

CHINA AUTO ELECTRONICS GROUP LIMITED

(Incorporated in Bermuda)

(Company Registration Number: 34300)

UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2016

PART I INFORMATION REQUIRED FOR QUARTERLY RESULTS, HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) *An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year*

	Second Quarter Ended on			Half Year Ended on		
	30/06/2016	30/06/2015	Change	30/06/2016	30/06/2015	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	817,809	635,221	28.7%	1,678,771	1,372,804	22.3%
Cost of sales	(643,294)	(497,100)	29.4%	(1,323,588)	(1,099,417)	20.4%
Gross profit	174,515	138,121	26.3%	355,183	273,387	29.9%
Other items of income						
Other income	26,091	1,789	1358.4%	28,596	2,861	899.5%
Other items of expense						
Other losses-net	(8,486)	(71)	11852.1%	(40,594)	(801)	4967.9%
Selling and distribution expenses	(18,023)	(11,799)	52.8%	(32,162)	(25,503)	26.1%
Research and development expenses	(34,656)	(22,245)	55.8%	(60,600)	(39,113)	54.9%
General and administrative expenses	(57,708)	(43,058)	34.0%	(114,524)	(91,561)	25.1%
Finance costs-net	(6,834)	(3,892)	75.6%	(14,923)	(8,835)	68.9%
Profit before income tax	74,899	58,845	27.3%	120,976	110,435	9.5%
Income tax	(18,304)	(8,805)	107.9%	(29,515)	(17,243)	71.2%
Profit for the period	56,595	50,040	13.1%	91,461	93,192	-1.9%
Currency translation difference	(372)	285	N.M.	18	(1,053)	N.M.
Total comprehensive income for the period	56,223	50,325	11.7%	91,479	92,139	-0.7%
Profit attributable to:						
Owners of the Company	51,610	47,320	9.1%	82,886	87,517	-5.3%
Non-controlling interests	4,985	2,720	83.3%	8,575	5,675	51.1%
	56,595	50,040	13.1%	91,461	93,192	-1.9%
Total comprehensive income attributable to:						
Owners of the Company	51,238	47,605	7.6%	82,904	86,464	-4.1%
Non-controlling interests	4,985	2,720	83.3%	8,575	5,675	51.1%
	56,223	50,325	11.7%	91,479	92,139	-0.7%

Note: "N.M." means "Not Meaningful"

1(a)(ii) Additional information to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

Profit before income tax is arrived at after charging/(crediting):

	Second Quarter Ended on			Half Year Ended on		
	30/06/2016	30/06/2015	Change	30/06/2016	30/06/2015	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Amortisation of intangible assets	890	702	26.8%	1,766	1,284	37.5%
Depreciation of property, plant and equipment	11,786	8,813	33.7%	24,976	17,227	45.0%
Interest income	(937)	(2,587)	-63.8%	(1,401)	(5,188)	-73.0%
Interest expense	7,759	7,696	0.8%	16,091	16,697	-3.6%
(Write back)/Provision of allowance for slow-moving inventories	(647)	(3,230)	-80.0%	(1,626)	8,568	N.M
Provision for doubtful trade and other receivables	272	1,739	-84.4%	258	14,363	N.M
Fair value losses on financial liabilities at fair value through profit or loss	21,858	-	N.M.	47,900	-	N.M.

"N.M" mean not meaningful

Note:

Please refer to item 8 on page 10 for details.

The comparative figures have been restated to better reflect the nature of the underlying transactions and to make the comparatives comparable with the current year.

	As previously reported 30.06.2015	Reclassification	As stated 30.06.2015
Statement of comprehensive income			
Interest income	5,188	(5,188)	-
Other income	5,922	(3,061)	2,861
Other expenses	(4,519)	4,519	-
Other losses - net	-	(801)	(801)
General and administrative expenses	(88,230)	(3,331)	(91,561)
Finance cost - net	(16,697)	7,862	(8,835)

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

Statements of Financial Position:

