



UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2014

The Board of Directors of XinRen Aluminum Holdings Limited (the "Company") is pleased to announce the consolidated results for the second quarter and half year ended 30 June 2014. The figures below have not been audited or reviewed by the auditor of the Company.

The Company is an investment holding and trading company and the Group is engaged primarily in the manufacturing of aluminum ingots through the smelting process, and the fabricating and trading of aluminum-related products.

The consolidated financial statements are presented in Chinese Renminbi ("RMB") and all values in the tables are rounded to the nearest thousand (RMB'000) as indicated.

1(a)(i) A Consolidated Income Statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	Second Quarter Ended			Half Year Ended		
	30/6/2014	30/6/2013	+/(-) %	30/6/2014	30/6/2013	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
	Unaudited	Unaudited		Unaudited	Unaudited	
Revenue	1,452,034	1,920,978	(24.4)	3,617,034	3,686,086	(1.9)
Cost of sales	(1,480,180)	(1,868,346)	(20.8)	(3,653,448)	(3,568,530)	2.4
Gross (loss) /profit	(28,146)	52,632	(153.5)	(36,414)	117,556	(131.0)
Other items of income						
Finance income	6,293	6,060	3.8	9,644	10,283	(6.2)
Other income	21,435	2,189	879.2	60,857	6,739	803.1
Other items of expense						
Selling and distribution expenses	(9,567)	(10,265)	(6.8)	(19,762)	(21,089)	(6.3)
Administrative expenses	(18,264)	(25,469)	(28.3)	(38,926)	(52,797)	(26.3)
Finance costs	(22,731)	(31,704)	(28.3)	(45,991)	(67,728)	(32.1)
Other expenses	(61)	(22,787)	(99.7)	(723)	(32,541)	(97.8)
Share of result of a jointly controlled entity (Note 1)	50,066	28,300	76.9	73,183	35,139	108.3
(Loss)/ profit before taxation	(975)	(1,044)	(6.6)	1,868	(4,438)	(142.1)
Taxation	12,066	11,178	7.9	20,030	7,814	156.3
Profit after taxation	11,091	10,134	9.4	21,898	3,376	548.6
Profit attributable to:						
Owners of the parent	11,091	10,134		21,898	3,376	

Note 1: share of result of a jointly controlled entity is after tax.

1(a)(ii) A Consolidated Statement of Comprehensive Income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	Second Quarter Ended			Half Year Ended		
	30/6/2014	30/6/2013	+/(-) %	30/6/2014	30/6/2013	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
	Unaudited	Unaudited		Unaudited	Unaudited	
Profit after taxation	11,091	10,134	9.4	21,898	3,376	548.6
Other comprehensive (loss)/ income:						
Net loss on available-for-sale financial assets	-	(275)	(100.0)	-	(442)	(100.0)
Foreign currency translation	(116)	18,951	100.6	(8,978)	22,487	139.9
Other comprehensive (loss)/ income for the period	(116)	18,676	(100.6)	(8,978)	22,045	(140.7)
Total comprehensive income for the period	10,975	28,810	(61.9)	12,920	25,421	(49.2)
Total comprehensive income attributable to:						
Owners of the parent	10,975	28,810		12,920	25,421	

1(a)(iii) Notes to the Consolidated Income Statement

The following items have been included in arriving at profit before taxation:

