鑫仁铝业
XINREN ALUMINUM

PUSHING AHEAD

Annual Report 2014

CONTENTS

PUSHING AHEAD

The world's aluminum industry has suffered a downtrend since 2008 – falling aluminum prices and rising electricity costs amid lacklustre demand have resulted in widespread plant shutdowns and closure of smaller, older operations. In China, where demand is still growing, surging operating costs and government measures to weed out inefficient producers have led to a much-needed consolidation of the sector.

Even against this harsh backdrop, XinRen has stayed firm in its resolve to continue upgrading its manufacturing facilities and to improve profitability. In particular, the strategic acquisition of an initial 21% effective stake in a large-scale, coal-powered aluminum smelter – Xinjiang Plant – in 2012 enabled the Group to secure a decisive turnaround.

Today, we are even more determined to build a sustainable earnings platform that will ensure future growth. To achieve this goal, we have increased our investment in Xinjiang Plant to 51%, strengthened our integrated value chain and focused on returns – incisive moves that will push XinRen ahead to become a leading aluminum enterprise in China.

CORPORATE PROFILE

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.

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 aluminum 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 owns 51% of Xinjiang Production and Construction Corps Agricultural Division Eight Xinjiang Tianshan Aluminum Plant Co., Ltd. (Xinjiang Plant). This large-scale, coal-powered primary aluminum smelter in Xinjiang Province enjoys the benefits of a fully integrated value chain and has one of the most efficient cost structures in the industry. Xinjiang Plant is boosting output, doubling it to 800,000 tonnes in 2014, and raising it further to 1.6 million tonnes in the coming years.

XinRen is set to increase its lead as an integrated upstream aluminum producer as Xinjiang Plant continues to expand its capacity and sharpen its cost competitiveness. Already, the mega facility has acquired an ultra-large coal mine that will supply its in-house power plant, and it will soon begin construction of a carbon anode plant. Once fully in place, these facilities will reduce the Group's unit production cost even further.

MAP OF OPERATIONS

SMELTING	Products	Operations	Production Capacity
	Primary aluminum	1) Xinjiang Plant* - Aluminum Smelting Plant - Independent Power Plant	 1,100,000 tpa 4x350MW power generating units
		2) Liupanshui Plant	145,000 tpa (216 reduction pots)

FABRICATION	Products	Operations	Production Capacity
	Fabricated aluminum (sheets, coils, foils)	Jiangyin Plant	50,000 tpa

TRADE & MARKETING	Products	Operations	Business
	Alumina & aluminum products	1) XinRen Aluminum Holdings (Singapore) 2) Shanghai Shuangpai (PRC) 3) Fengbo Trading (PRC)	Sales and marketing of aluminum products within China, as well as export/import activities

tpa: tonnes per annum
*As at 31 December 2014. Capacity to be built up to 1,600,000 tpa and 10x350MW power generating units in the coming years.

INVESTING IN XINJIANG PLANT...

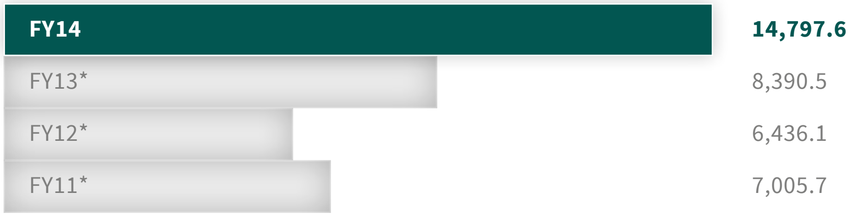
has enhanced XinRen's earnings profile. We are ramping up its capacity and output, which will boost profitability and give us the needed edge to **push ahead** of the competition.


新疆天山铝业自备电厂
主汽压力
11.64
转速

FINANCIAL HIGHLIGHTS

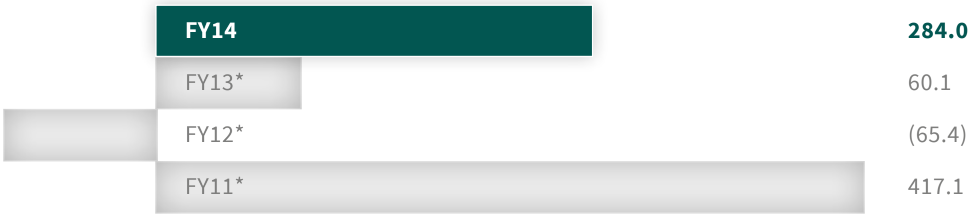
Revenue (RMB'm)

14,797.6



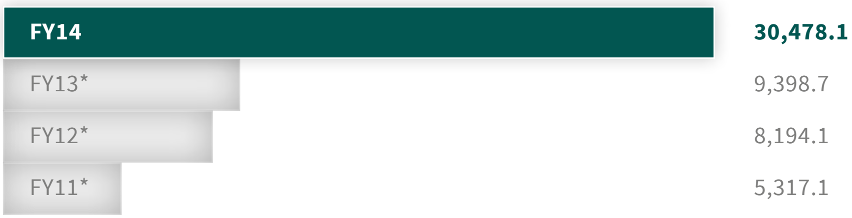
Net Profit attributable to equity holders of the Company (RMB'm)

284.0



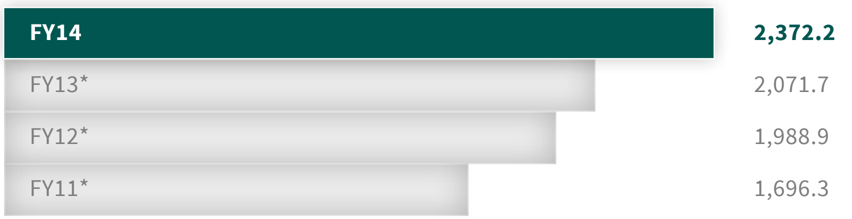
Total Assets (RMB'm)

30,478.1



Shareholders' Equity attributable to equity holders of the Company (RMB'm)

2,372.2

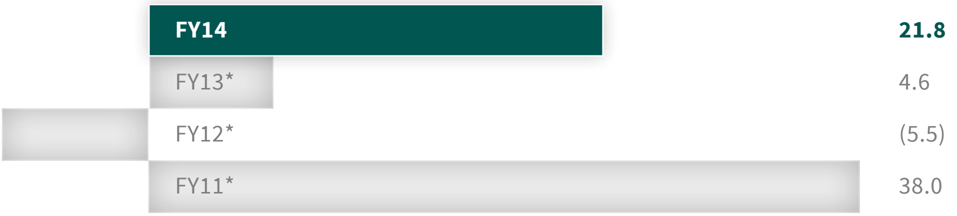


* Restated

FINANCIAL HIGHLIGHTS

EPS attributable to equity holders of the Company (RMB'¢)

21.8

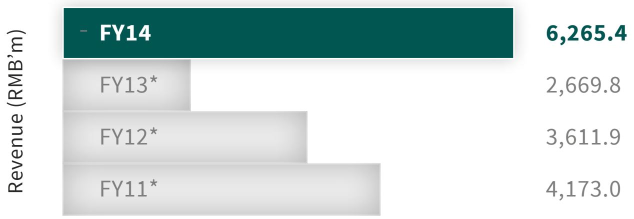


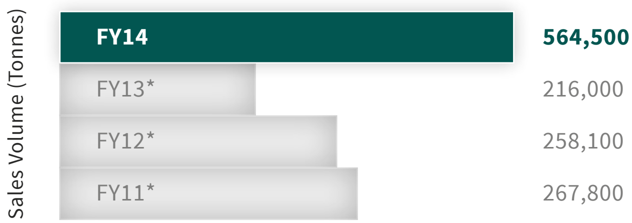
NAV per Share attributable to equity holders of the Company (RMB'¢)

182.0

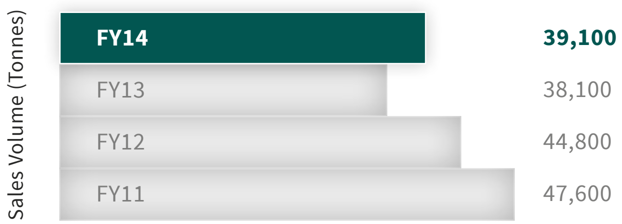
Segmental Performance

Smelting





Fabrication



* Restated

CHAIRMAN'S STATEMENT

The way forward is clear. Having wrought so marked a turnaround, the Group is even more determined to push ahead with its plans for growth. Our ability to bring about such a stark revival in profits despite the daunting conditions demonstrates that the strategies we have rolled out will keep XinRen in a sturdy growth cycle.

Dear Valued Shareholders,

Once more, the year saw aluminum producers struggle with volatile aluminum prices, which reached a five-year low in April 2014. After a short-lived respite, they continued to fall as the year-end approached.

Exacerbating the downturn, China suffered a slowdown that saw GDP growth drop to 7.4%, its weakest pace since 1990. As China is the world's largest aluminum consumer, this contraction naturally hurt prices. As a result, margins were compressed and losses widened across the industry.

At XinRen, strategic foresight as well as successful efforts to integrate our operations and curtail costs gave us the edge we needed to overcome these adversities. For the second year in a row, we turned in a profit. Even more, revenue hit an all-time high, reaching RMB14.8 billion for the year ended 31 December 2014 (FY2014).

Year in Review

This record revenue allowed XinRen to deliver more than a four-fold increase in net profit attributable to shareholders, boosting it to RMB284.0 million. Smelting revenue more than doubled to RMB6,265.4 million, resulting in a profit before tax of RMB824.1 million – a significant turnaround from a loss of RMB239.4 million for the smelting segment in the previous year.

This outstanding achievement was driven largely by earnings from Xinjiang Plant, which successfully ramped up output during the year, doubling it to around 800,000 tonnes. The Group has increased its stake in this mega smelting facility to 51%, having seen its initial investment decisively reverse losses in FY2013.

Proposed Dividend

Our stellar results for FY2014 are due in no small part to the support of our loyal shareholders. As such, to reward our shareholders, the Board has recommended a one-tier tax exempt first and final ordinary dividend of S$0.01 per share, subject to shareholders' approval at our Annual General Meeting on 29 April 2015.

Winning Strategies

The way forward is clear. Having wrought so marked a turnaround, the Group is even more determined to push ahead with its plans for growth. Our ability to bring about such a stark revival in profits despite the daunting conditions demonstrates that the strategies we have rolled out will keep XinRen in a sturdy growth cycle.

We were quick to recognise Xinjiang Plant's immense potential and, in just two years, we have transformed it into a critical earnings contributor. At the same time, we have made significant strides towards an integrated supply chain. As a result, Xinjiang Plant is now one of the country's most cost-efficient aluminum producers, with electricity unit consumption per tonne coming in below the industry average.

We believe that these winning strategies will see us mark new milestones as we push ahead with even more exacting targets.

Investing in Xinjiang Plant: We raised our stake in this extremely cost-efficient and lucrative facility from 21% to 51% in June 2014. The mega smelter has enabled XinRen to reduce overall production costs, by providing access to cheap and abundant coal resources that result in comparatively lower electricity costs for its own in-house independent power plant. Our majority stake in this prime asset has played a key role in pushing us firmly ahead of the competition and will keep us in the lead as industry consolidation eliminates less cost-efficient producers.

Strengthening our value chain: To add to the integrated value chain for Xinjiang Plant, we took a 55% stake in a nearby coal mine, securing feedstock for our electricity needs. We are also building another carbon anode plant, which will fully meet Xinjiang Plant's carbon anode requirements when completed. These moves will further lower our production costs and enable us to take full advantage once aluminum prices improve.

Focusing on returns: We divested our loss-making smelter, Yichang Plant, at the start of 2014 so we could refocus our resources, moving to build up Xinjiang Plant while enhancing our already-low cost structure. These steps will help us to create sustainable value for shareholders.

Outlook and Prospects

The outlook for the world economy continues to be clouded by widespread uncertainties on many fronts. Even so, there are some bright spots. Notably, the United States is showing signs of a sustainable recovery, which would be crucial to shoring up aluminum demand.

Just as importantly, China's economy is still expanding, albeit at a slower pace, but remains the world's second-largest economy that will underpin demand for metals, including aluminum. The Chinese government has carefully eased monetary policy to manage the gradual slowdown, providing a vital buffer for many sectors, including the auto industry. As such, car sales are expected to continue growing steadily and should help sustain healthy demand for aluminum and the raw materials used in its production.

In the coming year, we expect aluminum prices to stay volatile. Ongoing worldwide industry consolidation as well as ever-rising costs will continually weed out inefficient producers.

At XinRen, we will continue to streamline our operations and strengthen our supply chain while moving to boost our cost-effectiveness and ramp up output. As a result, we believe we are well prepared to maintain or improve our earnings in FY2015.

We remain focused on enhancing profitability and delivering sustainable earnings and growth. So far, our carefully aligned strategies have seen us return XinRen to growth despite the sector downturn, and we are confident of maintaining our lead in the industry as the year unfolds.

Acknowledgments & Appreciation

On behalf of the Board, I must thank all our shareholders and our business partners for standing by XinRen even during the most trying of times. To our management team and our staff, I can only express our heartfelt gratitude, for the loyalty and commitment you have demonstrated so clearly. Let us march into 2015 united in heart and mind as we press ahead with our plans for growth.

MR ZENG CHAOLIN
Executive Chairman & Chief Executive Officer

STRENGTHENING OUR VALUE CHAIN...

by investing in key upstream assets will make XinRen even more cost-efficient. In particular, our recent acquisition of a 55% stake in a coal mine near Xinjiang Plant to secure feedstock for our electricity needs and our efforts to build an in-house mega carbon anode plant to fully meet Xinjiang Plant's requirements will **push** us **ahead** in further reducing unit production costs.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FINANCIAL & OPERATIONS REVIEW

OVERVIEW

It was another difficult year for the aluminum industry in 2014. Aluminum prices remained volatile, showing signs of recovery in the middle of the year, and then heading southwards at the end of the year in tandem with the sharp fall in crude oil prices.

Despite these price pressures, XinRen reported a second consecutive year of profits for the financial year ended 31 December 2014 (FY2014). The Group's robust results were driven by its decision to invest further in Xinjiang Plant, raising its stake from an initial 21% acquired in 2012 to an effective 51% from July 2014. This move proved instrumental in accelerating earnings as the mega facility doubled output to around 800,000 tonnes for FY2014.

FINANCIAL REVIEW

Revenue for FY2014 grew 76.4% to a record RMB14.8 billion, thanks mainly to the consolidation of Xinjiang Plant from July 2014. Gross profit surged 934.5% to RMB837.9 million as the gross margin jumped to 5.7% from 1% previously, driven by Xinjiang Plant's cost-efficiency.

The Group delivered a net profit attributable to shareholders of the Company of RMB284.0 million, almost a five-fold increase from the RMB60.1 million achieved in FY2013. As a result, its return on equity soared to a three-year high of 11.8% from just 3% in FY2013.

SEGMENTAL PERFORMANCE

Smelting Segment

Revenue from the smelting segment increased 134.7% to RMB6,265.4 million in FY2014, despite lower average selling prices for primary aluminum ingots. This strong performance was due mainly to Xinjiang Plant, as consolidation of its growing revenue and improving profitability boosted the segment's results. Pre-tax profit for FY2014 came in at RMB824.1 million as compared with a pre-tax loss of RMB239.4 million in FY2013.

Fabrication Segment

This segment posted a fall in revenue to RMB441.0 million for FY2014 from RMB445.6 million previously. Pre-tax profit dropped to RMB16.3 million.

Trading Segment

Trading revenue increased 34.8% to RMB8,091.1 million in FY2014, thanks to the Group's expanded customer base and contributions from Xinjiang Plant. However, the segment reported a pre-tax loss of RMB97.1 million in FY2014, mainly because of volatile aluminum prices during the year.

BALANCE SHEET AND CASH FLOW HIGHLIGHTS

With Xinjiang Plant as its subsidiary, XinRen saw its total assets swell to RMB30.5 billion as at 31 December 2014 from RMB9.4 billion a year earlier.

During the year, the Group recorded a net cash inflow generated from operating activities of RMB1,431.2 million, which was used primarily for the continued capacity expansion at Xinjiang Plant.

OPERATIONAL REVIEW

Divestment of Yichang Changjiang Aluminum

In its bid to focus on returns, XinRen entered into a sales-and-purchase agreement in February 2014 to divest its entire shareholding in the loss-making Yichang Changjiang Aluminum Co., Ltd, for RMB400 million. The company owns a primary smelting facility with a capacity of 130,000 tonnes per annum (tpa) in Yichang, Hubei Province (Yichang Plant).

Yichang Plant's results have not featured in the Group's financial results since 1 January 2014, which has enhanced XinRen's profitability. Furthermore, XinRen realised a profit of RMB27.9 million from the sale, as the consideration for the plant was pegged at a slight premium over the net book value. This profit was booked into FY2014.

Raising Effective Stake in Xinjiang Plant to 51%

In April 2014, the Group exercised the option to raise its effective stake in Xinjiang Plant to 51% from the initial 21%, receiving strong shareholder support for its decision at an extraordinary general meeting convened in June 2014. The consideration of RMB3.15 billion will be paid over a period from 1 July 2016 to 30 June 2017.

This move has enabled XinRen to consolidate the results of a very lucrative enterprise, whose cash production costs are among the lowest in China's aluminum industry. Located in Xinjiang Uyghur Autonomous Region (Xinjiang Province), the plant has ready access to cheap and abundant coal resources to fuel its own independent power plant. This has lowered electricity costs considerably, thereby reducing overall production costs. The plant's output doubled to about 800,000 tonnes in FY2014 from 400,000 tonnes previously, and its profit contribution to XinRen is expected to rise even further as the Group plans to ramp up its output to around 1.1 million tonnes in FY2015.

Acquiring 55% Stake in Nearby Coal Mine

The Group has also taken steps to bolster its cost-effectiveness at Xinjiang Plant by building up its integrated smelting value chain. To secure coal for future electricity generation at its in-house power plant, Xinjiang Plant acquired 55% of Xinjiang Tianfu Coal Mining Co. Limited, which in turn owns an ultra-large, modern coal mine about 70km away from the mega aluminum smelting facility.

The mine has proven reserves amounting to 250 million tonnes of high-grade coal with a low sulphur content and an ultra-low ash content. The coal also has a high calorific value, with an average heating value of 6,000 kcal or more. The mine's current capacity is 1.2 million tpa. The RMB88.6 million acquisition, undertaken in September 2014, was funded entirely by internal resources.

Building Up a Carbon Anode Plant

In tandem with these efforts, Xinjiang Plant is also in the process of constructing a carbon anode plant. The plant is expected to commence construction of Phase 1 (300,000 tpa) in 2015. To be fully completed in three phases, the facility will provide cost savings of about RMB450 per tonne.

LOOKING AHEAD

With uncertainties clouding the global economic outlook and China, the world's largest aluminum consumer, experiencing slower growth, aluminum prices are expected to remain volatile in FY2015. Nevertheless, the Group will push ahead with plans to enhance cost efficiencies and grow a sustainable earnings stream.

XinRen plans to ramp up production output at Xinjiang Plant to around 1.1 million tonnes by the end of 2015, and achieve self-sufficiency in terms of Xinjiang Plant's carbon anode requirements. Two more power-generating units are expected to become fully operational in 2015, which would give the plant a total of six power-generating units. These steps will allow the mega aluminum smelting facility to enjoy the cost benefits of a fully integrated value chain, including its in-house supply of low-cost electricity. As a result, Xinjiang Plant will be able to further reduce its production costs. The Group will be able to garner greater cost savings from different segments of its operations, maintaining or even strengthening its lead in China's aluminum industry.

XINJIANG PLANT
OUR COST ADVANTAGE

Xinjiang Plant, which is still ramping up its production and capacity, is set to improve its competitive standing because of favourable governmental policies.

PUSHING AHEAD WITH XINJIANG PLANT

XinRen's 51%-owned Xinjiang Production and Construction Corps Agricultural Division Eight Xinjiang Tianshan Aluminum Plant Co., Ltd. (Xinjiang Plant), a large-scale, coal-powered smelter, has boosted the Group's net profit since 2012.

The plant is located in Shihezi city, Xinjiang Uyghur Autonomous Region (Xinjiang Province), where it enjoys a favourable operational environment as the city is the headquarters of Xinjiang Production and Construction Corps, China's military unit for border defense and security in the region. About 95% of Shihezi's population is Han Chinese, further minimising the possibility of ethnic tension in the area.

Today, Xinjiang Plant – one of China's lowest cash cost producers – remains XinRen's main earnings driver, enjoying cost savings at key parts of the aluminum smelting value chain – for coal, electricity, alumina and carbon anodes.

SECURED COAL SUPPLY AT FRACTION OF MARKET PRICE

Coal is the feedstock for an aluminum smelter's electricity needs. Xinjiang Plant naturally has access to cheap coal as Xinjiang Province holds 40% of China's coal resources. More than that, the plant is strategically located in the Junggar basin where high yield coal is found. As a result, Xinjiang Plant's coal prices (including mining and transport costs) come in at only 25% of China's average market price.