	GROUP		COMPANY	
	30/06/2016 RMB'000	31/12/2015 RMB'000	30/06/2016 RMB'000	31/12/2015 RMB'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	434,820	378,476	13	13
Land Use Rights	83,624	86,634	-	-
Intangible assets	21,885	19,161	-	-
Interest in subsidiaries	-	-	198,512	198,512
Deferred income tax assets	22,550	20,295	-	-
Total non-current assets	<u>562,879</u>	<u>504,566</u>	<u>198,525</u>	<u>198,525</u>
Current Assets				
Inventories	484,150	526,125	-	-
Trade and other receivables	1,500,896	1,177,562	568,269	304,524
Financial assets, available-for- sale	1,800	1,800	-	-
Bank deposits pledged	197,744	88,291	-	-
Cash and cash equivalents	246,322	382,098	8,411	276,040
Total current assets	<u>2,430,912</u>	<u>2,175,876</u>	<u>576,680</u>	<u>580,564</u>
Total Assets	<u>2,993,791</u>	<u>2,680,442</u>	<u>775,205</u>	<u>779,089</u>
LIABILITIES				
Non-current liabilities				
Borrowings	380,583	350,677	339,640	291,740
Deferred income	24,003	50,279	-	-
Total non-current liability	<u>404,586</u>	<u>400,956</u>	<u>339,640</u>	<u>291,740</u>
Current Liabilities				
Trade and other payables	1,202,233	964,036	51,805	52,009
Short-term borrowings	396,773	415,632	-	-
Provision for income tax	20,131	21,229	-	-
Total current liabilities	<u>1,619,137</u>	<u>1,400,897</u>	<u>51,805</u>	<u>52,009</u>
Total Liabilities	<u>2,023,723</u>	<u>1,801,853</u>	<u>391,445</u>	<u>343,749</u>
NET CURRENT ASSETS	<u>811,775</u>	<u>774,979</u>	<u>524,875</u>	<u>528,555</u>
NET ASSETS	<u>970,068</u>	<u>878,589</u>	<u>383,760</u>	<u>435,340</u>
Equity				
Share capital	490,115	490,115	623,026	623,026
Other reserves	260,037	260,019	71,753	71,753
Retained earnings/ (Accumulated losses)	160,911	78,025	(311,019)	(259,439)
Non-controlling interests	59,005	50,430	-	-
Total Equity	<u>970,068</u>	<u>878,589</u>	<u>383,760</u>	<u>435,340</u>
Total Equity and Liabilities	<u>2,993,791</u>	<u>2,680,442</u>	<u>775,205</u>	<u>779,089</u>

Analysis of Statements of Financial Position

A. The Group

1. The increase in property, plant and equipment of RMB56.3 million to RMB434.8 million was mainly due to new purchase of assets of RMB 81.7 million but was offset by depreciation of RMB 24.9 million and disposal of assets of RMB 0.5 million.
2. The decrease in inventories was due to increase in sales of the available inventories in 1Q2016 & 2Q2016. The increase in trade and other receivables was in line with the increase in sales activities.
3. The increase in trade and other payables was mainly due to the increase in manufacturing activities during the financial period under review which was in line with the increase in sales activities.
4. The decrease in short-term borrowings was due to repayment during the financial period under review.

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

	GROUP	
	30/06/2016	31/12/2015
Amount repayable in one year or less, or on demand		
Secured	236,458	181,269
Unsecured	160,315	234,363
	<u>396,773</u>	<u>415,632</u>
Amount repayable after one year		
Secured	40,943	58,937
Unsecured	339,640	291,740
	<u>380,583</u>	<u>350,677</u>

Details of any collateral

Short-term borrowings

As at 30 June 2016, the Group's secured borrowings were secured by the following collaterals:

	GROUP	
	30/06/2016	31/12/2015
	RMB'000	RMB'000
<u>Secured</u>		
Fixed deposits collateral	16,247	15,111
Accounts receivable	120,373	87,706
Production and office buildings	65,000	44,000
Finance lease	75,782	93,389
<u>Unsecured</u>		
Corporate guarantees		
Granted by unrelated third parties	-	69,000
Others	160,315	165,363

