



UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

The Board of Directors of XinRen Aluminum Holdings Limited (the "Company") is pleased to announce the consolidated results for the first quarter ended 31 March 2014. The figures below have not been audited or reviewed by the auditors 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		
	Three months ended		
	31/3/2014	31/3/2013	+/(-) %
	RMB'000	RMB'000	
	Unaudited	Unaudited	
Revenue	2,165,000	1,765,108	22.7
Cost of sales	(2,173,268)	(1,700,184)	27.8
Gross (loss)/ profit	(8,268)	64,924	(112.7)
Other items of income			
Finance income	3,351	4,223	(20.6)
Other income	39,422	4,550	766.4
Other items of expense			
Selling and distribution expenses	(10,195)	(10,824)	(5.8)
Administrative expenses	(20,662)	(27,328)	(24.4)
Finance costs	(23,260)	(36,024)	(35.4)
Other expenses	(662)	(9,754)	(93.2)
Share of result of a jointly controlled entity (Note1)	23,117	6,839	100.0
Profit /(Loss) before taxation	2,843	(3,394)	(183.8)
Taxation	7,964	(3,364)	(336.7)
Profit/(Loss) after taxation	10,807	(6,758)	(259.9)
Profit/(Loss) attributable to:			
Owners of the parent	10,807	(6,758)	

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		
	Three months ended		
	31/3/2014	31/3/2013	+/(-) %
	RMB'000	RMB'000	
	Unaudited	Unaudited	
Profit/(Loss) after taxation	10,807	(6,758)	(259.9)
Other comprehensive (loss)/ income:			
Net (loss)/gain on available-for-sale financial assets	-	(167)	(100.0)
Foreign currency translation	(8,862)	3,536	350.6
Other comprehensive (loss)/ income for the period	(8,862)	3,369	(363.0)
Total comprehensive income/(loss) for the period	1,945	(3,389)	(157.4)
Total comprehensive income/ (loss) attributable to:			
Owners of the parent	1,945	(3,389)	

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

The following items have been included in arriving at profit/ (loss) before taxation:

	Group		
	Three months ended		
	31/3/2014	31/3/2013	+/(-)
	RMB'000	RMB'000	%
	Unaudited	Unaudited	
Other income:			
Government subsidies (note 1)	2,152	1,684	27.8
Sale of scraps	1,061	1,241	(14.5)
Gain on disposal of a subsidiary (note 2)	27,948	-	100.0
Foreign exchange gain	6,005	-	n.m
Others	2,256	1,625	n.m
Other expenses:			
Foreign exchange loss	-	(9,539)	n.m
Others	(662)	(214)	209.3
Interest income	3,351	4,223	(20.6)
Finance expense:			
Interest expense	(8,302)	(20,488)	(59.5)
Bank charges (note 3)	(14,958)	(15,536)	(3.7)
Amortisation of land use rights	(240)	(279)	(14.0)
Depreciation of property, plant and equipment	(21,429)	(34,165)	(37.3)
Staff costs	(16,276)	(20,806)	(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 government subsidy in relation to expenses incurred by a subsidiary of the Group. There are no unfulfilled conditions to the aforesaid subsidies.
- On 25 February 2014, the Group entered into a sale and purchase agreement to dispose 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 for 1Q2014 will no longer feature in the Group's results.
- 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	
	31/3/2014	31/12/2013	31/3/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Audited	Unaudited	Audited
Non-current assets				
Property, plant and equipment	1,505,975	2,288,096	928	1,155
Land use rights	45,940	68,162	-	-
Investment in subsidiaries	-	-	366,358	165,165
Investment in a jointly controlled entity	2,006,064	1,975,362	1,890,000	1,890,000
Amount due from a subsidiary	-	-	382,476	382,476
Deferred expenses	3,120	3,177	-	-
Deferred tax assets	38,953	84,961	-	-
	3,600,052	4,419,758	2,639,762	2,438,796
Current assets				
Inventories	448,505	453,840	-	-
Prepayments	541,303	579,098	-	-
Amounts due from a jointly controlled entity	535,768	50,318	231,577	225,188
Amounts due from subsidiaries	-	-	2,584	-
Amounts due from directors	26,467	23,154	-	-
Income tax receivable	10,724	13,118	-	103
Trade and other receivables	1,813,437	818,454	688,516	479,863
Deferred expenses	61,697	561,570	61,598	544,416
Short term investments	-	2,710	-	-
Short term deposits, secured	1,279,270	1,239,449	-	-
Cash and cash equivalents	535,798	1,682,282	425,848	1,438,095
	5,252,969	5,423,993	1,410,123	2,687,665
Current liabilities				
Loans and borrowings	2,410,369	2,945,203	562,763	565,183
Amounts due to subsidiaries	-	-	392,147	596,159
Amount due to related parties	121,602	4,635	123,042	-
Payable arising from acquisition of a jointly controlled entity	-	572,084	-	572,084
Trade and other payables	794,180	393,653	4,908	3,726
Deferred revenue	49,865	440,717	49,865	440,717
Advances from customers	1,210,800	1,079,234	-	-
Accrued operating expenses	9,558	9,642	-	-
Income tax payable	13,429	1,508	1,372	1,360
	4,609,803	5,446,676	1,134,097	2,179,229
Net current assets/ (liabilities)	643,166	(22,683)	276,026	508,436
Non-current liabilities				
Deferred tax liabilities	50,673	132,709	-	-
Advances from customers	2,118,873	2,137,113	1,785,553	1,803,793
Loans and borrowings	-	49,970	-	-
	2,169,546	2,319,792	1,785,553	1,803,793
Net assets	2,073,672	2,077,283	1,130,235	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	994,797	837,185	168,145	169,003
Other reserves	95,981	251,648	(20,804)	(14,014)
Total equity	2,073,672	2,077,283	1,130,235	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