Xinjiang Plant also has a secured long-term coal supply for its future electricity needs, through its 55% beneficial stake in a nearby ultra-large, modern coal mine. This mine has estimated 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.

CHEAP ELECTRICITY COST

Electricity makes up about 40% of an aluminum smelter's overall production costs. Xinjiang Plant's electricity cost is only 25% of the industry average, due to our cheaper coal, on-site independent power plant (IPP) and the use of energy-efficient technology.

Unlike most power plants in China, our IPP is exempted from grid charges because it is locked into the Shihezi city local grid. Moreover, our IPP operates for around 2,500 hours longer per year, reducing our amortised electricity cost per unit by 30-45%.

Our usage of technically efficient 460kA pre-baked electrobaths lowers our energy consumption against the national average for aluminum producers. This exempts us from additional charges on less-efficient smelters imposed by the National Development & Reform Commission (NDRC).

Our usage of technically efficient 460kA pre-baked electrobaths enables our IPP to consume energy that is lower than the national standard.

FIXED LOW ALUMINA PRICE RATIO

Alumina, a key raw material derived from bauxite, makes up about 32% of production costs. To minimize price fluctuations and secure our supply, we have secured our long-term alumina supply contracts with Chalco and Minmetals till 31 December 2017.

CARBON ANODE – MEGA PLANT TO BE BUILT UP IN THREE PHASES

Carbon anode, another component of aluminum smelting, makes up about 12% of production costs. We moved to secure this segment of the value chain by building an in-house mega carbon anode plant (900,000 tonnes capacity). When completed, the facility will fully meet Xinjiang Plant's carbon anode requirements and provide cost savings of about RMB450 per tonne.

XINJIANG PLANT – STILL RAMPING UP

Xinjiang Plant, which is still ramping up its production and capacity, is set to improve its competitive standing because of favourable governmental policies. These include restricting new entrants and existing competitors from increasing capacity.

Xinjiang Plant's planned 1.6 million tonnes per annum (tpa) of installed capacity was earlier approved by the NDRC and the Ministry of Industry and Information Technology of the People's Republic of China. This, coupled with cost savings from its integrated value chain, will place Xinjiang Plant amongst China's largest and fully integrated aluminum smelters with one of the lowest cash costs in the industry.

FOCUSING
ON RETURNS...

has seen us take bold steps to overcome challenging times. These efforts have planted XinRen back on the growth path, **pushing** us **ahead** in our plans to create sustainable value for shareholders.

BOARD OF DIRECTORS

MR ZENG CHAOLIN

Executive Chairman & Chief Executive Officer

Mr Zeng Chaolin (曾超林) is our Group's Executive Chairman and Chief Executive Officer, responsible for directing the strategic direction and growth of the Group as well as overseeing all its operations. He has been actively involved in the running of the Group's subsidiary China Leading International Group Limited, which in turn owns 100% of The Xinjiang Production and Construction Corps Agricultural Division Eight Xinjiang Tianshan Aluminum Plant Co., Ltd (新疆生产建设兵团农八师天山铝业有限公司) (Xinjiang Plant), the key to the Group's next stage of growth.

In 2007, Mr Zeng was named the Yichang Economy Individual of the Year for 2006 (2006年宜昌经济年度人物) by the Yichang Development and Reform Committee, the Yichang Economic Committee and the Three Gorges News Society. In 2008, he was also named Outstanding People's Entrepreneur for Enterprise Development and New Rural Development for 2007 (企业发展与新农村建设2007百姓喜爱的优秀企业家) by the Yichang Federation of Industry and Commerce. Mr Zeng graduated with a bachelor's in international trade from Hunan University in 2003.

MR ZENG XIAOQIAO @ ZENG XIAOSHAN

Executive Director

Mr Zeng Xiaoqiao @ Zeng Xiaoshan (曾小桥@曾小山) is an Executive Director on our Board. A veteran of the aluminum business for more than 30 years, he founded our Group in 2002. He served as a representative on the 10th National People's Congress between 2003 and 2008, and has served as a representative on the 11th People's Congress for Hunan Province since 2008.

Mr Zeng has received numerous accolades, including the China Township Entrepreneur Award (中华人民共和国农业部第四届全国乡镇企业家) in 2001 from the Ministry of Agriculture. He was also named one of the 18 Most Influential Persons in the PRC's Non-Ferrous Metal Industry (有色金属行业有影响力人物) by China Non-Ferrous Metal News in 2005. He was among those conferred the Top 10 Economic Contributors in Shaoyang City Award (邵阳十大贡献经济人物奖) in 2009 by the Publicity Committee of Shaoyang City.

MR LIANG HONGBO

Executive Director

Mr Liang Hongbo (梁洪波) is an Executive Director on our Board. He is responsible for the Group's operations and capital management. He began his career in Yichang Changjiang Aluminum (a subsidiary which was disposed of in 1Q2014), as manager of its supply department in 2002, responsible for the purchase and supply of materials for engineering projects. Mr Liang obtained his master's in industrial economics at the Capital University of Economics and Business in Beijing in 2000.

MS ZENG MINGLIU

Executive Director

Ms Zeng Mingliu (曾明柳) is an Executive Director on our Board and has more than 20 years of experience in the aluminum business. She is responsible for the Group's overall administrative and human resource affairs and finances. She is also actively involved in the running of the Group's subsidiary China Leading International Group Limited. She graduated with a diploma in accounting from the Hunan Province Shaoyang City Supply and Marketing School in 1992. She was conferred the Jiangyin City Advanced Worker Award (江阴市先进工作者) in 2009 by the Jiangyin People's Government and the Jiangyin City Communist Party Committee, and the Jiangsu Outstanding Entrepreneur Award (江苏省优秀企业家) in 2010 by the Jiangsu Brand Promotion Committee and the Jiangsu Quality Development Committee.

MR CHEN TIMOTHY TECK LENG @ CHEN TECK LENG

Non-Executive Lead Independent Director & Audit Committee Chairman

Mr Chen Timothy Teck Leng @ Chen Teck Leng (陈德仁) is the Lead Independent Director on our Board and the Chairman of Audit Committee. Mr Chen has three decades of management experience in banking, insurance, international finance and corporate advisory sectors. He has held positions in international finance institutions including Bank of America, Wells Fargo Bank, Bank of Nova Scotia and Sun Life Financial Inc. He was formerly the General Manager, China, for Sun Life Financial Inc, and the President & CEO of Sunlife Everbright Life Insurance Company in China.

Mr Chen currently sits on the boards of several SGX-listed companies. He has been an independent director and audit committee chairman for Yangzijiang Shipbuilding (Holdings) Ltd, Tianjin Zhongxin Pharmaceutical Group Corporation Ltd and TMC Education Corporation Ltd. He is also an independent director for Logistics Holdings Ltd.

Mr Chen earned his Bachelor of Science degree from the University of Tennessee and his Master's of Business Administration from Ohio State University. He received his Certified Corporate Director (ICD.D) designation from the Canadian Institute of Corporate Directors.

SENIOR MANAGEMENT

MR LOH WENG WHYE
Non-Executive Independent Director & Nominating Committee Chairman

Mr Loh Weng Whye (罗永威) is an Independent Director on our Board and the Chairman of Nominating Committee. He is a veteran in the infrastructure development/investment and energy & power industries in Singapore and across the region with over 40 years of experience in senior appointments with the civil service, government-linked companies and the private sector. He was formerly President/CEO of ST Energy Pte Ltd and SembCorp Energy Pte Ltd, and the founding General Manager (Projects) of Tuas Power Ltd. He was appointed Adviser to Green Dot Capital, an investment and holding company under Temasek Holdings, and was Senior Adviser to YTL Power International Bhd.

Mr Loh sits/sat on the boards of Singapore and overseas corporations, including SGX mainboard-listed companies such as BH Global Corporation Ltd, China New Town Development Co Ltd, Leeden Limited, United Envirotech Ltd, XinRen Aluminum Holdings Ltd, Hong Kong company MPC Power Holdings Ltd and Malaysia company Layar Positif Sdn Bhd. He also holds advisory and board appointments in public organisations. He served on the mechanical engineering advisory/consultative panels of the National University of Singapore and Nanyang Technological University for many years, and also sits on the Boards of KWS Charity Hospital and Moral Home for The Aged Sick.

Holding MSc (Ind Engg) and BEng (Mech) degrees, Mr Loh is a Professional Engineer (Er) of Singapore, Member of the Singapore Institute of Directors (MSID), and Fellow of the Institution of Engineers Singapore (FIES).

MR LIU JINGAN
Non-Executive Independent Director & Remuneration Committee Chairman

Mr Liu Jingan (刘静安) is an Independent Director on our Board and the Chairman of Remuneration Committee. He has amassed more than 40 years of experience in the light metal alloys industry since graduating from Central South University in Hunan with an engineering degree in non-ferrous metals and alloys and heat processing in 1964. From October 1994 to October 1999, he was accorded the status of honorary professor by the university.

Mr Liu has won numerous awards for research and development, including China Non-Ferrous Metals Industry Science and Technology Awards in 2005 and 2006. In addition, he received the Beijing Science and Technology Award in 2006, and the PRC Ministry of Education, Sciences and Technology Progress Award in 2009.

He is also active in many industry associations, having been a member of the China Non-Ferrous Metal Alloys Processing Society since 1995, and a technical consultant to the China Non-Ferrous Metals Processing Society since 1993.

MR ZENG CHAOYI
General Manager (Operations)

Mr Zeng Chaoyi (曾超懿) is our General Manager for Operations. Backed by more than 20 years of experience in the aluminum industry, he oversees the daily operations of our manufacturing arm, as well as its business development and strategic planning.

In 2003, Mr Zeng received the title of Shanghai Foreign Trade Advanced Individual (上海市外贸工作先进个人) from the Shanghai Foreign Trade and Economic Cooperation Committee. In 2004, he was conferred the National Venture Star Award (全国创业之星) by the China Rural Labor Resources Development Society, the China Aid Foundation for Poverty Alleviation and the China State Development Research Centre. Mr Zeng holds a bachelor's in history from Xiangtan University.

MS LI YAZHOU
Vice-General Manager (Operations)

Ms Li Yazhou (李亚州) is our Vice-General Manager for Operations. She is responsible for the day-to-day operations of the Group, supported by more than 15 years of experience in the aluminum business. She graduated from Shaoyang College in Hunan as an English major. In 2007, Ms Li was conferred the Guizhou Province Outstanding Female Entrepreneur Award (贵州优秀女企业家) by the Guizhou Province Women's Federation, the Guizhou Federation of Industry and Commerce, the Guizhou Small Medium Enterprises Union and the Guizhou Communist Youth League. In 2008, she received the National Venture Star Award (创业之星) from the China Rural Labor Resources Development Society, the China Aid Foundation for Poverty Alleviation and the China State Development Research Centre.

MS LIM JOO SENG
Chief Financial Officer

Ms Lim Joo Seng (林友欣) is our Chief Financial Officer and was appointed to the Group in 2010. She is responsible for overseeing investor relations, financial and management accounting matters of the Group. Prior to joining XinRen, she spent more than five years as an audit manager with Deloitte Touche Tohmatsu CPA Ltd. in Shanghai. She has more than 15 years of combined experience in audit, finance and accounting. Ms Lim has been a member of CPA Australia and the Malaysian Institute of Accountants since 2003. She holds a bachelor's in commerce from Macquarie University in Australia.

SIGNIFICANT EVENTS

2014

FEBRUARY 2014

Sells entire shareholding in Yichang Plant (primary smelting capacity of 130,000 tpa) in Hubei Province for RMB400 million.

MARCH 2014

Makes full payment of remaining consideration for the earlier acquired 21% stake in China Leading International Group Limited (CLI), which indirectly owns 100% of Xinjiang Plant. The 21% stake in CLI was acquired for RMB1,890 million.

APRIL 2014

Exercises call option to raise the Group's stake in CLI from 21% to 51%. The additional 30% stake was acquired for RMB3,150 million.

Valuation report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited on CLI pegs market value from RMB10,119 million to RMB12,632 million, and appraised value of proposed 30% stake from RMB3,036 million to RMB3,790 million.

Holds FY2013 Annual General Meeting.

JUNE 2014

Holds Extraordinary General Meeting where Group receives shareholder approval to:

- Increase the Group's effective stake in Xinjiang Plant from 21% to 51%.
- Change the auditors from Messrs Ernst & Young LLP to Messrs PricewaterhouseCoopers LLP.

XinRen incorporates a wholly owned subsidiary in the China (Shanghai) Pilot Free Trade Zone (SHFTZ) known as Ruikun Investment (Shanghai) Co., Ltd (瑞坤投资(上海)有限公司) with a registered capital of US$30 million.

Art Billion Corporation Limited (a subsidiary of CLI) incorporates a wholly owned subsidiary in the SHFTZ known as Shengzhao Investment Management (Shanghai) Co., Ltd (盛兆投资管理(上海)有限公司) with a registered capital of US$2 million.

JULY 2014

Completes acquisition of further 30% stake in CLI, raising stake in Xinjiang Plant to 51%.

SEPTEMBER 2014

Xinjiang Plant acquires 55% of Xinjiang Tianfu Coal Mining Co. Limited (Xinjiang Tianfu), an ultra-large coal mine, for RMB88.6 million.

CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of XINREN ALUMINUM HOLDINGS LIMITED ("XinRen" or the "Company") is committed to maintain high standards of corporate governance within and throughout the Company and its subsidiaries (collectively known as the "Group") by following closely the recommendations of the Code of Corporate Governance 2012 (the "2012 CG Code"). The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the Listing Manual.

1. BOARD MATTERS

Principle 1: Board's Conduct of Affairs

The Board is entrusted with the responsibility for the overall management of the Group with primary function to protect interest of shareholders and to enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board is also responsible for the following key matters:

a) approving broad policies, strategies and objectives of the Group and monitor the achievement of these objectives;

b) review management performance;

c) conduct periodic reviews of the Group's internal control, risk management, financial performance, compliance practices, information technology controls and resources allocation;

d) approving annual budgets, major funding proposals, investment and divestment proposals; and

e) provide oversight in the proper conduct of the Group's business and assume responsibility for corporate governance.

The Board conducts meetings on a quarterly basis to coincide with the announcement of the Group's quarterly and full year financial results and as and when it deems necessary. The Articles of Association of the Company allows Directors to convene meetings by tele-conferencing or video conferencing.

The Board is also being informed about the operation of the Group through regular updates by management in periods other than the quarterly meetings.

The following are matters which require the Board's approval:

a) material acquisitions and disposal of assets;

b) corporate or financial restructuring;

c) share issuance, dividends and other returns to shareholders;

d) matters as specified under the Company's Interested Person Transaction Policy; and

e) any major investment or expenditure.

To assist in the execution of its responsibilities, the Board has formed three committees, namely the Audit Committee, the Remuneration Committee and the Nominating Committee. In addition, in order to strengthen the independence of the Board, the Company has appointed a Lead Independent Director, Mr Chen Timothy Teck Leng @ Chen Teck Leng.

The Board may, as it deems necessary, form a committee and appoint members with requisite knowledge and experience to review and monitor performance of specific investments of the Group.

CORPORATE GOVERNANCE REPORT

Directors with no previous Board experience have to undergo orientation and training programme to develop the requisite individual skills. They are given training appropriate to the level of their previous experience and are provided with extensive background information about the Group's history and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. Directors also have the opportunity to visit the Group's operational facilities and meet with management to gain a better understanding of the Group's business operations.

Principle 2: Board's Composition and Guidance

The Board as at 31 December 2014 comprises seven Directors of whom four are Executive Directors and three are Non-Executive Independent Directors.

The Board has the appropriate mix of core competencies and diversity of experience, grasp of corporate strategy and potential to contribute to the Company's businesses. The profile of the Directors is set out on pages 18 and 19 of this Annual Report.

There is therefore a good balance between the Executive and Non-Executive Directors and a strong and independent element on the Board. The requirement of the 2012 CG Code that at least one-third of the Board consists of independent directors is satisfied. The Board noted the requirement for independent directors to make up at least half of the Board where the Chairman of the Board and the Chief Executive Officer is the same person by financial year commencing 1 January 2017.

The Board considers the present board size and number of committees facilitate effective decision-making and are appropriate given the nature and scope of the business of the Group's operations.

The independence of each Director is also reviewed by the Nominating Committee ("NC"). The NC adopts the 2012 CG Code's definition of what constitutes an independent director in its review. As a result of the NC's review of the independence of each Director, the NC is of the view that the Non-Executive Independent Directors of the Company are independent, and further, that no individual or small group of individuals dominate the Board's decision making process.

Principle 3: Chairman and Chief Executive Officer

Mr Zeng Chaolin is the Executive Chairman and Chief Executive Officer ("CEO") of the Company.

The Company has not adopted the recommendation of the 2012 CG Code to have different individuals appointed as the Chairman and the CEO. The Board is of the view that it is in the best interest of the Group to adopt a single leadership structure so as to ensure that the decision-making process of the Group would not be unnecessarily hindered as well as to ensure that the Group is able to grasp business opportunities efficiently and promptly.

The Board has also appointed Mr Chen Timothy Teck Leng @ Chen Teck Leng as Lead Independent Director since the listing of the Company. The Company complied with Guideline 3.3(a) of the 2012 CG Code.

Mr Zeng Chaolin manages the day-to-day operations of the Group, and undertakes responsibility in managing the business of the Board and the Board committees and exercising control over the quality, quantity, accuracy and timeliness of information flow between the Board and Management of the Company as well as between the Company and its shareholders. He encourages constructive relations between the Board and Management and between the Executive Directors and the Independent Directors.

He also takes a leading role in ensuring the Company's compliance with corporate governance guidelines and monitors and translates the Board's decisions and plans/wishes into executive actions.

CORPORATE GOVERNANCE REPORT

2. NOMINATION MATTERS

Principle 4: Board Membership

NC makes recommendation to the Board on all board appointments. The NC comprises three members, all of whom, including the Chairman are independent. The members of the NC are as follows:-

Mr Loh Weng Whye	(Chairman)	(Independent Director)
Mr Chen Timothy Teck Leng	(Member)	(Lead Independent Director)
Mr Liu Jingan	(Member)	(Independent Director)

The nature of the Director's appointment on the Board and details of their membership on the Board committees as at 31 December 2014 are set out as below:

Board of Directors	Board Membership	Audit	Remuneration	Nominating
Zeng Chaolin	Executive Chairman and Chief Executive Director	–	–	–
Zeng Xiaoqiao	Executive	–	–	–
Zeng Mingliu	Executive	–	–	–
Liang Hongbo	Executive	–	–	–
Chen Timothy Teck Leng @ Chen Teck Leng	Lead Independent Director	Chairman	Member	Member
Loh Weng Whye	Independent Director	Member	Member	Chairman
Liu Jingan	Independent Director	Member	Chairman	Member

The NC has adopted terms of reference that describes its duties and responsibilities.

The principal functions of the NC include, but are not limited to, the following:

a) to make recommendations to the Board on all board appointments, including re-nominations, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Director. All Directors shall be required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;

b) to recommend to the Board the review of board succession plans for the Company's Directors, in particular, for the Chairman and CEO;

c) to determine annually whether or not a Director is independent;

d) in respect of a Director who has multiple board representations on various companies, to decide whether or not such a Director is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving in multiple boards; and

e) to decide how the performance of the Board, the Committees and Directors may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value.

To address the competing time commitments that are faced by the Directors who serve on multiple boards of publicly listed companies, the Board has determined that the maximum number of listed company board representations each Director is allowed to hold is as follows:-

a) directorships without other executive roles - eight
b) directorships with other executive roles - four

CORPORATE GOVERNANCE REPORT

The NC also leads the process for the search, identification, evaluation and selection of suitable candidates for new directorship. In its search and selection process, the NC considers factors such as the ability of the prospective candidate to contribute to discussions, deliberations and activities of the Board. The NC also reviews the composition of the Board including the mix of expertise, skills and attributes of existing Directors, so as to identify needed and/or desired competencies to supplement the Board's existing attributes.

New Directors are appointed only after the NC has reviewed and nominated them by taking into consideration the qualification and experience of each candidate, his/her ability to enhance the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives.

New Directors who are appointed by the Board will submit themselves for re-election at the annual general meeting following their appointment. In accordance with the provisions of the Company's Articles of Association, at least one-third of the Directors are required to retire from office at every annual general meeting. Every Director must retire from office at least once in every three years. A retiring Director is eligible and may be nominated for re-election.

Each member of the NC has abstained from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director of the Company. In the event any member of the NC has an interest in a matter being deliberated upon by the NC, he will abstain from participating in the review and approval process relating to that matter. Mr Liu Jingan has abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his own performance or re-election as a Director.

