Lizhong Wheel Group Ltd.
No.948 East Qiyi Road, Lizhong Building, Baoding City, Hebei Province, China
Tel: (86) 312 5997688 Fax: (86) 312 5997666
Website: www.lzwheel.com Email: lzwheelgroup@lzwheel.com

Lizhong Wheel retains earnings momentum on a 27.8% increase in net profit to shareholders to RMB67.9 million for 9M2014

- **Revenue up 4.4% yoy to RMB2.1 billion on the back of strong demand from the overseas OEMs and overseas aftermarket business segments**
- **Gross profit margin improved from 13.1% for 9M2013 to 17.1% for 9M2014 on higher contribution from higher-margined overseas OEM business segment**
- **Earnings per share increased 27.8% yoy to RMB28.89 cents for 9M2014; Net asset value up 9.2% yoy to RMB3.44 cents for 9M2014**

Key Financial Highlights

(RMB 'Mil)	3Q2014	3Q2013	Change (%)	9M2014	9M2013	Change (%)
Revenue	704.8	687.7	2.5	2,068.4	1,981.5	4.4
Gross Profit	120.1	98.2	22.3	353.1	258.9	36.4
Gross Profit Margin (%)	*17.0*	*14.3*	2.7pp*	17.1	13.1	4.0pp
Other Operating Income	11.0	3.4	219.1	13.0	19.9	(34.6)
Distribution costs	28.2	22.7	24.3	79.8	64.8	23.2
Administrative expenses	54.9	41.7	31.7	165.9	117.9	40.7
Finance Costs	11.6	8.7	33.0	34.3	24.9	37.7
Other Operating Expenses	0.6	1.8	(68.8)	0.9	4.6	(81.1)
Net Profit Attributable To Shareholders	29.8	23.0	29.4	67.9	53.1	27.8
Diluted Earnings Per Share ** **(RMB Cents)**	12.66	9.79	29.3	28.89	22.61	27.8

(RMB)	As at 30/09/2014	As at 31/12/2013	Change (%)
Net Asset Value Per Ordinary Share	3.44	3.15	9.2

Note:
**Pp denotes percentage points*
***Based on the weighted average number of shares of 235,025,550*

Singapore, 12 November 2014 – Lizhong Wheel Group Ltd. ("Lizhong Wheel" or "The Group" or "立中车轮"), the leading manufacturer of aluminum alloy wheels in the PRC,

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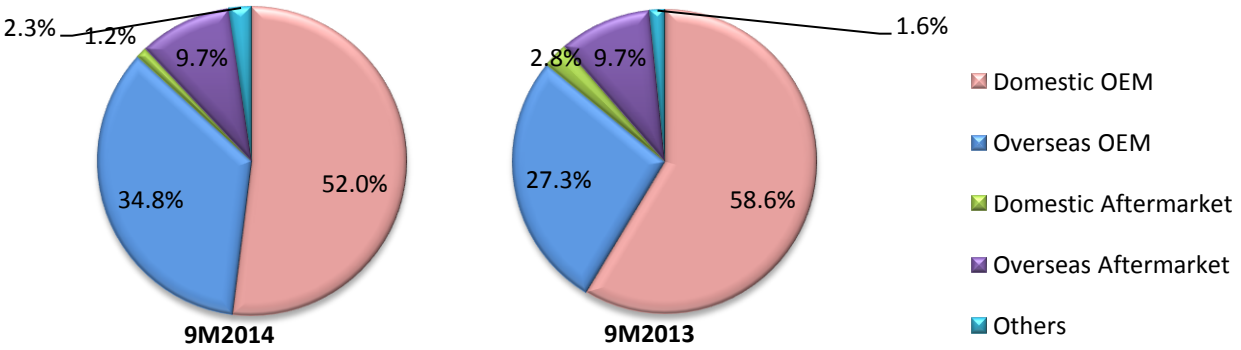
posted a net profit attributable to shareholders of RMB67.9 million for its nine months ended 30 September 2014 ("**9M2014**") representing a 27.8% year-on-year ("**yoy**") increase compared to RMB53.1 million for the same period last year.

The higher revenue achieved came on the back of a RMB180.0 million or 33.3% yoy increase in sales from the overseas Original Equipment Manufacturer ("OEM") business segment and a RMB8.5 million or 4.4% increase in sales from the overseas aftermarket business segment. However, this was partially offset by aRMB87.0 million or 7.5% yoy decrease in revenue from the domestic OEM business segment and a RMB29.8 million or 55.0% yoy decrease in revenue from the domestic aftermarket business segment.

