

# China Automobile Parts Holdings Limited

(Bermuda Company No. 46416)  
(Malaysian Foreign Company Registration No. 995377-M)

Quarterly Report on Consolidated Results for the Financial Quarter ended  
31 March 2013

## CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER Unaudited		CUMULATIVE QUARTER Unaudited	
	Quarter ended 31.3.2013 <sup>(1)</sup> RMB'000	Quarter ended 31.3.2012 <sup>(2)</sup> RMB'000	Year to date ended 31.3.2013 <sup>(1)</sup> RMB'000	Year to date ended 31.3.2012 <sup>(2)</sup> RMB'000
Revenue	185,397	N/A	185,397	N/A
Cost of Sales	(127,857)	N/A	(127,857)	N/A
Gross Profit	57,540	N/A	57,540	N/A
Other Income	1,835	N/A	1,835	N/A
Selling and Distribution Expenses	(1,018)	N/A	(1,018)	N/A
Administrative Expenses	(9,112)	N/A	(9,112)	N/A
Finance Costs	(261)	N/A	(261)	N/A
Listing Expenses	(11,298)	N/A	(11,298)	N/A
Profit Before Tax	37,686	N/A	37,686	N/A
Tax Expense	(12,230)	N/A	(12,230)	N/A
Profit After Tax	25,456	N/A	25,456	N/A
Attributable to:				
Equity Holders of the Parent	25,456	N/A	25,456	N/A
Non-Controlling Interests	-	N/A	-	N/A
	25,456	N/A	25,456	N/A
Earnings Per Share Attributable to Equity Holders of the Parent				
- Basic (RMB)	0.04	N/A	0.04	N/A
- Diluted (RMB)	0.04	N/A	0.04	N/A

### Notes:

- (1) The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

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## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited		Unaudited	
	Quarter ended	Quarter ended	Year to date ended	Year to date ended
	31.3.2013 <sup>(1)</sup>	31.3.2012 <sup>(2)</sup>	31.3.2013 <sup>(1)</sup>	31.3.2012 <sup>(2)</sup>
	RMB'000	RMB'000	RMB'000	RMB'000
Profit After Tax	25,456	N/A	25,456	N/A
Foreign Currency Translations	(309)	N/A	(309)	N/A
<b>Total Comprehensive Income</b>	<u>25,147</u>	<u>N/A</u>	<u>25,147</u>	<u>N/A</u>
<b>Total Comprehensive Income</b>				
<b>Attributable to:</b>				
Equity Holders of the Parent	25,147	N/A	25,147	N/A
Non-Controlling Interests	-	N/A	-	N/A
	<u>25,147</u>	<u>N/A</u>	<u>25,147</u>	<u>N/A</u>

*Notes:*

- (1) *The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *There are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.*

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31.3.2013 RMB'000	Audited As at 31.12.2012 RMB'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	98,138	93,846
Land use rights	12,838	12,906
	110,976	106,752
<b>Current Assets</b>		
Inventories	22,765	13,391
Trade and other receivables	116,946	127,801
Cash and cash equivalents	361,213	218,761
	500,924	359,953
<b>TOTAL ASSETS</b>	611,900	466,705
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	376,526	320,555
Reserves	160,711	72,496
<b>TOTAL EQUITY</b>	537,237	393,051
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	672	672
<b>Current Liabilities</b>		
Trade and other payables	45,311	51,931
Short term borrowings	11,000	12,100
Current tax liabilities	17,680	8,951
	73,991	72,982
<b>TOTAL LIABILITIES</b>	74,663	73,654
<b>TOTAL EQUITY AND LIABILITIES</b>	611,900	466,705
<b>Net Assets Per Share (RMB)</b>	1.02	0.77

