



China Auto Electronics Group Limited

# CHINA AUTO ELECTRONICS GROUP LIMITED

(Incorporated in Bermuda)

(Company Registration Number: 34300)

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## UNAUDITED RESULTS FOR THE HALF YEAR FINANCIAL RESULTS ENDED 30 JUNE 2014

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**Stock code: ChinaAElec (T42)**

### ***ABOUT CHINA AUTO ELECTRONICS GROUP LIMITED (“CAEG”)***

*CAEG was listed on the Mainboard of Singapore Exchange Securities Trading Limited since 9 July 2007. The principal places of business of CAEG Group are located at 215 East Part of Qibin Road, Qibin District, Hebi, Henan, People’s Republic of China 458030. CAEG Group’s principal activities include R&D, manufacturing and trading of automobile electronics products.*

*CAEG Group is one of the leading automobile electrical and electronics distribution system manufacturers in the PRC and is the largest PRC domestic manufacturer of automobile wire harnesses and connectors. CAEG Group’s manufacturing facilities are fully integrated with 9 production facilities across the PRC with the headquarters based in Hebi, Henan and also designs and builds its own assembly stations and equipments for the assembly of wire harnesses. CAEG Group supplies to automakers in both the PRC and overseas markets including US, Europe, Australia, Korea and Indonesia.*

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# China Auto Electronics Group Ltd

Company registration No: 34300



## Unaudited Results for the Half Year Financial Period Ended 30th June 2014

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

#### 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding year.

	Group			Group		
	Unaudited 3 months 30/06/2014 RMB'000	Unaudited 3 months 30/06/2013 RMB'000	+ /(-) %	Unaudited 6 months 30/06/2014 RMB'000	Unaudited 6 months 30/06/2013 RMB'000	+ /(-) %
<b>Revenue</b>	552,946	468,352	18%	1,100,131	915,463	20%
Cost of sales	(430,995)	(372,669)	16%	(871,661)	(725,544)	20%
Gross profit	121,951	95,683	27%	228,470	189,919	20%
Gross profit margin %	22%	20%		20.8%	20.7%	
<b>Other items of income</b>						
Interest income	2,243	3,854	-42%	5,785	7,067	-18%
Other income	5,803	2,375	N.M.	6,867	3,714	85%
<b>Other items of expense</b>						
Other expense	(1,939)	(3,908)	-50%	(7,355)	(11,132)	-34%
Selling and distribution expenses	(11,255)	(10,731)	5%	(21,682)	(21,984)	-1%
Research and development expenses	(17,588)	(12,317)	43%	(29,911)	(22,564)	33%
General and administrative expenses	(29,255)	(26,462)	11%	(56,095)	(53,935)	4%
Finance costs	(13,988)	(13,482)	4%	(27,408)	(24,100)	14%
<b>Net profit before tax</b>	55,972	35,012	60%	98,671	66,985	47%
Income tax expense	(8,824)	(6,449)	37%	(14,328)	(9,607)	49%
<b>Net profit after tax</b>	<b>47,148</b>	<b>28,563</b>	<b>65%</b>	<b>84,343</b>	<b>57,378</b>	<b>47%</b>
Other comprehensive income, net of tax						
Foreign currency translation	4,261	676	N.M.	(354)	840	N.M.
<b>Total comprehensive income for the period</b>	<b>51,409</b>	<b>29,239</b>	<b>76%</b>	<b>83,989</b>	<b>58,218</b>	<b>44%</b>
Net profit attributable to:						
Owners of the parent	43,792	28,066	56%	78,284	56,136	39%
Non-controlling interest	3,356	497	N.M.	6,059	1,242	N.M.
	<b>47,148</b>	<b>28,563</b>	<b>65%</b>	<b>84,343</b>	<b>57,378</b>	<b>47%</b>
Total comprehensive income attributable to:						
Owners of the parent	48,053	28,742	67%	77,930	56,976	37%
Non-controlling interest	3,356	497	N.M.	6,059	1,242	N.M.
	<b>51,409</b>	<b>29,239</b>	<b>76%</b>	<b>83,989</b>	<b>58,218</b>	<b>44%</b>

