

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			9 months ended		
	Group 01/07/14- 30/09/14 RMB'000	Group 01/07/13- 30/09/13 RMB'000	Incr/ (Decr) %	Group 01/01/14- 30/09/14 RMB'000	Group 01/01/13- 30/09/13 RMB'000	Incr/ (Decr) %
Revenue	704,801	687,731	2.5	2,068,388	1,981,478	4.4
Cost of sales	(584,737)	(589,588)	(0.8)	(1,715,301)	(1,722,553)	(0.4)
Gross profit	120,064	98,143	22.3	353,087	258,925	36.4
Other operating income	10,960	3,435	219.1	12,987	19,854	(34.6)
Distribution costs	(28,233)	(22,718)	24.3	(79,807)	(64,784)	23.2
Administrative expenses	(54,929)	(41,700)	31.7	(165,880)	(117,922)	40.7
Other operating expenses	(575)	(1,843)	(68.8)	(877)	(4,634)	(81.1)
Finance costs (interest expense)	(11,624)	(8,738)	33.0	(34,280)	(24,892)	37.7
Share of loss of joint venture	-	-	-	-	(78)	-
Profit before income tax	35,663	26,579	34.2	85,230	66,469	28.2
Income tax expense	(4,979)	(2,899)	71.7	(14,930)	(10,234)	45.9
Profit for the period	30,684	23,680	29.6	70,300	56,235	25.0
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	(1,043)	(273)	282.1	1,467	(1,638)	NM
Fair value gain (loss) on derivative financial instruments	7,040	(773)	NM	(1,067)	9,822	NM
Total comprehensive income for the period, net of tax	36,681	22,634	62.1	70,700	64,419	9.8
Profit for the period attributable :						
Owners of the Company	29,754	22,991	29.4	67,893	53,129	27.8
Non-controlling interests	930	689	35.0	2,407	3,106	(22.5)
	30,684	23,680	29.6	70,300	56,235	25.0
Total comprehensive income for the period attributable to:						
Owners of the Company	35,751	21,945	62.9	68,293	61,313	11.4
Non-controlling interests	930	689	35.0	2,407	3,106	(22.5)
	36,681	22,634	62.1	70,700	64,419	9.8

NM – Not meaningful

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

	Group 01/07/14- 30/09/14 RMB'000	Group 01/07/13- 30/09/13 RMB'000	Group 01/01/14- 30/09/14 RMB'000	Group 01/01/13- 30/09/13 RMB'000
Government grants income	(2,941)	(2,885)	(8,570)	(10,919)
Interest income	(1,365)	(1,256)	(4,157)	(3,406)
Interest expense	11,624	8,738	34,280	24,892
Depreciation and amortization	22,602	18,475	66,304	54,088
Inventories written off	883	779	1,686	1,878
Allowance for doubtful debts	(246)	103	(135)	166
Net foreign exchange (gain)loss	(6,528)	708	(125)	(5,474)
Research expenses	32,687	24,404	101,532	66,195
(Gain)Loss from the settlement of derivative financial instruments	(190)	(247)	(632)	(117)
(Gain) Loss from change in fair value of derivative instruments	(213)	(1,048)	(392)	-
Loss on disposal of property, plant and equipment	556	160	814	231
Impairment loss on available-for-sale investment	-	1,442	-	3,922