	Group					
	Second Quarter Ended			Half Year Ended		
	30/6/2014	30/6/2013	+/(-) %	30/6/2014	30/6/2013	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
	Unaudited	Unaudited		Unaudited	Unaudited	
Other income:						
Government subsidy (note 1)	3,415	1,188	187.5	5,567	2,872	93.8
Sale of scraps	324	1,636	(80.2)	1,385	2,877	(51.9)
Foreign exchange gain	3,947	-	n.m	9,952	-	n.m
Gain on disposal of a subsidiary (note 2)	-	-	n.m	27,948	-	n.m
Arrangement fee (note 3)	12,133	-	n.m	12,133	-	n.m
Others	1,616	(635)	(354.5)	3,872	990	291.1
Other expenses:						
Foreign exchange loss	-	(22,670)	n.m	-	(32,209)	n.m
Others	(61)	(117)	(47.9)	(723)	(332)	117.8
Interest income	6,293	6,060	3.8	9,644	10,283	(6.2)
Finance expense:						
Interest expense	(10,939)	(13,802)	(20.7)	(19,241)	(34,290)	(43.9)
Bank charges (note 4)	(11,792)	(17,902)	(34.1)	(26,750)	(33,438)	(20.0)
Amortisation of land use rights	(253)	(279)	(9.3)	(493)	(558)	(11.6)
Depreciation of property, plant and equipment	(21,143)	(32,931)	(35.8)	(42,572)	(67,096)	(36.6)
Staff costs	(19,197)	(24,546)	(21.8)	(35,473)	(45,352)	(21.8)

n.m- not meaningful

Notes:

- These relate to: (i) a subsidy provided by the local government for the electricity costs incurred by one of the Group's smelting plants; and (ii) a subsidy provided by the local government for the Group's subsidiaries related to income. There are no unfulfilled conditions to the aforesaid subsidies.
- On 25 February 2014, the Group entered into a sale and purchase agreement to dispose of its entire interest in a wholly owned subsidiary, Yichang Changjiang Aluminum Co. Ltd. ("Yichang Plant"). With effect from 1 January 2014, the results of Yichang Plant will no longer feature in the Group's results.
- The arrangement fees represent fee charges for loan facilities arrangement for our jointly controlled entity.
- This item relates mainly to charges incurred for the notes payable.

1(b)(i) A Consolidated 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		Company	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Audited	Unaudited	Audited
Non-current assets				
Property, plant and equipment	1,497,795	2,288,096	692	1,155
Land use rights	45,688	68,162	-	-
Investment in subsidiaries	-	-	366,398	165,165
Investment in a jointly controlled entity	2,052,905	1,975,362	1,890,000	1,890,000
Amount due from a subsidiary	-	-	382,476	382,476
Deferred expenses	8,580	3,177	-	-
Deferred tax assets	54,807	84,961	-	-
	3,659,775	4,419,758	2,639,566	2,438,796
Current assets				
Inventories	405,010	453,840	-	-
Prepayments	539,005	579,098	-	-
Amounts due from a jointly controlled entity	1,141,474	50,318	101,194	225,188
Amounts due from subsidiaries	-	-	140,835	-
Amounts due from directors	26,523	23,154	-	-
Income tax receivable	10,185	13,118	-	103
Trade and other receivables	1,535,271	818,454	652,087	479,863
Deferred expenses	61,452	561,570	61,605	544,416
Short term investments	-	2,710	-	-
Short term deposits, secured	1,459,357	1,239,449	123,662	-
Cash and cash equivalents	90,721	1,682,282	19,797	1,438,095
	5,268,998	5,423,993	1,099,180	2,687,665
Current liabilities				
Loans and borrowings	2,257,474	2,945,203	586,834	565,183
Amounts due to subsidiaries	-	-	3,426	596,159
Amount due to related parties	71,149	4,635	84,951	-
Payable arising from acquisition of a jointly controlled entity	-	572,084	-	572,084
Trade and other payables	1,371,825	393,653	119,555	3,726
Deferred revenue	49,871	440,717	49,871	440,717
Advances from customers	931,819	1,079,234	-	-
Accrued operating expenses	9,961	9,642	-	-
Income tax payable	10,645	1,508	605	1,360
	4,702,744	5,446,676	845,242	2,179,229
Net current assets/ (liabilities)	566,254	(22,683)	253,938	508,436
Non-current liabilities				
Deferred tax liabilities	54,806	132,709	-	-
Advances from customers	2,086,576	2,137,113	1,753,256	1,803,793
Loans and borrowings	-	49,970	-	-
	2,141,382	2,319,792	1,753,256	1,803,793
Net assets	2,084,647	2,077,283	1,140,248	1,143,439
Equity attributable to equity holders of the parent				
Share capital	995,377	995,377	995,377	995,377
Treasury shares	(12,483)	(6,927)	(12,483)	(6,927)
Revenue reserve	1,004,018	837,185	178,225	169,003
Other reserves	97,735	251,648	(20,871)	(14,014)
Total equity	2,084,647	2,077,283	1,140,248	1,143,439

