities	(7,694,126)	(36,890,562)
Net cash generated from investing activities	6,172,680	28,380,844
Net cash used in financing activities	(14,330,238)	(65,907,381)
Net decrease in cash and cash equivalents	(15,851,684)	(74,417,099)

STATISTICS OF SHAREHOLDINGS

As at 10 February 2017

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	28.99	2,330,100	0.84
10,001 - 1,000,000	747	66.21	80,210,100	29.06
1,000,001 and above	25	2.22	193,434,400	70.09
GRAND TOTAL	1,128	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.	TAN HENG TIANG	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	6,257,900	2.27
6.	RAFFLES NOMINEES (PTE) LTD	5,394,600	1.95
7.	CIMB SECURITIES (SINGAPORE) PTE LTD	4,259,900	1.54
8.	DBS VICKERS SECURITIES (S) PTE LTD	3,961,000	1.44
9.	YAP THIAM JOO	3,213,700	1.16
10.	MAYBANK KIM ENG SECURITIES PTE LTD	3,193,000	1.16
11.	CITIBANK NOMINEES SINGAPORE PTE LTD	3,133,600	1.14
12.	LAW CHEE KHEONG	2,700,000	0.98
13.	SIA CHYE SENG	2,600,000	0.94
14.	DBS NOMINEES PTE LTD	2,493,000	0.90
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	188,844,400	68.43

STATISTICS OF SHAREHOLDINGS

As at 10 February 2017

CLASS OF SHARES : Ordinary shares

NO. OF SHARES : 276,000,000

VOTING RIGHTS : One vote per ordinary share

As at 10 February 2017, the Company does not have any treasury shares.

SUBSTANTIAL SHAREHOLDERS

(Recorded in the Register of Substantial Shareholders as at 10 February 2017)

NAME	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
Lim Kean Tin	82,524,000	29.9	–	–
Tan Heng Tiang	43,888,000	15.9	–	–

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Based on the above information available to the Company as at 10 February 2017, 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 Twelve Annual General Meeting of CHINA BEARING (SINGAPORE) LTD. (the "Company") will be held at the Diamond Room, Level 3, Quality Hotel Marlow, 201 Balestier Road, Singapore 329926 on Wednesday, 22 March 2017 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 2016 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 2017 [2016: S\$120,000].
(Resolution 2)
3. (i) To re-elect Mr Wong Chee Meng Lawrence who is retiring under Article 93 of the Articles of Association of the Company.
(Resolution 3)
(ii) To re-elect Mr Lee Kean Cheong who is retiring under Article 93 of the Articles of Association of the Company.
(Resolution 4)
4. 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 5)
5. 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):-

6. **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

NOTICE OF ANNUAL GENERAL MEETING

- (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 6)

[See Explanatory Note 1]

By Order of the Board

Mr Lau Yan Wai
Company Secretary
Singapore
3 March 2017

Explanatory Notes:

1. The Ordinary Resolution 6, 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.

NOTICE OF ANNUAL GENERAL MEETING

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 appointment 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)

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.

PROXY FORM ANNUAL GENERAL MEETING

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 Diamond Room, Level 3, Quality Hotel Marlow, 201 Balestier Road, Singapore 329926 on Wednesday, 22 March 2017 at 10:00 a.m. and at any adjournment thereof.

* I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting 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	
		For**	Against**
1	To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2016 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 2017, to be paid quarterly in arrears.		
3	To re-elect Mr Wong Chee Meng Lawrence, a Director retiring under Article 93 of the Articles of Association of the Company.		
4	To re-elect Mr Lee Kean Cheong, a Director retiring under Article 93 of the Articles of Association of the Company.		
5	To re-appoint Messrs Foo Kon Tan LLP as the Auditors and to authorise the Directors to fix their remuneration.		
	Special Business		
6	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 indicate with a "√" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2017.

Total no. of shares in	No. of shares
(a) Depository Register	
(b) 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 precluded from attending the Meeting.

Personal data privacy

By submitting an instrument appointing a proxy(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 3 March 2017.

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

Registered Office :
1 Thomson Road #04-330G
Balestier Hill Shopping Centre
Singapore 300001

Company Registration No: 200512048E