



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

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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

CHANGE IN FUNCTIONAL CURRENCY

Effective 1 January 2016, the Company has changed its functional currency to Singapore Dollar. The corresponding prior year numbers have been restated to SGD for comparative purposes based on the prevailing exchange rates then.

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		
	Note	2016 S\$ '000	2015 S\$ '000 (Restated)	Increase/ (Decrease) %
Continuing operation				
Revenue		-	-	n.m.
Cost of sales		-	-	n.m.
Gross profit		-	-	n.m.
Other operating income		1	-	n.m.
Administrative expenses		(833)	(2,125)	(60.8)
Other operating expenses		-	(1,037)	n.m.
Loss before taxation		(832)	(3,162)	(73.7)
Taxation		-	-	n.m.
Loss after taxation		(832)	(3,162)	(73.7)
Discontinued operation				
Loss from discontinued operation, net of tax	(a)	-	(9,678)	n.m.
Loss, net of tax		(832)	(12,840)	(93.5)
Other comprehensive income, net of tax		-	667	n.m.
Total comprehensive loss		(832)	(12,173)	(93.2)
Loss per share (S\$ cent)				
<u>From continuing operation</u>				
- Basic		(0.30)	(1.15)	
- Diluted		(0.30)	(1.15)	
<u>From discontinued operation</u>				
- Basic		-	(3.26)	
- Diluted		-	(3.26)	

Note (a)

	Discontinued operation		
	2016 S\$'000	2015 S\$'000 (Restated)	Increase/ (Decrease) %
Revenue	-	16,654	n.m.
Cost of sales	-	(17,481)	n.m.
Gross loss	-	(827)	n.m.
Other operating income	-	377	n.m.
Distribution costs	-	(215)	n.m.
Administrative expenses	-	(5,546)	n.m.
Other operating expenses	-	(3,180)	n.m.
Loss before taxation	-	(9,391)	n.m.
Taxation	-	(287)	n.m.
Loss after taxation	-	(9,678)	n.m.

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

	Group	
	2016 S\$ '000	2015 S\$ '000 (Restated)
<u>From continuing operation</u>		
Loss on disposal of a subsidiary	-	(1,037)
Exchange loss arising from proceeds on disposal of subsidiary	-	(1,513)
<u>From discontinued operation</u>		
Interest income	-	36
Depreciation of property, plant and equipment	-	(201)
Amortisation of land use right	-	(5)
Loss on disposal of property, plant and equipment	-	(360)
Impairment on property, plant and equipment	-	(2,517)
Impairment on land use right	-	(240)
Allowance for inventories written down	-	(940)

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 16 S\$ '000	31 Dec 15 S\$ '000 (Restated)	31 Dec 16 S\$ '000	31 Dec 15 S\$ '000 (Restated)
Current Assets				
Cash and bank balances	12,535	13,500	12,535	13,500
	12,535	13,500	12,535	13,500
Total Assets	12,535	13,500	12,535	13,500
Capital and Reserves				
Share capital	24,714	24,714	24,714	24,714
Accumulated losses	(12,413)	(11,581)	(12,413)	(11,581)
Total equity	12,301	13,133	12,301	13,133
Current Liabilities				
Other payables and accruals	234	367	234	367
Total liabilities	234	367	234	367
Total Equity and Liabilities	12,535	13,500	12,535	13,500

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 2016		As at 31 Dec 2015	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
NA	NA	NA	NA