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report.*

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Quarter ended	-----Non-distributable ----->					Distributable		
	Share Capital RMB'000	Share Premium RMB'000	Statutory Surplus Reserve RMB'000	Translation Reserve RMB'000	Merger Deficit RMB'000	Share-based Payment Reserve RMB'000	Retained Earnings RMB'000	Total Equity RMB'000
As at 1 January 2013	320,555	-	12,850	1,690	(257,135)	22,847	292,244	393,051
Profit after tax	-	-	-	-	-	-	25,456	25,456
Foreign currency translations	-	-	-	(269)	-	-	(40)	(309)
Total comprehensive income	-	-	-	(269)	-	-	25,416	25,147
<b>Transaction with owners:</b>								
Issuance of ordinary shares	55,971	67,228	-	-	-	-	-	123,199
Share issue expenses	-	(4,160)	-	-	-	-	-	(4,160)
As at 31 March 2013	376,526	63,068	12,850	1,421	(257,135)	22,847	317,660	537,237

*Notes:*

(1) *The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report.*

(2) *There are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.*

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Quarter ended	
	31.3.2013 <sup>(1)</sup>	31.3.2012 <sup>(2)</sup>
	RMB'000	RMB'000
Profit before tax	37,686	N/A
Adjustments for:		
Depreciation for property, plant and equipment	965	N/A
Amortisation of land use rights	68	N/A
Interest income	(295)	N/A
Interest expense	254	N/A
Operating profit before changes in working capital	38,678	N/A
Changes in working capital:		
Increase in inventories	(9,374)	N/A
Decrease in trade and other receivables	10,546	N/A
Increase in trade and other payables	(6,620)	N/A
Cash generated from operating activities	33,230	N/A
Interest received	295	N/A
Interest paid	(254)	N/A
Tax paid	(3,501)	N/A
Net cash generated from operating activities	29,770	N/A
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,257)	N/A
Net cash used in investing activities	(5,257)	N/A
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	123,199	N/A
Share issue expenses paid	(4,160)	N/A
Drawdown of borrowings	11,000	N/A
Repayment of borrowings	(12,100)	N/A
Net cash from financing activities	117,939	N/A
Net change in cash and cash equivalents	142,452	N/A
Effects of exchange rate changes on cash and cash equivalents	-	N/A
Cash and cash equivalents at beginning of financial period	218,761	N/A
Cash and cash equivalents at end of financial period	361,213	N/A

### Notes:

- (1) *The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *There are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.*

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## A. NOTES TO THE INTERIM FINANCIAL REPORT

### A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached herein.

The explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

The accounting policies and methods of computation adopted are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2012 except for the adoption of the following new IFRSs:

Title	Effective date
Amendments to IAS 1 <i>Presentation of Financial Statements - Presentation of items of other comprehensive income</i>	1 July 2012
IFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
IFRS 11 <i>Joint Arrangements</i>	1 January 2013
IFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
IFRS 13 <i>Fair Value Measurement</i>	1 January 2013
IAS 19(2011) <i>Employee Benefits</i>	1 January 2013
IAS 27(2011) <i>Separate Financial Statements</i>	1 January 2013
IAS 28(2011) <i>Investments in Associates and Joint Ventures</i>	1 January 2013
IFRIC 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to IFRS 1 <i>Government Loans</i>	1 January 2013
Amendments to IAS 1 <i>Clarification of the Requirements for Comparative Information</i>	1 January 2013
Amendments to IFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2013
Amendments to IFRS 7 <i>Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to IFRSs <i>Annual Improvements to IFRSs</i>	1 January 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12, <i>Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance</i>	1 January 2013

The Group has not adopted the following new IFRSs that have been issued, but not yet effective.

Title	Effective Date
Amendments to IAS 32 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27 <i>Investment Entities</i>	1 January 2014
IFRIC Interpretation 21 <i>Levies</i>	1 January 2014
IFRS 9 <i>Financial Instruments (2010)</i>	1 January 2015
IFRS 9 <i>Financial Instruments (2009)</i>	1 January 2015

Save and except for the possible impact on the adoption of IFRS 9 in the period of initial application which cannot be determined at present, the adoption of the above pronouncements will have no material impact on the Group.

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## **A2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2012 was not qualified.

## **A3. Seasonality or Cyclicalities of Operation**

Seasonal factors may partly affect the demand of the Group's products in The People's Republic of China ("PRC"), however, the geographical spread of the Group's distribution network in the said territory minimises the cyclicalities effect.