The date of initial appointment and last re-election of each Director, together with his directorships in other listed companies, are set out below:-

Director	Position	Date of Initial Appointment	Date of Last Re-election / Re-appointment	Directorships in other listed companies	
				Current	Past three years
Zeng Chaolin	Executive Chairman and CEO	26/04/2010	23/04/2012	–	–
Zeng Xiaoqiao	Executive Director	26/04/2010	23/04/2013	–	–
Zeng Mingliu	Executive Director	26/04/2010	28/04/2014	–	–
Liang Hongbo	Executive Director	26/04/2010	28/04/2014	–	–
Chen Timothy Teck Leng	Lead Independent Director	18/10/2010	23/04/2013	1. Yangzijiang Shipbuilding (Holdings) Ltd. 2. TMC Education Corporation Ltd. 3. Logistics Holdings Ltd. 4. Tianjin Zhongxin Pharmaceutical Group Corporation Ltd.	1. HuAn Cable* Holdings Ltd.
Loh Weng Whye	Independent Director	18/10/2010	23/04/2013	1. BH Global Corporation Ltd.	1. Leeden Limited 2. China New Town Development Co Ltd.
Liu Jingan	Independent Director	18/10/2010	28/04/2014	–	–

* Mr Chen Timothy Teck Leng resigned as a Director of Hu An Cable Holdings Ltd. with effect from 31 March 2015.

Key information regarding the Directors is presented in this annual report under the heading "Board of Directors".

CORPORATE GOVERNANCE REPORT

Principle 5: Board Performance

The NC has established and implemented processes for monitoring and evaluating the performance of the Board as a whole, the Board Committees and effectiveness and contribution of individual directors. At the same time, the processes also identify weaker areas where improvements can be made. The Board, the Board Committees and individual directors can direct more effort in those areas for achieving better performance of the Board, and the Board Committees and better effectiveness of individual directors.

The attendances of each Board member at meetings of the Board and other committees in respect of the financial year ended 31 December 2014 are as follows:

	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee	
Name	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Current Directors								
Zeng Chaolin	5	4	-	-	-	-	-	-
Zeng Xiaoqiao	5	4	-	-	-	-	-	-
Zeng Mingliu	5	5	-	-	-	-	-	-
Liang Hongbo	5	5	-	-	-	-	-	-
Chen Timothy Teck Leng @ Chen Teck Leng	5	5	4	4	1	1	1	1
Loh Weng Whye	5	5	4	4	1	1	1	1
Liu Jingan	5	4	4	4	1	1	1	1

Principle 6: Access to Information

To enable the Board to fulfill its responsibility, Management strives to provide Board members with complete, adequate and timely information for Board and committee meetings on an on-going basis. The Directors have separate and independent access to the Group's senior management at all times.

The Directors are always provided with relevant information on a timely manner prior to each Board meeting and committee meeting. This is to give the Directors sufficient time to review and consider the matters being tabled and/or discussed. The Senior Management will be also invited to attend Board Meetings to provide additional insights into matters being discussed, and to respond to any queries that the Directors may have.

In respect of the annual budgets, any material variances between the projections and actual results are disclosed and explained to the Board by the Management during the Board Meetings.

All Board members have separate and independent access to the advice and services of the Company Secretary. The Company Secretary attends all Board Meetings and Meetings of the Board Committees and ensures that board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Board members are aware that they, whether as a group or individually, in the furtherance of their duties, can take independent professional advice, if necessary, at the Company's expense.

CORPORATE GOVERNANCE REPORT

3. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Board has a Remuneration Committee ("RC") comprising three members, all of whom, including the Chairman are independent. No director is involved in deciding his own remuneration.

Mr Liu Jingan	(Chairman)	(Independent Director)
Mr Chen Timothy Teck Leng @ Chen Teck Leng	(Member)	(Lead Independent Director)
Mr Loh Weng Whye	(Member)	(Independent Director)

The RC has adopted terms of reference that describes its duties and responsibilities.

The principal functions of the RC are, inter alia, to:

a) review and recommend to the Board a framework of remuneration for the Directors and key management personnel;

b) determine the specific remuneration packages for each Executive Director and the CEO;

c) in the case of service contracts, to consider what compensation commitments the Directors' or key management personnel's contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and

d) recommend the fees of the Directors.

In its review, the RC's objective is to establish and maintain a level of remuneration that would be appropriate to attract, retain and motivate the Directors and key management personnel to run the Group successfully. The RC also ensures that the remuneration policies and systems of the Group support the Group's objectives and strategies.

Principle 8: Level and Mix of Remuneration

The RC reviews and recommends to the Board a framework of remuneration for the directors and key management personnel, and determines specific remuneration packages for each executive director. The recommendations of the RC on remuneration of directors would be submitted for endorsement by the entire Board.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the RC. Each member of the RC shall abstain from voting on any resolution in respect of his remuneration package.

In setting the remuneration packages of the Executive Directors and key management personnel, the Company takes into consideration the remuneration and employment conditions and makes a comparative study of the packages of executive directors and key management personnel in comparable companies/industries as well as the Group's relative performance.

Non-Executive Directors are paid a basic fee and an additional fee for serving on any of the committees. The Chairman of each of these committees is compensated for his additional responsibilities. Such fees are payable monthly in arrears and approved by the shareholders of the Company at the Annual General Meeting of the Company.

CORPORATE GOVERNANCE REPORT

Principle 9: Disclosure on Remuneration

The breakdowns showing the level and mix of remuneration paid to each director for the financial year ended 31 December 2014 is as follows:-

Name	Salary RMB'000	Bonus RMB'000	Other Benefits RMB'000	Directors' Fees RMB'000	Total RMB'000
CURRENT DIRECTORS					
Zeng Chaolin	1,685	280	–	–	1,965
Zeng Xiaoqiao	1,445	240	–	–	1,685
Zeng Mingliu	1,453	240	–	–	1,693
Liang Hongbo	1,445	240	–	–	1,685
Chen Timothy Teck Leng @ Chen Teck Leng	–	–	–	470	470
Loh Weng Whye	–	–	–	329	329
Liu Jingan	–	–	–	60	60

The remuneration paid to each of the top key management personnel who are not Directors of the Company. A breakdown of the level and mix of remuneration of these top three key management personnel is as follows:

Name	Fees %	Salary %	Bonus %	Other Benefits %	Total %
More than S$250,000 and less than S$350,000					
Zeng Chaoyi	–	86	14	–	100
Li Yazhou	–	86	14	–	100
Less than S$250,000					
Lim Joo Seng	–	100	–	–	100

Note: Mr Zeng Chaoyi, Ms Li Yazhou and Ms Lim Joo Seng are the only top three key management personnel for the financial year ended 31 December 2014.

Shareholders' approval will be sought at the forthcoming AGM of the Company on 29 April 2015, for the payment of Directors' fees proposed for FY2015 amounting to an aggregate of S$182,000.

The total remuneration paid to the key management personnel (who are not Directors or the CEO) was S$811,000 for FY2014.

There are no termination, retirement and post-employment benefits granted to Directors, the CEO or the top three key management personnel.

At present, the Company does not have any share option scheme.

CORPORATE GOVERNANCE REPORT

The employees who are immediate family members of a director or the CEO of the Company or any of its principal subsidiaries, whose remuneration exceeds S$50,000 per annum for the financial year ended 31 December 2014 are as follows:

Name	Family relationship with director	Fees %	Salary %	Bonus %	Other Benefits %	Total %
Less than S$100,000						
Zeng Hong	Spouse of Company's Executive Director, Mr Liang Hongbo, sister of Executive Chairman and Chief Executive Officer, Mr Zeng Chaolin	–	100	–	–	100
Liu Shu	Spouse of Company's Executive Chairman and Chief Executive Officer, Mr Zeng Chaolin	–	100	–	–	100

4. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

In presenting the full year financial statements and quarterly financial result announcements to shareholders, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Group's performance, position and prospects.

Management currently provides the Board with a continual flow of relevant information on a timely basis in order that it may effectively discharge its duties. The Board members are also provided with up-to-date financial reports, summary and analysis on the Group's performance for monitoring and decision making.

Principle 11: Risk Management and Internal Controls

The Board recognises that no internal control system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The controls are to provide reasonable, but not absolute, assurance to safeguard shareholders' investments and the Group's assets.

The AC has engaged internal auditor to review the adequacy of the Group's system of internal controls, ensure internal control weaknesses are rectified and if necessary, update the SGX-ST on any findings and any follow-up actions taken by the AC.

The AC will ensure that a review of the effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls and risk management systems, is conducted annually. In this respect, the AC will review the internal audit plans, and the findings of the internal auditor and will ensure that the Group follows up on the internal auditor's recommendations raised, if any, during the audit processes.

The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system could provide only reasonable and not absolute assurance against material misstatement of loss (including the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business/enterprise risks).

The Board had received assurance from the CEO and Chief Financial Officer that the financial records as at 31 December 2014 have been properly maintained and the financial statements for the financial year ended 31 December 2014 give a true and fair view of the Company's operations and finances and regarding the effectiveness of the Company's risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

As at the date hereof, after taking into account the above factors as well as the assistance/services rendered to the Company by both its internal and external auditors, the Board is of the view that the present internal controls of the Group are satisfactory for the nature and the size of the Group's operations and business. The AC similarly concurs with the views of the Board on the adequacy of the present internal controls of the Group to address its financial, operational, compliance and information technology controls, and risk management systems areas.

Principle 12: Audit Committee

The Board has an Audit Committee ("AC") comprising three members, all of whom, including the Chairman are independent. The Independent Directors do not have any existing business or professional relationship of a material nature with the Group, other Directors or substantial shareholders.

Mr Chen Timothy Teck Leng @ Chen Teck Leng	(Chairman)	(Lead Independent Director)
Mr Loh Weng Whye	(Member)	(Independent Director)
Mr Liu Jingan	(Member)	(Independent Director)

The AC assists the Board in discharging its responsibilities to safeguard the assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that Management creates and maintains an effective control environment in the Group.

The AC provides a channel of communication between the Board, Management and the external auditor on matters relating to audit.

The AC has adopted terms of reference that clearly set out its authority and duties.

The AC meets periodically to perform the functions including but not limited to:

a) review the audit plans of the external auditor and internal auditor, including the results of the external and internal auditors' audit and evaluation of the Group's system of internal controls;

b) review the annual consolidated financial statements and the external auditor's report on those financial statements and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards and the Companies Act, concerns and issues arising from their audits including any matter which the auditor may wish to discuss in the absence of management, where necessary, before submission to the Board for approval;

c) review the periodic consolidated financial statements comprising the statement of comprehensive income and the balance sheet and such other information required by the Listing Manual, before submission to the Board for approval;

d) review and discuss with the external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and Management's response;

e) review the co-operation given by Management to the external and internal auditors;

f) recommend the appointment, re-appointment and removal of the external auditor to the Board;

g) review and ratify any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

h) review any potential conflict of interests;

i) review annually the adequacy of internal financial, operational compliance, and information technology controls, and risk management policies and systems established by management;

CORPORATE GOVERNANCE REPORT

j) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

k) undertake such other functions and duties as may be required by the statute or the Listing Manual, and by such amendments made thereto from time to time.

The AC carried out the following activities during the year ended 31 December 2014 in the discharge of its functions and duties including the deliberation and review of:

- the unaudited quarterly financial results of the Group and announcements prior submission to the Board for approval and release the results to SGX.
- the internal and external audit plans in terms of their scope of audit prior to their commencement of their annual audit.
- the external auditor's report in relation to audit and accounting and auditing matters arising from the audit of the Group (including meeting with the external auditor without presence of the executive board members and management).
- the adequacy and effectiveness of the Group's internal audit function.
- the audited consolidated financial statements of the Group prior to submission to the Board of Directors for consideration and approval.
- the external audit and internal audit fees for the financial year ended 31 December 2014 and recommended to the Board for approval.
- the independence and re-appointment of the external auditor and recommended to the Board for approval.
- the interested person transactions falling within scope of Chapter 9 and 10 of Listing Rules and any potential conflicts of interests.
- the Whistle-Blowing Policy of the Group and procedures by which employees of the Group could report the possible improprieties to the AC Chairman.

The AC has reviewed the independence of the external auditor including the volume of non-audit services supplied by them and is satisfied with their position as an independent external auditor and recommends to the Board, the nomination of the external auditor for re-appointment at the Annual General Meeting of the Company. There is no disagreement between the Board and the AC regarding the selection, appointment, resignation or dismissal of external auditor (if any).

In appointing the auditing firm for the Company and its subsidiaries, we have complied with Listing Rules 712 and 715.

The aggregate amount of fees paid and payable by the Group to the external auditor for the financial year ended 31 December 2014 is S$450,000, of which audit fees amounted to approximately S$450,000 and non-audit fees amounted to approximately S$ Nil.

The AC has full access to, and cooperation from Management including the external auditor, and has full discretion to invite executive director and any officer to attend its meetings. The AC also has power to investigate any matter brought to its attention, within its terms of reference, with the power to retain professional advice at the Company's expense.

The AC meets with the external and internal auditors, without the presence of Management at least once a year.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have impact on financial statements, with training conducted by professionals or external consultants. No former partner or director of the Company's existing auditing firm is a member of the AC.

Whistle-Blowing Policy

The Group has put in place a Whistleblowing Policy whereby the staff can access the Whistleblowing Co-ordinator, as well as the internal auditor (IA) and AC, who act jointly and severally as Whistleblowing Protection Officers, to raise concerns about improprieties or suspected fraud within the Group.

CORPORATE GOVERNANCE REPORT

Principle 13: Internal Audit

In accordance with the AC's recommendation, the Company has appointed Deloitte Touche Tohmatsu as an IA to undertake the following duties:

a) assess if adequate system of internal controls are in place to protect the fund and assets of the Group and to ensure control procedures are complied with;

b) assess if operational risk of the business processes under review are conducted efficiently and effectively; and

c) identify and recommend improvement to internal control procedures, where required.

The IA reports directly to the AC Chairman on internal audit matters and to Management on administrative matters.

To ensure the adequacy of the internal audit function, the AC reviews and approves the internal audit plan on an annual basis.

The AC is responsible to approve the hiring, removal, evaluation and compensation of the auditing firm. The IA has full access to all the Group's documents, records, properties and personnel, including access to the AC.

The IA carried out its functions in accordance with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

5. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

The Company engages in regular, effective and fair communication with shareholders. On a regular and timely basis, the Company disseminates material information via SGXNET and its official website.

The Directors ensure that the shareholders have the opportunity to participate effectively in and vote at general meetings and shareholders will be well informed of the meeting and voting procedures.

Principle 15: Communication with Shareholders

The Group strives for timeliness and transparency in its disclosures to the shareholders and the public. In addition to the regular dissemination of information on major developments through SGXNET, the Company also responds to enquiries from investors, analysts, fund managers and the press. However, the Company does not practise selective disclosure as all price-sensitive information is always released through SGXNET. Oaktree Advisers Pte Ltd. is the dedicated investor relations team.

The Company currently does not have a fixed dividend policy. Nonetheless, the Management after reviewing the performance of the Company in the relevant financial period will make appropriate recommendation to the Board. Any dividend declaration will be communicated to shareholders via announcement through SGXNET.

Principle 16: Conduct of Shareholder Meetings

The Company is in full support of shareholders participation at general meetings. Shareholders are given the opportunity to enquire from Directors and Management on any matters concerning the Company and the Group during general meetings.

In addition to Board committees, the external auditor is also invited to attend Annual General Meeting to assist the Directors to address shareholders' queries about the conduct of audit and the preparation and contents of the auditor's report.

CORPORATE GOVERNANCE REPORT

There are separate resolutions at general meetings on each substantially separate issue, shareholders are invited to put forth any questions they may have on the motions to be debated and decided upon. Every shareholder of the Company is entitled to attend and vote at the general meetings of the Company and is allowed to appoint not more than two proxies to vote on his/her behalf at the general meetings during his/her absence.

The proceeding of the general meetings will be properly recorded, including all comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and to make these minutes available to shareholders upon their request.

The Board is of the view that voting by poll is time-consuming and would increase the cost of holding general meetings. However, the Board will continue to study the feasibility of conducting poll voting in general meetings on a case to case basis. Unless the context otherwise requires or a poll is demanded in accordance with the provision of the Articles, the Company shall continue to conduct its votes on a show of hands, for the time being.

6. INTERESTED PERSON TRANSACTIONS ("IPT")

The AC is satisfied that the review procedures for IPTs and the reviews to be made periodically by the AC in relation thereto are adequate to ensure that the IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The Company's disclosure according to Rule 907 of the Listing Manual in respect of IPT is not required for the financial year ended 31 December 2014.

7. DEALINGS IN SECURITIES

In line with Chapter 12, Rule 1207(19) of the Listing Manual, the Company has in place a policy on dealings in securities. The Directors and employees are prohibited from securities dealings whilst they are in possession of price-sensitive information. The Company issues regular circulars to its Directors, principal officers and relevant officers who have access to unpublished material price-sensitive information to remind them of the prohibition and to remind them of the requirement to report their dealing in shares of the Company.

The Directors and employees are also prohibited from dealing in the securities of the Company during the period commencing two weeks prior to the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's financial statements for the full financial year.

Directors and employees of the Group are observed not to deal in the Company's shares on short term consideration and when he or she is in possession of unpublished price-sensitive information relating to the Group. They are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

8. MATERIAL CONTRACT

There are no other material contracts entered by the Group or its subsidiaries involving the interest of the Chief Executive Officer, any Director or controlling shareholder of the Company subsisting in the financial year ended 31 December 2014.

CORPORATE GOVERNANCE REPORT

9. RISK MANAGEMENT

Management will regularly review the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. The Management reviews all significant control policies and procedures and highlight all significant matters to the Directors and the AC. Please refer to Principle 11 on Risk Management Internal Controls.

10. USE OF PROCEEDS RECEIVED BY THE COMPANY DURING ITS INITIAL PUBLIC OFFERING EXERCISE ("IPO")

As at 31 December 2014, approximately S$91.1 million have been used for the purposes as stated in the Prospectus dated 19 October 2010. The details of the deployment are as follows:

	Intended use of proceeds from IPO S$'000	Cumulative amount deployed up to 31 Dec 2014 S$'000	Amount to be deployed as at 31 Dec 2014 S$'000
Increasing the capacity of Jiangyin fabrication plant	52,900	47,900	5,000
Strategic investments, acquisitions and general corporate purpose	14,400	14,400	-
Working capital	28,800	28,800	-
Total, net of IPO expenses	96,100	91,100	5,000

DIRECTOR'S REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of XinRen Aluminum Holdings Limited (the "Company") and its subsidiary companies (collectively the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014.

DIRECTORS

The directors of the Company in office at the date of this report are:

Zeng Chaolin
Zeng Mingliu
Zeng Xiaoqiao @ Zeng Xiaoshan
Liang Hongbo
Loh Weng Whye
Chen Timothy Teck Leng @ Chen Teck Leng
Liu Jingan

Zeng Xiaoqiao @ Zeng Xiaoshan and Zeng Chaolin will retire under Article 94 of Company's Articles of Association, and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Liu Jingan will retire under Section 153(6) of the Companies Act (Chapter 50) and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of directors	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
The Company				
Ordinary shares				
Zeng Chaolin	–	–	980,097,032	984,097,032
Zeng Mingliu	–	–	980,097,032	984,097,032
Zeng Xiaoqiao @ Zeng Xiaoshan	–	–	980,097,032	984,097,032
Liang Hongbo	–	–	980,097,032	984,097,032

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2015.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

DIRECTOR'S REPORT

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

AUDIT COMMITTEE

The audit committee ("AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

a) review the audit plans of the external auditor and internal auditor, including the results of the external and internal auditor's audit and evaluation of the Group's system of internal controls;

b) review the annual consolidated financial statements and the external auditor's report on those financial statements and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards and the Companies Act, concerns and issues arising from their audits including any matter which the auditor may wish to discuss in the absence of management, where necessary, before submission to the Board for approval;

c) review the periodic consolidated financial statements comprising the statement of comprehensive income and the balance sheet and such other information required by the Listing Manual, before submission to the Board for approval;

d) review and discuss with the external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and Management's response;

e) review the co-operation given by Management to the external and internal auditors;

f) recommend the appointment, re-appointment and removal of the external auditor to the Board;

g) review and ratify any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

h) review any potential conflict of interests;

i) review annually the adequacy of internal financial, operational compliance, and information technology controls, and risk management policies and systems established by management;

j) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

k) undertake such other functions and duties as may be required by the statute or the Listing Manual, and by such amendments made thereto from time to time.