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	30/6/2014		31/12/2013	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Audited	Audited
Short term bank loans	1,022,752	-	1,493,193	-
Notes payable	1,234,722	-	1,452,010	-
	2,257,474	-	2,945,203	-

Amount repayable after one year

	30/6/2014		31/12/2013	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Audited	Audited
Long term bank loans	-	-	49,970	-

Details of any collateral

Short term bank loans are secured by charges over short term deposits, land use rights and buildings, inventories and plant and machinery, and/or guarantees by directors of the Company and its subsidiaries. Notes payable are secured by charges over short term deposits and/or guarantees by directors of the Company and its subsidiaries.

1(c) A Consolidated Statement of Cash Flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	Second Quarter Ended		Half Year Ended	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Unaudited	Unaudited
Cash flow from operating activities				
(Loss)/ profit before taxation	(975)	(1,044)	1,868	(4,438)
Adjustments for:				
Depreciation of property, plant and equipment	21,143	32,931	42,572	67,096
Gain on disposal of a subsidiary	-	-	(27,948)	-
Amortisation of land use rights	253	279	493	558
Exchange realignment	2,436	(2,959)	2,926	(8,013)
Share of result in a jointly controlled entity	(50,066)	(28,300)	(73,183)	(35,139)
Interest income	(6,293)	(6,060)	(9,644)	(10,283)
Unrealised exchange (gain)/loss	(2,553)	22,775	(11,749)	29,999
Interest expense	10,939	13,802	19,241	34,290
Operating (loss)/ profit before changes in working capital	(25,116)	31,424	(55,424)	74,070
Decrease/ (increase) in inventories	43,495	55,985	(59,671)	51,471
Decrease/(increase) in prepayments	2,469	(75,214)	(18,376)	(264,468)
(Increase)/decrease in deferred expenses	(5,215)	(239,517)	494,714	(34,278)
(Increase)/decrease in amounts due from directors and related parties	(45,070)	(38,361)	68,554	(43,146)
(Increase)/decrease in amounts due from a jointly controlled entity	(607,919)	(59,872)	(1,100,954)	430,400
Decrease/(increase) in trade and other receivables	41,086	274,356	(542,886)	(76,314)
Increase/(decrease) in deferred revenue	6	190,809	(390,846)	27,024
Increase in trade and other payables	585,892	42,705	944,962	157,690
(Decrease)/increase in advances from customers	(311,451)	135,003	(18,548)	125,419
Increase/(decrease) in accrued operating expenses	405	1,774	422	(169)
Cash (used in)/ generated from operating activities	(321,418)	319,092	(678,053)	447,699
Interest income received	6,293	6,060	9,644	10,283
Interest expense paid	(10,939)	(13,802)	(19,241)	(34,290)
Tax refunded	-	1,458	-	1,458
Tax paid	-	(2,550)	(1,765)	(3,831)
Net cash (used in)/ generated from operating activities	(326,064)	310,258	(689,415)	421,319
Cash flows from investing activities				
Purchase of property, plant and equipment	(12,963)	(28,316)	(25,171)	(29,887)
Payment of land use rights	-	-	-	(4,120)
Proceeds from disposal of a subsidiary	226,933	-	237,155	-
Prepayment for purchase of property, plant and equipment	-	(3,322)	-	(5,856)
Payment for payable arising from acquisition of a jointly controlled entity	-	(238,755)	(572,084)	(292,787)
Net cash generated from/(used in) investing activities	213,970	(270,393)	(360,100)	(332,650)

