

---

**UNAUDITED RESULTS FOR THE  
THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2014**

---

**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 10 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.*

**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.

**Unaudited Consolidated Statements of Comprehensive Income  
For the financial period ended 31 March 2014 (“1Q2014”)**

	Group		+ / (-)
	Unaudited 3 months 31/03/2014 RMB'000	Unaudited 3 months 31/03/2013 RMB'000	
<b>Revenue</b>	547,185	447,111	22%
Cost of sales	(440,666)	(352,875)	25%
Gross profit	106,519	94,236	13%
Gross profit margin	19.5%	21.1%	
<b>Other items of income</b>			
Interest income	3,542	3,213	10%
Other income	1,064	1,339	-21%
<b>Other items of expense</b>			
Other expense	(5,416)	(7,224)	-25%
Selling and distribution expenses	(10,427)	(11,253)	-7%
Research and development expenses	(12,323)	(10,247)	20%
General and administrative expenses	(26,840)	(27,473)	-2%
Finance costs	(13,420)	(10,618)	26%
<b>Net profit before tax</b>	42,699	31,973	34%
Income tax expense	(5,504)	(3,158)	74%
<b>Net profit after tax</b>	<b>37,195</b>	<b>28,815</b>	29%
Other comprehensive income, net of tax			
Foreign currency translation	(4,615)	164	N.M.
<b>Total comprehensive income for the period</b>	<b>32,580</b>	<b>28,979</b>	12%
Net profit attributable to:			
Owners of the parent	34,492	28,070	23%
Non-controlling interest	2,703	745	N.M.
	<b>37,195</b>	<b>28,815</b>	29%
Total comprehensive income attributable to:			
Owners of the parent	29,877	28,234	6%
Non-controlling interest	2,703	745	N.M.
	<b>32,580</b>	<b>28,979</b>	12%

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:

	<b>Group</b>		
	3 months	3 months	
	31/03/2014	31/03/2013	+ /(-)
	RMB'000	RMB'000	%
Amortization of intangible assets	609	526	16%
Depreciation of property, plant and equipment	7,800	7,404	5%
Interest income	(3,542)	(3,213)	10%
Interest expense	13,420	10,618	26%

**Note:**

1. Interest income increased due to higher quantum of deposits and bills receivables being pledged with the bank.
2. Interest expense was higher due to higher amount of short term loans.

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.

Unaudited Statements of Financial Position as at 31 March 2014

	Group		Company	
	Unaudited 31/3/2014 RMB'000	Audited 31/12/2013 RMB'000	Unaudited 31/03/2014 RMB'000	Audited 31/12/2013 RMB'000
<b>Assets</b>				
<u>Non Current Assets</u>				
Property, plant and equipment	252,526	251,927	-	-
Intangible assets	69,458	69,733	-	-
Interest in subsidiaries	-	-	198,512	198,512
Deferred tax assets	8,107	8,107	-	-
	<u>330,091</u>	<u>329,767</u>	<u>198,512</u>	<u>198,521</u>
<u>Current Assets</u>				
Inventories	411,079	404,196	-	-
Trade and other receivables	907,781	879,061	310,929	310,929
Financial assets, available-for-sale	1,800	1,800	-	-
Bank deposits pledged	285,454	253,810	-	-
Cash and cash equivalents	94,429	102,557	1,574	687
	<u>1,700,543</u>	<u>1,641,424</u>	<u>312,503</u>	<u>311,616</u>
<b>Total Assets</b>	<b>2,030,634</b>	<b>1,971,191</b>	<b>511,015</b>	<b>510,128</b>
<b>Liabilities</b>				
<u>Current Liabilities</u>				
Trade and other payables	722,331	712,255	52,286	50,687
Short-term borrowings	590,551	569,320	-	-
Finance leases	11,552	13,690	-	-
Provision for income tax	6,917	5,831	-	-
	<u>1,331,351</u>	<u>1,301,096</u>	<u>52,286</u>	<u>50,687</u>
<u>Non Current Liabilities</u>				
Finance leases	16,738	20,724	-	-
Deferred government grant	25,334	22,652	-	-
	<u>1,373,423</u>	<u>1,344,472</u>	<u>52,286</u>	<u>50,687</u>
<b>Total Liabilities</b>	<b>1,373,423</b>	<b>1,344,472</b>	<b>52,286</b>	<b>50,687</b>
<b>Net Assets</b>	<b>657,211</b>	<b>626,719</b>	<b>458,729</b>	<b>459,441</b>
<b>Equity</b>				
Attributable to equity holders of the Company				
Share capital	490,115	490,115	623,026	623,026
Other reserves	232,758	237,373	71,753	71,753
Accumulated losses	(106,329)	(140,821)	(236,050)	(235,338)
	<u>616,545</u>	<u>586,667</u>	<u>458,729</u>	<u>459,441</u>
Non-controlling interest	40,666	40,052	-	-
Total Equity	<u>657,211</u>	<u>626,719</u>	<u>458,729</u>	<u>459,441</u>
<b>Total Equity &amp; Liabilities</b>	<b>2,030,634</b>	<b>1,971,191</b>	<b>511,015</b>	<b>510,128</b>