DIRECTOR'S REPORT

AUDIT COMMITTEE (CONT'D)

The AC, having reviewed all non-audit services provided by the external auditor to the Group (if any), and is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

The Board of directors and the AC have reviewed the adequacy of the Group's internal controls that address the Group's financial, operational and compliance risks. Based on the review conducted, the Board of directors and the AC are of the opinion that, in the absence of any evidence to the contrary, the system of internal controls in place are adequate in meeting the current scope of the Group's business operations.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

AUDITOR

PricewaterhouseCoopers LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of directors:

________________________	________________________
Zeng Chaolin	Liang Hongbo
Director	Director

Singapore, 9 April 2015

DIRECTOR'S REPORT

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 40 to 108, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of directors:

______________________	______________________
Zeng Chaolin	Liang Hongbo
Director	Director

Singapore, 9 April 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF XINREN ALUMINUM HOLDINGS LTD

Report on the Financial Statements

We have audited the accompanying financial statements of XinRen Aluminum Holdings Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 40 to 108, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 9 April 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000 (restated)
Revenue	4	14,797,614	8,390,528
Cost of sales	5(a)	(13,959,761)	(8,309,540)
Gross profit		837,853	80,988
Other income	5(b)	345,607	109,789
Selling and distribution expenses	5(a)	(179,654)	(44,282)
Administrative expenses	5(a)	(161,744)	(95,107)
Other expenses/losses	5(c)	(26,296)	(39,563)
Operating profit		815,766	11,825
Finance income	5(d)	103,882	33,414
Finance costs	5(d)	(176,319)	(150,981)
Finance costs - net		(72,437)	(117,567)
Share of result of a jointly controlled entity	9	73,183	93,591
Profit/(loss) before income tax		816,512	(12,151)
Income tax (expense)/credit	6	(209,317)	72,288
Profit for the year		607,195	60,137
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		20,600	24,904
Net fair value loss on available-for-sale financial assets		–	(245)
Other comprehensive income, net of tax		20,600	24,659
Total comprehensive income for the year		627,795	84,796
Profit attributable to:			
Equity holders of the Company		284,014	60,137
Non-controlling interests		323,181	–
		607,195	60,137
Total comprehensive income attributable to:			
Equity holders of the Company		304,614	84,796
Non-controlling interests		323,181	–
		627,795	84,796
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB cents per share)			
Basic earnings per share	7	21.78	4.60
Diluted earnings per share	7	21.78	4.60

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEETS

As at 31 December 2014

	Note	31 December 2014 RMB'000	31 December 2013 RMB'000 (restated)	1 January 2013 RMB'000 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	8	16,202,903	2,288,096	2,327,497
Investment in a jointly controlled entity	9	-	1,975,362	1,902,658
Land use rights	11	812,164	71,339	54,379
Intangible assets	12	4,704,366	–	–
Deferred income tax assets	27	98,974	84,961	4,062
		21,818,407	4,419,758	4,288,596
Current assets				
Inventories	13	1,504,792	453,840	831,797
Prepayments	14	2,745,342	579,098	677,582
Amount due from a jointly controlled entity		-	50,318	477,327
Amounts due from directors	15	24,609	23,154	16,038
Amounts due from related parties	16	172,902	–	–
Income tax receivable		10,194	13,118	14,360
Trade and other receivables	17	1,954,412	934,950	752,956
Available-for-sale financial assets		-	2,710	3,037
Restricted cash	18	1,933,562	1,239,449	942,839
Cash and cash equivalents	18	313,913	1,682,282	189,561
		8,659,726	4,978,919	3,905,497
Total assets		30,478,133	9,398,677	8,194,093

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEETS

As at 31 December 2014

(cont'd)

	Note	31 December 2014 RMB'000	31 December 2013 RMB'000	1 January 2013 RMB'000
			(restated)	(restated)
LIABILITIES				
Current liabilities				
Borrowings	19	4,475,096	1,493,193	1,177,363
Finance lease liabilities	20	265,129	–	–
Amounts due to related parties		–	4,635	19,871
Payable arising from acquisition of a jointly controlled entity	22	–	572,084	1,130,105
Payable arising from acquisition of subsidiaries	23	52,734	–	–
Notes payables	21	4,132,159	1,452,010	2,139,959
Trade and other payables	24	4,490,953	403,295	533,881
Advances from customers	25	1,335,431	1,079,234	1,036,078
Income tax payable		99,488	2,764	665
		14,850,990	5,007,215	6,037,922
Non-current liabilities				
Deferred income tax liabilities	27	987,573	132,709	139,297
Advances from customers	25	4,485,435	2,137,113	–
Borrowings	19	376,876	49,970	30,000
Finance lease liabilities	20	801,495	–	–
Payable arising from acquisition of subsidiaries	23	3,030,216	–	–
Deferred income	26	356,701	–	–
		10,038,296	2,319,792	169,297
Total liabilities		24,889,286	7,327,007	6,207,219
Net assets		5,588,847	2,071,670	1,986,874
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	28	995,377	995,377	995,377
Treasury shares	28	(12,483)	(6,927)	(6,927)
Other reserves	29	152,945	251,648	202,135
Retained profits	30	1,236,395	831,572	796,289
		2,372,234	2,071,670	1,986,874
Non-controlling interests		3,216,613	–	–
Total equity		5,588,847	2,071,670	1,986,874

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET COMPANY

As at 31 December 2014

	Note	31 December 2014 RMB'000	31 December 2013 RMB'000 (restated)	1 January 2013 RMB'000 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	8	217	1,155	3,692
Investment in a jointly controlled entity	9	–	1,890,000	1,890,000
Investments in subsidiaries	10	5,691,127	547,641	458,258
Deferred income tax assets	27	252	–	–
		5,691,596	2,438,796	2,351,950
Current assets				
Amount due from a jointly controlled entity		–	225,188	–
Amounts due from subsidiaries	16	752,035	–	23,564
Income tax receivable		–	103	1,047
Trade and other receivables	17	442,421	596,359	231,194
Cash and cash equivalents	18	40,604	1,438,095	8,419
		1,235,060	2,259,745	264,224
Total assets		6,926,656	4,698,541	2,616,174
LIABILITIES				
Current liabilities				
Borrowings	19	1,029,606	565,183	–
Amounts due to subsidiaries	16	–	596,159	470,156
Payable arising from acquisition of a jointly controlled entity	22	–	572,084	1,130,105
Trade and other payables	24	4,280	3,726	6,128
Income tax payables		1,163	2,616	–
		1,035,049	1,739,768	1,606,389
Non-current liabilities				
Advances from customers	25	1,677,785	1,803,793	–
Payable arising from acquisition of a subsidiary	23	3,030,216	–	–
		4,708,001	1,803,793	–
Total liabilities		5,743,050	3,543,561	1,606,389
Net assets		1,183,606	1,154,980	1,009,785
EQUITY				
Share capital	28	995,377	995,377	995,377
Treasury shares	28	(12,483)	(6,927)	(6,927)
Other reserves	29	1,094	(14,014)	(35,320)
Retained profits		199,618	180,544	56,655
Total equity		1,183,606	1,154,980	1,009,785

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Note	Capital and reserves attributable to equity holders of the Company					Non-controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000		
Balance at 1 January 2013, as previously reported		995,377	(6,927)	202,153	800,441	1,991,044	–	1,991,044
Restatement (Note 40)		–	–	(18)	(4,152)	(4,170)	–	(4,170)
As at 1 January 2013 (restated)		995,377	(6,927)	202,135	796,289	1,986,874	–	1,986,874
Profit for the year (restated)		–	–	–	60,137	60,137	–	60,137
Other comprehensive income for the year (restated)		–	–	24,659	–	24,659	–	24,659
Total comprehensive income for the year		–	–	24,659	60,137	84,796	–	84,796
Appropriation to statutory reserve	29	–	–	5,495	(5,495)	–	–	–
Appropriation to special reserve	29	–	–	19,359	(19,359)	–	–	–
Total appropriation		–	–	24,854	(24,854)	–	–	–
As at 31 December 2013 (restated)		995,377	(6,927)	251,648	831,572	2,071,670	–	2,071,670
As at 1 January 2014 (restated)		995,377	(6,927)	251,648	831,572	2,071,670	–	2,071,670
Profit for the year		–	–	–	284,014	284,014	323,181	607,195
Other comprehensive income for the year		–	–	20,600	–	20,600	–	20,600
Total comprehensive income for the year		–	–	20,600	284,014	304,614	323,181	627,795
Purchase of treasury shares	28	–	(5,556)	–	–	(5,556)	–	(5,556)
Realisation of reserve upon disposal of a subsidiary		–	–	(148,690)	148,690	–	–	–
Non-controlling interests' capital contribution to the Group		–	–	–	–	–	80,000	80,000
Acquisition of subsidiaries	38	–	–	–	–	–	2,814,938	2,814,938
Total transactions with owners, recognised directly in equity		–	(5,556)	(148,690)	148,690	(5,556)	2,894,938	2,889,382
Appropriation to statutory reserve	29	–	–	16,924	(16,924)	–	–	–
Appropriation to special reserve	29	–	–	12,463	(10,957)	1,506	(1,506)	–
Total appropriation		–	–	29,387	(27,881)	1,506	(1,506)	–
As at 31 December 2014		995,377	(12,483)	152,945	1,236,395	2,372,234	3,216,613	5,588,847

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000 (restated)
Cash flows from operating activities			
Profit/(loss) before income tax		816,512	(12,151)
Adjustments for:			
- Amortisation of discount related to payable arising from acquisition of subsidiaries		39,625	–
- Accretion of finance lease liabilities		44,413	–
- Amortisation of deferred income		(197,747)	–
- Gain from change in the payment schedule of acquisition consideration		(63,673)	–
- Gain on disposal of a subsidiary		(27,948)	–
- Gain on remeasuring existing equity interests in a jointly controlled entity upon acquisition		(59,507)	–
- Net loss on disposal of property, plant and equipment		4,507	–
- Impairment provision for trade and other receivables		31,449	–
- Write-down/(reversal) of impairment of inventories		13,350	(4,630)
- Depreciation of property, plant and equipment		320,165	137,823
- Amortisation of land use rights		9,088	1,428
- Amortisation of intangible assets		63,624	-
- Share of result of a jointly controlled entity		(73,183)	(93,591)
- Interest income		(40,209)	(33,414)
- Interest expenses		39,064	77,649
- Bank charges for discount of notes receivables		53,217	73,332
- Foreign exchange losses		9,370	25,431
Operating profit before changes in working capital		982,117	171,877
Change in working capital, net of effects from acquisition and disposal of subsidiaries:			
Inventories		(75,987)	351,671
Prepayments		(856,236)	102,306
Balances with directors and related parties		7,329	(22,352)
Amount due from a jointly controlled entity		50,318	447,896
Trade and other receivables		(1,062,420)	(181,771)
Trade and other payables		554,690	(130,809)
Advances from customers		1,308,114	2,180,269
Notes payables		731,043	–
Cash generated from operating activities		1,638,968	2,919,087
Interest income received		28,126	33,414
Interest expenses paid		(93,396)	(150,981)
Income tax paid		(142,499)	(11,753)
Net cash generated from operating activities		1,431,199	2,789,767
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,181,768)	(71,658)
Purchase of land use rights		(84,094)	(18,388)
Purchase of intangible assets		(114)	–
Proceeds from disposal of property, plant and equipment		1,809	–
Payment for acquisition of a jointly controlled entity		(572,084)	(558,021)
Disposal of a subsidiary, net of cash disposed of	39	237,155	–
Acquisition of subsidiaries, net of cash acquired	38	82,791	–
Net cash used in investing activities		(2,516,305)	(648,067)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

(cont'd)

	Note	2014 RMB'000	2013 RMB'000 (restated)
Cash flows from financing activities			
Net increase in restricted cash		(288,502)	(296,610)
Increase/(decrease) in notes payables		109,100	(687,949)
Purchase of treasury shares		(5,556)	–
Proceeds from borrowings		2,164,238	2,105,163
Repayment of borrowings		(2,982,630)	(1,769,363)
Proceeds from non-controlling interests' contribution to a subsidiary		80,000	–
Proceeds from sale and leaseback transactions		795,000	–
Repayment of finance lease liabilities		(166,142)	–
Net cash used in financing activities		(294,492)	(648,759)
Net (decrease)/increase in cash and cash equivalents		(1,379,598)	1,492,941
Cash and cash equivalents at beginning of year		1,682,282	189,561
Effects of currency translation on cash and cash equivalents		11,229	(220)
Cash and cash equivalents at end of year	18	313,913	1,682,282

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL INFORMATION

XinRen Aluminum Holdings Limited (the "Company") was incorporated in the Republic of Singapore on 29 August 2006 as a private company limited by shares under the Singapore Companies Act. On 27 October 2010, the Company was listed on the Singapore Exchange.

The registered office and principal place of business of the Company is 250 North Bridge Road, #15-01 Raffles City Tower, Singapore 179101.

The Company and its subsidiaries (together, the "Group") are principally engaged in the smelting, fabrication and trading alumina, aluminum ingots and aluminum-related products.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

(a) Going concern

The Group's current liabilities exceeded its current assets by RMB6,191 million as at 31 December 2014 (31 December 2013: RMB28 million), including borrowings with maturity date within 1 year of RMB4,475 million. The net current liabilities position of the Group resulted from the fact that the Group used short-term borrowings to finance the construction of the integrated aluminum power plant in Xinjiang, the People's Republic of China (the "PRC"). The above condition indicates the existence of uncertainties which may cast doubt on the Group's ability to continue as a going concern.

The directors of the Company have assessed the appropriateness of adopting the going concern basis for the preparation of the consolidated financial statements for the year ended 31 December 2014 in light of the Group's plans and measures described below:

- Subsequent to the balance sheet date and up to the date of approval of the consolidated financial statements, the Group has renewed short-term borrowings of RMB367 million for another 12 months, and has obtained new short-term borrowings of RMB472 million that are repayable beyond 12 months from 31 December 2014. The directors of the Company are not aware of any intention of the banks to withdraw their banking facilities or require early repayment of the outstanding balances. Management will continue to negotiate with the banks to extend the remaining short-term borrowings of RMB2,327 million before they are due, or seek new sources of bank borrowings as necessary;

- The Company has obtained a letter of continuing financial support from its controlling shareholders who have confirmed their intention to continue providing unconditional personal guarantee as necessary to facilitate the Group to obtain the necessary financings from the banks;

- The Group is currently in negotiation with certain domestic and foreign financial institutions to arrange for issuance of convertible bonds to certain investors and to provide the Group with loan facilities with an aggregate amount of USD600 million (equivalent to RMB3,671 million) (the "Transaction"). As at the date of approval of the consolidated financial statements, the Group and the domestic and foreign financial institutions have signed a non-binding term sheet for the Transaction. The directors are optimistic that the negotiations with the financial institutions will be successful and the Transaction will be completed in the second quarter of 2015;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

(a) Going concern (cont'd)

- In 2014, the Group has entered into a long-term aluminum sales agreement with an international commodity trading group. Pursuant to the signed agreement, the international commodity trading group will provide the Group with long-term prepayments of RMB1,000 million to secure aluminum procurements in the coming three years. Subsequent to 31 December 2014, pursuant to an amended agreement, the international commodity trading group will increase its long-term prepayments to the Group to RMB1,500 million. Of the total RMB1,500 million prepayments, RMB500 million was received in cash during the year ended 31 December 2014, RMB250 million was received in cash subsequent to 31 December 2014. The directors believe that the remaining balance of RMB750 million will be received before 30 September 2015; and

- To the extent necessary, the Group will consider reducing the scale of certain uncommitted and discretionary capital expenditures so as to reduce investing cash outflows.

The directors of the Company have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of twelve months from the date of approval of the consolidated financial statements. Management's projections are based on key assumptions with regard to the anticipated operating cash inflows from the Group's operations, level of discretionary and non-discretionary capital expenditures, and availability of financings including those that can be obtained through continuing negotiations with commercial banks and the anticipated proceeds from the Transaction. The Group's ability to achieve the projected cash flows depends on management's ability to successfully implement the aforementioned liquidity improvement measures as well as significant increase of operating cash inflows. The directors, after making due enquiries and considering the basis of management's projections described above, believe that there will be sufficient financial resources available to the Group at least in the coming twelve months to meet its financial obligations as and when they fall due. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

(b) New and amended standards adopted by the Group in 2014

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

- FRS 112 Disclosures of Interests in Other Entities

  The Group has adopted the above new FRS on 1 January 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 Consolidated Financial Statements and FRS 111 Joint Arrangements, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) Separate Financial Statements and FRS 28 (revised 2011) Investments in Associates and Joint Ventures.

  The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112. The Group has incorporated the additional required disclosures into the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

(c) *New and amended standards issued but are not effective in 2014 and not yet adopted by the Group*

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 or later periods and which the Group has not early adopted.

- FRS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

  The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

  This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 103 Business Combinations (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in FRS 32, Financial Instruments: Presentation. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit or loss.

- FRS 103 Business Combinations (effective for annual periods beginning on or after 1 July 2014) (cont'd)

  The standard is also amended to clarify that FRS 103 does not apply to the accounting for the formation of any joint arrangement under FRS 111. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

  The Group will apply this amendment for business combinations taking place on/after 1 January 2015.

- FRS 108 Operating Segments (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

  The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

  This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

(c) New and amended standards issued but are not effective in 2014 and not yet adopted by the Group (cont'd)

- FRS 113 Fair Value Measurement (effective for annual periods beginning on or after 1 July 2014)

  The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)

  The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces FRS 18 Revenue and FRS 11 Construction contracts and related interpretations.

  The Group has yet to assess the full impact of the standard on the financial statements.

- FRS 109 Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

  The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of FRS 109 was issued in July 2014. It replaces the guidance in FRS 39 that relates to the classification and measurement of financial instruments. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 39.

  The Group has yet to assess the full impact of the standard on the financial statements.

2.2 Group accounting

2.2.1 Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Group accounting

2.2.1 Subsidiaries

(a) Consolidation (cont'd)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(b) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interests in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the recognised amount of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interests in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible Assets – Goodwill" for the subsequent accounting policy on goodwill.

(c) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interests in the entity are remeasured at fair value. The difference between the carrying amount of the retained interests at the date when control is lost and its fair value is recognised in profit or loss.

The accounting policy on investment in a subsidiary in the separate financial statements of the Company is detailed in Note 2.6 to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Group accounting (cont'd)

2.2.2 Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.2.3 Jointly controlled entity

A jointly controlled entity is an entity over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entity.

Investment in a jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(a) Acquisitions

Investment in a jointly controlled entity is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on jointly controlled entity represents the excess of the cost of acquisition of the jointly controlled entity over the Group's share of the fair value of the identifiable net assets of the jointly controlled entity and is included in the carrying amount of the investment.

(b) Equity method of accounting

In applying the equity method of accounting, the Group's share of its jointly controlled entity's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the jointly controlled entity are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals to or exceeds its interest in the jointly controlled entity, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the jointly controlled entity. If the jointly controlled entity subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of jointly controlled entity are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(c) Disposals

Investment in a jointly controlled entity is derecognised when the Group loses joint control. If the retained equity interest in the former jointly controlled entity is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

The accounting policy on investment in a jointly controlled entity in the separate financial statements of the Company is detailed in Note 2.6 to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the purchase price and any cost that are directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Useful lives
Buildings	20 to 50 years
Machinery and equipment	5 to 20 years
Motor vehicles	5 years
Office equipment	3 to 5 years
Capital maintenance	5 years

Construction-in-progress represents buildings, machinery and equipment under construction. Construction-in-progress is not depreciated until such time as the relevant assets are completed and available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other income and expenses". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2.4 Land use rights

Land use rights represent upfront prepayments made for the land use rights at historical cost, and are expensed in profit or loss on a straight-line basis over 50 years. Whenever there is impairment, the impairment is recognised in profit or loss (Note 2.7).

2.5 Intangible assets

(a) Goodwill

Goodwill on acquisition of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree over (ii) the fair value of the identifiable net assets acquired.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Intangible assets (cont'd)

(a) Goodwill (cont'd)

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Goodwill on jointly controlled entities is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and jointly controlled entities include the carrying amount of goodwill relating to the entity sold.

(b) Computer software

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 5 years.

(c) Intangible assets arising from acquisition of subsidiaries

Intangible assets arising from acquisition of subsidiaries comprise of contractual customer relationships, favorable power purchase contract, technology know-how and mining licences. Such intangible assets are initially recognised at fair value at the acquisition date and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives
Customer relationships	12.5 years
Favorable power purchase contract	47.5 years
Technology know-how	15 years
Mining licences	20 years

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.6 Investments in subsidiaries and jointly controlled entity

Investments in subsidiaries and jointly controlled entity are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets, property, plant and equipment and investments in subsidiaries and jointly controlled entity

Intangible assets, property, plant and equipment and investments in subsidiaries and jointly controlled entity are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets

2.8.1 Classification

(a) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets.

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

2.8.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

2.8.3 Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8.4 Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

2.8.5 Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(a) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(b) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.8.5(a), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand.

2.10 Restricted cash

Restricted cash represents guaranteed short-term deposits held in a separate reserve account pledged to the bank for issuance of trade facilities such as notes payables and bankers' guarantee and as security deposits under bank borrowing agreement. Such restricted cash will be released when the Group repays the related trade facilities or bank loans.