1(c) A Consolidated Statement of Cash Flows – continued

	Group			
	Second Quarter Ended		Half Year Ended	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Unaudited	Unaudited
Cash flow from financing activities				
Proceeds from loans and borrowings	1,104,309	1,517,035	1,936,066	3,165,676
Repayments of loans and borrowings	(1,257,203)	(1,800,224)	(2,014,895)	(3,375,702)
(Increase)/decrease in short term deposits, secured	(180,087)	162,340	(457,502)	28,039
Purchase of treasury shares	-	-	(5,556)	-
Net cash used in financing activities	(332,981)	(120,849)	(541,887)	(181,987)
Net decrease in cash and cash equivalents	(445,075)	(80,984)	(1,591,402)	(93,318)
Effects of exchange rate changes on cash and cash equivalents	(2)	(139)	(159)	(159)
Cash and cash equivalents at beginning of the period	535,798	177,207	1,682,282	189,561
Cash and cash equivalents at end of the period	90,721	96,084	90,721	96,084

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to Equity Holders of the Parent					
	Share Capital RMB'000	Treasury Shares RMB'000	Revenue Reserve RMB'000	Other Reserves RMB'000	Total Reserves RMB'000	Total RMB'000
Group						
Balance at 1 January 2013	995,377	(6,927)	800,441	202,153	1,002,594	1,991,044
Loss for the period	-	-	(6,758)	-	(6,758)	(6,758)
Other comprehensive income for the period	-	-	-	3,369	3,369	3,369
Total comprehensive (loss)/income for the period	-	-	(6,758)	3,369	(3,389)	(3,389)
Appropriation to special reserve	-	-	(4,841)	4,841	-	-
Balance at 31 March 2013	995,377	(6,927)	788,842	210,363	999,205	1,987,655
Profit for the period	-	-	10,134	-	10,134	10,134
Other comprehensive income for the period	-	-	-	18,676	18,676	18,676
Total comprehensive income for the period	-	-	10,134	18,676	28,810	28,810
Appropriation to special reserve	-	-	(4,838)	4,838	-	-
Balance at 30 June 2013	995,377	(6,927)	794,138	233,877	1,028,015	2,016,465
Balance at 1 January 2014	995,377	(6,927)	837,185	251,648	1,088,833	2,077,283
Purchase of treasury shares	-	(5,556)	-	-	-	(5,556)
Realisation of reserve upon disposal of a subsidiary	-	-	148,690	(148,690)	-	-
Profit for the period	-	-	10,807	-	10,807	10,807
Other comprehensive loss for the period	-	-	-	(8,862)	(8,862)	(8,862)
Total comprehensive income/(loss) for the period	-	-	10,807	(8,862)	1,945	1,945
Appropriation to special reserve	-	-	(1,885)	1,885	-	-
Balance at 31 March 2014	995,377	(12,483)	994,797	95,981	1,090,778	2,073,672
Profit for the period	-	-	11,091	-	11,091	11,091
Other comprehensive loss for the period	-	-	-	(116)	(116)	(116)
Total comprehensive income/(loss) for the period	-	-	11,091	(116)	10,975	10,975
Appropriation to special reserve	-	-	(1,870)	1,870	-	-
Balance at 30 June 2014	995,377	(12,483)	1,004,018	97,735	1,101,753	2,084,647
Company						
Balance at 1 January 2013	995,377	(6,927)	64,648	(35,302)	29,346	1,017,796
Loss for the period	-	-	(10,472)	-	(10,472)	(10,472)
Other comprehensive income for the period	-	-	-	3,536	3,536	3,536
Total comprehensive (loss)/income for the period	-	-	(10,472)	3,536	(6,936)	(6,936)
Balance at 31 March 2013	995,377	(6,927)	54,176	(31,766)	22,410	1,010,860
Profit for the period	-	-	7,715	-	7,715	7,715
Other comprehensive income for the period	-	-	-	18,951	18,951	18,951
Total comprehensive income for the period	-	-	7,715	18,951	26,666	26,666
Balance at 30 June 2013	995,377	(6,927)	61,891	(12,815)	49,076	1,037,526
Balance at 1 January 2014	995,377	(6,927)	169,003	(14,014)	154,989	1,143,439
Purchase of treasury shares	-	(5,556)	-	-	-	(5,556)
Loss for the period	-	-	(858)	-	(858)	(858)
Other comprehensive loss for the period	-	-	-	(6,790)	(6,790)	(6,790)
Total comprehensive loss for the period	-	-	(858)	(6,790)	(7,648)	(7,648)
Balance at 31 March 2014	995,377	(12,483)	168,145	(20,804)	147,341	1,130,235
Profit for the period	-	-	10,080	-	10,080	10,080
Other comprehensive loss for the period	-	-	-	(67)	(67)	(67)
Total comprehensive income/(loss) for the period	-	-	10,080	(67)	10,013	10,013
Balance at 30 June 2014	995,377	(12,483)	178,225	(20,871)	157,354	1,140,248