## **A4. Unusual Items**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter save and except for the new issuance of equity shares in conjunction with the listing for and quotation of the Company's shares on the Main Market of Bursa Securities as disclosed in Note A6 below and the listing expenses of RMB11.298 million charged to net income.

## **A5. Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial quarter or prior financial year that have a material impact on the current financial quarter.

## **A6. Debts and Equity Securities**

In conjunction with the listing and quotation of the Company's shares on the Main Market of Bursa Malaysia Securities Berhad on 30 January 2013, the Company issued 30,000,000 and 60,000,000 new ordinary shares of USD0.10 each at an issue price of RM0.68 per share, to the Malaysian public and selected investors respectively.

As a consequence of these share issues, the issued and fully paid-up ordinary share capital of the Company was increased to USD60,000,000 (or equivalent to RMB379,000,000).

Other than the above, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial current quarter.

## **A7. Dividends paid**

No dividends have been paid during the current financial year to date.

## **A8. Segmental Information**

The Group manages its business by divisions, which are organised by business lines. The Group has identified the following two reportable segments in a manner which is consistent with the way in which information is reported to the chief decision maker for purposes of resource allocation and performance assessment:

- (a) Manufacturing division - manufacture and sales of u-bolts, wheel axles, wheel-hub bolts and steel pins;  
and
- (b) Trading division - procurement and sales of torque-rod bushings.

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## A8. Segment Information (cont'd)

The Group evaluates performance based on the basis of gross profit as reported in the statement of comprehensive income not including non-recurring losses, if any, and also excluding the effects of retirement benefit obligations.

	Quarter/Year to date ended 31.3.2013	Quarter/Year to date ended 31.3.2012*
	RMB'000	RMB'000
<b>Revenue</b>		
Manufacturing	140,089	N/A
Trading	45,308	N/A
	<hr/> 185,397	<hr/> N/A
<b>Gross profit</b>		
Manufacturing	43,277	N/A
Trading	14,263	N/A
	<hr/> 57,540	<hr/> N/A

\* There are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

The Group's assets and liabilities are managed on a group-wide basis and are not allocated to any of the operating segments.

The Group's business is entirely operated within PRC, and as such, there is no presentation of segment revenue and segment assets based on geographical location of customers and assets.

## A9. Valuation of Property, Plant and Equipment

The Group does not have a policy of revaluing its property, plant and equipment.

## A10. Material Events Subsequent to the End of the Current Financial Quarter

There are no material events subsequent to the end of the current financial quarter which have not been reflected in the interim financial report.

## A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

## A12. Changes in Contingent Liabilities and Contingent Assets

The Group has no contingent liabilities or contingent assets since the end of the last financial year.

## A13. Capital Commitments

At the end of the current financial quarter, the Group has the following approved capital expenditure:

	RMB'000
Contracted but not provided for	2,442
Approved but not contracted for	<hr/> 25,998
	<hr/> 28,440



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## **A14. Significant Related Party Transactions**

During the current financial quarter and year to date, the Group has a related party transaction in respect of a joint guarantee given by a Director, Li Guo Qing and a third party for credit facilities of RMB5 million.

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## **B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

### **B1. Performance Review**

Despite the fact that the current financial quarter has less working days due to the Chinese New Year festivities, the Group achieved revenue of RMB185.4 million. On an annualised basis, this is in-line with the Group's revenue of RMB701.7 million for the last financial year. The current financial quarter's Group's gross margin of 31.7% was only slightly off that of the last financial year of 32.1%.

The Group attained a profit before tax ("PBT") of RMB37.7 million for the current financial quarter. This was arrived at after deducting listing expenses of RMB11.3 million. If not for this one-off expense, the Group would have achieved a PBT of RMB49.0 million.

No comparison of the current financial quarter's results can be made with that of the preceding financial year's corresponding quarter as the Group did not prepare any interim financial report for the quarter concerned.

### **B2. Comments on Material Changes in the Profit before Taxation**

Compared to the preceding financial quarter's revenue of RMB206.2 million, the current financial quarter's revenue declined by about 10.1% to RMB185.4 million. The main reason for this decline was reduced working days in the current financial quarter as described in Note B1 above.