N.M. – Not meaningful

## 1(a)(ii) Additional Information to the Income Statements:

The Group's profit before tax is arrived at after charging/(crediting) the following items:

	Group			Group		
	3 months	3 months	+ / (-) %	6 months	6 months	+ / (-) %
	30/06/2014	30/06/2013		30/06/2014	30/06/2013	
RMB'000	RMB'000		RMB'000	RMB'000		
Amortization of intangible assets	424	555	-24%	1,033	1,080	-4%
Depreciation of property, plant and equipment	7,617	7,486	2%	15,417	14,889	4%
Interest income	(2,243)	(3,854)	-42%	(5,785)	(7,067)	-18%
Interest expense	13,988	13,482	4%	27,408	24,100	14%

*N.M. – Not meaningful*

### **Note:**

1. Interest income decreased due to differences in maturity of fixed deposits.
2. Interest expense increased due to higher level of bank loans and trade financing.

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

	<b>Group</b>		<b>Company</b>	
	Unaudited 30/06/2014 RMB'000	Audited 31/12/2013 RMB'000	Unaudited 30/06/2014 RMB'000	Audited 31/12/2013 RMB'000
<b>Assets</b>				
<u>Non Current Assets</u>				
Property, plant and equipment	256,451	251,927	-	-
Intangible assets	69,050	69,733	-	-
Interest in subsidiaries	-	-	198,512	198,512
Deferred tax assets	8,107	8,107	-	-
	<b>333,608</b>	<b>329,767</b>	<b>198,512</b>	<b>198,512</b>
<u>Current Assets</u>				
Inventories	391,004	404,196	-	-
Trade and other receivables	955,961	879,061	310,793	310,929
Financial assets, available-for-sale	1,800	1,800	-	-
Bank deposits pledged	374,386	253,810	-	-
Cash and cash equivalents	58,914	102,557	293	687
	<b>1,782,065</b>	<b>1,641,424</b>	<b>311,086</b>	<b>311,616</b>
<b>Total Assets</b>	<b>2,115,673</b>	<b>1,971,191</b>	<b>509,598</b>	<b>510,128</b>
<b>Liabilities</b>				
<u>Current Liabilities</u>				
Trade and other payables	752,469	712,255	52,254	50,687
Short-term borrowings	599,316	569,320	-	-
Finance leases	14,347	13,690	-	-
Provision for income tax	7,894	5,831	-	-
	<b>1,374,026</b>	<b>1,301,096</b>	<b>52,254</b>	<b>50,687</b>
<u>Non Current Liabilities</u>				
Finance leases	13,055	20,724	-	-
Deferred government grant	21,984	22,652	-	-
<b>Total Liabilities</b>	<b>1,409,065</b>	<b>1,344,472</b>	<b>52,254</b>	<b>50,687</b>
<b>Net Assets</b>	<b>706,608</b>	<b>626,719</b>	<b>457,344</b>	<b>459,441</b>
<b>Equity</b>				
Capital & Reserves attributable to equity holders of the Company				
Share capital	490,115	490,115	623,026	623,026
Other reserves	235,698	237,373	71,753	71,753
Accumulated losses	(62,538)	(140,821)	(237,435)	(235,338)
	<b>663,275</b>	<b>586,667</b>	<b>457,344</b>	<b>459,441</b>
Non-controlling interest	43,333	40,052	-	-
Total Equity	<b>706,608</b>	<b>626,719</b>	<b>457,344</b>	<b>459,441</b>
<b>Total Equity &amp; Liabilities</b>	<b>2,115,673</b>	<b>1,971,191</b>	<b>509,598</b>	<b>510,128</b>

