



XinRen Aluminum Holdings Limited

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XinRen's PATMI soars to a record RMB225m for 3QFY14 from higher 51% stake in Xinjiang Plant

- ◆ Maiden consolidation of Xinjiang Plant sends total assets swelling to nearly RMB30bn
- ◆ Results affirm XinRen's foresight and strategy in investing in a mega cost-competitive operation in Xinjiang, which places XinRen among the top 6 aluminum producers in the PRC
- ◆ Group set to gain further from stepped-up production and expanded capacity at Xinjiang Plant

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For immediate release

For XinRen Aluminum Holdings Limited (XinRen, the Group or 鑫仁铝业), a leading aluminum producer in the PRC, the strategic move to raise its stake in Xinjiang Plant to 51% from a jointly controlled entity interest of 21% has paid off handsomely.

The Group reported sterling results for the third quarter ended 30 September 2014 (3QFY14), announcing a near three-fold rise in total assets to about RMB30 billion as it consolidated the results of 51%-owned Xinjiang Plant – a large-scale, coal-powered smelter that enjoys the cost benefits of a fully integrated value chain – for the first time. Net profit attributable to shareholders (PATMI) also reached record quarterly high of RMB224.6 million in 3QFY14.

The Group's Executive Chairman, Mr Zeng Chaolin (曾超林), said: "The latest quarterly figures have affirmed management's foresight in raising our stake in Xinjiang Plant at the trough of the aluminum price cycle this year. This has produced record results for XinRen, while most players in the global aluminum industry are suffering diminished profits or even losses in a still difficult operating environment.

"With the cost-competitive Xinjiang Plant in our stable, we are now one of the top 6 aluminum producers in China, with the plant's cash production cost among the industry's lowest¹."



Aluminum prices, which slipped lower at the start of the year, have risen since June because of a combination of factors. These included a tightening of supply in the global market as producers cut output to battle rising costs, the Indonesian ban on bauxite ore exports², as well as increased demand from US automakers and China³. Industry sources are now forecasting a global aluminum deficit for 2014⁴ and even into 2015⁵, which should lend support to aluminum prices going forward. Moreover, aluminum demand in China is slated to rise by 10.5% in 2014⁶.

Commenting on XinRen's prospects, Mr Zeng said: "We expect XinRen to ride this more positive industry outlook and reap greater contributions from Xinjiang Plant in 2015, especially as the smelter steps up its output to 800,000 tonnes and expands its capacity to 1.1 million tonnes by the end of this year.

"Our strategy to quickly build up capacity at Xinjiang Plant will allow us to maximise profits and returns. We expect the plant's unit production costs to fall further, as it now has an in-house supply of carbon, coal and electricity, and this should augment XinRen's profitability. We will continue to seek ways to lower the Group's cash production costs and generate positive operational cash flows, thus strengthening our financial position and enhancing our competitive edge in the PRC."

During the period under review, the Group incurred an increase in net current liabilities because of short-term financing needed to cover construction costs for Xinjiang Plant and payables arising from the acquisition of subsidiaries. To address this issue, management plans to restructure its short-term borrowings into long-term borrowings.

¹ *Antaike, 2014*

² *Bloomberg, 29 October 2014: China seen facing bauxite gap by Alumina Ltd. on Indonesian ban*

³ *Minerals Council of Australia, March 2014: The official five year outlook*

⁴ *Australian Journal of Mining, 12 June 2014: 4 reasons to be bullish on aluminum*

⁵ *Bloomberg, 10 February 2014: Aluminum faces deficit in 2015 on cutbacks, Sumitomo says*

⁶ *Pingyin Guanghui Aluminum, 17 October 2014: Macquarie: 2014 China aluminum demand will increase by 10.5%*



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ABOUT THE COMPANY

www.xinren-aluminum.com ♦ SGX mainboard listing: October 2010

XinRen Aluminum Holdings Limited (XinRen or the Group) is a vertically integrated maker of primary aluminum products in the PRC that is led by a highly experienced management. Established in the 1970s, the Group is involved in key stages of the upstream value chain of smelting, fabrication and trading, where it derives revenue from the sale of ingots and plates, as well as sheets, coils and foils – which are used in a diverse range of sectors such as consumer, transport and construction.

XinRen already enjoys one of the local sector's most efficient cost structures. Its effective controlling 51% stake in a highly cost-effective primary aluminum smelter – Xinjiang Production and Construction Corps Agricultural Division Eight Xinjiang Tianshan Aluminum Plant Co., Ltd. (Xinjiang Plant) – gives XinRen a major competitive edge over its PRC peers. Xinjiang Plant, which is held under China Leading International Group Limited, will step up its production to 800,000 tonnes in 2014.

With Xinjiang Plant in its fold, XinRen is set to increase its lead as an integrated upstream player, and it will remain among the country's most cost-efficient aluminum producers. The Group plans to expand further while comprehensively integrating its production capacity, to tap growing demand for aluminum products, both at home and overseas.

FOR FURTHER ENQUIRIES

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