

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER Unaudited		CUMULATIVE QUARTER Unaudited	
	Current Year Quarter 30.6.2013 <sup>(1)</sup> RMB'000	Preceding Year Quarter 30.6.2012 <sup>(2)</sup> RMB'000	Current Year To Date 30.6.2013 <sup>(1)</sup> RMB'000	Preceding Year To Date 30.6.2012 <sup>(2)</sup> RMB'000
Revenue	202,505	N/A	387,902	N/A
Cost of Sales	<u>(139,908)</u>	<u>N/A</u>	<u>(267,765)</u>	<u>N/A</u>
Gross Profit	62,597	N/A	120,137	N/A
Other Income	1,168	N/A	3,003	N/A
Selling and Distribution Expenses	(3,672)	N/A	(4,690)	N/A
Administrative Expenses	(7,863)	N/A	(16,975)	N/A
Finance Costs	(355)	N/A	(616)	N/A
Listing Expenses	<u>-</u>	<u>N/A</u>	<u>(11,298)</u>	<u>N/A</u>
Profit Before Tax	51,875	N/A	89,561	N/A
Tax Expense	<u>(13,065)</u>	<u>N/A</u>	<u>(25,295)</u>	<u>N/A</u>
Profit After Tax	38,810	N/A	64,266	N/A
<b>Other Comprehensive Income After Tax:</b>				
Foreign Currency Translations	<u>437</u>	<u>N/A</u>	<u>128</u>	<u>N/A</u>
<b>Total Comprehensive Income</b>	<u><u>39,247</u></u>	<u><u>N/A</u></u>	<u><u>64,394</u></u>	<u><u>N/A</u></u>
<b>Profit After Tax Attributable to:</b>				
Equity Holders of the Parent	38,810	N/A	64,266	N/A
Non-Controlling Interests	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>
	<u><u>38,810</u></u>	<u><u>N/A</u></u>	<u><u>64,266</u></u>	<u><u>N/A</u></u>
<b>Total Comprehensive Income Attributable to:</b>				
Equity Holders of the Parent	39,247	N/A	64,394	N/A
Non-Controlling Interests	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>
	<u><u>39,247</u></u>	<u><u>N/A</u></u>	<u><u>64,394</u></u>	<u><u>N/A</u></u>
<b>Earnings Per Share Attributable to Equity Holders of the Parent</b>				
Basic (RMB)	0.06	N/A	0.11	N/A
Diluted (RMB)	<u>0.06</u>	<u>N/A</u>	<u>0.11</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.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited As at 30.6.2013 RMB'000	Audited As at 31.12.2012 RMB'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	109,096	93,846
Land use rights	12,769	12,906
	121,865	106,752
<b>Current Assets</b>		
Inventories	20,191	13,391
Trade and other receivables	138,178	127,801
Cash and cash equivalents	378,584	218,761
	536,953	359,953
<b>TOTAL ASSETS</b>	658,818	466,705
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Share capital	376,526	320,555
Reserves	194,049	72,496
<b>TOTAL EQUITY</b>	570,575	393,051
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	4,466	672
<b>Current Liabilities</b>		
Trade and other payables	48,775	51,931
Short term borrowings	18,100	12,100
Current tax liabilities	16,902	8,951
	83,777	72,982
<b>TOTAL LIABILITIES</b>	88,243	73,654
<b>TOTAL EQUITY AND LIABILITIES</b>	658,818	466,705
<b>Net Assets Per Share (RMB)</b>	0.95	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.*

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

	< ----- Non-distributable ----- >						Distributable		Total Equity RMB'000
	Share Capital RMB'000	Share Premium RMB'000	Statutory Surplus 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	-	-	-	-	-	-	64,266	64,266	
Foreign currency translations	-	-	-	(2,115)	-	-	128	(1,987)	
Total comprehensive income	-	-	-	(2,115)	-	-	64,394	62,279	
<b>Transaction with owners:</b>									
Issuance of ordinary shares	55,971	67,228	-	-	-	-	-	123,199	
Deferred tax arising from undistributable profits of a subsidiary	-	-	-	-	-	-	(3,794)	(3,794)	
Share issue expenses	-	(4,160)	-	-	-	-	-	(4,160)	
As at 30 June 2013	376,526	63,068	12,850	(425)	(257,135)	22,847	352,844	570,575	

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 year-to-date as no interim financial report was prepared for the comparative financial period concerned.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Current Year To Date 30.6.2013 <sup>(1)</sup> RMB'000	Preceding Year To Date 30.6.2012 <sup>(2)</sup> RMB'000
Profit before tax	89,561	N/A
Adjustments for:		
Depreciation for property, plant and equipment	2,124	N/A
Amortisation of land use rights	137	N/A
Interest income	(625)	N/A
Interest expense	616	N/A
Operating profit before changes in working capital	91,813	N/A
Changes in working capital:		
Increase in inventories	(6,800)	N/A
Increase in trade and other receivables	(12,365)	N/A
Increase in trade and other payables	(3,155)	N/A
Cash generated from operating activities	69,493	N/A
Interest received	625	N/A
Interest paid	(616)	N/A
Tax paid	(17,344)	N/A
Net cash generated from operating activities	52,158	N/A
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,374)	N/A
Net cash used in investing activities	(17,374)	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	18,100	N/A
Repayment of borrowings	(12,100)	N/A
Net cash from financing activities	125,039	N/A
Net change in cash and cash equivalents	159,823	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	378,584	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 year-to-date as no interim financial report was prepared for the comparative financial period concerned.