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

	Second Quarter Ended on		Half Year Ended on	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities :				
Profit before income tax	74,899	58,845	120,976	110,435
Adjustments for :				
Amortisation of intangible assets	890	702	1,766	1,284
Depreciation of property, plant and equipment	11,786	8,813	24,976	17,227
(Write back)/Provision of allowance for slow-moving inventories	(647)	(3,230)	(1,626)	8,568
(Write back)/Provision of allowance for doubtful trade and other receivables	272	1,739	258	14,363
Loss from disposal of property, plant and equipment	-	10	-	23
Interest income	(937)	(2,587)	(1,401)	(5,188)
Interest expense	7,759	7,696	16,091	16,697
Amortisation of government grant	(25,414)	(524)	(26,276)	(1,061)
Fair value losses on financial liabilities at fair value through profit or loss	21,858	-	47,900	-
Operating profit before working capital changes	90,466	71,464	182,664	162,348
<i>Changes in working capital</i>				
Inventories	9,152	(19,934)	43,601	(24,512)
Trade and other receivables	(207,925)	(21,381)	(323,592)	(173,757)
Trade and other payables	(13,997)	(13,691)	34,148	64,731
Cash (used in)/generated from operations	(122,304)	16,458	(63,179)	28,810
Interest received	937	2,587	1,401	5,188
Income tax paid	(23,444)	(16,824)	(32,868)	(21,765)
Net cash (used in)/generated from operating activities	(144,811)	2,221	(94,646)	12,233
Cash flows from investing activities :				
Purchase of property, plant and equipment	(51,148)	(30,298)	(81,703)	(40,920)
Purchase of land use rights	(643)	(2,505)	(1,480)	(36,778)
Proceeds from disposal of property, plant and equipment	189	335	383	391
Cash subsidy received from government	-	25,415	-	25,415
Net cash used in investing activities	(51,602)	(7,053)	(82,800)	(51,892)

	Second Quarter Ended on		Half Year Ended on	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from financing activities :				
Net proceeds from short-term borrowings	(21,395)	34,810	(36,853)	25,461
Changes in bills payables	184,987	(13,151)	204,049	(30,912)
Cash restricted in use	(69,291)	(10,473)	(109,453)	43,817
Dividends paid to non-controlling interest	-	-	-	(2,400)
Interest paid	(7,759)	(7,696)	(16,091)	(16,697)
Net cash generated from financing activities	86,542	3,490	41,652	19,269
Net decrease in cash and bank balances	(109,871)	(1,342)	(135,794)	(20,390)
Effects of currency translation difference	(372)	285	18	(1,053)
Cash and cash equivalents at beginning of financial period	356,565	108,859	382,098	129,245
Cash and cash equivalents at end of financial period (Note A)	246,322	107,802	246,322	107,802
Note A				
Cash and cash equivalents comprise :				
Cash and bank balances	444,066	301,532	444,066	301,532
Less: Pledged deposits	(197,744)	(193,730)	(197,744)	(193,730)
	246,322	107,802	246,322	107,802

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 capital	Other reserves	Retained Earnings	Attributable to the Equity holders of the Company	Non-controlling interest	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2016	490,115	260,019	78,025	828,159	50,430	878,589
Profit for the period	-	-	82,886	82,886	8,575	91,461
Currency Translation Difference	-	18	-	18	-	18
Total comprehensive income	-	18	82,886	82,904	8,575	91,479
Balance at 30 June 2016	490,115	260,037	160,911	911,063	59,005	970,068
Balance at 1 January 2015	490,115	250,746	(31,585)	709,276	46,209	755,485
Profit for the period	-	-	87,517	87,517	5,675	93,192
Currency Translation Difference	-	(1,053)	-	(1,053)	-	(1,053)
Total comprehensive income/(loss)	-	(1,053)	87,517	86,464	5,675	92,139
Dividends paid to non-controlling interest	-	-	-	-	(2,400)	(2,400)
Balance at 30 June 2015	490,115	249,693	55,932	795,740	49,484	845,224

COMPANY	Share capital	Other reserves	Accumulated loss	Attributable to the Equity holders of the Company	Total Equity	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2016		623,026	71,753	(259,439)	435,340	435,340
Loss net of tax, representing total comprehensive loss for the period		-	-	(51,580)	(51,580)	(51,580)
Balance at 30 June 2016		623,026	71,753	(311,019)	383,760	383,760
Balance at 1 January 2015		623,026	71,753	(235,642)	459,137	459,137
Loss net of tax, representing total comprehensive loss for the period		-	-	(1,839)	(1,839)	(1,839)
Balance at 30 June 2015		623,026	71,753	(237,481)	457,298	457,298

