

*The forecast of the consolidated profit attributable to equity shareholders of the Company for the six months ending 30 June 2011 is set out in “Profit forecast” in “Financial Information” in this prospectus.*

**(1) BASIS AND ASSUMPTIONS**

The forecast of the consolidated profit attributable to equity shareholders of the Company for the six months ending 30 June 2011 prepared by our Directors is based on the audited combined financial statements of our Group for the year ended 31 December 2010, the unaudited consolidated management accounts of our Group for the two months ended 28 February 2011 and a forecast of the consolidated results of our Group for the remaining four months ending 30 June 2011. 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 the accountants’ report, the text of which is set out in Appendix I to this prospectus and is based on the following principal assumptions:

- (a) There will be no material changes in existing government policies or political and legal (including changes in legislation or regulations or rules), fiscal, market or economic conditions in any of the countries, regions or industries in which the Group operates, where the Group’s customers carry out business, to which the Group exports its products or from which it imports its raw materials;
- (b) There will be no significant fluctuations in currency exchange rates, interest rates and inflation rates and tariffs and duties in the respective countries in which the Group operates;
- (c) There will be no material changes in the bases or rates of taxation applicable to the Group in the respective jurisdictions in which they operate;
- (d) The Group is not materially and adversely affected by any of the risk factors set out in “Risk Factors” of this Prospectus; and
- (e) The Group’s operations and business will not be severely interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including but not limited to the occurrence of natural disasters or catastrophes (such as floods and typhoons), epidemics or serious accidents.

The Company has undertaken to the Stock Exchange that our interim report for the six months ending 30 June 2011 will be audited pursuant to Rule 11.18 of the Listing Rules.

## (2) LETTERS

Set out below are texts of letters received by our Directors from (i) KPMG, the reporting accountants of our Company, and (ii) the Sponsor, prepared for the purpose of inclusion in this prospectus in connection with the profit forecast of the Group for the six months ending 30 June 2011.

(i) *Letter from KPMG*

Set out below is the text of a letter from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong for the purpose of incorporation in this prospectus in connection with the profit forecast for the six months ending 30 June 2011.



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

The Directors  
China Auto System Technologies Limited

CIMB Securities (HK) Limited

15 April 2011

Dear Sirs,

We have reviewed, in accordance with the Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants, the accounting policies adopted and calculations made in arriving at the forecast of the consolidated profit attributable to equity shareholders of China Auto System Technologies Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") for the six months ending 30 June 2011 (the "**Profit Forecast**"), for which the directors of the Company are solely responsible, as set forth in "Financial Information" in the prospectus of the Company dated 15 April 2011 (the "**Prospectus**").

The Profit Forecast has been prepared by the directors of the Company based on the audited combined financial statements of the Group for the year ended 31 December 2010, the unaudited consolidated management accounts of the Group for the two months ended 28 February 2011 and a forecast of the consolidated results of the Group for the remaining four months ending 30 June 2011.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the assumptions made by the directors as set out in Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 15 April 2011, the text of which is set out in Appendix I to the Prospectus.

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

**LETTER FROM THE SPONSOR**

The following is the text of a letter, prepared for inclusion in this prospectus by CIMB Securities (HK) Limited in connection with the profit forecast of the Group for the six months ending 30 June 2011.



15 April 2011

The Directors  
China Auto System Technologies Limited

Dear Sirs,

We refer to the forecast of the consolidated profit attributable to equity shareholders of China Auto System Technologies Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) for the six months ending 30 June 2011 (the “**Profit Forecast**”) as set out in “Financial Information — Profit Forecast for the six months ending 30 June 2011” of the prospectus of the Company dated 15 April 2011 (the “**Prospectus**”).

The Profit Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the audited combined financial statements of the Group for the year ended 31 December 2010, the unaudited consolidated management accounts of the Group for the two months ended 28 February 2011, and a forecast of the consolidated results of the Group for the remaining four months ending 30 June 2011.

We have discussed with you the bases and assumptions made by the Directors as set out in Appendix III to the Prospectus upon which the Profit Forecast has been made. We have also considered the letter dated 15 April 2011 addressed to yourselves and ourselves from KPMG regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the information comprising the Profit Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by KPMG, we are of the opinion that the Profit Forecast, for which you are solely responsible, has been made after due and careful enquiry.

**CIMB Securities (HK) Limited**

**Heidi Cheng**

*Director*