**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 Presentation of Financial Statements - Presentation of items of other comprehensive income	1 July 2012
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IAS 27 (2011) Separate Financial Statements	1 January 2013
IAS 28 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to IFRS 1 Government Loans	1 January 2013
Amendments to IAS 1 Clarification of the Requirements for Comparative Information	1 January 2013
Amendments to IFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2013
Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to IFRSs Annual Improvements to IFRSs	1 January 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12, Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance	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 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to IAS 36 Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
IFRIC Interpretation 21 Levies	1 January 2014
IFRS 9 Financial Instruments (2010)	1 January 2015
IFRS 9 Financial Instruments (2009)	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.

**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 Cyclicity of Operations**

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 cyclicity 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.

**A5. Changes in Estimates**

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

**A6. Changes in Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the financial current quarter.

A. NOTES TO THE INTERIM FINANCIAL REPORT

A7. Dividend 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.

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.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.2013 RMB'000	Preceding Year Quarter 30.6.2012 RMB'000	Current Year To Date 30.6.2013 RMB'000	Preceding Year To Date 30.6.2012 RMB'000
<b>Revenue</b>				
Manufacturing	166,106	N/A	306,195	N/A
Trading	36,399	N/A	81,707	N/A
	<u>202,505</u>	<u>N/A</u>	<u>387,902</u>	<u>N/A</u>
<b>Gross profit</b>				
Manufacturing	51,267	N/A	94,544	N/A
Trading	11,330	N/A	25,593	N/A
	<u>62,597</u>	<u>N/A</u>	<u>120,137</u>	<u>N/A</u>

\* 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	16,473
Approved but not contracted for	<u>26,330</u>
	<u>42,803</u>

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 granted to a subsidiary company.

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

**B1. Performance Review**

The Group recorded revenue of RMB202.5 million for the current financial quarter. As a consequence, the revenue for the 6-months to-date was RMB387.9m. This is about 55.3% of that of the prior financial year. On the basis that this trend continues into the second half of the current financial year, it is likely that the Group will surpass its prior financial year's revenue. At the gross margin level, the Group has slipped marginally achieving 30.9% and 31.0% for the current financial quarter and year to-date respectively as compared to that of the preceding year of 32.1%.

The profit before tax ("PBT") of the Group was RM51.9 million for the current financial quarter and RMB89.6 million for the current year to-date. The year to-date numbers were after deducting listing expenses of RMB11.3 million in the preceding financial quarter and even with this one-off expense, the Group is already at the half-way mark of the PBT of RMB176.6 million attained in the prior financial year.

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**

The current financial quarter's revenue of RMB202.5 million represents an increase of 9.2% over that of the preceding financial quarter. With the gross margins for both financial quarters remaining more or less the same at 31.0%, the revenue increase caused the PBT for the current financial quarter to increase by 37.7% quarter-on-quarter ("QoQ") to RMB51.9 million. It must however be noted that the preceding financial quarter's PBT was affected by listing expenses charge as described in Note B1 above and if this effect is eliminated, the QoQ PBT increase would be only 6.1%.

**B3. Commentary on Prospects**

There is a general slow-down in PRC's economy amidst the poor global economic conditions and uncertainties caused by recent leadership change in the PRC. Despite these trying conditions, the Group's financial performance for the current financial year to-date remains robust and sustainable.

Premised on the above, 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.

**B5. Income Tax Expense**

	Current Year Quarter 30.6.2013 RMB'000	Current Year To Date 30.6.2013 RMB'000
Income tax expense:		
Current year	13,065	25,295
Prior year	-	-
	13,065	25,295
Effective tax rate	25%	28%

The Group's effective tax rate for the current financial 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:

Purpose of utilisation	Expected time-frame for utilisation from 30.1.13	Proposed utilisation RM'000	Actual utilisation up to 12.8.2013 RM'000
Expand production centre	Within 15 months	25,000	8,792
Increase production capacity	Within 18 months	6,100	170
Marketing and branding	Within 12 months	6,000	2,426
Estimated listing expenses and working capital	On-going	24,100	8,470
		61,200	19,857

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

**B7. Borrowings and Debt Securities**

	Secured RMB'000	Unsecured RMB'000	Total RMB'000
Short term bank borrowings	<u>1,310</u>	<u>16,790</u>	<u>18,100</u>

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

**B8. Changes in Material Litigations**

The Group has no material litigations as at 12 August 2013.

**B9. Dividends Payable**

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

**B10. Earnings per Share**

	Current Year Quarter 30.6.2013	Current Year To Date 30.6.2013
Profit attributable to ordinary equity holders of the parent (RMB'000)	38,810	64,266
Weighted average number of ordinary shares in issue ('000)	<u>600,000</u>	<u>600,000</u>
Basic earnings per share (RMB)	0.06	0.11
Diluted earnings per share (RMB)	<u>0.06</u>	<u>0.11</u>

**B11. Profit Before Tax**

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

	Current Year Quarter RMB'000	Current Year To Date RMB'000
Interest income	330	625
Interest expense	(362)	(616)
Depreciation and amortisation	(1,228)	(2,261)
Gain on disposal of scrap inventories	1,423	2,441
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	-	-

**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:

	As at 30.6.2013 RMB'000
Total retained earnings of the Group:	
Realised	352,844
Unrealised	-
	<u>352,844</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

19 August 2013