



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

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

		Group		
		2015	2014	Increase/ (Decrease) %
	Note	RMB'000	RMB'000	
Continuing operation				
Revenue		-	-	n.m.
Cost of sales		-	-	n.m.
Gross profit		-	-	n.m.
Other operating income		1	-	n.m.
Administrative expenses		(9,637)	(3,179)	203.1
Other operating expenses		(5,047)	-	n.m.
Loss before taxation		(14,683)	(3,179)	361.9
Taxation		-	-	n.m.
Loss after taxation		(14,683)	(3,179)	361.9
Discontinued operation				
(Loss) / Profit from discontinued operation, net of tax	(a)	(43,547)	6,433	n.m.
(Loss) / Profit, net of tax		(58,230)	3,254	n.m.
Other comprehensive income, net of tax		-	-	n.m.
Total comprehensive (loss) / income		(58,230)	3,254	n.m.
 (Loss) / Earnings per share (RMB cent)				
<u>From continuing operation</u>				
- Basic		(5.32)	(1.15)	
- Diluted		(5.32)	(1.15)	
<u>From discontinued operation</u>				
- Basic		(15.78)	2.33	
- Diluted		(15.78)	2.33	

Note (a)

	Discontinued operation		Increase/ (Decrease) %
	2015 RMB'000	2014 RMB'000	
Revenue	76,116	140,290	(45.7)
Cost of sales	(79,894)	(121,874)	(34.4)
Gross (loss) / profit	(3,778)	18,416	n.m.
Other operating income	1,722	2,276	(24.3)
Distribution costs	(983)	(1,459)	(32.6)
Administrative expenses	(25,346)	(10,962)	131.2
Other operating expenses	(13,850)	-	n.m.
(Loss) / Profit before taxation	(42,235)	8,271	n.m.
Taxation	(1,312)	(1,838)	(28.6)
(Loss) / Profit after taxation	(43,547)	6,433	n.m.
Other comprehensive income, net of tax	-	-	n.m.
Total comprehensive (loss) / income	(43,547)	6,433	n.m.

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

	Group	
	2015 RMB'000	2014 RMB'000
<u>From continuing operation</u>		
Loss on disposal of a subsidiary	(5,045)	-
Depreciation of plant and equipment	(1)	(3)
Exchange loss arising from proceeds on disposal of subsidiary	(6,937)	-
<u>From discontinued operation</u>		
Interest income	166	285
Depreciation of property, plant and equipment	(1,979)	(3,663)
Amortisation of land use right	(82)	(61)
(Loss)/Gain on disposal of property, plant and equipment	(1,645)	554
Impairment on property, plant and equipment	(10,442)	-
Impairment on land use right	(1,037)	-
(Impairment on inventory)/Reversal of inventory impairment	(4,328)	1,821
Provision of doubtful debts	(123)	-

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

	Company		Group	
	31 Dec 15 RMB'000	31 Dec 14 RMB'000	31 Dec 15 RMB'000	31 Dec 14 RMB'000
Non-Current Assets				
Property, plant and equipment	-	1	-	34,028
Investment in subsidiary	-	115,485	-	-
Deferred tax assets	-	-	-	1,117
	-	115,486	-	35,145
Current Assets				
Inventories	-	-	-	42,373
Trade receivables	-	-	-	24,963
Other receivables and prepayment	-	-	-	1,930
Cash and bank balances	61,881	1,734	61,881	80,605
	61,881	1,734	61,881	149,871
Total Assets	61,881	117,220	61,881	185,016
Capital and Reserves				
Share capital	125,769	125,769	125,769	125,769
Accumulated losses	(65,551)	(16,894)	(65,551)	(35,605)
Statutory common reserve	-	-	-	28,284
Total equity	60,218	108,875	60,218	118,448
Current Liabilities				
Trade payables	-	-	-	37,134
Other payables and accruals	1,663	1,270	1,663	16,837
Amount owing to subsidiary	-	6,300	-	-
Loans from related parties	-	-	-	10,184
Advances from directors	-	775	-	775
Current tax payable	-	-	-	1,638
Total liabilities	1,663	8,345	1,663	66,568
Total Equity and Liabilities	61,881	117,220	61,881	185,016

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

Amount repayable in one year or less, or on demand

As at 31 Dec 2015		As at 31 Dec 2014	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
NA	NA	NA	10,959

Amount repayable after one year

As at 31 Dec 2015		As at 31 Dec 2014	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
NA	NA	NA	NA

Details of any collateral

Not Applicable.