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 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.

The Company exercised its share-buy-back mandate to purchase 3,000,000 shares in the capital of the Company (the "Shares") from the open market during the half year ended 30 June 2014. These Shares are held as treasury shares.

	No. of Shares
Balance as of 31/12/2013 and 01/01/2014	1,306,567,528
Less: share buy-back during the financial period from 1 January 2014 to 31 March 2014	<u>(3,000,000)</u>
Balance as of 31/03/2014	1,303,567,528
Less: share buy-back during the financial period from 1 April 2014 to 30 June 2014	<u>-</u>
	<u><u>1,303,567,528</u></u>

The holders of Shares (other than treasury shares) are entitled to receive dividends as and when declared by the Company. All Shares (other than treasury shares) carry one vote per share without restriction. The Shares do not have par value.

There were no convertibles issued by the Company as of 30 June 2014 and 30 June 2013.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and at as the end of the immediately preceding year.

	As of 30 June 2014	As of 30 June 2013	As of 31 December 2013
Number of issued shares excluding treasury shares :	1,303,567,528	1,306,567,528	1,306,567,528
Number of treasury shares held :	6,980,000	3,980,000	3,980,000

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.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares by the Company as of 30 June 2014.

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

The financial statements presented above have not been audited nor reviewed by the Company's auditor.

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.

Except as disclosed in section 5 below, there were no changes in accounting policies and methods of computation in the consolidated financial statements for the current reporting period as compared to the most recently audited consolidated financial statements for the financial year ended 31 December 2013.

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.

The Group has adopted all new and revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. The adoption of these new or revised FRSs and INT FRS standards has no significant impact on the consolidated financial statements.

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.

The calculation of basic earnings per share is based on the Group's profit after taxation attributable to owners of the parent for the respective periods divided by:

- (a) the weighted average of total number of issued Shares of the Company of 1,304,506,202 Shares excluding treasury shares as of 30 June 2014; and
- (b) the total number of issued Shares of the Company of 1,306,567,528 Shares excluding treasury shares as of 30 June 2013.

	Group			
	Second Quarter Ended		Half Year Ended	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	Unaudited	Unaudited	Unaudited	Unaudited
Profit after taxation attributable to owners of the parent (RMB'000)	11,091	10,134	21,898	3,376
Basic earnings per Share (RMB cents)	0.85	0.78	1.68	0.26

* There were no potential dilutive options for the periods

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury of shares of the issuer at the end of the:

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	Unaudited	Audited	Unaudited	Audited
Net asset value (RMB'000)	2,084,647	2,077,283	1,140,248	1,143,439
Net asset value per Share (RMB cents)	159.92	158.99	87.47	87.51

The calculation of net asset value per Share is based on the net asset value as of the end of respective periods divided by the total number of issued Shares of the Company of 1,303,567,528 Shares (31 December 2013: 1,306,567,528 Shares) excluding treasury 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.**

Second Quarter Ended 30 June 2014 ("2Q2014") vs Second Quarter Ended 30 June 2013 ("2Q2013")

Half Year Ended 30 June 2014 ("1H2014") vs Half Year Ended 30 June 2013 ("1H2013")