Revenue Breakdown by Business Segment



Gross profit increased 36.4% yoy to RMB353.1 million for 9M2014.Gross profit margin improved 4.0 percentage points yoy from 13.1% to 17.1% on higher contribution from higher-margined overseas OEM segments for 9M2014.

Other operating income fell 34.6% yoy to RMB13.0 million largely due to decrease in government grants of RMB2.3 million and lower exchange gain of RMB5.3 million for 9M2014.

In line with the higher revenue, the Group incurred a 23.2% yoy increase in distribution costs to RMB79.8 million and a 40.7% yoy increase in administrative expenses to RMB165.9 million for 9M2014. The higher distribution costs were primarily due to increase in agent commission, delivery fee and other miscellaneous expenses. The increase in administrative expenses was largely due to increase in research expenses of RMB35.3

million and other staff-related costs. Finance costs went up 37.7% yoy to RMB34.3 million on higher bank loans for 9M2014.

Other operating expenses dropped 81.1% yoy to RMB0.9 million mainly due to impairment loss on available-for-sale investment in 2013.

Outlook

Mr. Zang Ligen shared, **"Income growth, coupled with rising auto ownership, will boost the number of passenger vehicles on the road in China. Leveraging on our established track record of delivering quality wheels, we believe we are well-positioned to capture the burgeoning demand of the growing automobile sector in China and hope to continue to establish close partnerships with global reputable automakers.**

Our first overseas plant in Thailand, equipped with a total design annual production capacity of 1.6 million aluminum alloy wheels had been completed to better serve our overseas OEM markets.

In light of these favorable dynamics present in the overseas OEM markets, we anticipate a better performing FY2014 than the previous year. We are, however, aware that the slowing down of the Chinese economy may stymie our growth and hence we will continue to adopt cost-efficient measures to sustain profitability.".

According to LMC Automotive, the number of China's passenger vehicles on the road per 1,000 people may more than double to 150.0 by 2020 as compared to 65.0 in 2013. This could mean that China's car fleet is expected to increase to approximately 207.7 million vehicles by 2020.

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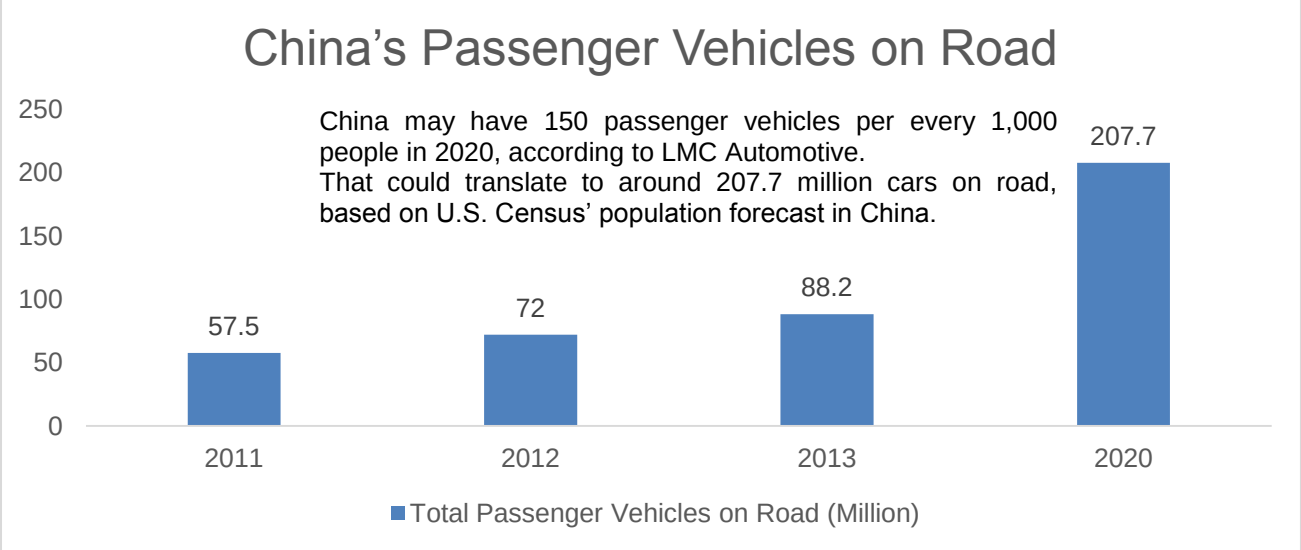

Source: LMC Automotive, Frost & Sullivan, U.S. Census, Bloomberg Intelligence

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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
For more information, please contact:

Jasmine Leong / Yit Sung Ngo
Investor Relations Consultants
Tel: 65-6438 2990 / Fax: 65-6438 0064
Email: staff@financialpr.com.sg