Amount repayable after one year

As at 31 Dec 2016		As at 31 Dec 2015	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'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	2016 S\$ '000	2015 S\$ '000
Cash flows from operating activities:			
Loss before taxation			
From continuing operation		(832)	(3,162)
From discontinued operation		-	(9,391)
		<u>(832)</u>	<u>(12,553)</u>
Adjustments for:			
Depreciation of property, plant and equipment		-	201
Amortisation of land use rights		-	5
Impairment on property, plant and equipment		-	2,517
Impairment on land use rights		-	240
Loss on disposal of property, plant and equipment		-	360
Loss on disposal of a subsidiary		-	1,037
Interest income		-	(36)
Allowance for inventories written down		-	940
		<u>-</u>	<u>940</u>
Operating cash flow before working capital changes		(832)	(7,289)
Decrease in inventories		-	1,915
Decrease in receivables		-	2,219
Decrease in payables		<u>(133)</u>	<u>(4,141)</u>
Cash used in operations		(965)	(7,296)
Income tax paid		-	(398)
		<u>-</u>	<u>(398)</u>
Net cash used in operating activities		<u>(965)</u>	<u>(7,694)</u>
Cash flows from investing activities:			
Payment for acquisition of property, plant and equipment		-	(5,574)
Payment for acquisition of land use rights		-	(2,661)
Proceeds from disposal of property, plant and equipment		-	58
Proceeds from disposal of subsidiary	(b)	-	12,799
Exchange loss arising from proceeds on disposal of subsidiary		-	1,513
Interest received		-	36
		<u>-</u>	<u>36</u>
Net cash generated from investing activities		<u>-</u>	<u>6,171</u>
Cash flows from financing activities:			
Repayment to related parties		-	(2,174)
Advances to ultimate holding company		-	7
Restricted deposits		-	(12,163)
		<u>-</u>	<u>(12,163)</u>
Net cash used in financing activities		<u>-</u>	<u>(14,330)</u>
Net decrease in cash and cash equivalents		(965)	(15,853)
Cash and cash equivalents at beginning of the year		1,337	17,202
Effects of exchange rate changes on cash and cash equivalents		-	(12)
Cash and cash equivalents at end of the year		<u>372</u>	<u>1,337</u>

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

	2016 S\$ '000	2015 S\$ '000 (Restated)
Bank balances	372	1,337
Restricted deposits	12,163	12,163
Cash and bank balances	12,535	13,500
Less:		
Restricted deposits	(12,163)	(12,163)
Cash and cash equivalents	372	1,337

Note (b)

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

	2016 S\$ '000	2015 S\$ '000 (Restated)
<u>Net asset disposed of</u>		
Property, plant and equipment	-	8,940
Land use rights	-	3,376
Inventories	-	6,191
Trade and other receivables	-	3,574
Cash and bank balances	-	687
Trade and other payables	-	(6,732)
Net identifiable assets on disposal	-	16,036
Loss on disposal of subsidiary	-	(1,037)
Exchange loss on disposal of subsidiary	-	(1,513)
Proceeds received	-	13,486
Less: Cash and bank balances in subsidiary disposed of	-	(687)
Net cash inflow on disposal	-	12,799

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	Exchange Reserve	Statutory Common Reserve	Accumulated Losses	Total
(S\$ '000)					
2016					
Balance at 1 Jan 2016 (Restated)	24,714	-	-	(11,581)	13,133
Loss for the year	-	-	-	(832)	(832)
Total comprehensive loss for the year	-	-	-	(832)	(832)
Balance as at 31 Dec 2016	24,714	-	-	(12,413)	12,301
2015					
Balance at 1 Jan 2015 (Restated)	24,714	1,791	5,640	(6,839)	25,306
Loss for the year	-	-	-	(12,840)	(12,840)
Other comprehensive income for the year	-	667	-	-	667
Total comprehensive loss for the year	-	667	-	(12,840)	(12,173)
Disposal of subsidiary	-	(2,458)	(5,640)	8,098	-
Balance as at 31 Dec 2015 (Restated)	24,714	-	-	(11,581)	(13,133)

(S\$ '000)	Company		
	Share Capital	Accumulated Losses	Total
2016			
Balance as at 1 Jan 2016 (Restated)	24,714	(11,581)	13,133
Loss for the year	-	(832)	(832)
Total comprehensive loss for the year	-	(832)	(832)
Balance as at 31 Dec 2016	24,714	(12,413)	12,301
2015			
Balance as at 1 Jan 2015 (Restated)	24,714	(8,419)	16,295
Loss for the year	-	(3,162)	(3,162)
Total comprehensive loss for the year	-	(3,162)	(3,162)
Balance as at 31 Dec 2015 (Restated)	24,714	(11,581)	13,133

- 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 2015.