2.11 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the assets under construction. This includes those costs on borrowings acquired specifically for the assets under construction, as well as those in relation to general borrowings used to finance the assets under construction.

The actual borrowing costs are capitalised in the cost of the assets under construction until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to the assets under construction that are financed by general borrowings.

2.16 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Company makes contributions to the Central Provident Fund in Singapore, which is a defined contribution pension scheme. In addition, the subsidiary companies in the PRC pay fixed contributions into the retirement insurance and medical insurance schemes and have no further payment obligations once the contributions have been paid. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

2.17 Currency translation

(a) Functional and presentation currency

The Group's consolidated financial statements are presented in RMB, whereas the Company's functional currency is United States dollar ("USD"). The Group's consolidated financial statements are presented in RMB as Group's operations are mainly conducted in the PRC and in RMB. Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Currency translation (cont'd)

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.18 Revenue

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of taxes or duty, rebates and discounts, and other eliminating sales within the Group.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

For certain transactions, the sales price is determined on a provisional basis at the date of sale and the final selling price is subject to movements in market prices up to the date of final pricing, normally ranging from 90 to 180 days after initial recognition.

Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue. In all cases, fair value is estimated by reference to applicable forward market prices.

(b) Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and jointly controlled entity, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker whose members are responsible for allocating resources and assessing performance of the operating segments.

2.21 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.22 Treasury shares

The Group's own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.23 Special reserve

According to the regulations of the PRC, the Group accrue special reserve which mainly represents enterprise safety fund set aside for the purpose of certain safety production activities. These funds can be used for maintenance and/or improvements of safety of these activities, and is not available for distribution to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.25 Leases

(a) *Lessee – Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liabilities.

(b) *Lessee – Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(c) *Lessor – Operating leases*

Leases of property, plant and equipment where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the period of the lease.

2.26 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are recognised as "deferred income" and amortised over the assets' useful life.

2.27 Contingencies

A contingent liability is:

(i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Contingencies (cont'd)

(ii) a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Current income and deferred income taxes

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. The Group also recognises deferred income tax assets on carried forward tax losses and other temporary differences to the extent that there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised and that the Group is able to satisfy the continuing ownership test (where applicable). Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2014, the carrying amount of the Group's income tax payable was approximately RMB99,488,000 (2013: RMB2,764,000). As at 31 December 2014, the Group's deferred tax assets and liabilities were approximately RMB98,974,000 (2013: RMB84,961,000) and RMB987,573,000 (2013: RMB132,709,000) respectively.

(b) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. The carrying amounts of the Group's property, plant and equipment as at 31 December 2014 were disclosed in Note 8. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. If the estimated useful lives increase or decrease by 10% from management's estimates, the Group's depreciation would decrease or increase by approximately RMB32,000,000 (2013: RMB14,000,000).

(c) Amortisation of intangible assets arising from acquisition of subsidiaries

Intangible assets arising from acquisition of subsidiaries are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these intangible assets to be within 12.5 to 47.5 years. The carrying amounts of the Group's intangible assets arising from acquisition of subsidiaries as 31 December 2014 were disclosed in Note 12. Changes in the expected level of usage could impact the economic useful lives of these assets, therefore future amortisation amount could be revised. If the estimated useful lives increase or decrease by 10% from management's estimates, the Group's amortisation amount would decrease or increase by approximately RMB6,300,000 (2013: nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONT'D)

(d) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.7(a). The recoverable amounts of CGU have been determined based on value-in-use calculations. These calculations require the use of estimates.

According to the impairment assessment performed by management based on the assumptions as disclosed in Note 12(b), management considered that no impairment charge was required against goodwill arising from acquisition during the year ended 31 December 2014.

In the opinion of the Company's directors, regarding smelting business, had the gross margin been 10% lower with other assumptions held constant, or had the terminal growth rate been 1% lower with other assumptions held constant, or had the discount rate been 1% higher with other assumptions held constant, there would be no impairment charge needed to be made against goodwill of the Group for the year ended 31 December 2014 (2013: nil).

(e) Recognition of government grant

As at 31 December 2014, the Company accrued government grant receivables of RMB31,312,000 for income tax refund, which is 25.2% of total current income tax expenses of Xinjiang Production and Constructions Corps Agricultural Division Eight Xinjiang Tianshan Aluminum Plant Co., Ltd. ("XJTS"). Management considered there is reasonable assurance that the income tax refund can be received because such government grant is governed by the law of Regional National Autonomy of the PRC and the grants were continuously received in the past. When the expectation is different from the original estimate, such differences will impact the timing of recognition of government grants and reflect in the period in which such estimate is changed.

(f) Impairment of receivables

The Group's management determines the allowance for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and the current market condition, and requires the use of judgements and estimates. Management reassesses the provisions at each balance sheet date.

Provision for impairment of trade and other receivables is determined based on the evaluation of collectability and time value of trade and other receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the past collection history of each counterparty, the current creditworthiness, and the current market condition. In the opinion of the Group's management, the major customers of the Group are long-term business partners, which account for majority of the Group's overdue receivables. Based on the prior dealing history, current financial position of these companies and prevailing market conditions, the Group did not expect any losses from non-performance by these counterparties. As at 31 December 2014, the impairment provision for trade and other receivables for customers other than these major customers was disclosed in Note 17.

At each balance sheet date, the Group also assessed time value of trade and other receivables based on the current expectation of the collection period, the difference between the carrying amount and the present value of the estimated future cash flows is not significant. Accordingly, the Group did not provide further impairment provision for receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

4 REVENUE

	Group	
	2014 RMB'000	2013 RMB'000
		(restated)
Smelting	6,265,438	2,669,829
Fabrication	441,040	445,586
Trading	8,091,136	5,275,113
	14,797,614	8,390,528

5 PROFIT/(LOSS) BEFORE INCOME TAX

(a) Expenses by nature

	Group	
	2014 RMB'000	2013 RMB'000
		(restated)
Raw materials, spare parts and consumables	11,628,357	6,521,941
Changes in inventories of finished goods and work in progress	(34,751)	141,760
Rental expense on operating leases	4,947	5,187
Repair and maintenance	38,961	4,039
Office expenditures	7,158	4,630
Purchased utilities and electricity	1,822,626	1,459,251
Transportation costs for delivering goods	188,757	49,791
Travelling and entertainment expenses	16,612	11,036
Taxes and levies	17,562	13,090
Impairment provision for trade and other receivables (Note 17)	31,449	–
Amortisation of land use rights (Note 11)	9,088	1,428
Amortisation of intangible assets (Note 12)	63,624	–
Depreciation of property, plant and equipment (Note 8)	320,165	137,823
Staff costs	172,524	90,965
- Wages, salaries and bonus	129,638	69,311
- Contribution to defined contribution plans	42,886	21,654
Consulting and professional fees	6,728	3,929
Auditors' remuneration	2,706	2,899
- Audit services paid/payable to external auditor of the Company	2,250	2,474
- Non-audit services paid/payable to other auditors	456	425
Others	4,646	1,160
Total cost of sales, selling and distribution expenses and administrative expenses	14,301,159	8,448,929

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

5 PROFIT/(LOSS) BEFORE INCOME TAX (CONT'D)

(b) Other income

	Group	
	2014 RMB'000	2013 RMB'000
Government subsidies	228,966	23,426
- Deferred income recognised (Note 26(a))	182,424	–
- Other government subsidies (i)	46,542	23,426
Gain on remeasuring existing equity interests in a jointly controlled entity upon acquisition (Note 38(a)(ii))	59,507	–
Gain on disposal of a subsidiary (Note 39)	27,948	–
Arrangement fees	15,363	60,290
Sales of scraps	11,268	5,061
Gain on disposal of property, plant and equipment	54	–
Others	2,501	21,012
Total other income	345,607	109,789

(i) Other government subsidies mainly represented income tax refund (Note 3(e)) and other financial subsidies.

(c) Other expenses/losses

	Group	
	2014 RMB'000	2013 RMB'000
		(restated)
Foreign exchange losses	6,824	43,243
Loss on disposal of property, plant and equipment	4,561	–
Write-down/(reversal of impairment) of inventories	13,350	(4,630)
Others	1,561	950
Total other expenses	26,296	39,563

(d) Finance cost - net

	Group	
	2014 RMB'000	2013 RMB'000
Finance income:		
Interest income	40,209	33,414
Gain from change in the payment schedule of acquisition consideration (Note 23(a))	63,673	–
	103,882	33,414
Finance cost:		
Interest expenses	(229,267)	(77,649)
Less: borrowing costs capitalised in property, plant and equipment (Note 8(b))	190,203	–
Interest expenses, net	(39,064)	(77,649)
Bank charges and discount charges for notes receivables	(53,217)	(73,332)
Amortisation of discount related to payable arising from acquisition of subsidiaries (Note 23(a))	(39,625)	–
Accretion of finance lease liabilities	(44,413)	–
	(176,319)	(150,981)
Finance cost - net	(72,437)	(117,567)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

6 INCOME TAX EXPENSE/(CREDIT)

The amounts of income tax expense/(credit) recognised in profit or loss represent:

	Group	
	2014 RMB'000	2013 RMB'000
		(restated)
Tax expense attributable to profit/(loss) is made up of:		
Current income tax		
- Current year	182,297	15,761
- Under/(over) provision in respect of previous years	389	(562)
	182,686	15,119
Deferred income tax (Note 27)	26,631	(87,487)
Income tax expense/(credit)	209,317	(72,288)

The difference between the actual income tax recognised in profit or loss and the amounts which would result from applying the enacted tax rate to profit/(loss) before income tax can be reconciled as follows:

	Group	
	2014 RMB'000	2013 RMB'000
		(restated)
Profit/(loss) before income tax	816,512	(12,151)
Tax at the domestic rates applicable to profits in the countries where the Group operates	193,347	(11,900)
Effects of:		
- Expenses not deductible for tax purposes	11,186	2,300
- Income not subject to tax	(24,383)	(7,632)
- Preferential tax rate of certain companies within the Group (note a)	(19,761)	(12,367)
- Benefits from previously unrecognised tax losses	(523)	(2,869)
- Utilisation of previously unrecognised tax losses	(1,139)	–
- Under/(over) provision in respect of previous years	389	(562)
- Withholding tax written back/(accrued) for unremitted earnings for certain PRC subsidiaries	68,497	(15,860)
- Share of result of jointly controlled entity's tax	(18,296)	(23,398)
Income tax expenses/(credit)	209,317	(72,288)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

6 INCOME TAX EXPENSE/(CREDIT)

(a) Preferential tax rate of certain companies within the Group

The tax rates used in computing taxes for entities incorporated in the PRC were 15% to 25% for the years ended 31 December 2014 and 2013. Jiangyin Xinren Technology Co., Ltd. ("JYXRT"), a wholly owned subsidiary of the Company, was taxed at preferential rate of 15% as an Advanced and New Technology Enterprise approved by the local tax authority for three financial years with the year ended 31 December 2013 being the first year of the entitlement. The other PRC entities were taxed at 25% for the years ended 31 December 2014 and 2013. The Hong Kong entity was taxed at 16.5% for the years ended 31 December 2014 and 2013.

In 2011, the Company was awarded the Global Trader Programme status ("GTP") by International Enterprise Singapore. Being awarded the GTP allows the Company to enjoy a concessionary tax rate on its qualified offshore income at 10% which will be determined based on the trade turnover, business spending and commitment to the Singapore economy, compared to the uniform corporate tax rate of 17%. The GTP expired on 31 December 2013 and the Company did not seek for further extension of the programme. The Company's tax rate is 17% for the year ended 31 December 2014.

7 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during year, excluding the shares purchased by the Company and held as treasury shares (Note 28(b)).

	2014	2013
		(restated)
Net profit attributable to equity holders of the Company (RMB'000)	284,014	60,137
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	1,304,033	1,306,568
Basic earnings per share (RMB cents per share)	21.78	4.60

(b) The diluted earnings per share is same as the basic earnings per share as there was no dilutive potential shares existed for the years ended 31 December 2014 and 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

8 PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Capital maintenance RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2013							
Cost	750,330	1,648,260	15,362	47,340	182,694	280,029	2,924,015
Accumulated depreciation	(80,145)	(385,331)	(12,531)	(23,709)	(94,802)	–	(596,518)
Net book amount	670,185	1,262,929	2,831	23,631	87,892	280,029	2,327,497
Year ended 31 December 2013							
Opening net book amount	670,185	1,262,929	2,831	23,631	87,892	280,029	2,327,497
Transfers from construction in progress	47	16,233	–	8	–	(16,288)	–
Additions	5,919	26,285	804	134	60,746	4,859	98,747
Depreciation	(19,293)	(75,730)	(811)	(5,893)	(36,096)	–	(137,823)
Currency translation differences	–	–	–	(325)	–	–	(325)
Closing net book amount	656,858	1,229,717	2,824	17,555	112,542	268,600	2,288,096
At 31 December 2013							
Cost	756,296	1,690,778	15,987	46,028	171,238	268,600	2,948,927
Accumulated depreciation	(99,438)	(461,061)	(13,163)	(28,473)	(58,696)	–	(660,831)
Net book amount	656,858	1,229,717	2,824	17,555	112,542	268,600	2,288,096
Year ended 31 December 2014							
Opening net book amount	656,858	1,229,717	2,824	17,555	112,542	268,600	2,288,096
Transfers from construction in progress	20,037	1,231,803	–	3,122	–	(1,254,962)	–
Additions	43,090	825,834	5,928	2,937	162,533	1,934,033	2,974,355
Acquisition of subsidiaries (Note 38)	935,196	4,764,726	37,288	7,440	440,068	6,504,683	12,689,401
Disposal of a subsidiary (Note 39)	(120,404)	(594,966)	(356)	(1,171)	(52,648)	(3,355)	(772,900)
Disposals	-	(649,579)	(166)	-	-	(6,150)	(655,895)
Depreciation	(24,305)	(217,315)	(3,325)	(921)	(74,299)	–	(320,165)
Currency translation differences	–	–	–	11	–	–	11
Closing net book amount	1,510,472	6,590,220	42,193	28,973	588,196	7,442,849	16,202,903
At 31 December 2014							
Cost	1,635,352	7,231,362	62,491	57,369	773,251	7,442,849	17,202,674
Accumulated depreciation	(124,880)	(641,142)	(20,298)	(28,396)	(185,055)	–	(999,771)
Net book amount	1,510,472	6,590,220	42,193	28,973	588,196	7,442,849	16,202,903

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Office equipment RMB'000
At 1 January 2013	
Cost	7,013
Accumulated depreciation	(3,321)
Net book amount	3,692
Year ended 31 December 2013	
Opening net book amount	3,692
Disposals	(898)
Depreciation	(1,314)
Currency translation differences	(325)
Closing net book amount	1,155
31 December 2013	
Cost	5,410
Accumulated depreciation	(4,255)
Net book amount	1,155
Year ended 31 December 2014	
Opening net book amount	1,155
Depreciation	(949)
Currency translation differences	11
Closing net book amount	217
At 31 December 2014	
Cost	5,420
Accumulated depreciation	(5,203)
Net book amount	217

(a) As at 31 December 2014, certain buildings with carrying amount of approximately RMB83,788,000 (2013: RMB72,008,000) and certain machinery and equipment with carrying amount of approximately RMB824,334,000 (2013: RMB77,097,000) were pledged for the Group's bank borrowings (Note 19(a)).

(b) During the year ended 31 December 2014, the Group has capitalised borrowing costs amounting to RMB190,203,000 (2013: nil) on construction in progress (Note 5(d)). Borrowing costs were capitalised at the weighted average rate of its general borrowings of 7.12% per annum (2013: nil).

(c) For the year ended 31 December 2014, additions and disposals of machine and equipment from sale and leaseback transactions amounted to RMB824,970,000 and RMB649,579,000 respectively (2013: nil). Such transactions were non-cash transactions.

(d) Machinery and equipment includes the following amounts where the Group leases under a sale and leaseback transaction classified as finance lease:

	Group	
	2014 RMB'000	2013 RMB'000
Cost	1,331,100	–
Accumulated depreciation	(97,452)	–
Net book amount	1,233,648	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) Depreciation of property, plant and equipment has been charged to profit or loss (Note 5(a)) as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Cost of sales	310,581	126,090
Selling and distribution expenses	73	–
Administrative expenses	9,511	11,733
	320,165	137,823

9 INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000
Equity investments at cost	–	1,890,000	–	1,890,000
Share of post-acquisition reserve	–	108,974	–	–
Unrealised profit upon consolidation	–	(23,612)	–	–
	–	1,975,362	–	1,890,000

The Company originally held 21% equity interests in CLI and accounted for it as a jointly controlled entity. On 3 July 2014, the Company further acquired an additional 30% equity interests in CLI from Wealth Check Limited, Carry Luckystar Limited, Yi Jum International and Wealthy Map Limited (together, the "Existing Shareholders of CLI"). After the acquisition, the Company held 51% equity interests of CLI, and therefore CLI became a subsidiary of the Company (Note 38(a)).

The movements in investment in a jointly controlled entity during the year is as follows:

	Group	
	2014 RMB'000	2013 RMB'000
At beginning of year	1,975,362	1,902,658
Share of result of a jointly controlled entity	73,183	93,591
Unrealised profit	4,360	(20,887)
Deemed disposal of a jointly controlled entity upon acquisition (Note 38(a))	(2,052,905)	–
At end of year	–	1,975,362

10 INVESTMENTS IN SUBSIDIARIES

(a) Investments in subsidiaries

	Company	
	2014 RMB'000	2013 RMB'000
Equity investments at cost		
At beginning of year	547,641	458,258
Additions (i)	5,142,887	93,484
Currency translation differences	599	(4,101)
At end of year	5,691,127	547,641

(i) The additions during the year ended 31 December 2014 included investment in CLI amounting to RMB4,944,264,000 and capital injection in Jiangyin Xinren International Trading Co., Ltd. ("JYXRI") amounting to RMB198,623,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

10 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Investments in subsidiaries (cont'd)

The Group had the following subsidiaries as at 31 December 2014 and 2013:

Name	Principal activities	Country of incorporation and place of business	Proportion of ordinary shares/ registered capital directly held by the Company		Proportion of ordinary shares/ registered capital held by the Group		Proportion of ordinary shares/ registered capital held by non-controlling interests		Proportion of voting rights held by the Group	
			2014 %	2013 %	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %
JYXRI (i),(vi)	Investment holding and trading of aluminum related products	The PRC	100	100	100	100	–	–	100	100
JYXRT (ii),(vi)	Fabrication of aluminum related products	The PRC	100	100	100	100	–	–	100	100
Shanghai Fengbo International Trading Co., Ltd. (iii),(vi)	Trading of aluminum related products	The PRC	100	100	100	100	–	–	100	100
Shanghai Shuangpai Aluminum Co., Ltd. (iii),(vi)	Trading of aluminum related products	The PRC	100	100	100	100	–	–	100	100
Shuicheng Xinren Trading Co., Ltd.	Provision of management services	The PRC	100	100	100	100	–	–	100	100
Yichang Xinren Trading Co., Ltd.	Provision of management services	The PRC	100	100	100	100	–	–	100	100
Shuicheng County Xinxin Carbon Co., Ltd.	Manufacture of carbon and coal chemical products	The PRC	100	100	100	100	–	–	100	100
Ruikun Investment (Shanghai) Co., Ltd.	Investment holding and trading of aluminum related products	The PRC	100	n.a	100	n.a	–	n.a	100	n.a
Guizhou Liupanshui Shuangyuan Aluminum Co., Ltd. (iv)	Manufacture of aluminum ingots through smelting process	The PRC	–	–	100	100	–	–	100	100
Yichang Changjiang Aluminum Co., Ltd. ("YCCJ")	Manufacture of aluminum ingots through smelting process	The PRC	–	–	–	100	–	–	100	100
Wider Vision Limited	Trading of aluminum related products	British Virgin Islands	100	n.a	100	n.a	–	n.a	100	n.a
CLI	Investment holding	British Virgin Islands	51	n.a	51	n.a	49	n.a	100	n.a
Art Billion Corporation Limited	Investment holding	Hong Kong	–	n.a	51	n.a	49	n.a	100	n.a
Xinjiang Zhaokun Trading Co., Ltd.	Trading of aluminum related products	The PRC	–	n.a	51	n.a	49	n.a	100	n.a
Xinjiang Houfu Investment Co., Ltd.	Investment holding	The PRC	–	n.a	51	n.a	49	n.a	100	n.a
XJTS (v),(vi)	Manufacture of aluminum ingots through smelting process	The PRC	–	n.a	51	n.a	49	n.a	100	n.a
Shengzhao Investment Management (Shanghai) Co., Ltd.	Trading of aluminum related products	The PRC	–	n.a	51	n.a	49	n.a	100	n.a
Xinjiang Tianfu Coal Mining Co., Ltd. ("XJTF")	Mining and trading of coal	The PRC	–	n.a	25.5	n.a	74.5	n.a	57.1	n.a
Xinjiang Tianshan Yingda Carbon Co., Ltd.	Manufacture of carbon and coal chemical products	The PRC	–	n.a	28.05	n.a	71.95	n.a	100	n.a

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

10 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Investments in subsidiaries (cont'd)

(i) The statutory auditor of the subsidiary is Winner & Zition Certified Public Accountants LLP;
(ii) The statutory auditor of the subsidiary is Hunan Yuanyang Certified Public Accountants LLP;
(iii) The statutory auditor of these subsidiaries is Shanghai Huarui Certified Public Accountants LLP;
(iv) The statutory auditor of the subsidiary is Shaoyang People Union Certified Public Accountants LLP;
(v) The statutory auditor of the subsidiary is Xinjiang Ruixin Certified Public Accountants LLP;
(vi) Audited by PricewaterhouseCoopers LLP, Singapore and its affiliated firm for the purpose of preparation of the consolidated financial statements of the Group.