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

		Group	
	Note	2015 RMB'000	2014 RMB'000
Cash flows from operating activities:			
(Loss) / Profit before taxation			
From continuing operation		(14,683)	(3,179)
From discontinued operation		(42,235)	8,272
		<u>(56,918)</u>	<u>5,093</u>
Adjustments for:			
Depreciation of property, plant and equipment		1,980	3,666
Amortisation of land use rights		82	61
Impairment on property, plant and equipment		10,442	-
Impairment on land use rights		1,037	-
Loss / (Gain) on disposal of property, plant and equipment		1,645	(554)
Loss on disposal of a subsidiary		5,045	-
Interest income		(166)	(285)
Allowance / (Reversal) for inventories written down		4,328	(1,821)
Exchange loss arising from proceeds on disposal of subsidiary		6,937	-
		<u>(25,588)</u>	<u>6,160</u>
Operating cash flow before working capital changes			
		(25,588)	6,160
Decrease / (Increase) in inventories		9,554	(2,526)
Decrease / (Increase) in receivables		10,475	(603)
(Decrease) / Increase in payables		(22,563)	6,985
		<u>(28,122)</u>	<u>10,016</u>
Cash (used in) / generated from operations			
		(28,122)	10,016
Income tax paid		(1,832)	-
		<u>(29,954)</u>	<u>10,016</u>
Net cash (used in) / generated from operating activities			
		(29,954)	10,016
Cash flows from investing activities:			
Payment for acquisition of property, plant and equipment		(25,486)	(3,202)
Payment for acquisition of land use rights		(12,160)	-
Proceeds from disposal of subsidiary	(b)	58,657	-
Proceeds from disposal of property, plant and equipment		267	784
Interest received		166	285
		<u>21,444</u>	<u>(2,133)</u>
Net cash (used in) / generated from investing activities			
		21,444	(2,133)
Cash flows from financing activities:			
Repayment to related parties		(10,184)	(10,184)
Advances to ultimate holding company		(30)	(68)
Restricted deposits		(55,693)	-
		<u>(65,907)</u>	<u>(10,252)</u>
Net cash used in financing activities			
		(65,907)	(10,252)
Net decrease in cash and cash equivalents		(74,417)	(2,369)
Cash and cash equivalents at beginning of the year		80,605	82,974
Cash and cash equivalents at end of the year		<u>6,188</u>	<u>80,605</u>

For the purpose of presentation in the consolidated statement of cash flows, the year-end cash and cash equivalents comprise the following:

	2015 RMB '000	2014 RMB '000
Cash on hand	-	8
Bank balances	6,188	80,597
Restricted deposits	55,693	-
Cash and bank balances	61,881	80,605
Less:		
Restricted deposits	(55,693)	-
Cash and cash equivalents	6,188	80,605

Note (b)

The Company disposed of a subsidiary in 2015. The carrying value of assets disposed of and liabilities discharged were as follows:

<u>Net asset disposed of</u>	2015 RMB '000	2014 RMB '000
Property, plant and equipment	41,142	-
Land use rights	15,540	-
Inventories	28,491	-
Trade receivables	14,845	-
Other receivables and prepayment	1,602	-
Cash and bank balances	3,163	-
Trade payables	(14,405)	-
Other payables and accruals	(16,576)	-
Net identifiable assets on disposal	73,802	-
Loss on disposal of subsidiary recognised in profit or loss	(5,045)	-
Exchange loss arising from proceeds on disposal of subsidiary	(6,937)	-
Proceeds received	61,820	-
Less: Cash and bank balances in subsidiary disposed of	(3,163)	-
Net cash inflow on disposal	58,657	-

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

	Group			
	Share Capital	Statutory Common Reserve	Accumulated Losses	Total
(RMB'000)				
2015				
Balance at 1 Jan 2015	125,769	28,284	(35,605)	118,448
Loss for the year	-	-	(58,230)	(58,230)
Disposal of subsidiary	-	(28,284)	28,284	-
Total comprehensive loss for the year	-	(28,284)	(29,946)	(58,230)
Balance as at 31 Dec 2015	125,769	-	(65,551)	60,218
2014				
Balance at 1 Jan 2014	125,769	28,284	(38,860)	115,193
Profit for the year	-	-	3,255	3,255
Total comprehensive income for the year	-	-	3,255	3,255
Balance as at 31 Dec 2014	125,769	28,284	(35,605)	118,448