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

	<b>Group</b>	
	Unaudited 30/06/2014 RMB'000	Audited 31/12/2013 RMB'000
Amount repayable in one year or less, or on demand		
Secured	474,316	394,320
Unsecured	125,000	175,000
	599,316	569,320
Amount repayable after one year		
Secured	-	-
Unsecured	-	-
	-	-

**Details of any collateral**

**Short-term borrowings**

As at 30 June 2014, short-term borrowings are secured by the following collaterals:

	<b>Group</b>	
	Unaudited 30/06/2014 RMB'000	Audited 31/12/2013 RMB'000
Fixed deposits collateral	93,276	90,527
Accounts receivable	141,430	199,593
Production and office buildings	67,000	66,000
Bills receivable	123,610	38,200
<b><u>Corporate guarantees</u></b>		
Granted by unrelated third parties	155,000	160,000
Others	19,000	15,000

**Mutual Corporate Guarantees**

As announced on 19 November 2012, a mutual corporate guarantee of RMB300 million was entered into with Wei Hua Group Co Ltd (卫华集团有限公司), which was secured by the Company's shares owned by Zoro Express International Ltd ("Zoro Express") and Shine Sound Investments Ltd ("Shine Sound"), the major shareholders of the Company. The major shareholders did not receive any payment for the pledging of their shares in the Company.

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

	Group		Group	
	Unaudited 3 months 30/6/2014 RMB'000	Unaudited 3 months 30/6/2013 RMB'000	Unaudited 6 months 30/6/2014 RMB'000	Unaudited 6 months 30/6/2013 RMB'000
<b>Cash flows from operating activities</b>				
Profit before tax	55,972	35,012	98,671	66,985
<i>Adjustments for:</i>				
Amortisation of intangible assets	424	555	1,033	1,080
Depreciation of property, plant and equipment	7,617	7,486	15,417	14,889
Allowance for doubtful trade and other receivables	228	-	237	-
Impairment loss on property, plant and equipment	(440)	-	(228)	-
Loss / (Gain) from disposal of property, plant & equipment	26	-	(399)	-
Amortisation of government grant	(979)	-	(668)	-
Interest income	(2,243)	(3,854)	(5,785)	(7,067)
Interest expense	13,988	13,482	27,408	24,100
<b>Operating profit before working capital changes</b>	<b>74,593</b>	<b>52,681</b>	<b>135,686</b>	<b>99,987</b>
<i>Changes in working capital</i>				
Inventories	20,074	32,406	13,192	5,301
Trade and other receivables	(48,407)	4,046	(77,137)	(11,812)
Trade and other payables	(20,981)	5,756	(48,890)	(41,141)
<b>Cash generated from operations</b>	<b>25,279</b>	<b>94,889</b>	<b>22,851</b>	<b>52,335</b>
Interest income received	2,243	3,854	5,785	7,067
Income tax paid	(7,847)	(5,759)	(12,265)	(9,020)
<b>Net cash generated from operating activities</b>	<b>19,675</b>	<b>92,984</b>	<b>16,371</b>	<b>50,382</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant & equipment	(11,145)	(5,777)	(18,579)	(8,533)
Purchase of intangible assets	-	-	(1,085)	-
Cash paid to acquire investments	(1,700)	-	(1,700)	-
Cash received for subsidy income related to asset	-	-	-	5,000
Proceeds from disposal of property, plant & equipment	-	625	-	762
<b>Net cash used in investing activities</b>	<b>(12,845)</b>	<b>(5,152)</b>	<b>(21,364)</b>	<b>(2,771)</b>