The English names of the PRC companies and statutory auditors referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available.

(b) Material non-controlling interest

The total non-controlling interests for the year ended in 31 December 2014 is RMB323,181,000 (including certain subsidiaries in accumulated losses position), of which RMB361,680,000 is attributable to the non-controlling interests of XJTS. The remaining non-controlling interests of the Group are not material.

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for a significant subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised balance sheet

	XJTS As at 31 December 2014 RMB'000
Current	
Assets	4,904,028
Liabilities	(10,568,177)
Total current net liabilities	(5,664,149)
Non-current	
Assets	18,949,735
Liabilities	(4,880,422)
Total non-current net assets	14,069,313
Capital and reserves attributable to equity holders of XJTS	4,286,634
Non-controlling interest	4,118,530
Net assets	8,405,164

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

10 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Material non-controlling interest (cont'd)

Summarised statement of comprehensive income

	XJTS For the period from 3 July 2014 (date of acquisition) to 31 December 2014 RMB'000
Revenue	9,383,847
Profit before income tax	869,471
Income tax expenses	(182,006)
Profit after income tax	687,465
Other comprehensive income	–
Total comprehensive income	687,465
Total comprehensive income allocated to non-controlling interests	336,858
Dividend paid to non-controlling interests	–

Summarised statement of cash flows

	XJTS For the period from 3 July 2014 (date of acquisition) to 31 December 2014 RMB'000
Cash generated from operating activities	1,594,638
Interest income received	2,123
Interest expenses paid	(4,490)
Income tax refund	7,582
Income tax paid	(119,506)
Net cash generated from operating activities	1,480,347
Net cash used in investing activities	(1,484,172)
Net cash generated from financing activities	109,724
Net increase in cash and cash equivalents	105,899
Cash and cash equivalents at beginning of period	43,234
Cash and cash equivalents at end of period	149,133

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

11 LAND USE RIGHTS

	Group	
	2014 RMB'000	2013 RMB'000
Beginning of year		
Cost	81,268	62,880
Accumulated amortisation	(9,929)	(8,501)
Net book amount	71,339	54,379
Year ended 31 December 2014 and 2013		
Opening net book amount	71,339	54,379
Additions	15,974	18,388
Acquisition of a subsidiary (Note 38(a))	755,921	–
Disposal of a subsidiary (Note 39)	(21,982)	–
Amortisation	(9,088)	(1,428)
Closing net book amount	812,164	71,339
End of year		
Cost	860,573	81,268
Accumulated depreciation	(48,409)	(9,929)
Net book amount	812,164	71,339

(a) The Group has land use rights over 5 plots of state-owned land in the PRC where the Group's operating facilities reside. The land use rights have remaining tenures ranging from 39 years to 50 years as at 31 December 2014 (2013: 40 years to 44 years).

(b) As at 31 December 2014, certain land use rights with carrying amount of approximately RMB4,108,000 (2013: RMB4,199,000) were pledged for the Group's bank borrowings (Note 19).

(c) Amortisation of land use rights has been charged to profit or loss (Note 5(a)) as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Cost of sales	9,088	1,428

12 INTANGIBLE ASSETS

	Group	
	31 December 2014 RMB'000	31 December 2013 RMB'000
Goodwill	2,312,299	–
Contractual customer relationships	1,018,826	–
Favorable power purchase contract	1,040,623	–
Technology know-how	255,764	–
Computer software	105	–
Mining licences	76,749	–
	4,704,366	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

12 INTANGIBLE ASSETS (CONT'D)

Group	Goodwill RMB'000	Customer relationships RMB'000	Favorable power purchase contract (i) RMB'000	Technology know-how RMB'000	Computer software RMB'000	Mining license RMB'000	Total RMB'000
At 1 January 2014							
Cost	–	–	–	–	–	–	–
Accumulated depreciation	–	–	–	–	–	–	–
Net book amount	–	–	–	–	–	–	–
Year ended 31 December 2014							
Opening net book amount	–	–	–	–	–	–	–
Additions	–	–	–	–	114	–	114
Acquisition of subsidiaries (Note 38)	2,312,299	1,061,277	1,051,693	264,583	–	78,024	4,767,876
Amortisation	–	(42,451)	(11,070)	(8,819)	(9)	(1,275)	(63,624)
Closing net book amount	2,312,299	1,018,826	1,040,623	255,764	105	76,749	4,704,366
At 31 December 2014							
Cost	2,312,299	1,061,277	1,051,693	264,583	114	88,118	4,778,084
Accumulated depreciation	–	(42,451)	(11,070)	(8,819)	(9)	(11,369)	(73,718)
Net book amount	2,312,299	1,018,826	1,040,623	255,764	105	76,749	4,704,366

(i) A third party electricity supplier provided the Group a preferential electricity purchase price within 47.5 years. Such favorable power purchase contract was identified as an intangible asset upon acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

12 INTANGIBLE ASSETS (CONT'D)

(a) Amortisation of intangible assets has been charged to profit or loss (Note 5(a)) as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Cost of sales	63,260	-
Administrative expenses	364	-
	63,624	-

(b) Impairment tests for goodwill

Management reviews the business performance based on the type of business. Goodwill is monitored by management at the operating segment level. The following is a summary of goodwill allocation for each operating segment:

	31 December 2014 RMB'000
Smelting	2,312,299

The recoverable amount of the Smelting CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

	Smelting 2014
Gross profit margin	25%
Growth rate to extrapolate cash flows beyond the budget period	3%
Discount rate	14.5%

Management determined the budgeted gross margin and growth rates based on past performance and its expectations for market development. The discount rate used are pre-tax after reflecting specific risks of the relevant operating segments.

In the opinion of the Company's directors, the recoverable amount of the CGU will not be lower than the carrying amount under a reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

13 INVENTORIES

	Group		
	31 December 2014 RMB'000	31 December 2013 RMB'000	1 January 2013 RMB'000
		(restated)	(restated)
Raw materials	536,139	121,421	350,761
Work in progress	470,199	174,415	205,154
Finished goods	335,672	149,370	260,391
Spares and consumables	162,782	8,634	15,491
	1,504,792	453,840	831,797

(a) The Group wrote down the inventories by RMB13,350,000 as at 31 December 2014 as a result of a sudden dropping in aluminium price in December 2014 (2013: reversal of write-down of inventories of RMB4,630,000). These amounts have been included in "other expenses" in profit or loss.

(b) As at 31 December 2014, inventories of approximately RMB18,000,000 (2013: RMB131,990,000) were pledged for the Group's borrowings (Note 19).

14 PREPAYMENTS

Prepayments mainly relate to advances made for the purchase of inventories.

15 AMOUNTS DUE FROM DIRECTORS

Amounts due from directors are principally non-trade in nature, unsecured, repayable on demand and are expected to be settled in cash.

16 AMOUNTS DUE FROM/(TO) RELATED PARTIES AND SUBSIDIARIES

Amounts due from/(to) related parties and subsidiaries are principally non-trade in nature, unsecured, repayable on demand and are expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

17 TRADE AND OTHER RECEIVABLES

	Group		
	31 December 2014 RMB'000	31 December 2013 RMB'000	1 January 2013 RMB'000
		(restated)	(restated)
Trade and other receivables			
- Trade receivables (note a)	1,367,660	732,828	436,569
Less:impairment provision	(26,494)	–	–
Trade receivables, net	1,341,166	732,828	436,569
- Notes receivables (note b)	85,458	27,814	116,244
- Refundable VAT and other taxes	108,012	12,484	60,322
- Advances to employees (note c)	9,232	6,428	6,673
- Other receivables (note d)	415,499	155,396	133,148
Less:impairment provision	(4,955)	–	–
Other receivables, net	410,544	155,396	133,148
	1,954,412	934,950	752,956

	Company		
	31 December 2014 RMB'000	31 December 2013 RMB'000	1 January 2013 RMB'000
		(restated)	(restated)
Trade and other receivables			
- Trade receivables (note a)	441,784	596,359	229,339
- Other receivables	637	–	1,855
	442,421	596,359	231,194

(a) Notes receivables

Trade receivables are non-interest bearing and generally have credit terms of up to 30 days.

Trade receivables are denominated in the following currencies as at 31 December 2014 and 2013:

	Group			Company		
	31 December 2014 RMB'000	31 December 2013 RMB'000	1 January 2013 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000	1 January 2013 RMB'000
		(restated)	(restated)		(restated)	(restated)
- USD	455,285	596,462	229,339	441,784	596,359	229,339
- RMB	885,881	136,366	207,230	–	–	–
	1,341,166	732,828	436,569	441,784	596,359	229,339

(b) Notes receivables

Notes receivables are non-interest bearing and are generally transferred to pay off trade creditors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

17 TRADE AND OTHER RECEIVABLES (CONT'D)

(c) Advances to employees

Advances to employees are unsecured, interest-free and are payable on demand.

(d) Other receivables

As at 31 December 2014, other receivables mainly relate to the government subsidy income receivables amounting to RMB181,986,000 (2013: RMB107,522,000) and are non-interest bearing.

As at 31 December 2014, other receivables of RMB4,955,000 (2013: nil) were impaired since management considered these receivables cannot be collected. The amount of provision was included as "administrative expenses" in profit or loss.

(e) Trade receivables that are past due but not impaired

As at 31 December 2014, the Group has trade receivables that are past due at the balance sheet date but not impaired, amounting to approximately RMB543,418,000 (2013: RMB83,559,000). These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000
Trade receivables past due:				
Less than 90 days	225,557	17,624	–	100
90 to 180 days	134,588	7,005	–	–
181 to 365 days	125,646	20,511	–	–
More than 365 days	57,627	38,419	–	–
	543,418	83,559	–	100

No impairment was made to these receivables because based on the past experience of the directors of the Company believe there has not been a significant change in the credit quality and the balances are considered fully recoverable.

(f) Trade receivables that are past due and impaired

As at 31 December 2014, trade receivables of RMB26,494,000 (2013: nil) were past due and impaired since management considered those receivables cannot be collected based on past experience in dealing with these customers. The amount of provision was RMB26,494,000 for the year ended 31 December 2014 (2013: nil). The impairment provision was included as "administrative expenses" in profit or loss.

18 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000
Cash at bank and on hand (note a)	2,247,475	2,921,731	40,604	1,438,095
Less: restricted cash (note b)	(1,933,562)	(1,239,449)	–	–
Cash and cash equivalents	313,913	1,682,282	40,604	1,438,095

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

18 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (CONT'D)

(a) All cash at bank are deposits with original maturity within 6 months. The Group earns interest on cash at bank, including restricted cash, at floating bank deposit rates.

(b) Restricted cash represents guaranteed short-term deposits held in a separate reserve account pledged to the bank for issuance of trade facilities such as notes payables and bankers' guarantee and as security deposits under bank borrowing agreement (Note 19).

(c) Included in cash at bank and on hand balances are amounts denominated in the following currencies as at 31 December 2014 and 2013:

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000
Cash at bank and on hand is denominated in:				
- USD	42,218	1,437,695	34,079	1,430,880
- RMB	264,983	237,378	15	15
- SGD	6,703	7,200	6,510	7,200
- Others	9	9	–	–
	313,913	1,682,282	40,604	1,438,095

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000
Restricted cash is denominated in:				
- USD	100,000	–	–	–
- RMB	1,833,562	1,239,449	–	–
	1,933,562	1,239,449	–	–

Interest rates on short-term bank deposits are ranged as follows:

	Group		Company	
	31 December 2014 %	31 December 2013 %	31 December 2014 %	31 December 2013 %
Interest rates (per annum)	0.10-3.25	0.10-3.05	0.10-0.12	0.10

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

19 BORROWINGS

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000
Non-current:				
Guaranteed or secured borrowings (note a)	276,876	–	–	–
Unsecured borrowings	100,000	49,970	–	–
	376,876	49,970	–	–
Current:				
Guaranteed or secured borrowings (note a)	2,070,653	1,311,193	723,656	565,183
Unsecured borrowings	623,320	160,000	305,950	-
	2,693,973	1,471,193	1,029,606	565,183
Non-current borrowings with maturity date within 1 year:				
Guaranteed or secured borrowings (note a)	1,781,123	22,000	–	–
	4,475,096	1,493,193	1,029,606	565,183
Total borrowings	4,851,972	1,543,163	1,029,606	565,183

(a) Analysis of the guaranteed or secured borrowings is as follows:

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000
Jointly guaranteed by shareholders and a third party company, and secured by property, plant and equipment and land use rights	1,181,683	–	–	–
Secured by estimated future cash inflows from sales contracts with a third party company	771,799	–	–	–
Jointly guaranteed by shareholders and a jointly controlled entity	–	292,557	–	–
Jointly guaranteed by shareholders and a third party company	416,200	–	–	–
Guaranteed by shareholders and secured by bank deposits	216,470	120,000	216,470	–
Secured by trade receivables, notes receivable and bank deposits	1,428,500	656,636	507,186	565,183
Secured by property, plant and equipment, land use rights and inventories	114,000	204,000	–	–
Secured by bank deposits and inventories	–	60,000	–	–
	4,128,652	1,333,193	723,656	565,183

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

19 BORROWINGS (CONT'D)

(b) Analysis of the borrowings by fixed and floating rate is at follows:

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000
Borrowings at fixed rate	2,816,959	748,010	152,975	–
Borrowings at floating rate	2,035,013	795,153	876,631	565,183
	4,851,972	1,543,163	1,029,606	565,183

(c) The interest rates of borrowings were ranged as follows:

	Group		Company	
	31 December 2014 %	31 December 2013 %	31 December 2014 %	31 December 2013 %
Fixed rate (per annum)	1.80-10.50	3.00-11.52	1.80	–
Floating rate (per annum)	1.12-7.10	1.81-6.90	1.12	1.81

(d) Borrowings were denominated in following currencies at 31 December 2014 and 2013:

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000
- USD	2,665,682	886,527	1,029,606	565,183
- RMB	2,186,290	656,636	–	–
	4,851,972	1,543,163	1,029,606	565,183

(e) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000
6 months or less	1,374,853	229,970	216,471	–
Between 6 and 12 months	660,160	565,183	660,160	565,183
	2,035,013	795,153	876,631	565,183

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

19 BORROWINGS (CONT'D)

(f) The maturity of borrowings are as follows:

	Group	
	31 December 2014 RMB'000	31 December 2013 RMB'000
Within 1 year	4,475,096	1,493,193
Between 1 and 2 years	276,876	49,970
Between 2 and 5 years	100,000	–
	4,851,972	1,543,163

(g) As at 31 December 2014 and 2013, the fair values of current and non-current borrowings approximated their carrying amount as the discounting impact is not significant.

20 FINANCE LEASE LIABILITIES

The Group sold certain electrobaths and immediately re-acquired the use of these electrobaths by entering into a lease with the buyer during the year. Since the Group did not disposed of the risks and rewards of ownership of the electrobaths, the lease was classified as a finance lease. The difference between the sale price and the previous carrying amount of the facilities is deferred and amortised over the lease term (Note 26(b)).

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in finance lease payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment under finance leases are depreciated over its useful life (Note 8(d)).

	Group	
	31 December 2014 RMB'000	31 December 2013 RMB'000
Gross finance lease liabilities – minimum lease payments		
Within 1 year	351,040	–
Over 1 years and within 5 years	882,905	–
Over 5 years	36,366	–
Subtotal of gross finance lease liabilities	1,270,311	–
Future finance charges on finance leases	(203,687)	–
Present value of finance lease liabilities	1,066,624	–
The present value of finance lease liabilities are as follows:		
Within 1 year	265,129	–
Over 1 years and within 5 years	766,059	–
Over 5 years	35,436	–
	1,066,624	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

21 NOTES PAYABLES

	Group	
	31 December 2014 RMB'000	31 December 2013 RMB'000
Secured or guaranteed by:		
Trade receivables, notes receivables and bank deposits	1,667,130	645,250
Bank deposits and shareholders	1,130,000	319,000
Bank deposits and a third party company	383,300	–
Directors and a jointly controlled entity of the Group	–	42,000
	3,180,430	1,006,250
Unsecured	951,729	445,760
Total notes payables	4,132,159	1,452,010

22 PAYABLE ARISING FROM ACQUISITION OF A JOINTLY CONTROLLED ENTITY

The amount relates to an outstanding payable arising from acquisition of a jointly controlled entity (Note 9) in 2012. The final two instalments amounting to RMB572,084,000 have been paid in 2014.

23 PAYABLE ARISING FROM ACQUISITION OF SUBSIDIARIES

	Group	
	31 December 2014 RMB'000	31 December 2013 RMB'000
Non-current:		
Payable arising from acquisition of CLI (note a)	3,030,216	–
Current:		
Payable arising from acquisition of XJTF (Note 38(b)(ii))	52,734	–
	3,082,950	–

(a) Payable arising from acquisition of CLI

On 3 July 2014, the Company further acquired an additional 30% equity interests in CLI. After the acquisition, the Company held 51% equity interests of CLI, and CLI became a subsidiary of the Company (Note 38(a)(i)).

Total consideration for the acquisition of RMB3,150,000,000 was originally payable by 9 instalments within 24 months. Payable arising from acquisition of subsidiaries was initially recognised at fair value and subsequently carried at amortisation cost. Subsequently, the Company entered into a supplemental sales and purchase agreement with the Existing Shareholders of CLI, pursuant to which, the Company and the Existing Shareholders of CLI agreed to reschedule the payment term to any time before 1 July 2016, solely at the Company's discretion, effective from 22 December 2014. Since the subsequent amendment was resulting from a new negotiation between the Company and the Existing Shareholders of CLI, the difference between the discounted cash flows under the original term and new term amounted to RMB63,673,000 was recorded as "finance income" in profit or loss (Note 5(d)). All the consideration payable under the new term was presented in the non-current liabilities based on the expected settlement date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

23 PAYABLE ARISING FROM ACQUISITION OF SUBSIDIARIES

(a) Payable arising from acquisition of CLI (cont'd)

A movement of payable arising from acquisition of CLI is shown as follows:

	RMB'000
As at 1 January 2014	–
Arising from acquisition of CLI (Note 38(a)(iii))	3,054,264
Amortisation to profit or loss (Note 5(d))	39,625
Gain from change in the payment schedule of acquisition consideration (Note 5(d))	(63,673)
As at 31 December 2014	3,030,216

The carrying amount and fair value of payable arising from acquisition of CLI are as follows:

	Carrying amount	Fair Value
	31 December 2014 RMB'000	31 December 2014 RMB'000
Payable arising from acquisition of CLI	3,030,216	3,030,216

The carrying amount of payable arising from acquisition of subsidiaries is based on cash flows discounted using a rate of 8.3%, which reflected the incremental borrowings rate of the Company.

24 TRADE AND OTHER PAYABLES

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000
Trade and other payables	4,032,584	393,653	4,280	3,726
- Trade payables	2,262,550	254,943	–	–
- Other payables	1,770,034	138,710	4,280	3,726
Accrued transportation costs	265,066	–	–	–
Accrued electricity costs	175,971	–	–	–
Accrued payroll-related expenses	8,436	5,752	–	–
Other accruals	8,896	3,890	–	–
	4,490,953	403,295	4,280	3,726

Trade and other payables are unsecured and non-interest bearing. Trade payables are normally settled on 60-day credit terms while other payables have an average credit term of six months.

As at 31 December 2014, other payables mainly relate to payables on acquisition of property, plant and equipment amounting to RMB1,411,353,000 (2013: RMB22,680,000) and are non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

25 ADVANCES FROM CUSTOMERS

Advances from customers relate to prepayments from customers for orders to be fulfilled by the Group and the Company.

26 DEFERRED INCOME

	Group	
	31 December 2014 RMB'000	31 December 2013 RMB'000
Non-current		
Government grants (note a)	216,186	–
Deferred income related to finance leases (note b)	140,515	–
	356,701	–

(a) Government grants

Government grants comprised of (i) grants related to assets which are presented as deferred income and recognised appropriately and systematically as income over the useful lives of the assets; and (ii) grants related to income which are recognised as income through the Group's compliance with their conditions and meeting the envisaged obligations.