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

	<b>Group</b>	
	Unaudited 31/03/2014 RMB'000	Audited 31/12/2013 RMB'000
Amount repayable in one year or less, or on demand		
Secured	465,551	394,320
Unsecured	125,000	175,000
	590,551	569,320
Amount repayable after one year		
Secured	-	-
Unsecured	-	-
	-	-

**Details of any collateral**

**Short-term borrowings**

As at 31 March 2014, short-term borrowings are secured by pledge of certain bank deposits, accounts receivable, inventories, property, plant and equipment, land use rights and corporate guarantees from a subsidiary, licensed corporate guarantee companies and unrelated third parties. The carrying amounts of assets pledged are disclosed below.

	<b>Group</b>	<b>Group</b>
	Unaudited 31/03/2014 RMB'000	Audited 31/12/2013 RMB'000
Cash collateral	69,950	90,527
Accounts receivable	197,951	199,593
Production and office buildings	46,000	66,000
Bills Receivable	151,650	38,200
<b><u>Corporate guarantees</u></b>		
Granted by unrelated third parties	110,000	160,000
Granted by the Group	15,000	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.

**Unaudited Consolidated Statements of Cash Flows**  
**For the financial period ended 31 March 2014 ("1Q2014")**

	<b>Group</b>	
	Unaudited 3 months 31/03/2014 RMB'000	Unaudited 3 months 31/03/2013 RMB'000
<b>Cash flows from operating activities</b>		
Profit before tax	42,699	31,973
<i>Adjustments for:</i>		
Amortisation of intangible assets	609	526
Depreciation of property, plant and equipment	7,800	7,404
Allowance for doubtful trade and other receivables	9	-
Impairment loss on property, plant and equipment	212	-
Loss from disposal of property, plant and equipment	(426)	-
Amortised government grant	311	-
Interest income	(3,542)	(3,213)
Interest expense	13,420	10,618
<b>Operating profit before working capital changes</b>	<b>61,092</b>	<b>47,307</b>
<i>Changes in working capital</i>		
Inventories	(6,882)	(27,106)
Trade and other receivables	(28,730)	(15,858)
Trade and other payables	(27,909)	(47,297)
<b>Cash used in operations</b>	<b>(2,429)</b>	<b>(42,953)</b>
Interest income received	3,542	3,213
Income tax paid	(4,418)	(3,261)
<b>Net cash used in operating activities</b>	<b>(3,305)</b>	<b>(43,001)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(7,860)	(2,756)
Purchase of intangible assets	(1,085)	-
Cash received for subsidy income related to asset	-	5,000
Proceeds from disposal of property, plant and equipment	426	137
<b>Net cash (used in) / generated from investing activities</b>	<b>(8,519)</b>	<b>2,381</b>

<b>Cash flows from financing activities</b>		
Net proceeds from short-term borrowings	21,230	79,595
Changes in bill payable	34,543	-
Cash restricted in use	(31,643)	(21,800)
Dividends paid to non-controlling interest	(2,400)	(1,200)
Interest expense paid	(13,420)	(9,418)
<b>Net cash generated from financing activities</b>	<b>8,310</b>	<b>47,177</b>
Net (decrease) / increase in cash and bank balances	(3,513)	6,557
Exchange (losses) / gains on cash and cash equivalents	(4,615)	164
Cash and cash equivalents at beginning of period	102,557	70,906
<b>Cash and cash equivalents at end of period</b>	<b>94,429</b>	<b>77,627</b>

Note to the Unaudited Consolidated Statements of Cash Flows

	<b>Group</b>	
	Unaudited	Unaudited
	3 months	3 months
	31/03/2014	31/03/2013
	RMB'000	RMB'000
<u>Note A: Cash and cash equivalents</u>		
Cash and bank balances	379,882	384,241
Less: Bank deposits pledged	(285,453)	(306,614)
<b>Cash and cash equivalents</b>	<b>94,429</b>	<b>77,627</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.

