

LIZHONG WHEEL GROUP LTD.

(Company Registration Number 200407196C)

(Incorporated in Singapore)

(the "Company")

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 financial year.**

	3 months ended			6 months ended		
	Group 01/04/14- 30/06/14 RMB'000	Group 01/04/13- 30/06/13 RMB'000	Incr/ (Decr) %	Group 01/01/14- 30/06/14 RMB'000	Group 01/01/13- 30/06/13 RMB'000	Incr/ (Decr) %
Revenue	701,510	656,874	6.8	1,363,587	1,293,747	5.4
Cost of sales	(577,918)	(570,652)	1.3	(1,130,564)	(1,132,965)	(0.2)
Gross profit	123,592	86,222	43.3	233,023	160,782	44.9
Other operating income	7,931	10,671	(25.7)	8,430	16,419	(48.7)
Distribution costs	(25,757)	(22,136)	16.4	(51,574)	(42,066)	22.6
Administrative expenses	(59,752)	(42,184)	41.6	(110,951)	(76,222)	45.6
Other operating expenses	(184)	(1,492)	(87.7)	(6,705)	(2,791)	140.2
Finance costs (interest expense)	(11,731)	(8,459)	38.7	(22,656)	(16,154)	40.3
Share of loss of joint venture	-	(82)	-	-	(78)	-
Profit before income tax	34,099	22,540	51.3	49,567	39,890	24.3
Income tax expense	(7,723)	(3,998)	93.2	(9,951)	(7,335)	35.7
Profit for the period	26,376	18,542	42.3	39,616	32,555	21.7
Other comprehensive income for the period, net of tax:						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign operations	(190)	(1,133)	(83.2)	2,510	(1,365)	NM
Fair value (loss) gain on derivative financial instruments	1,681	4,681	(64.1)	(8,107)	10,595	NM
Total comprehensive income for the period, net of tax	27,867	22,090	26.2	34,019	41,785	(18.6)
Profit for the period attributable to:						
Owners of the Company	25,662	17,127	49.8	38,139	30,138	26.5
Non-controlling interests	714	1,415	(49.5)	1,477	2,417	(38.9)
	26,376	18,542	42.3	39,616	32,555	21.7
Total comprehensive income for the period attributable to:						
Owners of the Company	27,153	20,675	31.3	32,542	39,368	(17.3)
Non-controlling interests	714	1,415	(49.5)	1,477	2,417	(38.9)
	27,867	22,090	26.2	34,019	41,785	(18.6)

NM – Not meaningful

Profit before income tax is derived after charging/(crediting) the following:

	Group 01/04/14- 30/06/14 RMB'000	Group 01/04/13- 30/06/13 RMB'000	Group 01/01/14- 30/06/14 RMB'000	Group 01/01/13- 30/06/13 RMB'000
Government grants income	(2,398)	(5,383)	(5,629)	(8,034)
Interest income	(1,520)	(1,088)	(2,792)	(2,150)
Interest expense	11,731	8,459	22,656	16,154
Depreciation and amortization	22,026	17,911	43,702	35,613
Inventories written off	387	842	803	1,099
Allowance for doubtful debts	25	39	111	63
Net foreign exchange (gain)loss	(4,014)	(4,174)	6,403	(6,182)
Research expenses	36,023	23,696	68,845	41,791
(Gain)Loss from the settlement of derivative financial instruments	(202)	130	(442)	130
(Gain) Loss from change in fair value of derivative instruments	(80)	591	(179)	1,048
Loss on disposal of property, plant and equipment	158	160	258	71
Impairment loss on available-for-sale investment	-	1,116	-	2,480