	Group	
	2014 RMB'000	2013 RMB'000
At beginning of year	–	–
Acquisition of subsidiaries (Note 38)	398,610	–
Credited to profit or loss (Note 5(b))	(182,424)	–
At end of year	216,186	–

(b) Deferred income related to finance leases

	Group	
	2014 RMB'000	2013 RMB'000
At beginning of year	–	–
Acquisition of subsidiaries (Note 38)	10,417	–
Additions (Note 20)	145,421	–
Credited to profit or loss	(15,323)	–
At end of year	140,515	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

27 DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000
Deferred income tax assets				
- To be recovered within 1 year	11,530	–	252	–
- To be recovered after 1 year	87,444	84,961	–	–
	98,974	84,961	252	–
Deferred income tax liabilities				
- To be settled within 1 year	(72,009)	(87,623)	–	–
- To be settled after 1 year	(915,564)	(45,086)	–	–
	(987,573)	(132,709)	–	–
	(888,599)	(47,748)	252	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

27 DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONT'D)

Movement in deferred income tax assets and liabilities, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

	Group					
Deferred income tax assets	Tax losses carried forward RMB'000	Differences of depreciation and amortisation between accounting and tax rules RMB'000	Impairment provision on assets RMB'000	Accruals RMB'000	Unrealised profit (a) RMB'000	Total RMB'000
At 1 January 2013	–	4,062	–	–	–	4,062
Credited to profit or loss	80,000	899	–	–	–	80,899
At 31 December 2013	80,000	4,961	–	–	–	84,961
Credited to profit or loss	66,013	(2,441)	11,200	222	20	75,014
Disposal of a subsidiary (Note 39)	(61,000)	–	–	–	–	(61,000)
Currency translation differences	(1)	–	–	–	–	(1)
At 31 December 2014	85,012	2,520	11,200	222	20	98,974

(a) Deferred income tax assets of unrealised profit mainly attributed to the temporary difference arising from the unrealised profit on intra-group transfer of inventories.

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of related tax benefits through future taxable profits is probable. As at 31 December 2014, the Group did not recognise deferred income tax assets of RMB302,000 (2013: nil) in respect of the accumulated tax losses of subsidiaries incorporated in Singapore and the PRC. These tax losses will expire, if unused, in the years ending 31 December 2018 to 2019.

	Group				
Deferred income tax liabilities	Withholding tax of the unremitted earnings of certain subsidiaries RMB'000	Differences of depreciation and amortisation between accounting and tax rules RMB'000	Fair value adjustment on assets and liabilities upon acquisition RMB'000	Gain on remeasuring existing equity interests in a jointly controlled entity upon acquisition RMB'000	Total RMB'000
At 1 January 2013	(35,633)	(103,664)	–	–	(139,297)
Credited to profit or loss	15,860	(9,272)	–	–	6,588
At 31 December 2013	(19,773)	(112,936)	–	–	(132,709)
Charged to profit or loss	(68,497)	(44,341)	17,144	(5,951)	(101,645)
Acquisition of subsidiaries (Note 38)	–	(166,742)	(670,759)	–	(837,501)
Disposal of a subsidiary (Note 39)	–	84,282	–	–	84,282
At 31 December 2014	(88,270)	(239,737)	(653,615)	(5,951)	(987,573)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

27 DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONT'D)

As at 31 December 2014, deferred income tax liabilities of RMB8,357,000 (2013: RMB9,710,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries, as the Company directors considered that the timing of reversal of the related temporary differences can be controlled or such unremitted earnings will not be distributed and such temporary differences will not be reversed in the foreseeable future. Unremitted earnings are amounting to RMB167,140,000 as at 31 December 2014 (2013: RMB194,200,000).

Movement in deferred income tax assets and liabilities of the Company, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

Deferred income tax assets	Company Tax losses carried forward RMB'000
As at 1 January 2013 and 31 December 2013	–
Credited to profit or loss	252
As at 31 December 2014	252

28 SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	Number of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital RMB'000	Treasury shares RMB'000
As at 1 January 2013 and 31 December 2013	1,310,548	(3,980)	995,377	(6,927)
Treasury shares purchased	–	(3,000)	–	(5,556)
As at 31 December 2014	1,310,548	(6,980)	995,377	(12,483)

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

(b) Treasury shares

The Company exercised the share buy-back mandate to purchase 3,000,000 (2013: nil) shares of the Company through purchases on the Singapore Exchange during the year. The total amount paid to acquire the shares was RMB5,556,000 (2013: nil) and presented as a component within shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

29 OTHER RESERVES

	Group		
	31 December 2014 RMB'000	31 December 2013 RMB'000	1 January 2013 RMB'000
		(restated)	(restated)
Statutory reserve (note a)	100,863	139,477	133,982
Capital surplus reserve (note b)	3,689	81,369	81,369
Fair value reserve (note c)	–	560	805
Foreign currency translation reserve (note d)	10,183	(10,417)	(35,321)
Special reserve (note e)	38,210	40,659	21,300
	152,945	251,648	202,135

	Company		
	31 December 2014 RMB'000	31 December 2013 RMB'000	1 January 2013 RMB'000
		(restated)	(restated)
Foreign currency translation reserve (note d)	1,094	(14,014)	(35,320)

(a) Statutory reserve

In accordance with the PRC Company Law and the articles of association of the PRC subsidiaries of the Group (the "PRC Companies"), the PRC Companies are required to allocate 10% of their profits attributable to the respective owners of the PRC Companies as set out in their statutory financial statements, to the statutory surplus reserve until such reserve reaches 50% of the registered capital of the respective PRC Companies. The appropriation to the reserve must be made before any distribution of dividends to the respective owners of the PRC Companies. The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as the registered capital of the respective PRC Companies provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the registered capital of the respective PRC Companies.

	Group	
	2014 RMB'000	2013 RMB'000
At beginning of year	139,477	133,982
Appropriated from retained profits	16,924	5,495
Realisation of reserve upon disposal of a subsidiary	(55,538)	–
At end of year	100,863	139,477

(b) Capital surplus reserve

	Group	
	2014 RMB'000	2013 RMB'000
At beginning of year	81,369	81,369
Realisation of reserve upon disposal of a subsidiary	(77,680)	–
At end of year	3,689	81,369

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

29 OTHER RESERVES (CONT'D)

(c) Fair value reserve

	Group	
	2014 RMB'000	2013 RMB'000
At beginning of year	560	805
Change in fair value of available-for-sale financial assets	–	(245)
Realisation of reserve upon disposal of a subsidiary	(560)	–
At end of year	–	560

(d) Foreign currency translation reserve

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
		(restated)		**(restated)**
At beginning of year, as previously reported	(10,417)	(35,303)	(14,014)	(35,302)
Restatement (Note 40)	–	(18)	–	(18)
At beginning of year, as restated	(10,417)	(35,321)	(14,014)	(35,320)
Foreign currency translation difference	20,600	24,904	15,108	21,306
At end of year	10,183	(10,417)	1,094	(14,014)

(e) Special reserve

Special reserve mainly represents enterprise safety fund set aside for the purpose of certain safety production activities. Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC and other relevant regulatory bodies, the PRC subsidiaries of the Group is required to set aside funds mainly for smelting and mining activities at prescribed rates. These funds can be used for maintenance and/or improvements of safety of these activities, and is not available for distribution to shareholders.

	Group	
	2014 RMB'000	2013 RMB'000
At beginning of year	40,659	21,300
Appropriated from retained profits	12,463	19,359
Realisation of reserve upon disposal of a subsidiary	(14,912)	–
At end of year	38,210	40,659

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

30 RETAINED PROFITS

Movement in retained profits for the Group is as follows:

	Group	
	2014 RMB'000	2013 RMB'000
		(restated)
At beginning of year, as previously reported	831,572	800,441
Restatement (Note 40)	–	(4,152)
At beginning of year, as restated	831,572	796,289
Profit for the year	284,014	60,137
Realisation of reserve upon disposal of a subsidiary	148,690	–
Appropriation to statutory reserve	(16,924)	(5,495)
Appropriation to special reserve	(10,957)	(19,359)
At end of year	1,236,395	831,572

31 DIVIDENDS

The Company did not declare and pay any dividend to the shareholders during the years ended 31 December 2014 and 2013.

At the Annual General Meeting on 29 April 2015, a final dividend of SGD1.0 cents (approximately RMB 4.7 cents) per share amounting to a total of approximately SGD13,036,000 (approximately RMB61,269,000) will be recommended. These consolidated financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 31 December 2015.

32 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at each balance sheet date, but not yet incurred is as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Property, plant and equipment		
- Approved but not contracted	1,900,000	–
- Contracted but not provided for	–	54,394
	1,900,000	54,394

(b) Operating lease commitments

The Group leases out certain vehicles under non-cancellable operating lease agreements. The aggregate minimum rental receivable under these leases are as follows:

	Group	
	2014 RMB'000	2013 RMB'000
No later than 1 year	2,173	4,862
Later than 2 years and no later than 5 years	510	1,969
	2,683	6,831

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

32 COMMITMENTS (CONT'D)

(c) Purchase commitments

	Group	
	31 December 2014	31 December 2013
Non-cancellable alumina purchases (in tonnes):		
No later than 1 year	1,080,000	1,394,000
Later than 2 years and no later than 5 years	2,400,000	3,480,000
	3,480,000	4,874,000
Non-cancellable electricity purchases (in '000 KWH):		
No later than 1 year	3,000,000	–
Later than 2 years and no later than 5 years	12,000,000	–
Later than 5 years	126,000,000	–
	141,000,000	–

33 SEGMENT INFORMATION

The chief operating decision-maker (the "CODM") has been identified as the executive directors of the Company. The CODM assesses the performance and allocates the resources of the Group as all of the Group's activities are considered to be primarily dependent on the products and service delivered or provided.

The Group's reportable segments are as follows:

- Smelting business - The smelting business segment is in the business of smelting alumina and manufacturing and supply of aluminum ingots.
- Fabrication business - The fabrication business segment is in the business of fabricating and supply of aluminum related products.
- Trading business - The trading business segment is in the business of trading alumina and aluminum ingots.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The CODM considers the business from business segment perspective, and assesses the performance of the business segments based on their respective revenue and profit before income tax which is consistent with that in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

33 SEGMENT INFORMATION (CONT'D)

	Smelting business		Fabrication business		Trading business		Adjustments and eliminations		Consolidated financial statements	
	2014 RMB'000	2013 RMB'000 (restated)	2014 RMB'000	2013 RMB'000 (restated)	2014 RMB'000	2013 RMB'000 (restated)	2014 RMB'000	2013 RMB'000 (restated)	2014 RMB'000	2013 RMB'000 (restated)
Revenue										
- External customers	6,265,438	2,669,829	441,040	445,586	8,091,136	5,275,113	–	–	14,797,614	8,390,528
- Intra-segment	–	–	–	–	–	–	–	–	–	–
Total revenue	6,265,438	2,669,829	441,040	445,586	8,091,136	5,275,113	–	–	14,797,614	8,390,528
Segment profit/(loss) before income tax expenses	824,118	(239,358)	16,312	32,932	(97,101)	100,684	73,183	93,591	816,512	(12,151)
Depreciation and amortisation	(371,502)	(118,899)	(19,553)	(17,942)	(1,822)	(2,410)	–	–	(392,877)	(139,251)
Impairment provision for trade and other receivables	(15,695)	–	(9,395)	-	(6,359)	–	–	–	(31,449)	–
Interest income	5,525	7,563	8,627	14,417	26,057	11,434	–	–	40,209	33,414
Interest expenses	(5,115)	(31,031)	(21,515)	(18,818)	(12,434)	(27,800)	–	–	(39,064)	(77,649)
Government subsidies	217,299	23,426	11,338	–	329	–	–	–	228,966	23,426
Gain on remeasuring existing equity interests in a jointly controlled entity upon acquisition	59,507	–	–	–	–	–	–	–	59,507	–
Share of result of a jointly controlled entity	–	–	–	–	–	–	73,183	93,591	73,183	93,591
Segment assets	32,400,452	9,007,992	1,591,955	2,335,039	5,930,782	3,620,353	(9,445,056)	(5,564,707)	30,478,133	9,398,677
Segment liabilities	20,756,097	7,083,565	1,278,641	1,860,215	9,676,606	3,118,797	(6,822,058)	(4,735,570)	24,889,286	7,327,007

The segment assets and segment liabilities are consistent with total assets and total liabilities shown in the consolidated financial statements prepared under FRS.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

33 SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue information based on the geographical location of the customers is as follows:

	2014 RMB'000	2013 RMB'000
		(restated)
The PRC	14,288,696	7,364,903
Switzerland	433,861	967,571
Others	75,057	58,054
	14,797,614	8,390,528

As at 31 December 2014, property, plant and equipment, land use rights and intangible assets with the aggregated amount of RMB16,202,686,000 (2013: RMB2,286,941,000), RMB812,164,000 (2013: RMB71,339,000) and RMB4,704,366,000 (2013: nil) are located in the PRC; property, plant and equipment with the aggregated amount of RMB217,000 (2013: RMB1,155,000) are located in Singapore.

34 RELATED PARTY DISCLOSURE

(a) Related party transactions

In addition to the related party information disclosed elsewhere in these consolidated financial statements, the following significant transactions between the Group and its related parties took place on terms agreed between the parties during the year:

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Subsidiaries:				
Purchase of goods from subsidiaries	–	–	(533,252)	(882,561)
Sales of goods to subsidiaries	–	–	345,404	–
A jointly controlled entity:				
Purchase of goods from a jointly controlled entity	(282,879)	(42,950)	–	–
Sales of goods to a jointly controlled entity	160,333	1,382,771	118,074	–
Arrangement fee received from a jointly controlled entity	15,363	60,290	15,363	60,290
Advances from a jointly controlled entity	1,194,579	294,876	–	–
Advances to a jointly controlled entity	(223,244)	(1,051,544)	–	–
Related parties:				
Sales of goods to related parties	22,207	108,753	–	–

Related parties disclosed above relates to companies for which there are common controlling shareholder and/or common directors as the Company.

Outstanding balances as at 31 December 2014 and 2013 are set out in Notes 15, 16 and 23.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

34 RELATED PARTY DISCLOSURE (CONT'D)

(b) Compensation of directors and key management personnel

	Group	
	2014 RMB'000	2013 RMB'000
Short-term employee benefits paid to key management personnel	11,700	13,950
Comprise amounts paid to		
- Directors of the Company	7,886	11,422
- Other key management personnel	3,814	2,528
	11,700	13,950

35 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

There was no change to the Group's approach to capital management during the years ended 31 December 2014 and 2013.

Management monitors capital based on the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus finance lease liabilities less cash and cash equivalent and restricted cash. Total capital is calculated as total equity (excluding non-controlling interests) plus net debt.

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000
Net debt/(cash)	3,671,121	(1,378,568)	989,002	(872,912)
Total equity	2,372,234	2,071,670	1,183,606	1,154,980
Total capital	6,043,355	693,102	2,172,608	282,068
Gearing ratio	61%	n.a*	46%	n.a*

* As at 31 December 2013, gearing ratio is not applicable since the Group and the Company has a net cash position.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

36 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's principal financial instruments comprise predominantly borrowings, finance lease liabilities, notes payable, payable arising from acquisition of subsidiaries, cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations and acquisition of subsidiaries. All financial transactions with the banks are governed by banking facilities duly accepted with board of directors' resolutions with banking mandates which define the permitted financial instruments and facilities limits, approved by the board of directors. All financial transactions require dual signatories. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, amounts due from/to related parties, amounts due from directors, available-for-sale financial assets and restricted cash, which arise directly from its operations.

The Group's activities expose it to credit risk, commodity price risk, liquidity risk, interest rate risk and currency risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. In addition, the Group is also exposed to commodity price risk. During the years ended 31 December 2014 and 2013, the Group did not enter into any currency forwards, interest rate swaps or commodity derivative contracts.

The board of directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group. The board of directors of the Company reviews and agrees policies and procedures for the management of these risks, which are executed by management. The audit committee of the Company provides independent oversight to the effectiveness of the risk management process. It is the Group's policy that no derivatives shall be undertaken for trading and speculative purposes.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, trade and other receivables, amounts due from/to related parties, amounts due from directors and restricted cash. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral or advances from customers or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group determines concentrations of credit risk by monitoring the segment of its trade receivables on an ongoing basis. The credit risk by segment of the Group's trade receivables (net of impairment provision) at the balance sheet date is as follows:

	Group			
	2014		2013	
	RMB'000	% of total	RMB'000	% of total
			(restated)	(restated)
Smelting	1,190,433	89	630,064	86
Fabrication	70,859	5	65,804	9
Trading	79,874	6	36,960	5
	1,341,166	100	732,828	100

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

36 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

(i) Financial assets that are neither past due nor impaired

Trade and other receivables which are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions or companies with high credit ratings and no history of default.

(ii) Financial assets that are past due and/or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

(b) Commodity price risk

The Group is exposed to commodity price risk through fluctuations of the price of aluminum as the Group generates revenue primarily from sales of aluminum products. The Group does not enter into any derivative instruments or futures to hedge any price fluctuations of aluminum. Therefore, fluctuations of aluminum prices could have a significant effect on the Group's revenue and profit for a given period.

At 31 December 2014, if aluminum had been 10% higher/lower with all other variables held constant, the Group's profit after tax would have been approximately RMB62,839,000 higher/lower respectively.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed bank borrowing facilities and the ability to close out market positions at a short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 18.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facilities) and cash and cash equivalents (Note 18) of the Group and the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

36 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

The table below summarises the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted cash flows.

Group	31 December 2014			
	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Financial assets				
Amounts due from directors	24,609	–	–	24,609
Amounts due from related parties	172,902	–	–	172,902
Trade and other receivables	1,954,412	–	–	1,954,412
Restricted cash	1,933,562	–	–	1,933,562
Cash and cash equivalents	313,913	–	–	313,913
	4,399,398	–	–	4,399,398
Financial liabilities				
Borrowings*	(4,623,196)	(404,397)	–	(5,027,593)
Finance lease liabilities	(351,040)	(882,905)	(36,366)	(1,270,311)
Payable arising from acquisition of subsidiaries	(52,734)	(3,150,000)	–	(3,202,734)
Notes payables	(4,132,159)	–	–	(4,132,159)
Financial liabilities included in trade and other payables	(4,368,754)	–	–	(4,368,754)
	(13,527,883)	(4,437,302)	(36,366)	(18,001,551)
Net undiscounted financial liabilities	(9,128,485)	(4,437,302)	(36,366)	(13,602,153)

*Including estimated amounts of interest payment on borrowings, which is arrived based on the principal borrowing balance and prevailing interest rates at respective balance sheet date up to the final maturity date of the borrowing agreements.

Please refer to Note 2.1(a) for the analysis of liquidity risk in a greater detail.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

36 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

Group	31 December 2013 (restated)			
	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Financial assets				
Amount due from a jointly controlled entity	50,318	–	–	50,318
Amounts due from directors	23,154	–	–	23,154
Trade and other receivables	934,950	–	–	934,950
Restricted cash	1,239,449	–	–	1,239,449
Cash and cash equivalents	1,682,282	–	–	1,682,282
	3,930,153	–	–	3,930,153
Financial liabilities				
Borrowings	(1,521,975)	(50,670)	–	(1,572,645)
Amounts due to related parties	(4,635)	–	–	(4,635)
Payable arising from acquisition of a jointly controlled entity	(572,084)	–	–	(572,084)
Notes payables	(1,452,010)	–	–	(1,452,010)
Financial liabilities included in trade and other payables	(393,653)	–	–	(393,653)
	(3,944,357)	(50,670)	–	(3,995,027)
Net undiscounted financial liabilities	(14,204)	(50,670)	–	(64,874)

Company	31 December 2014			
	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Financial assets				
Amounts due from subsidiaries	752,035	–	–	752,035
Trade and other receivables	442,421	–	–	442,421
Cash and cash equivalents	40,604	–	–	40,604
	1,235,060	–	–	1,235,060
Financial liabilities				
Borrowings	(1,036,685)	–	–	(1,036,685)
Payable arising from acquisition of a subsidiary	–	(3,150,000)	–	(3,150,000)
Financial liabilities included in trade and other payables	(4,280)	–	–	(4,280)
	(1,040,965)	(3,150,000)	–	(4,190,965)
Net undiscounted financial assets/(liabilities)	194,095	(3,150,000)	–	(2,955,905)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

36 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

Company	31 December 2013 (restated)			
	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Financial assets				
Amount due from a jointly controlled entity	225,188	–	–	225,188
Trade and other receivables	596,359	–	–	596,359
Cash and cash equivalents	1,438,095	–	–	1,438,095
	2,259,642	–	–	2,259,642
Financial liabilities				
Borrowings	(568,693)	–	–	(568,693)
Amounts due to subsidiaries	(596,159)	–	–	(596,159)
Payable arising from acquisition of a jointly controlled entity	(572,084)	–	–	(572,084)
Financial liabilities included in trade and other payables	(3,726)	–	–	(3,726)
	(1,740,662)	–	–	(1,740,662)
Net undiscounted financial assets	518,980	–	–	518,980

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their cash at bank, restricted cash, borrowings and finance lease liabilities. All of the Group's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 12 months from the end of the reporting period.

