



XinRen delivers higher net profit of RMB21.9m for 1H FY14

- ◆ Share of profit contributed by jointly controlled Xinjiang Plant rises by 108% to RMB73.2m
- ◆ Group profit expected to improve further as XinRen increases its stake in Xinjiang Plant from 21% to 51% as well as the latter's higher output of 880,000 tonnes in FY14
- ◆ Group well-placed to ride the upturn of aluminum prices as Xinjiang Plant capacity is set to rise significantly over the next few years

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For immediate release

The results posted by XinRen Aluminum Holdings Limited (XinRen, the Group or 鑫仁铝业), a leading aluminum producer in the PRC, for the six months ended 30 June 2014 (1H FY14) demonstrate clearly that its strategic stake in the Xinjiang Plant represents a crucial and growing contributor to its bottom line.

Contributions from this highly cost-competitive aluminum smelting facility in Xinjiang hit RMB50.1 million for 2Q FY14 – a sharp jump from the RMB23.1 million achieved in 1Q FY14. Its total after-tax profit for 1H FY14 thus came to RMB73.2 million, up 108%. As a result, the Group was able to report RMB21.9 million in net profit attributable to shareholders for 1H FY14, up from the RMB3.4 million seen for 1H FY13.

The Group's Executive Chairman, Mr Zeng Chaolin (曾超林), said: "The Xinjiang Plant has been the mainstay of the Group's earnings in the past two years – even in the midst of low aluminum prices, it was able to grow profits and improve profitability. The move to increase our stake in the Xinjiang Plant, which was raised from 21% to 51% at beginning July 2014, will enable us to enhance our earnings profile and reap more returns as this mega facility ramps up its output significantly over the next few years."

Among the lowest cost aluminium producers in China, the highly lucrative Xinjiang Plant has enabled XinRen to remain profitable for five consecutive quarters, even amid a difficult operating environment marked by persistently low aluminium prices and global oversupply.



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The Xinjiang Plant, which reported a net profit of RMB443 million with an output of 400,000 tonnes for FY13, is looking to double the figure to 880,000 tonnes for FY14.

Commenting on XinRen's prospects, Mr Zeng said: "We are cautiously optimistic that the worst could be over for the global aluminum industry. Lately, aluminum prices have moved up, after reaching a five-year low in April, thanks to an improving supply-demand balance. A sustained upturn would be a welcome boost for aluminum producers such as ourselves, and should help drive our earnings northwards when prices pick up more."

In recent years, oversupply saw the global aluminum industry suffering severe and mounting losses as aluminum prices softened, dropping to a low of RMB13,000 per tonne¹ in April this year. However, since July, prices have experienced an upturn, reaching RMB14,080 per tonne² – the highest level so far this year – as the closure of high-cost and inefficient capacities by major producers improved the global supply-demand balance. Increasing urbanisation and rising infrastructure needs in China also bode well for the local industry as demand for aluminum is expected to grow.

Added Mr Zeng: "Our investment in the Xinjiang Plant has firmly placed XinRen as a leading player in China's aluminum industry. Over the medium term, we plan to capture the full aluminum value chain in Xinjiang, extracting even more synergies and improving our cost structure further. We are confident that we can pull ahead of our competition."

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. The Xinjiang Plant,

¹ *Xinhua Business Weekly*, 9 June 2014: 80% of aluminum producers in China suffer loss at present, NDRC

² *Xinhua's China Economic Information Service*, 24 July 2014: China Focus: Aluminum price in China rises in off-season on short supply



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which is held under China Leading International Group Limited, will step up its production to 880,000 tonnes per annum (tpa) in 2014.

With the 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.

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