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

	<u>Number of Ordinary Shares</u>	<u>Share Capital RMB'000</u>
Share capital:		
As at 1 January 2015 and 30 June 2015	<u>681,600,000</u>	<u>623,026</u>
As at 1 January 2016 and 30 June 2016	<u>681,600,000</u>	<u>623,026</u>

On 14 August 2015, the Company entered into agreement with Brian International Investment Ltd and Oriental Success International Investment (the "Investors"). The Investors agree to subscribe to the Company's convertible bonds of S\$60 million. These convertible bonds are convertible one month after issuance date. The conversion price of the convertible bond is fixed at S\$0.09/share. The number of shares that may be issued on conversion of all the outstanding convertibles is 666,666,667 shares. As at 30 June 2016, there is no conversion into ordinary shares.

The Company does not have any outstanding treasury shares as at 30 June 2016 and 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 preceding year

	<u>Group</u>		<u>Company</u>	
	<u>30/06/2016</u>	<u>31/12/2015</u>	<u>30/06/2016</u>	<u>31/12/2015</u>
Number of issued shares	<u>681,600,000</u>	<u>681,600,000</u>	<u>681,600,000</u>	<u>681,600,000</u>

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 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)

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 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 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 become effective for the accounting periods beginning on or after 1 January 2016. The adoption of these new and revised SFRS and INT FRS have no significant impact to the Group.

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

(a) Based on the weighted average number of ordinary shares on issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings)

	Second Quarter Ended on		Half Year Ended on	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Profit attributable to shareholders of the Company (RMB'000)	51,610	47,320	82,886	87,517
Number of shares	681,600,000	681,600,000	681,600,000	681,600,000
Earnings per share (RMB cents)				
- Basic	7.57	6.94	12.16	12.84

For the purpose of calculating diluted earnings per share, net profit attributable to equity holders of the company and weighted average number of ordinary shares in issue are adjusted for the dilutive effects of potential ordinary shares issues.

The Company has one category of potential dilutive ordinary shares, which is convertible bond as at 31 March 2016.

For convertible bonds, the weighted average number of shares in issue has been adjusted as if all dilutive convertible bonds were converted, and the net profit is adjusted to eliminate all interest expenses, less tax effect

	Second Quarter Ended on		Half Year Ended on	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Profit attributable to shareholders of the Company (RMB'000)	51,610	47,320	82,886	87,517
Interest Expense on Convertible Bond (net of tax) (RMB'000)	738	-	1,456	-
Profit used to determine earnings per share (RMB '000)	52,348	47,320	84,342	87,517
Weighted average number of ordinary shares	681,600,000	681,600,000	681,600,000	681,600,000
Assumed conversion	666,666,667	-	666,666,667	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,348,266,667	681,600,000	1,348,266,667	681,600,000
Diluted earnings per share (RMB Cents)	3.88	6.94	6.26	12.84

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	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Net assets (RMB'000)	911,063	828,159	383,760	435,340
Number of shares	681,600,000	681,600,000	681,600,000	681,600,000
Net assets value per share (RMB cents)	133.67	121.50	56.30	63.87

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*

Revenue

	China Operations			US Operations			TOTAL		
	6 months	6 months	Change	6 months	6 months	Change	6 months	6 months	Change
	FY2016	FY2015		FY2016	FY2015		FY2016	FY2015	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	1,417,267	1,079,323	31.3%	261,504	293,481	-10.9%	1,678,771	1,372,804	22.3%
Cost of sales	(1,071,391)	(816,549)	31.2%	(252,197)	(282,868)	-10.8%	(1,323,588)	(1,099,417)	20.4%
Gross profit	345,876	262,774	31.6%	9,307	10,613	-12.3%	355,183	273,387	29.9%
Gross profit margin	24%	24%		4%	4%		21%	20%	

The Group recorded a net profit after tax of RMB91.5 million for the financial period ended 30 June 2016 ("2Q2016") as compared to RMB93.2 million in 2Q2015.

