

LIZHONG WHEEL GROUP LTD.

(Company Registration Number 200407196C)

(Incorporated in Singapore)

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.**

	Group 01/01/14- 31/03/14 RMB'000	Group 01/01/13- 31/03/13 RMB'000	Incr/ (Decr) %
Revenue	662,077	636,873	4.0
Cost of sales	(552,646)	(562,313)	(1.7)
Gross profit	109,431	74,560	46.8
Other operating income	4,513	5,748	(21.5)
Distribution costs	(25,817)	(19,930)	29.5
Administrative expenses	(51,199)	(34,038)	50.4
Other operating expenses	(10,535)	(1,299)	711.0
Finance costs (interest expense)	(10,925)	(7,695)	42.0
Share of profit (loss) of joint venture	-	4	-
Profit before income tax	15,468	17,350	(10.8)
Income tax expenses	(2,228)	(3,337)	(33.2)
Profit for the period	13,240	14,013	(5.5)
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	2,700	(232)	NM
Fair value (loss) gain on derivative financial instruments	(9,788)	5,914	NM
Total comprehensive income for the period, net of tax	6,152	19,695	(68.8)
Profit for the period attributable:			
Owners of the company	12,477	13,011	(4.1)
Non-controlling interests	763	1,002	(23.9)
	13,240	14,013	(5.5)
Total comprehensive income for the period attributable to :			
Owners of the company	5,389	18,693	(71.2)
Non-controlling interests	763	1,002	(23.9)
	6,152	19,695	(68.8)

NM – Not meaningful.

Profit for the period is arrived at after charging/(crediting) the following:

	Group	Group
	01/01/14- 31/03/14	01/01/13- 31/03/13
	RMB'000	RMB'000
Government grant income	(3,231)	(2,651)
Interest income	(1,272)	(1,062)
Interest expense	10,925	7,695
Depreciation and amortisation	21,676	17,702
Inventories written off	416	257
Allowance for doubtful debts	86	24
Net foreign exchange loss (gain)	10,417	(2,008)
Loss (Gain) on disposal of property, plant and equipment	100	(89)
(Gain) Loss from change in fair value of derivative instruments	(99)	457
Research expenses	32,822	18,095
Impairment loss on available-for-sale investment	-	1,364
Gain from the settlement of derivative financial instruments	(240)	-

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 31/03/2014 RMB'000	Group 31/12/2013 RMB'000	Company 31/03/2014 RMB'000	Company 31/12/2013 RMB'000
Current assets				
Cash and cash equivalents	176,152	136,988	2,395	10,564
Pledged bank deposits	135,768	120,455	-	-
Trade receivables	919,232	1,005,580	-	-
Other receivables and prepayments	117,442	84,393	-	-
Amount due from subsidiaries	-	-	9,489	226
Loans to subsidiaries	-	-	93,217	45,390
Derivative financial instruments	706	12,221	-	-
Inventories	371,366	353,190	-	-
Total current assets	1,720,666	1,712,827	105,101	56,180
Non-current assets				
Investment in subsidiaries	-	-	551,490	551,490
Loans to subsidiaries	-	-	246,311	284,552
Prepaid lease payments	74,904	75,345	-	-
Prepayment	94,065	36,663	-	-
Property, plant and equipment	755,342	745,996	-	-
Intangible assets	20,491	20,992	-	-
Deferred tax asset	1,262	1,262	-	-
Total non-current assets	946,064	880,258	797,801	836,042
Total assets	2,666,730	2,593,085	902,902	892,222
Liabilities and Equity				
Current liabilities				
Short-term loans	470,960	339,183	-	-
Trade payables	707,594	741,282	-	-
Other payables	97,706	129,308	3,784	7,839
Derivative financial instruments	-	99	-	-
Income tax payable	335	1,723	-	-
Deferred income	6,640	6,640	-	-
Current portion of long-term loans	119,318	70,808	93,217	45,390
Total current liabilities	1,402,553	1,289,043	97,001	53,229
Non-current liabilities				
Long-term loans	453,713	495,906	278,989	317,023
Deferred income	1,452	3,062	-	-
Deferred tax liability	8,126	10,340	-	-
Total non-current liabilities	463,291	509,308	278,989	317,023
Total liabilities	1,865,844	1,798,351	375,990	370,252
Capital, reserves and non-controlling interest				
Share capital	140,500	140,500	140,500	140,500
Hedging reserve	600	10,388	-	-
Capital reserve	67,078	56,919	-	-
Translation reserve	(4,030)	(6,730)	-	-
Other reserve	1,177	1,177	-	-
Retained earnings	539,745	537,427	386,412	381,470
Equity attributable to owners of the company	745,070	739,681	526,912	521,970
Non-controlling interests	55,816	55,053	-	-
Total equity	800,886	794,734	526,912	521,970
Total liabilities and equity	2,666,730	2,593,085	902,902	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 31 Mar 2014		As at 31 Dec 2013	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
549,778	40,500	389,491	20,500