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group 30/06/2014 RMB'000	Group 31/12/2013 RMB'000	Company 30/06/2014 RMB'000	Company 31/12/2013 RMB'000
Current assets				
Cash and Cash equivalents	202,575	136,988	4,379	10,564
Pledged bank deposits	138,019	120,455	-	-
Trade receivables	920,701	1,005,580	-	-
Other receivables and prepayments	175,019	84,393	-	-
Amount due from subsidiaries	-	-	10,249	226
Loans to subsidiaries	-	-	93,007	45,390
Derivative financial instruments	2,763	12,221	-	-
Inventories	430,785	353,190	-	-
Total current assets	1,869,862	1,712,827	107,635	56,180
Non-current assets				
Investment in subsidiaries	-	-	551,490	551,490
Loans to subsidiaries	-	-	245,695	284,552
Prepaid lease payments	74,463	75,345	-	-
Prepayment	73,386	36,663	-	-
Property, plant and equipment	792,995	745,996	-	-
Intangible assets	19,989	20,992	-	-
Deferred tax asset	1,262	1,262	-	-
Total non-current assets	962,095	880,258	797,185	836,042
Total assets	2,831,957	2,593,085	904,820	892,222
Liabilities and equity				
Current liabilities				
Short-term bank loans	471,840	339,183	-	-
Current portion of long-term loans	185,749	70,808	93,007	45,390
Trade payables	783,731	741,282	-	-
Other payables	138,519	129,308	7,470	7,839
Income tax payable	3,868	1,723	-	-
Deferred income	6,067	6,640	-	-
Derivative financial instruments	-	99	-	-
Dividend payable to non-controlling interests of a subsidiary	450	-	-	-
Total current liabilities	1,590,224	1,289,043	100,477	53,229
Non-current liabilities				
Long-term loans	404,370	495,906	278,402	317,023
Deferred income	541	3,062	-	-
Deferred tax liabilities	9,220	10,340	-	-
Total non-current liabilities	414,131	509,308	278,402	317,023
Total liabilities	2,004,355	1,798,351	378,879	370,252
Capital, reserves and non-controlling interests				
Share capital	140,500	140,500	140,500	140,500
Hedging reserve	2,281	10,388	-	-
Capital reserve	68,638	56,919	-	-
Translation reserve	(4,220)	(6,730)	-	-
Other reserve	1,177	1,177	-	-
Retained earnings	563,847	537,427	385,441	381,470
Equity attributable to owners of the Company	772,223	739,681	525,941	521,970
Non-controlling interests	55,379	55,053	-	-
Total equity	827,602	794,734	525,941	521,970
Total liabilities and equity	2,831,957	2,593,085	904,820	892,222

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 30 Jun 2014		As at 31 Dec 2013	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
595,607	61,982	389,491	20,500

Amount repayable after one year

As at 30 Jun 2014		As at 31 Dec 2013	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
404,370	-	495,906	-

Details of any collateral

In 2014:

- (i) RMB437.7 million of bank loans is secured by corporate guarantees issued by either the Company or its subsidiaries.
- (ii) RMB40.0 million of export order financing is secured by a subsidiary's expected trade receivables.
- (iii) RMB16.7million of export invoice financing is secured by a subsidiary's trade receivables.
- (iv) RMB130.2 million of bank loans is secured by property, plant and equipment of New Thai Wheel Manufacturing Co., Ltd.
- (v) RMB4.0 million of bank loans is secured by land and buildings of HT&L Fitting (Changsha) Co.,Ltd.
- (vi) RMB371.4 million bank loans are secured by pledged cash, the Group's shareholdings in Tianjin Lizhong Wheel Limited Co.,Ltd and pledged shares of Lizhong Wheel Group Ltd. held by Li Zhong Investment Limited.
- (vii) Bills payables and letter of credit facilities are secured by pledged cash placed with banks.

In 2013:

- (i) RMB392.3 million of bank loans is secured by corporate guarantees issued by either the Company or its subsidiaries.
- (ii) RMB125.7 million of bank loans is secured by property, plant and equipment of New Thai Wheel Manufacturing Co., Ltd.
- (iii) RMB5.0 million of bank loans is secured by land and buildings of HT&L Fitting (Changsha) Co.,Ltd.
- (iv) RMB362.4 million of bank loan is secured by pledged cash, the Group's shareholdings in Tianjin Lizhong Wheel Limited Co.,Ltd and pledged shares of Lizhong Wheel Group Ltd. held by Li Zhong Investment Limited.
- (v) Bills payables and letter of credit facilities are secured by pledged cash placed with banks.