	31/3/2014		31/12/2013	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Audited	Audited
Short term bank loans	1,179,759	-	1,493,193	-
Notes payable	1,230,610	-	1,452,010	-
	2,410,369	-	2,945,203	-

Amount repayable after one year

	31/3/2014		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 subsidiaries. Notes payable are secured by charges over short term deposits and/or guarantees by directors of the Company and 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	
	Three months ended	
	31/3/2014	31/3/2013
	RMB'000	RMB'000
	Unaudited	Unaudited
Cash flow from operating activities		
Profit/ (Loss) before taxation	2,843	(3,394)
Adjustments for:		
Depreciation of property, plant and equipment	21,429	34,165
Gain on disposal of a subsidiary	(27,948)	-
Amortisation of land use rights	240	279
Exchange realignment	490	(5,054)
Unrealised exchange (gain)/loss	(9,196)	7,224
Share of result in a jointly controlled entity	(23,117)	(6,839)
Interest income	(3,351)	(4,223)
Interest expense	8,302	20,488
Operating profit before changes in working capital	(30,308)	42,646
Increase in inventories	(103,166)	(4,514)
Increase in prepayments	(20,845)	(189,254)
Decrease in deferred expenses	499,929	205,239
Increase in trade and other receivables	(583,972)	(350,670)
Increase /(decrease) in amounts due to directors and related parties	113,624	(4,785)
(Increase)/ decrease in amount due from a jointly controlled entity	(493,035)	490,272
Increase in trade and other payables	359,070	114,985
Decrease in deferred revenue	(390,852)	(163,785)
Increase/ (decrease) in advances from customers	292,903	(9,584)
Increase/ (decrease) in accrued operating expenses	17	(1,943)
Cash (used in)/ generated from operating activities	(356,635)	128,607
Interest income received	3,351	4,223
Interest expense paid	(8,302)	(20,488)
Tax paid	(1,765)	(1,281)
Net cash (used in)/ generated from operating activities	(363,351)	111,061
Cash flows from investing activities		
Payment of payable arising from acquisition of a jointly controlled entity	(572,084)	(54,032)
Purchase of property, plant and equipment	(12,208)	(1,571)
Proceed from disposal of a subsidiary	10,222	-
Payment for land use rights	-	(4,120)
Prepayment for purchase of property, plant and equipment	-	(2,534)
Net cash used in investing activities	(574,070)	(62,257)

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

	Group	
	Three months ended	
	31/3/2014	31/3/2013
	RMB'000	RMB'000
	Unaudited	Unaudited
Cash flow from financing activities		
Purchase of treasury shares	(5,556)	-
Proceeds from loans and borrowings	831,757	1,648,641
Repayments of loans and borrowings	(757,692)	(1,575,478)
Increase in short term deposits, secured	(277,415)	(134,301)
Net cash used in financing activities		
	(208,906)	(61,138)
Net decrease in cash and cash equivalents	(1,146,327)	(12,334)
Effects of exchange rate changes on cash and cash equivalents	(157)	(20)
Cash and cash equivalents at beginning of the period	1,682,282	189,561
Cash and cash equivalents at end of the period	535,798	177,207

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 income/(loss) 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
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
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 income/(loss) 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
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

- 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 first quarter ended 31 March 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	<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 31 March 2014 and 31 March 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 31 March 2014	As of 31 March 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 were no sales, transfers, disposal, cancellation and/or use of treasury shares by the Company as of 31 March 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 auditors.

