

*The information set forth in this appendix does not form part of the accountants' reports prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendices IA and IB to this prospectus, and is included herein for illustrative purposes only.*

*The unaudited pro forma financial information should be read in conjunction with "Financial Information" in this prospectus and the accountants' reports set forth in Appendices IA and IB to this prospectus.*

## **REPORT ON PRO FORMA FINANCIAL INFORMATION**

For illustrative purpose, the financial information prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules, is set out here to provide prospective investors with further information about how the financial information of China Auto System Technologies Ltd 中國汽車系統技術有限公司 and its subsidiaries (the "**Group**") might be affected by completion of the Global Offering as if the Global Offering had been completed on 30 June 2010. The statement has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the Group's financial condition on the completion of the Global Offering.

## (A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted net tangible assets of our Group, which has been prepared for the purpose of illustrating the effect of the Global Offering as if it had taken place on 30 June 2010. It is prepared based on our net assets as at 30 June 2010 as set out in the Accountants' Report in Appendix IA to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountants' Report in Appendix IA to this prospectus. The pro forma financial information has been prepared for illustrative purpose only, and because of its nature, it may not give a true picture of the financial positions of the Group had the Global Offering been completed as at 30 June 2010 or any future dates.

	<b>Audited combined net tangible assets of the Group attributable to equity shareholders of the Company as at 30 June 2010</b>	<b>Estimated net proceeds from the Global Offering</b>	<b>Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company</b>	<b>Unaudited pro forma adjusted net tangible assets per Share</b>	
	<i>RMB'000 <sup>(1)</sup></i>	<i>RMB'000 <sup>(2)</sup></i>	<i>RMB'000</i>	<i>RMB <sup>(3)</sup></i>	<i>HK\$</i>
Based on an Offer Price of HK\$2.35 per Share .....	231,393	481,809	713,202	0.71	0.81
Based on an Offer Price of HK\$3.05 per Share .....	231,393	631,480	862,873	0.86	0.98

*Notes:*

- (1) The audited combined net tangible assets of the Group attributable to equity shareholders of the Company as at 30 June 2010 is extracted from the Accountants' Report set out in Appendix IA to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on an Offer Price of HK\$2.35 and HK\$3.05 per Share, respectively (after deducting the underwriting fees and other related expenses), and takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option.
- (3) The number of shares used for the calculation of unaudited pro forma adjusted net tangible assets per Share attributable to equity shareholders of the Company is based on 1,000,000,000 Shares in issue immediately after the Global Offering without taking into account any Share which may be issued upon the exercise of the Over-allotment Option.

**(B) PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2010**

Forecast combined profit after taxation attributable to equity shareholders of the Company for the year ending 31 December 2010 <sup>(1)</sup> .....	Not less than RMB139.8 million (equivalent to HK\$159.4 million)
Unaudited pro forma forecast basic earnings per Share for the year ending 31 December 2010 <sup>(2)</sup> .....	Not less than RMB0.14 (equivalent to approximately HK\$0.16)

*Notes:*

- (1) *The bases and assumptions on which the above profit forecast for the year ending 31 December 2010 has been prepared are summarised in "Profit Forecast" in Appendix III to this prospectus. Our forecast combined profit after taxation attributable to equity shareholders of the Company for the year ending 31 December 2010 prepared by our Directors is based on the audited combined financial statements of our Group for the six months ended 30 June 2010, the unaudited combined management accounts of our Group for the three months ended 30 September 2010 and a forecast of the combined results of our Group for the remaining three months ending 31 December 2010. The forecast has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by our Group as summarised in "Accountants' Report of the Group" as set out in Appendix 1A to this prospectus.*
- (2) *The calculation of the unaudited pro forma forecast basic earnings per Share for the year ending 31 December 2010 is based on the forecast combined results of our Group for the year ending 31 December 2010, assuming the Global Offering has been completed on 1 January 2010 and a total of 1,000,000,000 Shares were in issue during the entire period, taking no account of any additional income our Group may have earned from the estimated net proceeds from the Global Offering, or any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option.*

**(C) COMFORT LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report prepared for the purpose of incorporation in this prospectus, received from the reporting accountants of the Company, KPMG, Certified Public Accountants, Hong Kong in respect of the unaudited pro forma financial information for the purpose of incorporation in this prospectus.*



8th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

26 November 2010

The Directors  
China Auto System Technologies Limited

Dear Sirs,

China Auto System Technologies Limited (the “**Company**”)

We report on the unaudited pro forma financial information (the “**Pro Forma Financial Information**”) of the Company and its subsidiaries (the “**Group**”) set out on pages II-2 and II-3 of the prospectus dated 26 November 2010 (the “**Prospectus**”), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the share offer might have affected the financial information presented. The basis of preparation of the unaudited Pro Forma Financial Information is set out on pages II-2 and II-3 of the Prospectus.

**Responsibilities**

It is the responsibility solely of the directors of the Company to prepare the unaudited Pro Forma Financial Information in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of opinion**

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (“**HKSIR**”) 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the

adjustments and discussing the unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review performed in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Company and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 30 June 2010 or any future date; or
- the earnings per share of the Group for the year ending 31 December 2010 or any future periods.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described under "Use of proceeds" set out in "Future Plans and Use of Proceeds" of the Prospectus.

### **Opinion**

In our opinion:

- (a) the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Company, and
- (c) the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Yours faithfully,  
**KPMG**  
*Certified Public Accountants*  
Hong Kong