1(c) A statement of cash flow (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 01/04/14- 30/06/14 RMB'000	Group 01/04/13- 30/06/13 RMB'000	Group 01/01/14- 30/06/14 RMB'000	Group 01/01/13- 30/06/13 RMB'000
Operating activities:				
Profit before income tax	34,099	22,540	49,567	39,890
Adjustments for:				
Foreign exchange (gain) loss	(840)	(4,440)	8,910	(5,343)
Share of loss of joint venture	-	82	-	78
Impairment loss on available-for-sale investment	-	1,116	-	2,480
Depreciation for property, plant and equipment	21,083	17,052	41,817	33,897
Interest income	(1,520)	(1,088)	(2,792)	(2,150)
Notional income on interest-free government loans	(1,484)	(1,660)	(3,094)	(3,320)
Interest expense	11,731	8,459	22,656	16,154
Inventories written off	387	842	803	1,099
Amortization of intangible assets	502	502	1,003	1,003
Allowance for doubtful debts	25	39	111	63
Loss on disposal of property, plant and equipment	158	160	258	71
Prepaid lease payments released to the profit and loss statement	441	357	882	713
Fair value (gain) loss on derivative instrument	(80)	591	(179)	1,048
(Gain) Loss from the settlement of derivative financial instruments	(202)	130	(442)	130
Operating cash flows before movements in working Capital	64,300	44,682	119,500	85,813
Trade receivables	(1,538)	(2,871)	85,752	(109,240)
Other receivables and prepayments	(56,651)	(16,158)	(88,443)	(14,117)
Inventories	(59,905)	(9)	(77,371)	22,017
Trade payables	76,043	(63,761)	42,068	(33,296)
Other payables	17,233	1,652	15,370	3,436
Cash generated from operations	39,482	(36,465)	96,876	(45,387)
Interest received	780	276	1,176	525
Income tax paid	(3,391)	(5,181)	(7,495)	(8,917)
Net cash from (used in) operating activities	36,871	(41,370)	90,557	(53,779)
Investing activities:				
Proceeds from disposal of property, plant and equipment	249	28	304	200
Purchase of property, plant and equipment	(18,439)	(35,560)	(127,590)	(68,457)
Net cash used in investing activities	(18,190)	(35,532)	(127,286)	(68,257)
Financing activities:				
Interest paid	(8,330)	(6,799)	(23,547)	(12,834)
Dividend paid	(701)	-	(701)	(80)
Pledged bank deposits	(2,250)	19,675	(17,564)	8,096
New bank loans raised	122,140	119,988	430,851	302,801
Repayments of borrowings	(103,082)	(110,982)	(286,800)	(179,998)
Acquisition of non-controlling interests in a subsidiary	-	-	-	(224)
Net cash from financing activities	7,777	21,882	102,239	117,761
Net increase (decrease) in cash and cash equivalents	26,458	(55,020)	65,510	(4,275)
Cash and cash equivalents at beginning of period	176,152	181,213	136,988	130,303
Effects of exchange rate changes on the balance of cash held in foreign currency	(35)	29	77	194
Cash and cash equivalents at end of period	202,575	126,222	202,575	126,222

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.

Group (RMB'000)	Share capital	Hedging reserve	Capital reserve	Translation reserve	Other reserve	Retained earnings	Attributable to owners of the company	Non-controlling Interests	Total
Balance at 1 January 2013	140,500	960	52,735	(3,996)	-	471,317	661,516	27,653	689,169
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	30,138	30,138	2,417	32,555
Other comprehensive income for the year	-	10,595	-	(1,365)	-	-	9,230	-	9,230
Total	-	10,595	-	(1,365)	-	30,138	39,368	2,417	41,785
Acquisition of non-controlling interests in a subsidiary	-	-	-	-	-	-	-	(224)	(224)
Receipt of capital injection from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	17,000	17,000
Appropriation to capital reserve	-	-	2,106	-	-	(2,106)	-	-	-
Total	-	-	2,106	-	-	(2,106)	-	16,776	16,776
Balance at 30 June 2013	140,500	11,555	54,841	(5,361)	-	499,349	700,884	46,846	747,730
Group (RMB'000)									
Balance at 1 January 2014	140,500	10,388	56,919	(6,730)	1,177	537,427	739,681	55,053	794,734
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	38,139	38,139	1,477	39,616
Other comprehensive income for the year	-	(8,107)	-	2,510	-	-	(5,597)	-	(5,597)
Total	-	(8,107)	-	2,510	-	38,139	32,542	1,477	34,019
Dividends payable to non-controlling shareholder	-	-	-	-	-	-	-	(1,151)	(1,151)
Appropriation to capital reserve	-	-	11,719	-	-	(11,719)	-	-	-
Total	-	-	11,719	-	-	(11,719)	-	(1,151)	(1,151)
Balance at 30 June 2014	140,500	2,281	68,638	(4,220)	1,177	563,847	772,223	55,379	827,602