Revenue (excluding all inter-segment transactions)

	Group					
	Second Quarter Ended			Half Year Ended		
	30/6/2014	30/6/2013	+/(-) %	30/6/2014	30/6/2013	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
	Unaudited	Unaudited		Unaudited	Unaudited	
Smelting	379,984	492,539	(22.9)	1,198,248	1,424,213	(15.9)
Fabrication	111,571	126,330	(11.7)	217,784	213,609	2.0
Trading	960,479	1,302,109	(26.2)	2,201,002	2,048,264	7.5
	<u>1,452,034</u>	<u>1,920,978</u>	<u>(24.4)</u>	<u>3,617,034</u>	<u>3,686,086</u>	<u>(1.9)</u>

The Group's revenue decreased by approximately RMB69 million from RMB3,686 million in 1H2013 to RMB3,617 million in 1H2014. On a quarterly basis, the Group's revenue for 2Q2014 decreased by approximately 24.4% to RMB1,452 million from RMB1,921 million in 2Q2013. The decrease in revenue for 1H2014 was mainly attributable to: (i) lower average selling price for primary aluminum ingots; and (ii) disposal of Yichang Plant. The decrease was partially offset by the increase in trading sales of alumina and primary aluminum ingots.

The Group's revenue from the smelting segment decreased by approximately 15.9% from RMB1,424 million in 1H2013 to RMB1,198 million in 1H2014. The decrease in 1H2014 revenue was due primarily to: (i) exclusion of Yichang Plant's revenue, which no longer feature in the Group's results with effect from 1 January 2014, as the plant was disposed in 1Q2014; and (ii) lower average selling price for primary aluminum ingots, which declined from RMB13,200 per metric tons ("MT") (without value-added tax or "VAT") in 1H2013 to RMB11,300 per MT (without VAT) in 1H2014. However, this decrease was mitigated by the recognition of RMB441 million in deferred revenue from 1Q2014 in relation to the Group's export sales which had not been recognised as of 31 December 2013.

The Group's revenue from the fabricated segment increased by approximately 2.0% to RMB218 million in 1H2014 from RMB214 million in 1H2013. The increase in revenue was largely because the higher sales volume of fabricated aluminum products, which increased from 17,000 MT in 1H2013 to 17,900 MT in 1H2014.

The Group's revenue from the trading segment increased to RMB2,201 million in 1H2014 from RMB2,048 million in 1H2013. This was mainly attributable to the rise in trading sales of alumina and primary aluminum ingots in 1H2014.

Gross (loss)/profit and gross (loss)/profit margin

The Group incurred a gross loss of RMB36 million in 1H2014 as compared to a gross profit of RMB118 million in 1H2013. The gross loss was mainly due to lower margins and lower average selling price of primary aluminum ingots in the smelting segment as described above.

Profit/(loss) before taxation (excluding all inter-segment transactions)

	Group					
	Second Quarter Ended			Half Year Ended		
	30/6/2014	30/6/2013	+/(-) %	30/6/2014	30/6/2013	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
	Unaudited	Unaudited		Unaudited	Unaudited	
Smelting	(45,480)	(46,959)	(3.1)	(78,153)	(88,522)	(11.7)
Fabrication	8,692	9,635	(9.8)	7,580	14,596	(48.1)
Trading	(14,253)	21,306	(166.9)	(742)	34,349	(102.2)
Share of result in a jointly controlled entity	50,066	28,300	76.9	73,183	35,139	108.3
Adjustments and elimination	-	(13,326)		-	-	
	(975)	(1,044)	(6.6)	1,868	(4,438)	(142.1)

The Group showed a profit before taxation of approximately RMB2 million in 1H2014. The losses incurred by the smelting segment were mainly due to lower average selling prices for primary aluminum products. However, these losses were alleviated by: (i) share of results in a jointly controlled entity ("Xinjiang Plant"), whose profit rose because of its higher smelting capacity as compared to 1H2013; and (ii) gain on disposal of Yichang Plant of approximately RMB28 million.