Amount repayable after one year

As at 31 Mar 2014		As at 31 Dec 2013	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
453,713	-	495,906	-

Details of any collateral

In 2014:

- (i) RMB500.0 million of bank loans is secured by corporate guarantees issued by either the Company or its subsidiaries.
- (ii) RMB127.3 million of bank loans is secured by property, plant and equipment of New Thai Wheel Manufacturing Co., Ltd.
- (iii) RMB4.0 million of bank loans is secured by land and buildings of HT & L Fitting (Changsha) Co.,Ltd.
- (iv) RMB372.2 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. hold by Li Zhong Investment Limited.
- (v) 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. hold 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	Group
	01/01/14- 31/03/14	01/01/13- 31/03/13
	RMB'000	RMB'000
Operating activities:		
Profit before income tax	15,468	17,350
Adjustments for:		
Foreign exchange loss (gain)	9,750	(903)
Share of profit of joint venture	-	(4)
Impairment loss on available-for-sale investment	-	1,364
Depreciation of property, plant and equipment	20,734	16,845
Interest income	(1,272)	(1,062)
Notional income on interest-free government loans	(1,610)	(1,660)
Interest expense	10,925	7,695
Allowance for doubtful debts	86	24
Inventories written off	416	257
Amortisation of intangible assets	501	501
Loss (Profit) on disposal of property, plant and equipment	100	(89)
Prepaid lease payments released to the profit and loss statement	441	356
Gain from the settlement of derivative financial instruments	(240)	-
Fair value (gain) loss on derivative instrument	(99)	457
Operating cash flows before movements in working capital	55,200	41,131
Trade receivables	87,290	(106,369)
Other receivables and prepayments	(31,792)	2,041
Inventories	(17,466)	22,026
Trade payables	(33,975)	30,465
Other payables	(1,863)	1,784
Cash generated from operations	57,394	(8,922)
Interest received	396	249
Income Tax paid	(4,104)	(3,736)
Net cash from (used in) operating activities	53,686	(12,409)
Investing activities:		
Proceeds from disposal of property, plant and equipment	55	172
Purchase of property, plant and equipment	(109,151)	(32,897)
Net cash used in investing activities	(109,096)	(32,725)
Financing activities:		
Acquisition of non-controlling interests in a subsidiary	-	(224)
Interest paid	(15,217)	(6,035)
Repayments of borrowings	(183,718)	(69,016)
New bank loans raised	308,711	182,813
Pledged bank deposits	(15,314)	(11,579)
Dividend paid	-	(80)
Net cash from financing activities	94,462	95,879
Net increase in cash and cash equivalents	39,052	50,745
Cash and cash equivalents at beginning of year	136,988	130,303
Effects of exchange rate changes on the balance of cash held in foreign currency	112	165
Cash and cash equivalents at end of year	176,152	181,213