Company (RMB'000)

	Share Capital	Accumulated Profits	Total
Balance at 1 January 2013	140,500	360,645	501,145
Total comprehensive income for the period	-	(6,413)	(6,413)
Balance at 30 June 2013	140,500	354,232	494,732

Company (RMB'000)

Balance at 1 January 2014	140,500	381,470	521,970
Total comprehensive income for the period	-	3,971	3,971
Balance at 30 June 2014	140,500	385,441	525,941

- 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.**

There were no 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 31 March 2014. As at 30 June 2013 and 30 June 2014, there were no shares that may be issued on conversion of all the outstanding convertibles and the Company does not hold any treasury shares. As at 30 June 2014, the share capital was RMB140,500,000 (S\$29,287,492), comprising 235,025,550 ordinary shares.

- 1(d)(iii) To show the 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.**

Number of shares	
Issued and paid-up share capital as at 31.12.13	235,025,550
Issued and paid-up share capital as at 30.06.14	235,025,550

- 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. The Company has no treasury shares.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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.**

The Group has applied the same accounting policies and methods of computation as in the consolidated financial statements of the Group for FY2013. The Group has also adopted the new Financial Reporting Standards that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014, which has no material effect on the financial statements.

- 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.**

Not applicable.

- 6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per ordinary share of the Group for the financial period based on profit attributable to equity

holders of the Company:

	Group 01/01/14- 30/06/14	Group 01/01/13- 30/06/13
(i) based on the weighted average number of shares (RMB cents)	16.23	12.82
Weighted average number of shares	235,025,550	235,025,550
(ii) on a fully diluted basis (RMB cents)	16.23	12.82
Adjusted weighted average number of shares	235,025,550	235,025,550

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.

	Group		Company	
	As At 30/06/2014	As At 31/12/2013	As At 30/06/2014	As At 31/12/2013
Net asset value per ordinary share (RMB)	3.29	3.15	2.24	2.22

Explanatory note:

The net asset value per ordinary share of the Group and the Company is calculated based on the issued share capital of the Company of 235,025,550 shares.

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**
(a) 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; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Review of Performance for the half year ended 30 June 2013 ("HY2013") and the half year ended 30 June 2014("HY2014")

Revenue

Revenue increased by RMB69.9 million from RMB1,293.7 million for HY2013 to RMB1,363.6 million for the corresponding period this year. The increase was mainly due to increase in revenue from the overseas Original Equipment Manufacturer ("OEM") business segment of approximately RMB130.5 million and the overseas aftermarket business segment of approximately RMB25.9 million, which was partially offset by decrease in the domestic OEM business segment of approximately RMB74.2 million and the domestic aftermarket business segment of RMB19.2 million. The increase in revenue was mainly due to an increase in sales volumes.

Depreciation and amortization increased by RMB8.1 million for HY2014 as a result of additional property, plant, and equipment for the second phase of Tianjin plant.

Gross profit

In the period under review, gross profit increased by 44.9% from RMB160.8 million in HY2013 to RMB233.0 million in HY2014.

Gross profit margin increased by 4.7% to 17.1% in HY2014 as compared with the last corresponding period. It was mainly due to increase in overseas OEM with higher gross profit margins.

Other operating income and other operating expenses

Other operating income decreased by RMB8.0 million for HY2014 as compared with the corresponding period last year. This was largely due to exchange gain of RMB6.2 million in HY2013.

Other operating expenses increased by RMB3.9 million for HY2014 as compared with the corresponding period in 2013 were mainly due to exchange loss of RMB6.4 million as a result of the US dollar loan taken by the Group and RMB depreciation against USD.

Distribution and administration costs

Distribution costs increased by RMB9.5 million for HY2014 as compared with the corresponding period last year were mainly due to increase in agent commission of RMB4.5 million and delivery fee of RMB4.4 million.