- 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 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.

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/(loss) per share is based on the Group's profit/(loss) 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 1,305,455,306 Shares excluding treasury shares as of 31 March 2014; and
- (b) the total number of issued Shares of the Company of 1,306,567,528 Shares excluding treasury shares as of 31 March 2013.

	Group	
	Three months ended 31/3/2014	31/3/2013
	Unaudited	Unaudited
Profit /(loss) after taxation attributable to owners of the parent (RMB'000)	10,807	(6,758)
Basic earnings/(loss) per share (RMB cents)	0.83	(0.52)

* There were no potential dilutive options for the period

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	
	31/3/2014	31/12/2013	31/3/2014	31/12/2013
	Unaudited	Audited	Unaudited	Audited
Net asset value (RMB'000)	2,073,672	2,077,283	1,131,759	1,143,439
Net asset value per share (RMB cents)	159.08	158.99	86.82	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.

First Quarter Ended 31 March 2014 ("1Q2014") vs First Quarter Ended 31 March 2013 ("1Q2013")

Revenue (excluding all inter-segment transactions)

	Group		
	Three months ended		+/(-) %
	31/3/2014	31/3/2013	
	RMB'000	RMB'000	
	Unaudited	Unaudited	
Smelting	818,264	931,674	(12.2)
Fabrication	106,213	87,279	21.7
Trading	1,240,523	746,155	66.3
	<u>2,165,000</u>	<u>1,765,108</u>	22.7

The Group's revenue increased by approximately RMB400 million from RMB1,765 million in 1Q2013 to RMB2,165 million in 1Q2014. This increase in revenue was mainly attributable to the increase in trading sales of alumina and aluminum ingots.

The Group's revenue from the smelting segment decreased by approximately 12.2% from RMB932 million in 1Q2013 to RMB818 million in 1Q2014. The decrease in 1Q2014 revenue was due primarily to the exclusion of Yichang Plant's revenue, which will no longer feature in the Group's results with effect from 1 January 2014, as Yichang Plant was disposed in 1Q2014. The lower average selling price for aluminum ingots, which declined from RMB13,200 per metric tons ("MT") (without value-added tax or "VAT") in 1Q2013 to RMB12,500 per MT (without VAT) in 1Q2014, further contributed to the decrease in revenue. However, this decrease was mitigated by the recognition of RMB441 million in deferred revenue 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 21.7% to RMB106 million in 1Q2014 from RMB87 million in 1Q2013. The increase in revenue was largely because the sales volume of fabricated aluminum products increased from 6,300 MT in 1Q2013 to 7,900 MT in 1Q2014.

The Group's revenue from the trading segment increased to RMB1,241 million in 1Q2014 from RMB746 million in 1Q2013. This was mainly attributable to the rise in trading sales of alumina and aluminum ingots in 1Q2014. After factoring in operating expenses, the Group's trading segment showed a profit before taxation of approximately RMB14 million.

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

The Group incurred a gross loss of RMB8 million in 1Q2014 as compared to a gross profit of RMB65 million in the previous corresponding period. The gross loss was mainly due to a lower margins and lower average selling price of aluminum ingots in the smelting segment as described above.

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

	Group		
	Three months ended		+/(-) %
	31/3/2014	31/3/2013	
	RMB'000	RMB'000	
	Unaudited	Unaudited	
Smelting	(32,673)	(41,563)	(21.4)
Fabrication	(1,112)	4,961	(122.4)
Trading	13,511	13,043	3.6
Share of result in a jointly controlled entity	23,117	6,839	238.0
Adjustments and eliminations	-	13,326	
	2,843	(3,394)	(183.8)

The Group showed a profit before taxation of approximately RMB2.8 million in 1Q2014. The losses incurred by the smelting and fabrication segments were mainly due to the lower average selling prices for aluminum products. However, these losses were alleviated by (i) the profit contribution from the trading segment, and the share of result in a jointly controlled entity ("Xinjiang Plant"), whose profit rose because of its higher smelting capacity compared to 1Q2013; and (ii) the gain on disposal of Yichang Plant of approximately RMB28 million.

Selling and distribution expenses decreased by approximately 5.8% from RMB11 million in 1Q2013 to RMB10 million in 1Q2014, mainly attributable 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 24.4% to RMB21 million in 1Q2014 from RMB27 million in 1Q2013.

Finance costs decreased by approximately 35.4% to RMB23 million in 1Q2014 from RMB36 million in 1Q2013, also due to the disposal of Yichang Plant.