(RMB'000)	Company		
	Share Capital	Accumulated Losses	Total
2015			
Balance as at 1 Jan 2015	125,769	(16,894)	108,875
Loss for the year	-	(48,657)	(48,657)
Total comprehensive loss for the year	-	(48,657)	(48,657)
Balance as at 31 Dec 2015	125,769	(65,551)	60,218
2014			
Balance as at 1 Jan 2014	125,769	(13,715)	112,054
Loss for the year	-	(3,179)	(3,179)
Total comprehensive loss for the year	-	(3,179)	(3,179)
Balance as at 31 Dec 2014	125,769	(16,894)	108,875

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

There are no changes to the share capital of the Company since 31 December 2014.

The Company has no outstanding convertibles or treasury shares as at 31 December 2015 and 31 December 2014.

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

	Group		Company	
	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14
Total number of issued shares	276,000,000	276,000,000	276,000,000	276,000,000
Less: Treasury shares	-	-	-	-
Total number of issued shares excluding treasury shares	276,000,000	276,000,000	276,000,000	276,000,000

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

The Company has no treasury shares as at 31 December 2015.

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

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

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

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

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ("FY") ended 31 December 2014.

The Group applies FRS 105 Non Current Assets Held for Sale and Discontinued Operations.

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

The Group has adopted the amended Financial Reporting Standard ("**FRS**") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015, where applicable.

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

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

	Group	
	2015	2014
Net (loss)/profit for the year (RMB'000)		
- Continuing operation	(14,683)	(3,179)
- Discontinued operation	(43,547)	6,433
<u>Continuing operation</u>		
Basic loss per share (RMB cent)	(5.32)	(1.15)
Diluted loss per share (RMB cent)	(5.32)	(1.15)
<u>Discontinued operation</u>		
Basic (loss)/earnings per share (RMB cent)	(15.78)	2.33
Diluted (loss)/earnings per share (RMB cent)	(15.78)	2.33

Explanatory notes:

(Loss)/Earnings per share is calculated based on the Group's (loss)/profit after taxation divided by the issued share capital of the Company of 276,000,000 (2014: 276,000,000) shares for the period under review.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:
(a) current financial year reported on; and
(b) immediately preceding financial year.

	Company		Group	
	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14
Net Asset Value per share (RMB cents)	21.8	39.4	21.8	42.9

The net asset value per ordinary share of the Group and the Company as at 31 December 2015 and 31 December 2014 were calculated based on the issued share capital of the Company of 276,000,000 shares as at 31 December 2015 and 31 December 2014.

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

Review of Performance

FY2015 vs FY2014

Administrative expenses increased by RMB 6.4 million from RMB 3.2 million in FY2014 to RMB 9.6 million in FY2015, due mainly to loss on foreign exchange arising from disposal of subsidiary.

The Group recorded other operating expenses of RMB 5.0 million in FY2015 due mainly to loss on disposal of subsidiary.

Discontinued operation

Revenue decreased by RMB 64.2 million from RMB 140.3 million for the financial year ended 31 December 2014 ("FY2014") to RMB 76.1 million for the financial year ended 31 December 2015 ("FY2015"). The decrease was mainly due to decrease in sales of heavy bearing products (RMB 51.7 million), light bearing products (RMB 0.4 million), agency fees (RMB 1.2 million) and bearing accessories and partial-complete bearing products (RMB 12.2 million) and partially offset by increase in sales of micro-size bearing products (RMB 0.3 million) and other bearing products (RMB 1.0 million). Decrease in sales of heavy bearing products in FY2015 was the result of decrease in the sales volume and lower average selling price. On the other hand, decrease in sales of light bearing products was partially due to decrease in average selling price. In addition, the decrease in revenue from agency fee was due to termination of the agency service agreement.

Cost of sales decreased by RMB 42.0 million to RMB 79.9 million in FY2015 as compared to RMB 121.9 million in FY2014 in tandem with the decrease in revenue.

For FY2015, gross loss of RMB 3.8 million has been recorded as compared to gross profit of RMB 18.4 million in FY2014. Gross profit margin decreased from 13.1% in FY2014 to gross loss in FY2015, due to decrease in the selling price of all range of bearing products, discount/rebate amounting to RMB 2.3 million given to the customers, and allowance for inventories impairment of RMB 4.3 million.