Administrative expenses increased by RMB34.7 million for HY2014 as compared with the corresponding period last year. This was due mainly to increase in research expenses of RMB27.1 million, staff related costs of RMB6.1 million and other miscellaneous expenses.

Finance costs

Finance costs increased by approximately RMB6.5 million to RMB22.7 million for HY2014 as compared with RMB16.2 million for the corresponding period last year. This was mainly due to increase in bank loans.

Income tax

Income tax expense increased by RMB2.7 million to RMB 10.0 million for HY2014 as compared with RMB7.3 million for the corresponding period last year. The increase was mainly due to increase in profit before income tax. In addition, tax relief of RMB 0.5 million was received in HY2013 and withholding tax on undistributed earnings of RMB1.0 million was recognized in HY2014.

Profit for the period

Profit for the period attributable to owners of the Company amounted to RMB38.1 million as compared with RMB30.1 million recorded last year.

Review of Performance for the second quarter ended 30 June 2013 ("Q2 2013") and the second quarter ended 30 June 2014("Q2 2014")

Revenue

Revenue increased by RMB44.6 million from RMB656.9 million in Q2 2013 to RMB701.5 million in Q2 2014. The increase was mainly due to increase in revenue from the overseas Original Equipment Manufacturer ("OEM") business segment of approximately RMB62.2 million and the overseas aftermarket business segment of approximately RMB17.9 million, which was partially offset by decrease in the domestic OEM business segment of approximately RMB31.2 million and the domestic aftermarket business segment of RMB6.3 million. The increase in revenue was mainly due to an increase in sales volumes.

Depreciation and amortization increased by RMB4.1 million in Q2 2014 as a result of additional property, plant, and equipment for the second phase of Tianjin plant.

Gross profit

Gross profit increased by RMB37.4 million from RMB86.2 million in Q2 2013 to RMB123.6 million in Q2 2014.

Gross profit margin increased by 4.5% to 17.6% in Q2 2014 as compared with the last corresponding period. It was mainly due to increase in overseas OEM with higher gross profit margins.

Other operating income and other operating expenses

Other operating income decreased by RMB2.7 million for Q2 2014 as compared with the corresponding period last year. This was largely due to decrease in government grants in Q2 2014.

Other operating expenses decreased by RMB1.3 million for Q2 2014 as compared with the corresponding period in 2013 were mainly due to impairment loss of RMB1.1 million on available-for-sale investments provided in Q2 2013.

Distribution and administration costs

Distribution costs increased by RMB3.6 million for Q2 2014 as compared with the corresponding period last year were mainly due to increase in delivery fee of RMB2.4 million, agent fee of RMB 2.1 million.

Administrative expenses increased by RMB17.6 million for Q2 2014 as compared with the corresponding period last year. This was mainly due to increase in research expenses of RMB12.3 million, staff related costs of RMB5.1 million and other miscellaneous expenses.

Finance costs

Finance costs increased by approximately RMB3.2 million to RMB11.7 million in Q2 2014 as compared with RMB8.5 million for the corresponding period last year. The increase was mainly due to increase in bank loans.

Income tax

Income tax expense increased by RMB3.7 million to RMB 7.7 million in Q2 2014 as compared with RMB4.0 million for the corresponding period last year. The increase was mainly due to increase in profit before income tax. In addition, tax relief of RMB 0.5 million was received in Q2 2013 and withholding tax on undistributed earnings of RMB1.0 million was recognized in Q2 2014.

Profit for the period

Profit for the period attributable to owners of the Company amounted to RMB25.7 million for Q2 2014.

Statement of financial position

Trade receivables decreased by RMB84.9 million as at 30 June 2014. This was mainly due to decrease in revenue in Q2 2014 as compared with the fourth quarter of 2013.

Other receivables and prepayments increased by RMB90.6 million as at 30 June 2014. This was mainly due to increase in export rebate of RMB4.2 million, prepayments of RMB 15.9 million for ocean freight and prepayments of RMB 61.6 million to sub-contractors for production outsourced.

Derivative financial instruments decreased by RMB9.5 million as at 30 June 2014. This was mainly due to the fair value change of foreign currency forward contracts as a result of operating cash flow hedges.

Inventories increased by approximately RMB77.6 million to RMB430.8 million as at 30 June 2014 as compared with RMB353.2 million as at 31 December 2013. The increase was mainly due to increase in finished goods.