Selling and distribution expenses decreased by approximately 6.3% from RMB21 million in 1H2013 to RMB20 million in 1H2014, mainly due to the disposal of Yichang Plant. However, it was partially offset by the increase in selling expenses incurred by the fabrication segment, in tandem with the increase in sales volume of fabricated aluminum products during the period under review.

With the disposal of Yichang Plant, administrative expenses decreased by approximately 26.3% to RMB39 million in 1H2014 from RMB53 million in 1H2013.

Finance costs decreased by approximately 32.1% to RMB46 million in 1H2014 from RMB68 million in 1H2013, also due to the disposal of Yichang Plant.

Other income increased by approximately 803.1% to RMB61 million in 1H2014 from RMB7 million in 1H2013. The increase was mainly attributable to the gain on disposal of Yichang Plant, which amounted to approximately RMB28 million, arrangement fee charged to our jointly controlled entity of approximately RMB12 million and foreign exchange gain of approximately RMB10 million which was mainly due to the more favourable US Dollar to RMB exchange rate for the Group's export sales.

Other expenses decreased by approximately 97.8% in 1H2014 due primarily to foreign exchange losses incurred in 1H2013.

Taxation

The income tax credit represents the recognition of deferred tax assets of approximately RMB31 million, which relates to tax losses of some of the Group's subsidiaries in 1H2014 that are expected to be realised in the near future. However, the income tax credit was partially offset by income tax expenses attributable to certain profitable entities within the Group.

Review of Statement of Financial Position

Non-current assets

Non-current assets decreased by approximately 17.2% to RMB3,660 million as of 30 June 2014 from RMB4,420 million as of 31 December 2013. These assets comprised property, plant and equipment, land use rights, investment in a jointly controlled entity, deferred expenses and deferred tax assets. The decrease was mainly attributable to the disposal of Yichang Plant in 1Q2014.

Current assets

There was a slight decrease in inventories from RMB454 million as of 31 December 2013 to RMB405 million as of 30 June 2014. The decrease was mainly attributable to the disposal of Yichang Plant. However, the decrease was partially offset by the increase in raw materials resulting from the trading of alumina.

Prepayments decreased from RMB579 million as of 31 December 2013 to RMB539 million as of 30 June 2014. The decrease was mainly attributable to the disposal of Yichang Plant. However, the decrease was partially offset by the increase in advance payments made for the purchase of raw materials.

Amounts due from a jointly controlled entity ("Xinjiang Plant") increased from RMB50 million as of 31 December 2013 to RMB1,141 million as of 30 June 2014, representing advances paid by the Group to Xinjiang Plant for the purchase of primary aluminum ingots for the period, which is in accordance with the industry practice.

Trade and other receivables increased from RMB818 million as of 31 December 2013 to RMB1,535 million as of 30 June 2014. The increase in trade and other receivables was primarily attributable to: (i) increase in trade receivables in relation to the trading sales of alumina during the period under review; and (ii) recognition of deferred revenue in 1Q2014 which had not been recognised as of 31 December 2013.

Deferred expenses decreased from RMB562 million as of 31 December 2013 to RMB62 million as of 30 June 2014. The decrease was mainly due to the recognition of deferred expenses to cost of sales for export business as the selling price had been fixed during the period.

Secured short term deposits increased from RMB1,239 million as of 31 December 2013 to RMB1,459 million as of 30 June 2014, because more deposits were used as collateral for the drawdown of short term bank borrowings for the period. However, the increase was partially offset by the disposal of Yichang Plant.

Current liabilities

Loans and borrowings decreased from RMB2,945 million as of 31 December 2013 to RMB2,257 million as of 30 June 2014. The decrease was mainly attributable to the disposal of Yichang Plant.

The increase in amounts due to related parties represents interest free advances with a repayment term of one year from our controlling shareholder, Sunshine International Global Capital Ltd, to the Company for working capital purposes during the period under review.