With the gross margins for both financial quarters more or less the same at 31%+, the above decline in revenue quarter-on-quarter ("QoQ") caused the PBT for the current financial quarter to drop to RMB37.7 million from that of RMB56.6 million achieved in the preceding financial quarter.

As described on Note B1 above, the current financial quarter's results were affected by the charge for listing expenses of RMB11.3 million. If this charge was disregarded, the PBT for the current financial quarter would be RMB49.0 million and this represents a QoQ decline of 13.4% which is in trend with the earlier mentioned drop in revenue QoQ.

### **B3. Commentary on Prospects**

The Group is optimistic that the demand in PRC for our products will be sustained. The growth in new commercial automobiles in PRC the last few years has provided a ready market for our chassis components which are essentially replacement parts.

Premised on the above and the Group's performance for the current financial quarter, the Group is optimistic that it can sustain its profitability for the current financial year.

### **B4. Profit Forecast or Profit Guarantee**

The disclosure requirements for explanatory notes for the variance of actual profit after tax with profit forecast and shortfall in profit guarantee are not applicable.

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## B5. Income Tax Expense

	Quarter ended 31.3.2013 RMB'000	Year to date ended 31.3.2013 RMB'000
Income tax expense:		
- Current year	12,230	12,230
- Prior year	-	-
	<u>12,230</u>	<u>12,230</u>
Effective tax rate	<u>32%</u>	<u>32%</u>

The Group's effective tax rate for the current financial quarter and year to date is higher than the applicable income tax rate of 25% (PRC tax rate) due to the non-deductibility of certain expenses.

## B6. Status of Corporate Proposals

The utilisation of the gross proceeds from the Initial Public Offering of RM61.2 million in conjunction with listing for and quotation of the Company's shares on the Main Market of Bursa Securities on 30 January 2013 is as follows:

Purposed utilisation	Expected time-frame for utilisation from 30.1.13	Proposed utilisation RM'000	Actual utilisation to 20.5.2013 RM'000
Expand production centre	Within 15 months	25,000	2,535
Increase production capacity	Within 18 months	6,100	160
Marketing and branding	Within 12 months	6,000	505
Estimated listing expenses and working capital	On-going	24,100	12,025
		<u>61,200</u>	<u>15,225</u>

## B7. Borrowings and Debt Securities

	Secured RMB'000	Unsecured RMB'000	Total RMB'000
Short term bank borrowings	<u>5,000</u>	<u>6,000</u>	<u>11,000</u>

All borrowings are denominated in RMB, the functional currency of the primary operating subsidiary in the PRC.

## B8. Changes in Material Litigations

The Group has no material litigations as at 20 May 2013.

## B9. Dividends Payable

No dividend has been declared or recommended during the current financial quarter.

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## B10. Earnings per Share

	Quarter ended 31.3.2013	Year to date ended 31.3.2013
Profit attributable to ordinary equity holders of the parent (RMB'000)	25,456	25,456
Weighted average number of ordinary shares in issue ('000)	<u>600,000</u>	<u>600,000</u>
Basic earnings per share (RMB)	0.04	0.04
Diluted earnings per share (RMB)	<u>0.04</u>	<u>0.04</u>

## B11. Profit Before Tax

Profit before tax is derived after taking into account the following income/(expense) items:

	Quarter ended 31.3.2013 RMB'000	Year to date ended 31.3.2013 RMB'000
Interest income	295	295
Interest expense	(254)	(254)
Depreciation and amortisation	(1,033)	(1,033)
Gain on disposal of scrap inventories	1,018	1,018
Loss on disposal of property, plant and equipment	-	-
Other income including investment income	-	-
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or loss	-	-
Gain or loss on derivatives	-	-
Exceptional items	<u>-</u>	<u>-</u>

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## B12. Supplementary Information Disclosed Pursuant to Bursa Securities' Listing Requirements

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Securities' Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010:

	<b>As at 31.3.2013 RMB'000</b>
The retained earnings of the Group:	
Realised	317,660
Unrealised	-
	<u>317,660</u>

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirement stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

By Order of the Board

Chan Yoke Peng  
Company Secretary

27 May 2013