



XinRen cements place amongst world's most cost efficient aluminum producers

- ◆ XinRen's Xinjiang subsidiary buys 55% of Xinjiang Tianfu for RMB88.6m, an ultra-large coal mine in Xinjiang with proven reserves of 250m tonnes
- ◆ Source of long-term, low-cost, high quality coal supply for own independent power plants will drive production cost even lower
- ◆ Efforts to build an integrated value chain in Xinjiang allows XinRen to reap handsomely when the aluminum price upswing gains momentum

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For immediate release

XinRen Aluminum Holdings Limited (XinRen, the Group or 鑫仁铝业), a leading aluminum producer in the PRC, has taken a strategic step to complete an integrated value chain in Xinjiang, which will allow it to further lower production cost and benefit greatly when aluminum prices improve.

In a move to secure coal for its own independent power plants (IPPs), the Group's 51%-owned subsidiary, Xinjiang Production and Construction Corps Agricultural Division Eight Xinjiang Tianshan Aluminum Plant Co., Ltd. (Xinjiang Plant), has acquired 55% of Xinjiang Tianfu Coal Mining Co. Limited (Xinjiang Tianfu) for RMB88.6 million. This was entirely funded by internal resources.

Xinjiang Tianfu owns an ultra-large, modern coal mine in the coal-rich Xinjiang Province, about 70km away from the Xinjiang Plant mega aluminum smelting facility. Commissioned in April 2013, the mine has proven reserves of 250 million tonnes of low sulphur, ultra-low ash and high caloric value coal with an average heat value of 6,000 kcal or more. Its current mining capacity is 1.2 million tonnes per annum.

The Group's Executive Chairman, Mr Zeng Chaolin (曾超林), said: "This long term coal supply, locked in at below market prices, will enable our IPPs to generate all the electricity requirements of Xinjiang Plant as it ramps up production.



“The coal's high caloric value, together with low mining and transport costs, will reduce our unit cost further, cementing XinRen's position as one of the world's most cost efficient aluminum producers.”

The Group recently upped its stake in Xinjiang Plant from 21% to 51%. Xinjiang Plant generated a net profit of RMB443.0 million from an output of 400,000 tonnes in FY2013 on a standalone basis, and contributed RMB93.6 million to XinRen on its earlier 21% stake.

With 51% of the primary aluminum smelter from July this year, Xinjiang Plant's profit contribution to XinRen is expected to rise even further, as output is stepped up to 880,000 tonnes this year.

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 peers. The Xinjiang Plant, 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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