	Group		Group	
	Unaudited	Unaudited	Unaudited	Unaudited
	3 months	3 months	6 months	6 months
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from financing activities</b>				
Net proceeds from short-term borrowings	8,766	(21,845)	29,996	57,751
Other cash payments relating to financing activities	(8,265)	-	(8,265)	-
Changes in bill payable	54,561	(45,022)	89,104	-
Cash restricted in use	(88,934)	(3,201)	(120,577)	(66,823)
Dividends paid to non-controlling interest	-	(13,482)	(2,400)	(3,600)
Interest expense paid	(12,734)	-	(26,154)	(24,100)
<b>Net cash used in financing activities</b>	<b>(46,606)</b>	<b>(83,550)</b>	<b>(38,296)</b>	<b>(36,772)</b>
Net (decrease) / increase in cash and bank balances	(39,776)	4,282	(43,289)	10,839
Exchange gains/(losses) on cash and cash equivalents	4,261	676	(354)	840
Cash and cash equivalents at beginning of period	94,429	77,627	102,557	70,906
<b>Cash and cash equivalents at end of period</b>	<b>58,914</b>	<b>82,585</b>	<b>58,914</b>	<b>82,585</b>

*Note to the Unaudited Consolidated Statements of Cash Flows*

Note A: Cash and cash equivalents

Cash and bank balances	433,300	434,221	433,300	434,221
Less: Bank deposits pledged	(374,386)	(351,636)	(374,386)	(351,636)
<b>Cash and cash equivalents</b>	<b>58,914</b>	<b>82,585</b>	<b>58,914</b>	<b>82,585</b>

**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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group	Share	Other	Accumulated	Attributable	Non-	Total
	Capital	Reserves	Loss	to the Equity	controlling	Equity
	RMB'000	RMB'000	RMB'000	holders of the	interest	RMB'000
				Company	RMB'000	
				RMB'000		
At 1 January 2013	490,115	237,373	(140,821)	586,667	40,052	626,719
Profit net of tax	-	-	78,283	78,283	6,059	84,342
Other comprehensive income for the period	-	(354)	-	(354)	-	(354)
Change in shareholding in non-controlling interests of subsidiaries	-	(1,321)	-	(1,321)	(378)	(1,699)
Dividends paid to non-controlling interest	-	-	-	-	(2,400)	(2,400)
<b>At 30 June 2014</b>	<b>490,115</b>	<b>235,698</b>	<b>(62,538)</b>	<b>663,274</b>	<b>43,333</b>	<b>706,608</b>
At 1 January 2013	490,115	228,164	(234,940)	483,339	37,413	520,752
Profit net of tax	-	-	56,136	56,136	1,242	57,378
Other comprehensive income for the period	-	840	-	840	-	840
Dividends paid to non-controlling interest	-	-	-	-	(3,600)	(3,600)
<b>At 30 June 2013</b>	<b>490,115</b>	<b>229,004</b>	<b>(178,804)</b>	<b>540,315</b>	<b>35,055</b>	<b>575,370</b>
<b>Company</b>	<b>Share capital</b>	<b>Other reserves</b>	<b>Accumulated loss</b>	<b>Total equity</b>		
	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2014	623,026	71,753	(235,338)	459,441		
Profit net of tax, representing total comprehensive income for the year	-	-	(2,097)	(2,097)		
<b>At 30 June 2014</b>	<b>623,026</b>	<b>71,753</b>	<b>(237,435)</b>	<b>457,344</b>		
At 1 January 2013	623,026	71,753	(227,511)	467,268		
Profit net of tax, representing total comprehensive income for the period	-	-	(2,168)	(2,168)		
<b>At 30 June 2013</b>	<b>623,026</b>	<b>71,753</b>	<b>(229,679)</b>	<b>465,100</b>		



- 1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options 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.

	<b>Company</b>	
	<b>Number of shares issued</b>	<b>Share capital RMB'000</b>
Issued and fully paid: As at 30 June 2014	681,600,000	623,026

The Company does not have any outstanding convertibles or treasury shares as at the end of the current financial period.

- 1(d) (iii) 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.

	<b>Company</b>	
	<b>30/06/2014</b>	<b>31/12/2013</b>
Total number of issued shares	681,600,000	681,600,000

- 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.