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	-	-	-	-	-	13,011	13,011	1,002	14,013
Other comprehensive income for the period	-	5,914	-	(232)	-	-	5,682	-	5,682
Total	-	5,914	-	(232)	-	13,011	18,693	1,002	19,695
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	-	-	1,632	-	-	(1,632)	-	-	-
Total	-	-	1,632	-	-	(1,632)	-	16,776	16,776
Balance at 31 March 2013	140,500	6,874	54,367	(4,228)	-	482,696	680,209	45,431	725,640
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	-	-	-	-	-	12,477	12,477	763	13,240
Other comprehensive income for the period	-	(9,788)	-	2,700	-	-	(7,088)	-	(7,088)
Total	-	(9,788)	-	2,700	-	12,477	5,389	763	6,152
Appropriation to capital reserve	-	-	10,159	-	-	(10,159)	-	-	-
Total	-	-	10,159	-	-	(10,159)	-	-	-
Balance at 31 March 2014	140,500	600	67,078	(4,030)	1,177	539,745	745,070	55,816	800,886

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	-	62,026	62,026
Balance at 31 March 2013	140,500	422,671	563,171
Company (RMB'000)			
Balance at 1 January 2014	140,500	381,470	521,970
Total comprehensive income for the period	-	4,942	4,942
Balance at 31 March 2014	140,500	386,412	526,912

- 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 December 2013. As at 31 March 2013 and 31 March 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 31 March 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 31.03.14	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.**

None.

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

The figures have not been audited nor reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report, include 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- 31/03/14	Group 01/01/13- 31/03/13
(i) based on the weighted average number of shares (RMB cents)	5.31	5.54
Weighted average number of shares	235,025,550	235,025,550
(ii) on a fully diluted basis (RMB cents)	5.31	5.54
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 31/03/2014	As At 31/12/2013	As At 31/03/2014	As At 31/12/2013
Net asset value per ordinary share (RMB)	3.17	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

Revenue

Revenue increased by RMB25.2million from RMB636.9 million for three months ended 31 March 2013 to RMB662.1 million for the corresponding period this year. The increase was mainly due to increase in revenue from overseas Original Equipment Manufacturer ("OEM") business segment of approximately RMB68.2 million, and overseas aftermarket business segment of RMB8.0 million, partially offset by the decrease in domestic OEM business segment of approximately RMB43.1 million and domestic aftermarket business segment of approximately RMB12.9 million. The increase in revenue was mainly due to increase in sales volumes and average sales price.

Depreciation and amortisation increased by RMB4.0 million for the period ended 31 March 2014 as a result of additional property, plant, and equipment for Tianjin new plant.

Gross profit

In the period under review, gross profit increased by 46.8% from RMB74.6 million in 2013 to RMB109.4 million in 2014.

Gross profit margin increased by 4.8% to 16.5% in 1Q 2014 as compared with the last corresponding period. It was due to overall improvement in gross margins, in particular overseas OEM.

Other operating income and other operating expenses

Other operating income decreased by RMB1.2 million for the period ended 31 March 2014 compared with the corresponding period last year. This was largely due to exchange gain of RMB2.0 million in 1Q 2013.

Other operating expenses increased by RMB9.2 million as compared with the correspondingly period in 2013 were mainly due to exchange loss of RMB10.4 million as a result of RMB depreciation against USD.

Distribution and administration costs

Distribution costs increased by RMB5.9 million. This was due mainly to increase in agent commission of RMB2.5 million, export fees of RMB1.3 million and delivery fees of RMB2.0 million.

Administrative expenses increased by RMB17.2 million for the period ended 31 March 2014 as compared with the corresponding period last year. This was mainly due to increase in research expenses of RMB14.7 million, staff related costs of RMB1.0 million and other miscellaneous expenses. [The increase in research expenses was mainly due to the increase in research and development activities to cater for new products for its overseas markets.]