Other income increased by approximately 766.4% to RMB39 million in 1Q2014 from RMB5 million in 1Q2013. The increase was mainly attributable to the gain on disposal of Yichang Plant, which amounted to approximately RMB28 million, and foreign exchange gain of approximately RMB6 million which mainly relates to export sales of the Group resulted from the strengthening of US dollars to RMB.

Other expenses decreased by approximately 93.2% in 1Q2014 due primarily to foreign exchange losses incurred in the previous corresponding period.

Taxation

The income tax credit represents the recognition of deferred tax assets of approximately RMB13 million, related to tax losses of some of the Group's subsidiaries in 1Q2014 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 18.6% to RMB3,600 million as of 31 March 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 RMB449 million as of 31 March 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 RMB541 million as of 31 March 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 increased from RMB50 million as of 31 December 2013 to RMB536 million as of 31 March 2014, and representing advances paid for the purchase of primary aluminum ingots for the period under review.

Trade and other receivables increased from RMB818 million as of 31 December 2013 to RMB1,813 million as of 31 March 2014. The increase in trade and other receivables was primarily attributable to (i) the increase in trade receivables in relation to the trading sales of alumina during the period under review; (ii) recognition of deferred revenue of RMB441 million in 1Q2014 which had not been recognised as of 31 December 2013; and (iii) the proceeds for the disposal of Yichang Plant amounting to RMB230 million which remain outstanding as of 31 March 2014.

Deferred expenses decreased from RMB562 million as of 31 December 2013 to RMB62 million as of 31 March 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 under review.

Secured short term deposits increased from RMB1,239 million as of 31 December 2013 to RMB1,279 million as of 31 March 2014, because more deposits being used as collateral for the drawdown of short term bank borrowings for the period under review. 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 RMB2,410 million as of 31 March 2013. 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 purpose during the period under review.

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

Trade and other payables increased from RMB394 million as of 31 December 2013 to RMB794 million as of 31 March 2014. The increase was mainly attributable to the rise 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 31 March 2014 was primarily due to the Group's export sales that had been recognised during the period under review.

Advances from customers increased from RMB1,079 million as of 31 December 2013 to RMB1,211 million as of 31 March 2014. The increase was primarily attributable to the sales contracts entered with customers during the period under review that required upfront payment before delivery. However, the growth was partially offset by the disposal of Yichang Plant.

Non-current liabilities

Non-current liabilities decreased by RMB151 million from RMB2,320 million as of 31 December 2013 to RMB2,169 million as of 31 March 2014. The decrease in non-current liabilities was mainly due to the disposal of Yichang Plant.

Review of Statement of Cash Flows

The Group experienced a negative operating cash flow of approximately RMB363 million in 1Q2014. 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 advances from customers and decrease in deferred expenses.

There was a net cash outflow of RMB574 million from investing activities in 1Q2014, 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 the period under review; and (ii) the purchase of property, plant and equipment. However, the decrease was partially offset by the sales proceed received for the disposal of Yichang Plant.

Financing activities resulted in net cash outflows of RMB209 million in 1Q2014, which was mainly attributable to the increase in secured short-term deposits of RMB277 million and the purchase of treasury shares of approximately RMB6 million during the period under review. However, it was partially offset by net cash inflows from short term borrowings amounting to approximately RMB74 million.

Cash and cash equivalents decreased from RMB1,682 million as of 31 December 2013 to RMB534 million as of 31 March 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 reached an all-time low during 1Q2014. While it is yet unclear if prices have bottomed, a majority of the high production cost smelters in the PRC have suffered operating losses and have thus reduced their production capacities. Despite this difficult operating environment, the Group posted a net profit of RMB10.8 million. With its streamlined operations and highly efficient cost structure, is well prepared for either an upturn or a sustained industry downturn.

The Group expects to improve on its performance going forward with the completion of the sale of loss-making Yichang Plant and continued rising contribution from Xinjiang Plant, a low-cost aluminum smelting facility which is wholly-owned by 21%-held China Leading International Group Limited.

In April, the Group proposed to increase its beneficial stake in Xinjiang Plant to 51% which is subject to shareholders' approval at an Extraordinary General Meeting to be held at a later date. Once approved, this increased stake is expected to augment XinRen's overall earnings. At the same time, the Group continues to focus on ramping up production at the low-cost Xinjiang Plant to increase its output from 400,000 tonnes per annum to 880,000 tonnes this year.

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 first quarter ended 31 March 2014.

13. Update on Utilisation of IPO Proceeds

As of 31 March 2014, the net proceeds from the Company's initial public offering had 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 first quarter ended 31 March 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Liang Hongbo
Executive Director
12 May 2014