Not applicable.

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

The financial statements of the Group and the Company for the current financial period reported on have been prepared in accordance with Singapore Financial Reporting Standards ("SFRS") and have neither 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 matter).

Not applicable.

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

Except as disclosed in Paragraph 5 below, the accounting policies have been consistently applied by the Group, and are consistent with those used in the preparation of the financial statements for the financial year ended 31 December 2013.

- 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 reasons for, and the effect of, the change.

The Group has adopted the applicable new and revised Singapore Financial Reporting Standards ("SFRS") and Interpretations of Financial Reporting Standards ("INT FRS") which became effective for the accounting periods on or after 1<sup>st</sup> January 2014. The adoption of these new and revised SFRS and INT FRS have no significant impact on the group.

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

	Group		Group	
	Unaudited 3 months 30/06/2014	Unaudited 3 months 30/06/2013	Unaudited 6 months 30/06/2014	Unaudited 6 months 30/06/2013
<b>Earnings per shares ("EPS")</b>				
Basic EPS (RMB cents)	<u>6.42</u>	<u>4.12</u>	<u>11.49</u>	<u>8.24</u>
Diluted EPS (RMB cents)	<u>6.42</u>	<u>4.12</u>	<u>11.49</u>	<u>8.24</u>
<b>Issued and paid up share capital</b>				
No. of ordinary shares	<u>681,600,000</u>	<u>681,600,000</u>	<u>681,600,000</u>	<u>681,600,000</u>
<b>Issued share options</b>				
No. of ordinary shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Basic EPS is calculated by dividing the Group's net profits attributable to equity holders of the Company by the weighted average of ordinary shares for the financial period.

There are no dilutive instruments issued by the Company for financial period ended 30 June 2014 and 30 June 2013.

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Net asset value / share (RMB cents)	<u>97.31</u>	<u>86.07</u>	<u>67.10</u>	<u>67.41</u>
Issued and paid up share capital No. of ordinary shares	<u>681,600,000</u>	<u>681,600,000</u>	<u>681,600,000</u>	<u>681,600,000</u>

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**A) A REVIEW OF OPERATING PERFORMANCE FOR 1H2014**

	China operations			US operations			Group total		
	Unaudited 6 months 30/06/2014 RMB'000	Unaudited 6 months 30/06/2013 RMB'000	+ /(-) %	Unaudited 6 months 30/06/2014 RMB'000	Unaudited 6 months 30/06/2013 RMB'000	+ /(-) %	Unaudited 6 months 30/06/2014 RMB'000	Unaudited 6 months 30/06/2013 RMB'000	+ /(-) %
Revenue	828,933	842,540	-2%	271,198	72,923	272%	1,100,131	915,463	20%
Cost of sales	(617,363)	(655,715)	-6%	(254,298)	(69,829)	264%	(871,661)	(725,544)	20%
Gross profit	<u>211,570</u>	<u>186,825</u>	<u>13%</u>	<u>16,900</u>	<u>3,094</u>	<u>446%</u>	<u>228,470</u>	<u>189,919</u>	<u>20%</u>
Gross profit margin	<u>25%</u>	<u>22%</u>	<u>3%</u>	<u>6%</u>	<u>4%</u>	<u>2%</u>	<u>21%</u>	<u>21%</u>	<u>0%</u>

The Group recorded a net profit after tax of RMB 84.3 million for the half year financial period ended 30 June 2014 ("1H2014") as compared to RMB 57.4 million in 1H2013.

**Revenue**

Group revenue increased by 20% to RMB 1.10 billion.

Revenue from China operations decreased by 2% to RMB 828.9 million, while Overseas operations increased by 2.7 times to RMB 271.2 million. Revenue from the China operations remained similar to 1H2013 whilst the increase in sales for overseas operations was mainly a result of more new car models being launched to meet customers' demands in the US.