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 30/09/2014 RMB'000	Group 31/12/2013 RMB'000	Company 30/09/2014 RMB'000	Company 31/12/2013 RMB'000
Current assets				
Cash and Cash equivalents	166,034	136,988	5,882	10,564
Pledged bank deposits	162,990	120,455	-	-
Trade receivables	949,221	1,005,580	-	-
Other receivables and prepayments	182,858	84,393	-	-
Amount due from subsidiaries	-	-	226	226
Loans to subsidiaries	-	-	92,070	45,390
Derivative financial instruments	11,258	12,221	-	-
Inventories	491,559	353,190	-	-
Total current assets	1,963,920	1,712,827	98,178	56,180
Non-current assets				
Investment in subsidiaries	-	-	551,490	551,490
Loans to subsidiaries	-	-	196,911	284,552
Prepaid lease payments	74,022	75,345	-	-
Prepayment	52,813	36,663	-	-
Property, plant and equipment	813,629	745,996	-	-
Intangible assets	19,488	20,992	-	-
Deferred tax asset	1,262	1,262	-	-
Total non-current assets	961,214	880,258	748,401	836,042
Total assets	2,925,134	2,593,085	846,579	892,222
Liabilities and equity				
Current liabilities				
Short-term bank loans	532,249	339,183	-	-
Current portion of long-term loans	233,153	70,808	92,070	45,390
Trade payables	834,500	741,282	-	-
Other payables	130,295	129,308	2,892	7,839
Income tax payable	3,575	1,723	-	-
Deferred income	4,697	6,640	-	-
Derivative financial instruments	-	99	-	-
Dividend payable to non-controlling interests of a subsidiary	450	-	-	-
Total current liabilities	1,738,919	1,289,043	94,962	53,229
Non-current liabilities				
Long-term loans	310,282	495,906	229,598	317,023
Deferred income	188	3,062	-	-
Deferred tax liabilities	11,462	10,340	-	-
Total non-current liabilities	321,932	509,308	229,598	317,023
Total liabilities	2,060,851	1,798,351	324,560	370,252
Capital, reserves and non-controlling interests				
Share capital	140,500	140,500	140,500	140,500
Hedging reserve	9,321	10,388	-	-
Capital reserve	68,638	56,919	-	-
Translation reserve	(5,263)	(6,730)	-	-
Other reserve	1,177	1,177	-	-
Retained earnings	593,601	537,427	381,519	381,470
Equity attributable to owners of the Company	807,974	739,681	522,019	521,970
Non-controlling interests	56,309	55,053	-	-
Total equity	864,283	794,734	522,019	521,970
Total liabilities and equity	2,925,134	2,593,085	846,579	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 Sep 2014		As at 31 Dec 2013	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
705,402	60,000	389,491	20,500

Amount repayable after one year

As at 30 Sep 2014		As at 31 Dec 2013	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
310,282	-	495,906	-

Details of any collateral

In 2014:

- (i) RMB463.3 million of bank loans is secured by corporate guarantees issued by either the Company or its subsidiaries.
- (ii) RMB20.0 million of export order financing is secured by a subsidiary's expected trade receivables.
- (iii) RMB64.9 million of export invoice financing is secured by a subsidiary's trade receivables.
- (iv) RMB141.8 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) RMB321.7 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 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.
- (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 01/07/14- 30/09/14 RMB'000	Group 01/07/13- 30/09/13 RMB'000	Group 01/01/14- 30/09/14 RMB'000	Group 01/01/13- 30/09/13 RMB'000
Operating activities:				
Profit before income tax	35,663	26,579	85,230	66,469
Adjustments for:				
Foreign exchange (gain) loss	(3,750)	(990)	5,160	(6,333)
Share of loss of joint venture	-	-	-	78
Impairment loss on available-for-sale investment	-	1,442	-	3,922
Depreciation for property, plant and equipment	21,660	17,556	63,477	51,453
Interest income	(1,365)	(1,256)	(4,157)	(3,406)
Notional income on interest-free government loans	(1,724)	(1,660)	(4,818)	(4,980)
Interest expense	11,624	8,738	34,280	24,892
Inventories written off	883	779	1,686	1,878
Amortization of intangible assets	501	501	1,504	1,504
Allowance for doubtful debts	(246)	103	(135)	166
Loss on disposal of property, plant and equipment	556	160	814	231
Prepaid lease payments released to the profit and loss statement	441	418	1,323	1,131
Fair value (gain) on derivative instrument	(213)	(1,048)	(392)	-
(Gain) from the settlement of derivative financial instruments	(190)	(247)	(632)	(117)
Operating cash flows before movements in working Capital	63,840	51,075	183,340	136,888
Trade receivables	(28,678)	(15,716)	57,074	(124,956)
Other receivables and prepayments	(6,853)	(4,556)	(95,296)	(18,673)
Inventories	(62,021)	6,834	(139,392)	28,851
Trade payables	50,931	(28,790)	92,999	(62,086)
Other payables	8,368	11,073	23,738	14,509
Cash generated from operations	25,587	19,920	122,463	(25,467)
Interest received	545	435	1,721	960
Income tax paid	(4,274)	(1,656)	(11,769)	(10,573)
Net cash from (used in) operating activities	21,858	18,699	112,415	(35,080)
Investing activities:				
Proceeds from disposal of property, plant and equipment	60	-	364	200
Cash of a new subsidiary at the date of acquisition	-	747	-	747
Purchase of property, plant and equipment	(35,941)	(38,378)	(163,531)	(106,835)
Net cash used in investing activities	(35,881)	(37,631)	(163,167)	(105,888)
Financing activities:				
Receipt of investment from non-controlling interest	-	980	-	980
Interest paid	(16,215)	(7,078)	(39,762)	(19,912)
Dividend paid	-	-	(701)	(80)
Pledged bank deposits	(24,971)	7,271	(42,535)	15,367
New bank loans raised	390,371	190,122	821,222	492,923
Repayments of borrowings	(371,681)	(178,350)	(658,481)	(358,348)
Acquisition of non-controlling interests in a subsidiary	-	-	-	(224)
Net cash (used in) from financing activities	(22,496)	12,945	79,743	130,706
Net (decrease) increase in cash and cash equivalents	(36,519)	(5,987)	28,991	(10,262)
Cash and cash equivalents at beginning of period	202,575	126,222	136,988	130,303
Effects of exchange rate changes on the balance of cash held in foreign currency	(22)	(48)	55	146
Cash and cash equivalents at end of period	166,034	120,187	166,034	120,187