Distribution costs decreased by RMB 0.5 million or 32.6% from RMB 1.5 million in FY2014 to RMB 1.0 million in FY2015. This was mainly due to decrease in commission of the sales personnel.

Administrative expenses increased by RMB 14.3 million from RMB 11.0 million in FY2014 to RMB 25.3 million in FY2015, due mainly to penalty amounting to RMB 8.4 million imposed by customers on defective products and technical cost incurred for the improvement on bearing products.

Other operating income decreased by RMB 0.6 million from RMB 2.3 million in FY2014 to RMB 1.7 million in FY2015 due mainly to decrease in income from sales of waste materials.

Other operating expenses was RMB 13.9 million in FY2015 due mainly to impairment of property, plant and equipment and land use rights (RMB 11.5 million) and loss on disposal of property, plant and equipment (RMB 1.6 million).

As a result of higher expenses and loss from discontinued operation, the Group recorded a loss after tax of RMB 58.2 million for FY2015, as compared to profit after tax of RMB 3.3 million for FY2014.

Review of Balance Sheet

On 21 December 2015, the Company announced that the Proposed Disposal (as defined below) has been completed. Following the completion of the Proposed Disposal, the Company became a cash company under Rule 1018 of the Listing Manual.

With the disposal of the subsidiary and business assets, the assets of the Group comprise mainly cash of approximately RMB 61.9 million.

Other payable and accruals comprise mainly accruals of directors' fee and statutory expenses.

Review of Cash Flow Statement

FY2015 vs FY2014

For FY2015, the Group recorded net cash outflow of RMB 30.0million from operating activities as compared to net cash inflow of RMB 10.0 million in FY2014. This was mainly attributable to loss incurred during the year and net cash outflow.

Net cash generated from investing activities was RMB 21.4 million in FY2015 was mainly due to proceeds from disposal of a subsidiary. This was partially offset by capital expenditure incurred for the property, plant and equipment.

There was a net cash outflow of RMB 65.9 million from financing activities in FY2015 arising from repayment to related parties and restricted deposit.

As a result of the above, cash and cash equivalents decreased from RMB 80.6 million as at FY2014 to RMB 6.2 million as at FY2015.

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

No forecast or prospect statement previously disclosed.

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

On 21 December 2015, the Company announced that the disposal of the entire issued and paid-up share capital of Linyi Kaiyuan Bearing Co., Ltd. ("**Proposed Disposal**") has been completed. In accordance with Rule 1018(1) of the Listing Manual, the Company has instructed the Company's solicitors, acting as stakeholder, to remit the Consideration to an escrow account opened with and operated by United Overseas Bank Limited acting as the escrow agent. Please refer to the Company's announcement dated 21 December 2015 for full information.

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 as at 31 December 2015.

The Company is currently dormant and is considering the various options available including new business acquisitions. Announcements on material developments will be made as and when appropriate. Shareholders should however note there is no certainty that the Company will not be delisted after a period of 12 months in accordance with Rule 1018(2) of the Listing Manual.

- 11. If a decision regarding dividend has been made**

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

None.

- (b) (i) Amount per share**

Not Applicable.

- (ii) Previous corresponding period**

Not Applicable.

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

Not Applicable.

- (d) **The date the dividend is payable**

Not Applicable.

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

Not Applicable.

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

The Board of Directors of the Company does not recommend that a dividend be paid for the period ended 31 December 2015.

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

Pursuant to Rule 920(1)(a)(ii) of the Listing Manual, the details of the aggregate value of interest person transactions conducted for the financial year from 1 January 2015 to 31 December 2015:

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than RMB458,000 (S\$100,000) and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than RMB458,000 (S\$100,000))
Name of interested person	RMB'000	RMB'000
Shandong Yimeng Bearing Joint Stock Co., Ltd.	865	-

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

- 14. Use of proceeds arising from share placement**

The Company completed the share placement on 10 May 2013 and raised RMB6,630,715.

As at 31 December 2015, the utilisation of the cash proceeds of approximately RMB6,630,715 were as follows:

Utilisation of Share Placement Proceeds	RMB
General working capital	
- Payment for various professional services	3,028,906
- Payment for administration expenses	3,258,212
Payment for expenses incurred in connection with the Share Placement	343,597
Share Placement proceeds utilised	6,630,715
Unutilised balance of the Share Placement proceeds	-
Total cash proceeds received from Share Placement	6,630,715

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

Not required for announcement on full year results.