**Unaudited Consolidated Statements of Changes in Equity  
For the financial period ended 31 March 2014 (“1Q2014”)**

Group	Share Capital	Other Reserves	Accumulated Loss	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
At 1 January 2014	490,115	237,373	(140,821)	586,667	40,052	626,719
Profit net of tax	-	-	34,492	34,492	2,703	37,195
Other comprehensive income for the period	-	(4,615)	-	(4,615)	-	(4,615)
Change in shareholding in non-controlling interests of subsidiaries	-	-	-	-	311	311
Dividends paid to non-controlling interest	-	-	-	-	(2,400)	(2,400)
<b>At 31 March 2014</b>	<b>490,115</b>	<b>232,758</b>	<b>(106,329)</b>	<b>616,544</b>	<b>40,666</b>	<b>657,210</b>
At 1 January 2013	490,115	228,164	(234,940)	483,339	37,413	520,752
Profit net of tax	-	-	28,070	28,070	745	28,815
Other comprehensive income for the period	-	164	-	164	-	164
Dividends paid to non-controlling interest	-	-	-	-	(1,200)	(1,200)
<b>At 31 March 2013</b>	<b>490,115</b>	<b>228,328</b>	<b>(206,870)</b>	<b>511,573</b>	<b>36,958</b>	<b>548,531</b>

Company	Share capital	Other reserves	Accumulated loss	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	623,026	71,753	(235,338)	459,441
Loss net of tax, representing total comprehensive loss for the period	-	-	(712)	(712)
<b>At 31 March 2014</b>	<b>623,026</b>	<b>71,753</b>	<b>(236,050)</b>	<b>458,729</b>
At 1 January 2013	623,026	71,753	(221,112)	473,667
Loss net of tax, representing total comprehensive loss for the period	-	-	(6,399)	(6,399)
<b>At 31 March 2013</b>	<b>623,026</b>	<b>71,753</b>	<b>(227,511)</b>	<b>467,268</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>	
	Number of shares issued	Share capital RMB'000
Issued and fully paid: As at 31 March 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>	
	31/03/2014	31/12/2013
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 become effective for the accounting periods beginning on or after 1 January 2014. The adoption of these new and revised FRS and INT FRS have no significant impact to 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.**

	<b>Group</b>	
	31/03/2014	31/03/2013
<b>Earnings per share ("EPS")</b>		
Basic EPS (RMB cents)	5.06	4.12
Diluted EPS (RMB cents)	5.06	4.12
<b>Issued and paid up share capital</b>		
No. of ordinary shares	681,600,000	681,600,000
<b>Issued share options</b>		
No. of ordinary shares	-	-

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

Diluted EPS is calculated by dividing the Group's net profit attributable to equity holders of the Company by the weighted average of ordinary shares, which included share options issued, for the financial period.

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

- 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.**

	<b>Group</b>		<b>Company</b>	
	31/03/2014	31/12/2013	31/03/2014	31/12/2013
Net asset value per share (RMB cents)	90.46	86.07	67.30	67.41
Issued and paid up share capital - No. of ordinary shares	681,600,000	681,600,000	681,600,000	681,600,000

- 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.**

	China operations			US operations			Group total		
	Unaudited 3 months 31/03/2014 RMB'000	Unaudited 3 months 31/03/2013 RMB'000	+ /(-) %	Unaudited 3 months 31/03/2014 RMB'000	Unaudited 3 months 31/03/2013 RMB'000	+ /(-) %	Unaudited 3 months 31/03/2014 RMB'000	Unaudited 3 months 31/03/2013 RMB'000	+ /(-) %
Revenue	415,799	374,188	11%	131,386	72,923	80%	547,185	447,111	22%
Cost of sales	(317,291)	(283,046)	12%	(123,375)	(69,829)	77%	(440,666)	(352,875)	25%
Gross profit	98,508	91,142	8%	8,011	3,094	159%	106,519	94,236	13%
Gross profit margin	24%	24%	0%	6%	4%	2%	19%	21%	-2%