**Gross profit and gross profit margin**

Gross profit margin for the Group maintained at 21% while the gross profit had increased by 20% to RMB228.4 million. The gross profit margin of China and US operations had increased by 3% points and 2% points respectively due to improved manufacturing efficiencies and better pricing in some of its connectors products.

**Other income**

Other income increased by RMB 3.2 million to RMB 6.9 million due mainly to the compensation received from insurance company for the fire damage suffered by one of our subsidiaries. (Please refer to related announcement dated 8<sup>th</sup> July 2012).

**Other expense**

Other expense decreased by 34% or RMB 3.8 million to 7.4 million mainly due to the reduction in foreign exchange loss of RMB 3.6 million.

**Research & Development expenses**

R&D expenses increased by 33% or RMB 7.3 million to RMB 29.9 million. This was incurred for the development of new projects, resulting from the higher sales activities and initiatives to seek opportunities to secure future sales with new and existing customers.

**General and administrative expenses**

General and administrative expenses maintained at RMB56.1 million (1H2013: RMB53.9 million).

**Finance costs**

Finance costs increased by 14% or RMB 3.3 million to RMB 27.4 million, which was due to the increase in bank loans and bank charges for discounting bills receivables.

**Income tax expenses**

Income tax expense increased by 49% or RMB 4.7 million as a result of higher taxable income for the period under review.

**B) A REVIEW OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2014****Property, plant and equipment**

The increase in property, plant and equipment of RMB 4.5 million was mainly due to new purchase of plant & equipment of RMB 19.3 million, but offset by depreciation expense of RMB 15.4 million.

**Intangible assets**

The reduction in intangible assets was due to amortization charged for land use rights, computer equipments and patent assets during the period.

**Trade and other receivables**

Trade receivables increased by RMB 76.9 million to RMB 956 million, due to higher sales activity for the period under review which was higher than the preceding 4Q2013.

**Trade and other payables**

The increase in trade and other payables was in line with higher amount of sales and manufacturing activities.

**Short-term borrowings**

Short-term borrowings increased by RMB 30.0 million to RMB 599.3 million to fund the higher working capital requirements of the Group during the first half of the year.

**C) A REVIEW OF CASH FLOW POSITION FOR 1H2014**

The group generated RMB 16.4 million from operating activities as compared to RMB 50.4 million for the same period last year, was mainly due to higher amount of trade receivables for the current period under review. After payment for investing activities of RMB21.4 million and financing activities of RMB38.3 million, the cash and cash equivalent as at 30 June 2014 was RMB 58.9 million.

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

No forecast has been issued for the financial period under review.

- 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.**

The PRC economy in 2014 continues to show stable growth, which in turn has positively impacted the overall car sales growth in PRC. This would bode well for the Group's performance.

The Group will continue to streamline its operations, and its effort to increase sales and expansion to overseas markets. Barring any unforeseen circumstances, the Group remains cautiously optimistic of its performance in 2014.

- 11 Dividend**  
**(a) Current Financial Period Reported On**  
Any dividend recommended for the current financial period reported on?  
Not applicable.
- (b) Corresponding Period of the Immediately Preceding Financial Year**  
Any dividend declared for the corresponding period of the immediately preceding financial year?  
Not applicable.
- (c) Date payable**  
Not applicable.
- (d) Books closure date**  
Not applicable.

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

No dividend has been declared or recommended for the financial period ended 30 June 2014.

**13 Interested Person Transactions**

No general mandate has been obtained from shareholders for interested person transactions.

**14 Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual.**

We, Zhang Jingtang and Wang Laisheng, being directors of the Company, do hereby confirm for and on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the financial period ended 30 June 2014 to be false or misleading in any material aspect.

Zhang Jingtang  
Executive Chairman

Wang Laisheng  
Executive Director

**BY ORDER OF THE BOARD**  
China Auto Electronics Group Limited

Date: 14<sup>th</sup> August 2014