16. Undertaking Confirmation Statement from all its directors and executive officers under Rule 720(1)

The Company has procured undertakings from all its directors and executive officer (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

PART II- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 17. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group operates principally in a single business segment which is the sale of bearing products. As the business of the Group is engaged entirely in the PRC, no reporting by geographical location of operations is presented.

The Company had on 29 July 2015 entered into a conditional sale and purchase agreement with Spring Century Investment Limited to dispose the entire issued and paid-up share capital of its principal and wholly-owned subsidiary, Linyi Kaiyuan Bearing Co., Ltd. for an aggregate consideration of S\$15 million (or its foreign currency based on the relevant closing exchange rate as published by a major bank as at the business day immediately prior to the date of the SPA). The disposal was completed on 21 December 2015.

- 18. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

- 19. A breakdown of sales**

	Group		
	Discontinued Operations	Continuing Operations	Total
	RMB'000	RMB'000	RMB'000
<u>FY2015</u>			
Sales reported for:			
- first half year	47,790	-	47,790
- second half year	28,326	-	28,326
Operating loss after tax before deducting minority interests reported for:			
- first half year	(6,139)	(971)	(7,110)
- second half year	(37,408)	(13,712)	(51,120)
<u>FY2014</u>			
Sales reported for:			
- first half year	73,977	-	73,977
- second half year	66,313	-	66,313
Operating profit/(loss) after tax before deducting minority interests reported for:			
- first half year	2,577	(1,874)	703
- second half year	3,857	(1,306)	2,551

20. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	FY2015 RMB'000	FY2014 RMB'000
Ordinary	Nil	Nil
Preference	Nil	Nil
Total	<u>Nil</u>	<u>Nil</u>

21. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

The following directors have confirmed that as at 31 December 2015, there were no appointments of any relative of any Director/Chief Officer/Substantial Shareholder of the issuer who were holding a managerial position in the issuer:

Mr Lim Kean Tin
Mr Zhang Anxi
Mr Tan Kah Ghee
Mr Wong Chee Meng Lawrence
Mr Lee Kean Cheong

On behalf of the Board of Directors

Zhang Anxi
Director
29 February 2016

Tan Kah Ghee
Director

PART III ADDITIONAL INFORMATION FOR DISCLOSURE

INTERESTED PARTY TRANSACTIONS

Aggregate value of interested person transactions conducted for the financial year from 1 January 2015 to 31 December 2015.

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

Linyi Kaiyuan Bearing Co, Ltd leased the land and buildings at No. 2 Yiqing Road, Yinan County, Shandong Province, the PRC from Shandong Yimeng Bearing Joint Stock Co., Ltd (“Yimeng Bearing”) for office, plant and factory uses. The lease for the land and buildings is for a term of 10 years, which commenced on 1 April 2006 and will expire on 31 March 2016. The annual rental is RMB 944,106. For more details please refer to paragraph 4 of page 110 of the Company’s Prospectus dated 12 October 2006 (the “Ongoing and Continuing Interested Person Transactions”). For financial year ended 31 December 2015, total lease rental paid to Yimeng Bearing was RMB 865,430 as a result of the termination of lease in November 2015.

2. Loan from Yimeng Bearing

Pursuant to the Asset Purchase Agreement entered with Yimeng Bearing for the purpose of Restructuring and subsequent agreement made with Yimeng Bearing and shareholders of Yimeng Bearing, our subsidiary, Linyi Kaiyuan Bearing Co., Ltd has obtained loans from the shareholders of Yimeng Bearing for an amount of approximately RMB 25.1 million. The loans shall be on an unsecured and interest-free basis, and repayable only after 3 years from the date of admission of our Company to the Official List of SGX-ST. In addition, the repayment of this loan is subject to the approval of Audit Committee, taking into account, *inter alia*, our Group’s working capital and gearing positions. Loan repayment of RMB 4.7 million and RMB 10.2 million were made in third quarter of FY2011 and fourth quarter of FY2014 respectively. During second quarter of FY2015, remaining balance of the loan amounting to RMB 10.2 million has been fully paid. As such, there was no outstanding balance as at 31 December 2015.

BY ORDER OF THE BOARD

Zhang Anxi
Director
29 February 2016

Tan Kah Ghee
Director