*N.M. – Not meaningful*

### **Consolidated Statements of Comprehensive Income Review for 1<sup>st</sup> Quarter 2014 Vs same period in 2013**

The Group recorded a net profit after tax of RMB 37.2 million for the financial period ended 31 March 2014 ("1Q2014"), representing an increase of 29%

#### **Revenue**

Group revenue for 1Q2014 increased by 22% to RMB 547.2 million.

Revenue from China operations increased by 11% to RMB 415.8 million, while US operations recorded an increase of 80% to RMB 131.4 million. The increase was mainly due to increase in sales quantity of wire harness products.

#### **Gross profit and gross profit margin**

Group gross profit increased by 13% to RMB106.5 million, which was mainly attributed to increase in revenue.

Both China and the US operations recorded an increase in gross profit of 8% and 159% respectively. The increase in gross profit was contributed mainly by higher sales of wire harness and connector products in China and USA.

#### **Finance Costs**

Finance costs increased by RMB2.8 million (or 26%) to RMB13.4 million, which was due to higher loans being obtained from financial institutions and increase in loans interest rates during the period under review.

#### **Other income**

Other income decreased by RMB0.28 million (or 21%) to RMB1.06 million, which was mainly due to decrease in amount of amortization in government subsidy income.

#### **Other expense**

Other expense decreased by RMB1.8 million (or 25%) to RMB5.4 million which was mainly due to a decrease in bank charges of RMB2.8 million due to lower utilization of bills discounting facilities during the period under review, and obsolete stock written off of RMB1.4 million.

#### **Selling and distribution expenses**

Selling and distribution expenses decreased by RMB0.83 million (or 7%) to RMB10.4 million as sales commission for 1Q2013 were not yet finalized and accrued. This will be finalized in 2Q2014.

#### **General and administrative expenses**

General and administrative expenses maintained at about the same level as last year.

**Income tax expenses**

The Group's income tax expense increased by RMB2.3 million to RMB5.5 million. This was computed base on the statutory income tax rate of 25% except for subsidiaries which are enjoying "High Tech Enterprise" schemes preferential tax rates.

**Consolidated Statements of Financial Position Review as at 31 March 2014****Property, plant and equipment**

Property, plant and equipment increased by RMB0.6 million to RMB 252.5 million, was mainly due to new purchases of property & plant assets.

**Intangible assets**

The decrease in intangible assets was due to amortization of assets such land use rights, computer software and technology know how for the period under review.

**Inventories**

The increase in inventories by RMB6.9 million to RMB 411.1 million was in line with the higher level of sales during the period under review.

**Trade and other receivables**

Trade and other receivables had increased by RMB28.7 million to RMB907.8 million, which was in line with the higher level of sales. Of the total receivables, there was RMB128.9 million in bills receivables compared to RMB171.1 million for the same period last year.

**Trade and other payables**

Trade and other payables increased by RMB10.1 million to RMB722.3 million. This was in line with the higher sales and manufacturing activities.

**Short-term borrowings**

Short-term borrowings increased by RMB21.2 million to RMB590.6 million. This was due to higher working capital needs to support the higher level of sales activities.

**Consolidated Statements of Cash Flows Review for 1Q2014**

For the current financial period under review, the Group incurred a net operating cash outflow of RMB3.3 million, which was mainly due to higher utilization of working capital. After using net cash for investing activities of RMB8.5 million and net cash generated from financing activities of RMB8.3 million, the cash and cash equivalents at the end of the period amounted to RMB94.4 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.**

Consumer sentiments in both China and USA are showing signs of improvement, and low interest rate environment and competitive pricing by automobile manufacturers continue to boost new car sales. The growth in car sales is likely to continue in 2014.

Barring any unforeseen circumstances, the Group remains cautiously optimistic of its performance for 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 31 March 2014.

**13 Interested Person Transactions**

There are no interested person transactions for the financial period ended 31 March 2014.

**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 31 March 2014 to be false or misleading in any material aspect.

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

**Zhang Jingtang**  
**Executive Chairman**  
**15 May 2014**