The Company has no outstanding convertibles or treasury shares as at 31 December 2016 and 31 December 2015.

- 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 16	31 Dec 15	31 Dec 16	31 Dec 15
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 2016.

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

The financial statements have been audited in accordance with Singapore Standards on Auditing.

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

See attached auditor's report.

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 2015.

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 2016, 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	
	2016	2015 (Restated)
Net loss for the year (S\$ '000)		
- Continuing operation	(832)	(3,162)
- Discontinued operation	-	(9,011)
<u>Continuing operation</u>		
Basic loss per share (S\$ cent)	(0.30)	(1.15)
Diluted loss per share (S\$ cent)	(0.30)	(1.15)
<u>Discontinued operation</u>		
Basic loss per share (S\$ cent)	-	(3.26)
Diluted loss per share (S\$ cent)	-	(3.26)

Explanatory notes:

Loss per share is calculated based on the Group's loss after taxation divided by the issued share capital of the Company of 276,000,000 (2015: 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 16	31 Dec 15 (Restated)	31 Dec 16	31 Dec 15 (Restated)
Net Asset Value per share (S\$ cents)	4.5	4.9	4.5	4.9

The net asset value per ordinary share of the Group and the Company as at 31 December 2016 and 31 December 2015 were calculated based on the issued share capital of the Company of 276,000,000 shares as at 31 December 2016 and 31 December 2015.

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

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").

FY2016 vs FY2015

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 and disposal of subsidiary related 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.

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.

Review of Balance Sheet

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.

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

Review of Cash Flow Statement

FY2016 vs FY2015

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 bank balances 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.

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 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 (Please refer to the Company's announcement dated 24 August 2016 for full information).

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. Please refer to the Company's announcement dated 1 November 2016 for full information.

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.

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 2016.

- 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 2016 to 31 December 2016:

	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)
Name of interested person	S\$'000	S\$'000
Total	Nil	Nil

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.

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

Not required for announcement on full year results.

- 15. 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

- 16. 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 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 FY2016.

- 17. 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.

- 18. A breakdown of sales**

	Group		
	Discontinued Operations	Continuing Operations	Total
	S\$ '000	S\$ '000	S\$ '000
<u>FY2016</u>			
Sales reported for:			
- first half year	-	-	-
- second half year	-	-	-
Operating loss after tax before deducting minority interests reported for:			
- first half year	-	(198)	(198)
- second half year	-	(634)	(634)
<u>FY2015 (Restated)</u>			
Sales reported for:			
- first half year	10,456	-	10,456
- second half year	6,198	-	6,198
Operating loss after tax before deducting minority interests reported for:			
- first half year	(1,343)	(199)	(1,542)
- second half year	(8,335)	(2,963)	(11,298)

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

	FY2016 S\$ '000	FY2015 S\$ '000
Ordinary	Nil	Nil
Preference	Nil	Nil
Total	<u>Nil</u>	<u>Nil</u>

- 20. 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 2016, 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 Tan Kah Ghee
Mr Wong Chee Meng Lawrence
Mr Lee Kean Cheong

On behalf of the Board of Directors

Lim Kean Tin
Director
23 February 2017

Tan Kah Ghee
Director

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.

Independent auditor's report to the members of China Bearing (Singapore) Ltd. (Cont'd)

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.

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.

Independent auditor's report to the members of China Bearing (Singapore) Ltd. (Cont'd)

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report to the members of China Bearing (Singapore) Ltd. (Cont'd)

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

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