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	-	-	-	-	-	53,129	53,129	3,106	56,235
Other comprehensive income for the year	-	9,822	-	(1,638)	-	-	8,184	-	8,184
Total	-	9,822	-	(1,638)	-	53,129	61,313	3,106	64,419
Acquisition of non-controlling interests in a subsidiary	-	-	-	-	-	-	-	(224)	(224)
Receipt of capital injection from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	17,980	17,980
Non-controlling interests in a newly acquired subsidiary	-	-	-	-	-	-	-	6,788	6,788
Dividends payable to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	(1,868)	(1,868)
Appropriation to capital reserve	-	-	4,184	-	-	(4,184)	-	-	-
Total	-	-	4,184	-	-	(4,184)	-	22,676	22,676
Balance at 30 September 2013	140,500	10,782	56,919	(5,634)	-	520,262	722,829	53,435	776,264
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	-	-	-	-	-	67,893	67,893	2,407	70,300
Other comprehensive income for the year	-	(1,067)	-	1,467	-	-	400	-	400
Total	-	(1,067)	-	1,467	-	67,893	68,293	2,407	70,700
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 September 2014	140,500	9,321	68,638	(5,263)	1,177	593,601	807,974	56,309	864,283

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	-	8,223	8,223
Balance at 30 September 2013	140,500	368,868	509,368

Company (RMB'000)

Balance at 1 January 2014	140,500	381,470	521,970
Total comprehensive income for the period	-	49	49
Balance at 30 September 2014	140,500	381,519	522,019

- 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 30 June 2014. As at 30 September 2013 and 30 September 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 September 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 30.09.14	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- 30/09/14	Group 01/01/13- 30/09/13
(i) based on the weighted average number of shares (RMB cents)	28.89	22.61
Weighted average number of shares	235,025,550	235,025,550
(ii) on a fully diluted basis (RMB cents)	28.89	22.61
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 30/09/2014	As At 31/12/2013	As At 30/09/2014	As At 31/12/2013
Net asset value per ordinary share (RMB)	3.44	3.15	2.22	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 period ended 30 September 2013 and the period ended 30 September 2014

Revenue

Revenue increased by RMB86.9 million from RMB1,981.5 million for nine months ended 30 September 2013 to RMB2,068.4 million for the current nine months ended 30 September 2014. The increase was mainly due to increase in revenue from the overseas Original Equipment Manufacturer ("OEM") business segment of approximately RMB180.0 million and the overseas aftermarket business segment of approximately RMB8.5 million, which was partially offset by decrease in the domestic OEM business segment of approximately RMB87.0million and the domestic aftermarket business segment of RMB29.8 million. The increase in revenue was mainly due to an increase in sales volumes.