Payables arising from acquisition of a jointly controlled entity of RMB572 million as of 31 December 2013 were fully settled in March 2014. Therefore, there are no longer any outstanding payables arising from the acquisition of a jointly controlled entity as of 30 June 2014.

Trade and other payables increased from RMB394 million as of 31 December 2013 to RMB1,372 million as of 30 June 2014. The increase was mainly attributable to the increase in trade payables for the purchase of alumina for trading sales.

The decrease in deferred revenue from RMB441 million as of 31 December 2013 to RMB50 million as of 30 June 2014 was primarily due to the Group's export sales that had been recognised in 1H 2014.

Advances from customers decreased from RMB1,079 million as of 31 December 2013 to RMB932 million as of 30 June 2014. The decrease was primarily attributable to the delivery of primary aluminum ingots and the disposal of Yichang Plant.

Non-current liabilities

Non-current liabilities decreased by RMB179 million from RMB2,320 million as of 31 December 2013 to RMB2,141 million as of 30 June 2014. The decrease in non-current liabilities was mainly due to the decrease of deferred tax liabilities and loans and borrowings resulted from the disposal of Yichang Plant.

Review of Statement of Cash Flows

The Group experienced a negative operating cash flow of approximately RMB689 million in 1H2014. This was mainly attributable to the increase in trade and other receivables, amounts due from a jointly controlled entity, and a decrease in deferred revenue. However, the overall decrease was partially offset by the increase in trade and other payables, amounts due to related parties, and decrease in deferred expenses.

There was a net cash outflow of RMB360 million from investing activities in 1H2014, which was primarily because of: (i) a full settlement made in respect of the acquisition of a 21% stake in China Leading International Group Limited during March 2014; and (ii) the purchase of property, plant and equipment. However, the decrease was partially offset by the sales proceeds received for the disposal of Yichang Plant.

Financing activities resulted in net cash outflows of RMB542 million in 1H2014, which was mainly attributable to: (i) the increase in secured short-term deposits of RMB458 million; (ii) the purchase of treasury shares of approximately RMB6 million during 1Q2014; and (iii) the repayment of short term borrowings of approximately RMB79 million.

Cash and cash equivalents decreased from RMB1,682 million as of 31 December 2013 to RMB91 million as of 30 June 2014 for the reasons discussed above.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

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.

Global aluminum prices, after hitting an all-time low in 1Q2014, have edged up over the past month. We are cautiously optimistic that the worst could be over for the aluminum sector, given an improving supply-demand balance as high cost smelters globally as well as those in the PRC have curtailed their production capacities in the face of mounting losses.

Despite a difficult operating environment hit by low aluminum prices and global oversupply, the Group posted a net profit of RMB11.1 million in 2Q2014.

Going forward, the Group expects to improve on its performance. This will be underpinned by higher contributions from Xinjiang Plant as this aluminum smelting facility raises its annual output from 400,000 tonnes in 2013 to 880,000 tonnes in 2014, and continues to expand its output significantly over the next few years. The Group has also completed the acquisition of another 30% stake in Xinjiang Plant, increasing its beneficial interest from 21% to 51%. This earnings accretive move is expected to shore up earnings further from 3Q2014.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended 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 half year ended 30 June 2014.

13. Update on Utilisation of IPO Proceeds

As of 30 June 2014, the net proceeds from the Company's initial public offering has been utilised as follows:

Use of Proceeds	Amount Allocated SGD'million	Amount Utilised SGD'million	Balance SGD'million
Increasing the capacity of Jiangyin fabrication plant	52.9	47.9	5.0
Strategic investments, acquisitions and general corporate purposes	14.4	14.4	-
Working capital	28.8	28.8	-
Total	96.1	91.1	5.0

14. If the Group has obtained a general mandate from Shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain any general mandate from its shareholders for IPTs.

15. Negative Assurance Confirmation on Interim Financial Results pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited

The Board of Directors of XinRen Aluminum Holdings Limited hereby confirm that, to the best of its knowledge, nothing has come to their attention which may render the financial results for the half year ended 30 June 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Liang Hongbo
Executive Director
12 August 2014