Finance costs

Finance costs increased by approximately RMB3.2 million to RMB10.9 million for the three months ended 31 March 2014 compared with RMB7.7 million for the corresponding period last year. The increase was mainly due to increase in bank loans.

Income tax

Income tax expense amounted to RMB2.2 million.

Profit for the period

Profit for the period attributable to owners of the company amounted to RMB12.5 million as compared with RMB13.0 million recorded last year.

Statement of financial position

Trade receivables decreased by RMB86.3 million. This was mainly due to decrease in revenue in the first quarter ended 31 March 2014 as compared with the fourth quarter of 2013.

Other receivables and prepayments increased by RMB33.0 million. The increase was mainly due to increase in export rebate of RMB4.1 million and prepayments of RMB28.2 million to sub-contractors for production outsourced.

Derivative financial instruments decreased by RMB11.5 million. 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 RMB18.2 million to RMB371.4 million as at 31 March 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 RMB57.4 million. This was mainly due to the increase in prepayment for equipment ordered for its Tianjin and Thailand plants.

Property, plant and equipment increased by approximately RMB9.3 million to RMB755.3 million as at 31 March 2014 compared with RMB746.0 million as at 31 December 2013. This was largely due to the acquisition of machinery and production equipment of RMB26.3 million and exchange differences of RMB4.0 million, which was partially offset by the depreciation of RMB20.7 million.

Short-term loans increased by RMB131.8 million as at 31 March 2014 to meet increased working capital requirement.

Trade payables decreased by approximately RMB33.7 million to RMB707.6 million as at 31 March 2014 compared with RMB741.3 million as at 31 December 2013. This was mainly due to shorter credit terms for sub-contractors for production outsourced.

Other payables decreased by RMB31.6 million. This was mainly due to decrease in payments made in relation to other payables for equipments in Tianjin factory.

Cash Flow

Net cash from operating activities of RMB53.7 million was mainly due to increase in business activities for the period ended 31 March 2014.

Net cash used in investing activities of RMB109.1 million was mainly for the purchase of new equipment in Tianjin factory.

Net cash from financing activities of RMB94.5 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 Full Year Financial Results announcement dated 27 February 2014, the Group expected FY2014 to be a profitable year, and the Group's performance for Q1 of FY2014 in line with the statement (Paragraph 10) of the Company's announcement dated 27 February 2014.

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. Barring any unforeseen circumstances, the Group is expected to remain profitable for the financial year ending 31 December 2014.

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 first quarter ended 31 March 2014.

13. Aggregate value of interested person transactions conducted pursuant to a shareholders' general mandate for the financial period from 1 January 2014 to 31 March 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	-	248
- Purchase of aluminum alloy ingots	-	14,834
- Supply of molten aluminum alloy	-	68,473
- Processing and recycling of rejects and scraps	-	4,452
- Purchase of auxiliary raw materials	-	963
- Sale of scraps	-	1,291
Meilu Alloy		
- Lease agreement	-	298
- Supply of molten aluminum alloy	-	26,068
- Processing and recycling of rejects and scraps	-	1,359
- Supply of water and electricity	-	1,703
Tianjin Lizhong		
- Supply of molten aluminum alloy	-	129,331
- Processing and recycling of		

rejects and scraps	-	7,444
Lizhong Automotive - Procurement of sale agency Services	-	2,025

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
 Lizhong Automotive : Lizhong Automotive North America LLC

Lizhong Automotive is a sale agent our Group. On behalf of our Group, Lizhong Automotive sold wheels of RMB57.4 million in the first quarter ended 31 March 2014.

The Shareholders' Mandate in respect of the aforesaid interested person transactions is effective on 29 April 2013.

We, Zang Ligen and Ong Tiew Siam, being two Directors of Lizhong Wheel Group Ltd (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Q1 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

30 April 2014