Prepayments under non-current assets increased by RMB36.7 million as at 30 June 2014. This was mainly due to increase in prepayment for equipment ordered for its Tianjin and Thailand plants.

Property, plant and equipment increased by approximately RMB47.0 million to RMB793.0 million as at 30 June 2014 compared with RMB746.0 million as at 31 December 2013. This was largely due to the acquisition of machinery and production equipment of RMB85.6 million and exchange differences of RMB 3.8 million, which was partially offset by the depreciation of RMB41.8 million.

Short-term loans increased by RMB132.7 million as at 30 June 2014 to meet increased working capital requirement.

Trade payables increased by approximately RMB42.4 million to RMB783.7 million as at 30 June 2014 compared with RMB741.3 million as at 31 December 2013 were mainly due to increase in bill payables of RMB46.0 million.

Other payables increased by RMB9.2 million as at 30 June 2014 were mainly due to increase in deposit of RMB7.8 million for equipment quality.

Cash Flow

Net cash from operating activities of RMB90.6 million was mainly due to increase in business activities for the period ended 30 June 2014.

Net cash used in investing activities of RMB127.3 million was mainly for the purchase of new equipment in the Tianjin factory.

Net cash from financing activities of RMB102.2 million was mainly due to increase in borrowings.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

As disclosed in the Company's Quarterly Financial Results announcement dated 30 April 2014 (the "**30 April 2014 Announcement**"), the Group expected FY2014 to be a profitable year, and the Group's performance for Q2 2014 is in line with the statement set out in Paragraph 10 of the 30 April 2014 Announcement.

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.

2014 remains a very challenging year for the Group due to the slowing down of the People's Republic of China's economy. However, due to the cost efficiencies as a result of the increased production capacity, relatively current stable raw material costs and the increase in the overseas OEM customers, barring any unforeseen circumstances, the management expects the performance of year 2014 to be better than year 2013.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(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 second quarter ended 30 June 2014.

13. Aggregate value of interested persons transactions conducted pursuant to a shareholders' general mandate for the period from 1 January 2014 to 30 June 2014.

Pursuant to Rule 920(1)(a)(ii) of the Listing Manual, the details of the aggregate value of interested person transactions conducted pursuant to a shareholders' general mandate are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (RMB'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (RMB'000)
Hebei Lizhong		
- Lease of properties and equipment	-	496
- Purchase of aluminum alloy ingots	-	16,762
- Supply of molten aluminum alloy	-	152,301
- Processing and recycling of rejects and scraps	-	7,788
- Purchase of auxiliary raw materials	-	2,052
- Sales of scraps	-	2,599
Meilu Alloy		
- Lease agreement	-	595
- Supply of molten aluminum alloy	-	50,629
- Processing and recycling of rejects and scraps	-	2,775

- Supply of water and electricity	-	3,451
Tianjin Lizhong		
- Supply of molten aluminum alloy	-	279,627
- Processing and recycling of rejects and scraps	-	16,542
Baoding Anbaoneng		
- Purchase of equipment	-	780
Lizhong Automotive		
- Procurement of sale agency Services	-	3,822

Notes:

Hebei Lizhong	:	Hebei Lizhong Nonferrous Metals Group Co., Ltd
Meilu Alloy	:	Qinhuangdao Development Zone Meilu Alloy Co., Ltd
Tianjin Lizhong	:	Tianjin Lizhong Alloy Group Co., Ltd
Baoding Anbaoneng	:	Baoding Anbaoneng Metallurgical Equipment Co.,Ltd
Lizhong Automotive	:	Lizhong Automotive North America LLC

Lizhong Automotive is a sale agent of our Group. On behalf of our Group, Lizhong Automotive sold wheels of RMB104.8 million in HY2014.

The Shareholders' Mandate in respect of the aforesaid interested person transactions was effective on 30 April 2014.

We, Zang Ligen and Ong Tiew Siam, being two directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Q2 2014/ HY 2014 financial results to be materially false or misleading.

On behalf of the Board

Zang Ligen
Executive Chairman

Ong Tiew Siam
Independent Director

BY ORDER OF THE BOARD

Zang Ligen
Executive Chairman

13 August 2014