



Lizhong Wheel Group Ltd.

No.948 East Qiyi Road, Lizhong Building, Baoding City, Hebei Province, China

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Lizhong Wheel delivers a 26.5% increase in net profit to shareholders totaling RMB38.1 million for 1H2014

- Revenue up 5.4% yoy to RMB1.4 billion on the back of stronger demand from the overseas OEM business segment
- Gross profit margin improved from 12.4% for 1H2013 to 17.1% for 1H2014 on higher contribution from higher-margined overseas OEM segments
- To boost sales in emerging markets where demand for automobiles continue to grow

Key Financial Highlights

(RMB 'Mil)	2Q2014	2Q2013	Change (%)	1H2014	1H2013	Change (%)
Revenue	701.5	656.9	6.8	1,363.6	1,293.7	5.4
Gross Profit	123.6	86.2	43.3	233.0	160.8	44.9
Gross Profit Margin (%)	17.6	13.1	4.5 pp*	17.1	12.4	4.7 pp*
Other Operating Income	7.9	10.7	(25.7)	8.4	16.4	(48.7)
Distribution costs	25.8	22.1	16.4	51.6	42.1	22.6
Administrative expenses	59.8	42.2	41.6	111.0	76.2	45.6
Finance Costs	11.7	8.5	38.7	22.7	16.2	40.3
Other Operating Expenses	0.2	1.5	(87.7)	6.7	2.8	140.2
Net Profit Attributable To Shareholders	25.7	17.1	49.8	38.1	30.1	26.5
Earnings Per Ordinary Share (RMB Cents)	10.92	7.28	50.0	16.23	12.82	26.6

	As at 30/06/2014	As at 31/12/2013	Change (%)
Net Asset Value Per Ordinary Share** (RMB)	3.29	3.15	4.4

Note:

*Pp denotes percentage points

**Based on the weighted average number of shares of 235,025,550

Singapore, 13 August 2014 – Lizhong Wheel Group Ltd. (“Lizhong Wheel” or “The Group” or “立中车轮”), a leading manufacturer of aluminum alloy wheels in the PRC,



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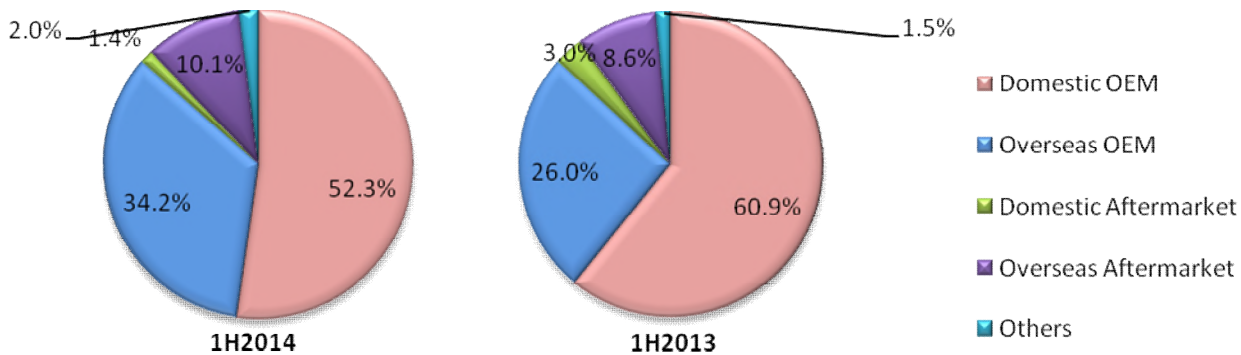
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registered a 26.5% year-on-year (“yoy”) increase in net profit attributable to shareholders to RMB38.1 million for its six months ended 30 June 2014 (“1H2014”).

Revenue increased 5.4% yoy to RMB1.4 billion due to higher demand from the Group’s overseas OEM business segment. The increase in revenue was supported with higher sales volumes and average selling prices of the Group’s aluminum alloy wheels.

Revenue Breakdown by Business Segment



Gross profit increased 44.9% yoy to RMB233.0 million for 1H2014. Gross profit margin improved 4.5 percentage points yoy from 12.4% to 17.1% on higher contribution from higher-margined overseas OEM business segment.

Other operating income fell 48.7% to RMB8.4 million largely due to exchange gain of RMB6.2 million in 1H2013.

In line with the higher revenue, the Group incurred a 37.8% yoy increase in operating expenses to RMB185.3 million. Distribution costs increased 22.6% yoy to RMB51.6 million primarily due to increase in agent commission, export and delivery fees. Administrative expenses increased 45.6% yoy to RMB111.0 million largely due to a RMB12.3 million increase in research expenses and a RMB5.1 million increase in staff-related costs. Finance costs went up 40.3% yoy to RMB22.7 million on higher bank loans.



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Other operating expenses increased 140.2% yoy to RMB6.7 million primarily because of exchange loss of RMB6.4 million as a result of RMB depreciation against USD.

In line with the increase in profit before income tax, income tax expense increased 35.7% yoy to RMB10.0 million for 1H2014.

Consequently, the Group saw its net profit to shareholders surge 26.5% yoy from RMB30.1 million for 1H2013 to RMB38.1 million for 1H2014.

Outlook

Based on the latest statistics of China Association of Automobile Manufacturers, the accumulated sales of automobiles among the top 10 auto enterprises in China, which accounted for 89.9% of the total market, increased 10.7% yoy to 10.5 million units for the first half of the year.¹

Mr. ZangLigen shared, **“Despite a generally slowing economy in China, her demand for vehicles remains healthy. We will continue to develop the overseas OEM markets.**

With the completion of our existing production plants and facilities, including our first overseas plant in Thailand, we are looking forward to achieving an annual aluminum alloy wheel production capacity of 15.0 million by 2015.”

With the Group achieving cost efficiencies as a result of the increased production capacity, relatively stable current 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.

- The End -

¹<http://www.caam.org.cn/AutomotivesStatistics/20140711/1405124353.html>, Top 10 auto enterprises continued to keep a faster growth, 11 July 2014, CAAM



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About Lizhong Wheel Group Ltd.

Lizhong Wheel Group Ltd. (“Lizhong Wheel”, “The Group” or “立中车轮”) is principally engaged in the design, manufacture and sale of aluminum alloy wheels for use in various types of automobiles. It has over 400 different models of electro-plated and spray-painted aluminum alloy wheels, with sizes ranging from 12 to 24 inches in diameter. Lizhong Wheel’s products are sold to the retail, domestic and export OEM markets.

Currently, Lizhong Wheel has five wheel production plants and a R&D centre in China and one wheel production plant in Thailand. The total annual production capacity of the Group is 13 million wheels. Lizhong Wheel also has a sales representative, Lizhong Automotive North America LLC for exclusive distribution of their products in North America.

Lizhong Wheel is incorporated in Singapore and was listed on the Main Board of the SGX on 19 October 2005.

Issued for and on behalf of Lizhong Wheel Group Ltd.

By Financial PR Pte Ltd

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