Group revenue for 2Q2016 increased by 22.3% to RMB1.68 billion.

Revenue from China operations increased by 31.3% to RMB1.42 billion, while US operations decreased by 10.9% to RMB261.5 million. The increase in sales for China operations was mainly due to increase in sales of wire harnesses and connector products.

Gross profit and gross profit margin

Gross profit margin for the Group increased by 1.0%, while the gross profit increased by 29.9% to RMB355.2 million. The increase in gross profit of China operation by 31.6% was mainly due to higher sales volumes while US operations decreased by 12.3% which was mainly due to cancellation of some projects.

Net profit before income tax

Other income increased by RMB25.7 million to RMB28.6 million (or 899.5%), which was mainly due to the subsidy income from the government amortized during the financial period.

Other losses- net increased by RMB39.8million to RMB40.60 million, which was mainly due to adjustment made on fair value of the convertible bond which resulted in a charge of RMB47.90 million.

Fair value losses on financial liabilities at fair value through profit or loss on the valuation of convertible bonds for the quarter ended 30.6. 2016 amounting to RMB 21.8 million resulted in profit before income tax of RMB 75.0 million. The profit before income tax would have been RMB 96.80 million in the event that these fair value losses is excluded for the quarter and likewise, if the year to-date fair value loses on valuation of convertible bonds amounting to RMB 47.9 million is excluded, the profit before income tax as at 30.6.2016 would be RMB 168.88 million.

Research and development expenses increased by RMB21.5 million (or 54.9%) to RMB60.6 million, which was incurred for the development of new projects after securing various sales projects with new and existing customers.

General and administrative expenses increased by RMB23.0 million (or 25.1%) to RMB114.5 million, which was mainly due to decrease in provision for bad and doubtful debts of RMB14.1 million and increase in staff related expenses of RMB20.5 million, increase in depreciation charge of RMB 7.8 million and bank charges increase of RMB 1.0 million.

Net finance cost increased by RMB 6.1 million to RMB 14.9 million due to the reduction in interest income of RMB 3.8 million and changes in foreign exchange of RMB 2.9 million.

.Taxation

Income tax expense increased by RMB12.27 million (or 71.2%), which was in line with higher taxable income from increased profits for the financial period under review.

Cash flows

The Group used RMB94.64 million (2Q2015: generated RMB12.2 million) from operating activities, which was mainly due to increase of account receivables during the financial period under review. After payments for investing activities of RMB82.8 million (2Q2015: RMB51.89 million) and cash generated from financing activities of RMB41.65 million (2Q2015: RMB19.3 million- inflow), the cash and cash equivalent as at 30 June 2016 amounted to RMB246.3 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 or prospect statement had been previously 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 automotive industry in 2016 continues to show stable growth which 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 as well as impose stringent cost controls. Barring any unforeseen circumstances, the Group remains cautiously optimistic of its performance in 2016.

11 *Dividend*

(a) Current Financial Period Reported On 30 June 2016

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Period

Any dividend declared for the corresponding period of the immediately preceding financial Period?

None.

(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 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

No IPT general mandate has been obtained from the shareholders.

14. Use of Proceeds from the Convertible Bonds

The company had on 9 November 2015 announced the completion of the issue of S\$60 million in aggregate principal amount of unsecured convertible bonds due 2018 (the "Bonds Issue"). As at 30.6.2016, the following disbursement of the proceeds had been made.

	Amount Allocated (RMB) ⁽²⁾	Amount Allocated (S\$) ⁽²⁾⁽³⁾	Amount Utilised (RMB)	Balance (RMB)
Use of Proceeds				
Repayment of Bank Loans	125,000,000	27,512,500	125,000,000	-
Business Expansion	122,600,000	26,984,260	30,000,000	92,600,000
General Working Capital	21,823,000	4,803,242	9,086,779	12,736,221

Notes:

(1) The above figures do not take into account cost and expenses of S\$ 700,000 which had since been utilised for payment in the relevant professional involved in the bond issue.

(2) As stated in the Circular.

(3) Based on an exchange rate of RMB 1.00 to S\$0.2201 as stated in the Circular.

15 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 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Zhang Jingtang (张景堂)

Executive Chairman

12 August 2016