Depreciation and amortisation increased by RMB12.2 million for the period ended 30 September 2014 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 36.4% from RMB258.9 million in 2013 to RMB353.1 million in 2014.

Gross profit margin increased by 4.0% to 17.1% for the period ended 30 September 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 RMB6.9 million for the period ended 30 September 2014 as compared with the corresponding period last year. This was largely due to decrease in government grants of RMB 2.3 million and exchange gain of RMB5.3 million in 2014.

Other operating expenses decreased by RMB3.8 million for the period ended 30 September 2014 as compared with the corresponding period last year. It was mainly due to impairment loss on available-for-sale investment of RMB3.9 million in 2013.

Distribution and administration costs

Distribution costs increased by RMB15.0 million for the period ended 30 September 2014 as compared with the corresponding period last year. The increase was mainly due to increase in agent commission of RMB7.7 million, delivery fee of RMB4.9 million and other miscellaneous expenses.

Administrative expenses increased by RMB48.0 million for the period ended 30 September 2014 as compared with the corresponding period last year. This was mainly due to increase in research expenses of RMB35.3 million, staff related costs of RMB9.0 million and other miscellaneous expenses.

Finance costs

Finance costs increased by RMB9.4 million to RMB34.3 million for the period ended 30 September 2014 as compared with RMB24.9 million for the corresponding period last year. This was mainly due to increase in bank loans.

Income tax

Income tax expense increased by RMB4.7 million to RMB14.9 million for the period ended 30 September 2014 as compared with RMB10.2 million for the corresponding period last year. The increase was mainly due to increase in profit before income tax and withholding tax on undistributed earnings of RMB2.0 million.

Profit for the period

Profit for the year attributable to owners of the Company amounted to RMB67.9 million for the period ended 30 September 2014.

Review of Performance for the third quarter ended 30 September 2013 ("Q3 2013") and the third quarter ended 30 September 2014 ("Q3 2014")

Revenue

Revenue increased by RMB17.1 million from RMB687.7 million in Q3 2013 to RMB704.8 million in Q3 2014. The increase was mainly due to increase in revenue from the overseas Original Equipment Manufacturer (“OEM”) business segment of approximately RMB49.5 million, which was partially offset by decrease in the domestic OEM business segment of approximately RMB12.8 million, the domestic aftermarket business segment of RMB10.6 million and the overseas aftermarket business segment of approximately RMB17.4 million. The increase in revenue was mainly due to an increase in sales volumes. In addition, revenue from hubcaps increased by RMB 3.9 million in Q3 2014.

Depreciation and amortisation increased by RMB4.1million in Q3 2014 as a result of additional property, plant, and equipment for the second phase of Tianjin plant.

Gross profit

Gross profit increased by RMB21.9 million from RMB98.2 million in Q3 2013 to RMB120.1million in Q3 2014.

Gross profit margin improved from 14.3% to 17.0% in Q3 2014 as compared with the last corresponding period. It was mainly due to increase in overseas OEM sales with higher gross profit margins.

Other operating income

Other operating income increased by RMB7.5 million for Q3 2014 as compared with the corresponding period last year. This was largely due to increase in foreign exchange gain in Q3 2014.

Other operating expenses decreased by RMB1.3 million for Q3 2014 as compared with the corresponding period in 2013 were mainly due to impairment loss of RMB1.4 million on available-for-sale investments provided in Q3 2013.

Distribution and administration costs

Distribution costs increased by RMB5.5 million for Q3 2014 as compared with the corresponding period last year. The increase was mainly due to increase in agent commission of RMB3.2 million and, delivery fee of RMB0.5 million and other miscellaneous expenses.

Administrative expenses increased by RMB13.2 million for Q3 2014 as compared with the corresponding period last year. This was mainly due to increase in research expenses of RMB8.3 million, staff related costs of RMB2.9 million and other miscellaneous expenses.

Finance costs

Finance costs increased by approximately RMB2.9 million to RMB11.6 million in Q3 2014 as compared with RMB8.7 million for the corresponding period last year. This was mainly due to increase in bank loans.

Income tax

Income tax expense increased by RMB2.1 million to RMB 5.0 million in Q3 2014 as compared with RMB2.9 million for the corresponding period last year. The increase was mainly due to increase in profit before income tax and withholding tax on undistributed earnings of RMB1.0 million.

Profit for the period

Profit for the year attributable to owners of the Company amounted to RMB29.8 million for Q3 2014.

Statement of financial position

Trade receivables decreased by RMB56.4 million as at 30 September 2014. This was mainly due to decrease in bills receivable and revenue in Q3 2014 as compared with the fourth quarter of 2013.

Other receivables and prepayments increased by RMB98.5 million as at 30 September 2014. This was mainly due to increase in prepayments of RMB 28.6 million for ocean freight and prepayments of RMB 50.3 million to sub-contractors for production outsourced.

Derivative financial instruments decreased by RMB1.0 million as at 30 September 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 RMB138.4 million to RMB491.6 million as at 30 September 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 RMB16.2 million as at 30 September 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 RMB67.6 million to RMB813.6 million as at 30 September 2014 compared with RMB746.0 million as at 31 December 2013. This was largely due to the acquisition of machinery and production equipment of RMB130.1 million which was partially offset by the depreciation of RMB63.5 million.

Short-term loans increased by RMB193.1 million as at 30 September 2014 to meet increased working capital requirement.

Trade payables increased by approximately RMB93.2 million to RMB834.5 million as at 30 September 2014 compared with RMB741.3 million as at 31 December 2013 were mainly due to increase in bill payables of RMB99.6 million.

Current portion of long-term loans increased by RMB162.3 million as at 30 September 2014, the main reason was that long-term loan of RMB226.7 million was reclassified into current portion of the long-term loans and loans of RMB64.4 million was repaid to banks.

Long-term loans decreased by RMB185.6 million as at 30 September 2014, the main reason was that long-term loan of RMB226.7 million was reclassified into current portion of the long-term loans, partially offset by new long-term RMB 31.6 million loans.

Cash Flow for the period ended 30 September 2014

Net cash from operating activities of RMB112.4 million was mainly due to the increase in business activities for the period ended 30 September 2014.

Net cash used in investing activities of RMB163.2 million was mainly for the purchase of new equipment in the Tianjin factory.

Net cash from financing activities of RMB79.7 million was mainly due to increase in borrowings.

Cash Flow for the third quarter ended 30 September 2014

Net cash from in operating activities of RMB21.9 million was mainly due to the increase in business activities for the third quarter ended 30 September 2014.

Net cash used in investing activities of RMB35.9 million was mainly for the purchase of new equipment in the Tianjin factory for the third quarter ended 30 September 2014.

Net cash used in financing activities of RMB22.5 million was mainly due to increase in borrowings, for the third quarter ended 30 September 2014.

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 13 August 2014 (the "**13 August 2014 Announcement**"), the Group expected FY2014 to be better than year 2013, and the Group's performance for Q3 2014 is in line with the statement set out in Paragraph 10 of the 13 August 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. Barring any unforeseen circumstances, the management expects the performance of year 2014 to be better than year 2013 due to the cost efficiencies as a result of the increased production capacity, expected stable raw material costs and stable orders from overseas OEM customers.

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 third quarter ended 30 September 2014.

13. Aggregate value of interested persons transactions conducted pursuant to a shareholders' general mandate for the period from 1 January 2014 to 30 September 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 - Purchase of aluminum alloy ingots - Supply of molten aluminum alloy - Processing and recycling of rejects and scraps - Purchase of auxiliary raw materials - Sales of scraps - Payment of staff social insurance premiums	- - - - - - 766	744 20,129 236,643 11,092 3,050 3,886 -
Meilu Alloy - Lease agreement - Supply of molten aluminum alloy - Processing and recycling of rejects and scraps - Supply of water and electricity	- - - -	893 79,134 4,269 5,295
Tianjin Lizhong - Supply of molten aluminum alloy - Processing and recycling of rejects and scraps	- -	451,481 26,811
Baoding Anbaoneng - Purchase of equipment	-	3,106
Lizhong Automotive - Procurement of sale agency Services	-	6,951

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 RMB143.0 million for the period ended 30 September 2014.

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 Q3 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

12 November 2014