The Group's policy is to manage interest costs using a mix of fixed and floating rate debts taking into consideration the funding requirements of the Group.

At 31 December 2014, if interest rates had been 100 basis points lower/higher with all other variables held constant, the Group's profit after tax would have been approximately RMB3,973,000 higher/lower respectively, arising mainly as a result of lower/higher net interest expense on short term deposits, cash at bank and floating rate loans and borrowings.

The Group's borrowings and finance lease liabilities issued at fixed rate expose the Group to fair value interest risk. The fair value of the borrowings and finance lease liabilities are disclosed in Notes 19 and 20, respectively.

(e) Currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group's entities, primarily RMB and USD. The foreign currencies in which these transactions are denominated are mainly USD. Approximately 7% (2013: 8%) of the Group's sales are denominated in foreign currencies whilst the costs are denominated in the respective functional currencies of the Group's entities. The Group's trade and other receivables and trade and other payables balances at the balance sheet date have similar exposures.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

36 FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Currency risk (cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

Group	31 December 2014			
	USD RMB'000	SGD RMB'000	Others RMB'000	Total RMB'000
Financial assets				
Cash and cash equivalents	8,045	6,703	24	14,772
Restricted cash	100,000	–	–	100,000
Trade and other receivables	12,864	–	–	12,864
	120,909	6,703	24	127,636
Financial liabilities				
Borrowings	1,156,684	–	–	1,156,684

Group	31 December 2013			
	USD RMB'000	SGD RMB'000	Others RMB'000	Total RMB'000
Financial assets				
Cash and cash equivalents	6,814	7,200	24	14,038
Financial liabilities				
Borrowings	91,454	–	–	91,454

If the USD and SGD change against the RMB by 10% with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Group	
	Profit after income tax	
	2014 RMB'000	2013 RMB'000
USD against RMB:		
- Strengthened	(7,768)	(5,736)
- Weakened	7,768	5,736
SGD against RMB:		
- Strengthened	503	473
- Weakened	(503)	(473)

37 FAIR VALUE MEASUREMENTS

As at 31 December 2014, the Group did not have significant financial instruments that were measured at fair value.

The nominal value less impairment provision of trade and other receivables, amounts due from directors, amounts due from related parties, trade and other payables, short-term borrowings, payable arising from acquisition of subsidiaries (current) and notes payable are assumed to approximate their fair values due to short period of maturity dates. As at 31 December 2014, the fair value of long-term borrowings, finance lease liabilities and payable arising from acquisition of subsidiaries (non-current) for disclosure purpose is estimated by discounting the future cash flows at the current market rate available to the Group for similar financial instrument.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

38 BUSINESS COMBINATIONS

(a) Acquisition of additional 30% equity interests in CLI

(i) CLI is a group principally engaged in production and sales of aluminum products within the PRC, as well as export/import activities. The Company originally held 21% equity interests in CLI since June 2012. On 3 July 2014, the Company further acquired 30% equity interests in CLI at a cash consideration of RMB3,150,000,000 and obtained control by securing 100% of voting rights of the board of directors.

Through the acquisition, the Company expects to reduce costs through economies of scale. The goodwill of RMB2,312,299,000 arising from the acquisition is attributable to skilled workforce and acquirer specific synergies (cost saving and increase in market share). None of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition-related costs have been charged to administrative expenses in profit or loss for the year ended 31 December 2014. The fair value of the acquired identifiable intangible assets includes customer relationships, favorable power purchase contract and technology know-how.

The following table summarises the consideration payable for CLI, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	3 July 2014 (date of acquisition) RMB'000
Consideration:	
Cash consideration payable	3,150,000
Less: discounting impact	(95,736)
Add: fair value of previously held 21% equity interests in CLI	2,112,412
Total consideration payable	5,166,676
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	12,266,006
Land use rights	755,921
Intangible assets	2,377,553
- Customer relationships	1,061,277
- Favorable power purchase contract	1,051,693
- Technology know-how	264,583
Inventories	1,093,441
Prepayment	1,368,534
Trade and other receivables	2,477,795
Restricted cash	643,205
Cash and cash equivalents	109,275
Trade and other payables	(5,549,574)
Notes payables	(2,254,144)
Borrowings	(4,317,172)
Deferred income tax liabilities	(820,247)
Deffered income	(409,027)
Other liabilities	(2,144,747)
Total identifiable net assets acquired	5,596,819
Non-controlling interest	(2,742,442)
Goodwill	2,312,299
	5,166,676

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

38 BUSINESS COMBINATIONS (CONT'D)

(a) Acquisition of additional 30% equity interests in CLI (cont'd)

(ii) Gain on remeasuring the previously held equity interests in CLI

	3 July 2014 (date of acquisition) RMB'000
Fair value of 21% equity interests in CLI	2,112,412
Less: Carrying amount of investment in a jointly controlled entity at the acquisition date (Note 9)	(2,052,905)
Gain on remeasuring the previously held equity interests in CLI	59,507

(iii) The effects of the acquisition on the cash flows of the Group

	3 July 2014 (date of acquisition) RMB'000
Present value of consideration payable	(3,054,264)
Add: amortisation of discount related to payable arising from acquisition of subsidiaries	(39,625)
Less: consideration payable in respect of acquisition of CLI (Note 23)	3,093,889
cash and cash equivalents in subsidiaries acquired	109,275
Cash inflows from the acquisitions	109,275

(iv) Non-controlling interests in CLI represented the Company's proportionate share in the recognised amounts of CLI's identifiable net assets at the acquisition date.

(v) At the acquisition date, the carrying amounts of the trade and other receivables of CLI amounting to RMB2,477,795,000 approximated their fair values.

(vi) If the acquisition had occurred on 1 January 2014, the Group's revenue for the year would have been increased by approximately RMB8,061,588,000 and the Group's profit for the year would have been increased by approximately RMB288,515,000. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the acquires to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2014, together with the consequential tax effects.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

38 BUSINESS COMBINATIONS (CONT'D)

(b) Acquisition of 55% equity interests in XJTF

(i) In September 2014, the Group acquired 55% equity interests in XJTF, a company principally engaged in mining and sale of coal. After completion of this acquisition, XJTF became a subsidiary of the Group.

The following table summarises the consideration payable for XJTF, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	15 September 2014 (date of acquisition) RMB'000
Total consideration	88,607
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	423,395
Intangible assets – mining license	78,024
Inventories	3,375
Prepayment	116
Trade and other receivables	6,219
Cash and cash equivalents	9,389
Trade and other payables	(317,815)
Deferred income tax liabilities	(17,254)
Other liabilities	(24,346)
Total identifiable net assets acquired	161,103
Non-controlling interest	(72,496)
	88,607

(ii) The effects of the acquisition on the cash flows of the Group

	15 September 2014 (date of acquisition) RMB'000
Total consideration payable	(88,607)
Less: consideration payable in respect of acquisition of XJTF (Note 23)	52,734
cash and cash equivalents in subsidiaries acquired	9,389
Cash outflows for the acquisition	(26,484)

(iii) Non-controlling interests in XJTF represented the Group's proportionate share in the recognised amounts of XJTF's identifiable net assets at the acquisition date.

(iv) At acquisition date, the carrying amounts of the trade and other receivables of XJTF amounting to RMB6,219,000 approximated their fair values.

(v) If the acquisition had occurred on 1 January 2014, the Group's revenue for the year would have been increased by approximately RMB112,929,000 and the Group's profit for the year would have been increased by approximately RMB4,717,000. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the acquires to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2014, together with the consequential tax effects.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

39 DISPOSAL OF A SUBSIDIARY

In January 2014, the Group disposed of its 100% equity interests of YCCJ to two independent third parties. After the completion of the transaction, YCCJ ceased to be a subsidiary of the Group.

The aggregated assets and liabilities in respect of the above disposal were as follows:

	1 January 2014 (Effective date of the disposal) RMB'000
Property, plant and equipment	772,900
Land use rights	21,982
Inventories	108,501
Prepayment	58,640
Trade and other receivables	620,444
Restricted cash	237,594
Cash and cash equivalents	39,778
Other current assets	7,041
Trade and other payables	(633,101)
Notes payables	(468,900)
Borrowings	(189,971)
Deferred income tax assets	(23,282)
Other liabilities	(179,574)
Net assets disposed	372,052
Less: total consideration for the disposal	(400,000)
Gain from disposal of a subsidiary	(27,948)
Total consideration for the disposal	400,000
Less: cash and cash equivalents in the subsidiary disposed	(39,778)
waiver of the debt to YCCJ	(123,067)
Net cash inflows from the disposal	237,155

40 RESTATEMENT

In prior years, revenue from provisional sales arrangement was recognised when the final pricing was established. During the year, the Group considered it appropriate to change the accounting treatment on such transactions to better reflect the underlying nature of the transactions and be in line with general accounting practice in the same industry. The details of the accounting treatment are disclosed in Note 2.18(a) of these consolidated financial statements. The prior year figures have been restated to conform to the current year's presentation and accounting treatment, and a third consolidated and company balance sheets as at 1 January 2013 has been presented. The effect of the above changes were as follows:

	Group	
	31 December 2013 RMB'000	1 January 2013 RMB'000
	(restated)	**(restated)**
Increase in trade and other receivables	116,496	36,334
Decrease in deferred expenses	(561,570)	(205,184)
Decrease in deferred revenue	440,717	163,785
(Increase)/decrease in income tax payable	(1,256)	895
Change in other reserves	–	18
Decrease in retained profits	5,613	4,152

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

40 RESTATEMENT (CONT'D)

	Company	
	31 December 2013 RMB'000	1 January 2013 RMB'000
	(restated)	**(restated)**
Increase in trade and other receivables	116,496	36,334
Decrease in deferred expenses	(544,416)	(209,025)
Decrease in deferred revenue	440,717	163,785
(Increase)/decrease in income tax payable	(1,256)	895
Change in other reserves	–	18
(Increase)/decrease in retained profits	(11,541)	7,993

	Group
	2013 RMB'000
	(restated)
Increase in revenue	(363,367)
Increase in cost of sales	362,658
Increase in income tax expenses	2,170
Decrease in profit for the year	(1,461)
Decrease in basic and diluted earnings per share (RMB cents per share)	(0.11)

41 AUTHORISATION OF FINANCIAL STATEMENTS

These consolidated financial statements were authorised for issue in accordance with a resolution of the board of directors of XinRen Aluminum Holdings Limited on 9 April 2015.

42 COMPARATIVE FIGURES

The consolidated financial statements for the year ended 31 December 2013 were audited and reported on by certificated public accountants other than PricewaterhouseCoopers LLP, whose report dated 28 March 2014. As mentioned in Note 40 to the consolidated financial statements, the comparative figures have been restated due to change in accounting treatment. In addition, certain comparative figures have been reclassified to conform to the current year's presentation.

STATISTICS OF SHAREHOLDINGS

As at 19 March 2015

DISTRIBUTION OF SHAREHOLDINGS

Class of shares	:	Ordinary Shares
Voting rights excluding treasury shares	:	One vote per ordinary share
No. of issued shares excluding treasury shares	:	1,303,567,528
No. of treasury shares	:	6,980,000
Percentage of treasury shares	:	0.54%

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	2	0.20	24	0.00
100 - 1,000	44	4.33	33,159	0.00
1,001 - 10,000	482	47.44	3,134,568	0.24
10,001 - 1,000,000	473	46.55	22,220,408	1.71
1,000,001 AND ABOVE	15	1.48	1,278,179,369	98.05
TOTAL	**1,016**	**100.00**	**1,303,567,528**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SUNSHINE INTERNATIONAL GLOBAL CAPITAL LTD	430,401,161	33.02
2	JIACAI INTERNATIONAL LTD	419,874,516	32.21
3	PHILLIP SECURITIES PTE LTD	114,688,189	8.80
4	UOB KAY HIAN PRIVATE LIMITED	80,290,168	6.16
5	OCBC SECURITIES PRIVATE LIMITED	47,256,819	3.63
6	SHUNQI INTERNATIONAL LTD	39,441,581	3.03
7	JINTUDI GROUP LTD	26,044,290	2.00
8	CITIBANK NOMINEES SINGAPORE PTE LTD	23,684,939	1.82
9	ABN AMRO NOMINEES SINGAPORE PTE LTD	20,322,290	1.56
10	RAFFLES NOMINEES (PTE) LIMITED	20,216,045	1.55
11	TAN JIANKANG	17,945,000	1.38
12	HANWEN INTERNATIONAL GROUP LTD	11,742,645	0.90
13	DBS NOMINEES (PRIVATE) LIMITED	11,301,726	0.87
14	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	8,851,000	0.68
15	YANSHENG LTD	6,119,000	0.47
16	CHUA KENG LOY	957,000	0.07
17	MAYBANK KIM ENG SECURITIES PTE. LTD.	907,000	0.07
18	LAW KUNG LING	804,000	0.06
19	GOH BEE LAN	550,000	0.04
20	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	549,290	0.04
	TOTAL	**1,281,946,659**	**98.36**

SUBSTANTIAL SHAREHOLDERS

As at 19 March 2015

	Name of Substantial Shareholders	No. of share in which substantial shareholders have direct interest	No. of share in which substantial shareholders are deemed to have interest
1	Sunshine International Global Capital Ltd	430,401,161	2,000,000[8]
2	Jiacai International Ltd	419,874,516	2,000,000[9]
3	Zeng Chaoyi	–	984,097,032[1]
4	Zeng Chaolin	–	984,097,032[2]
5	Zeng Xiaoqiao @ Zeng Xiaoshan	–	984,097,032[3]
6	Zeng Mingliu	–	984,097,032[4]
7	Liang Hongbo	–	984,097,032[5]
8	Deng Eying	–	984,097,032[6]
9	Zeng Hong	–	984,097,032[5]
10	Li Yazhou	–	984,097,032[1]
11	Zeng Yiliu	–	984,097,032[7]

Note:

(1) Zeng Chaoyi owns 100% of Sunshine International Global Capital Ltd. Zeng Chaoyi, is the son of Zeng Xiaoqiao @ Zeng Xiaoshan and Deng Eying, and is the brother of Zeng Chaolin, Zeng Mingliu, Zeng Yiliu and Zeng Hong, and he and his wife, Li Yazhou are deemed to be interested in the Shares held by each of them through Hanwen International Group Ltd., Shunqi International Ltd., Jiacai International Ltd., Jintudi Group Ltd., Xijin Ltd., and Yansheng Ltd., respectively.

(2) Zeng Chaolin owns 100% of Jiacai International Ltd. Zeng Chaolin, is the son of Zeng Xiaoqiao @ Zeng Xiaoshan and Deng Eying, and is the brother of Zeng Chaoyi, Zeng Mingliu, Zeng Yiliu and Zeng Hong, and is deemed to be interested in the Shares held by each of them through Hanwen International Group Ltd., Shunqi International Ltd., Sunshine International Global Capital Ltd., Jintudi Group Ltd., Xijin Ltd, and Yansheng Ltd., respectively.

(3) Zeng Xiaoqiao @ Zeng Xiaoshan owns 100% of Hanwen International Group Ltd. Zeng Xiaoqiao @ Zeng Xiaoshan, is the father of Zeng Chaoyi, Zeng Chaolin, Zeng Mingliu, Zeng Yiliu and Zeng Hong, and the husband of Deng Eying, and is deemed to be interested in the Shares held by each of them through Sunshine International Global Capital Ltd., Jiacai International Ltd., Jintudi Group Ltd., Yansheng Ltd., Xijin Ltd., and Shunqi International Ltd., respectively.

(4) Zeng Mingliu owns 100% of Jintudi Group Ltd. Zeng Mingliu, is the daughter of Zeng Xiaoqiao @ Zeng Xiaoshan and Deng Eying, and is the sister of Zeng Chaoyi, Zeng Chaolin, Zeng Hong and Zeng Yiliu and is deemed to be interested in the Shares held by each of them through Hanwen International Group Ltd., Shunqi International Ltd., Sunshine International Global Capital Ltd., Jiacai International Ltd., Xijin Ltd., and Yansheng Ltd., respectively.

(5) Liang Hongbo, is the husband of Zeng Hong. Zeng Hong owns 100% of Yansheng Ltd. Zeng Hong, is the daughter of Zeng Xiaoqiao @ Zeng Xiaoshan and Deng Eying, and is the sister of Zeng Chaoyi, Zeng Chaolin, Zeng Mingliu and Zeng Yiliu and she and her husband, Liang Hongbo are deemed to be interested in the Shares held by each of them through Hanwen International Group Ltd., Shunqi International Ltd., Sunshine International Global Capital Ltd., Jiacai International Ltd., Xijin Ltd., and Jintudi Group Ltd., respectively.

(6) Deng Eying owns 100% of Shunqi International Ltd. Deng Eying, is the mother of Zeng Chaoyi, Zeng Chaolin, Zeng Mingliu, Zeng Yiliu and Zeng Hong, and the wife of Zeng Xiaoqiao @ Zeng Xiaoshan, and is deemed to be interested in the Shares held by each of them through Hanwen International Group Ltd., Sunshine International Global Capital Ltd., Jiacai International Ltd., Jintudi Group Ltd., Xijin Ltd., and Yansheng Ltd., respectively.

(7) Zeng Yiliu owns 100% of Xijin Ltd., Zeng Yiliu is the daughter of Zeng Xiaoqiao @ Zeng Xiaoshan and Deng Eying, and is the sister of Zeng Chaoyi, Zeng Chaolin, Zeng Mingliu and Zeng Hong, and she is deemed to be interested in the Shares held by each of them through Hanwen International Group Ltd., Shunqi International Ltd., Sunshine International Global Capital Ltd., Jiacai International Ltd., Jintudi Group Ltd. and Yangsheng Ltd., respectively.

(8) Deemed to be interested in 2,000,000 shares held by Sunshine International Global Capital Ltd through DBS Vickers Securities (Singapore) Pte Ltd.

(9) Deemed to be interested in 2,000,000 shares held by Jiacai International Ltd through DBS Vickers Securities (Singapore) Pte Ltd.

On the basis of the information available to the Company as at 19 March 2015, approximately 24.51% of the Company's total number of issued shares excluding treasury shares is held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST which requires at least 10% of a listed issuer's total number of issued shares excluding treasury shares at all times held by the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Governor Room, St. Regis Singapore, 29 Tanglin Road, Singapore 247911 on Wednesday, 29 April 2015 at 10:00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended 31 December 2014 and the Reports of the Directors and the Auditor thereon. **(Resolution 1)**

2. To approve a First and Final tax-exempt (one-tier) Dividend of S$0.01 (one cent) per ordinary share for the year ended 31 December 2014. **(Resolution 2)**

3. To re-elect the following directors who are retiring in accordance with the Company's Articles of Association:

   Mr Zeng Xiaoqiao @ Zeng Xiaoshan (Retiring under Article 94) **(Resolution 3)**
   Mr Zeng Chaolin (Retiring under Article 94) **(Resolution 4)**

4. To re-appoint PricewaterhouseCoopers LLP as auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To approve the payment of Directors' fees of S$182,000 for the financial year ending 31 December 2015 monthly in arrears. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

6. To re-appoint the following director to hold office until the next annual general meeting pursuant to Section 153(6) of the Companies Act (Chapter 50):

   Mr Liu Jingan **(Resolution 7)**

   Mr Liu Jingan upon re-appointment as a Director of the Company, remains as Chairman of the Remuneration Committee and a member of Audit Committee and Nominating Committee. Mr Liu Jingan will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

   [See Explanatory Note 1]

7. Authority to allot and issue new shares

   (a) "That, pursuant to Section 161 of the Companies Act, Cap. 50 (the "Acts") and the listing rules of the SGX-ST, authority be and is hereby given to the Directors of the Company to: **(Resolution 8)**

   (i) issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) (the "Share Issues") shall not exceed 50 per cent (50%) of the Company's total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20 per cent (20%) of the Company's total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares (excluding treasury shares) shall be based on the Company's total number of issued Shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:

(A) new Shares arising from the conversion or exercise of any convertible securities;

(B) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time that this Resolution is passed; and

(C) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST for the time being in force (in each case, unless compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Articles of Association for the time being of the Company; and

(d) such authority shall, unless revoked or varied by the Company in General Meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note 2]

8. Approval for the renewal of Shareholders' Mandate for the Company to buy-back its own shares **(Resolution 9)**

"That:-

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:-

(i) on-market purchase(s) on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or

NOTICE OF ANNUAL GENERAL MEETING

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buy-Back Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:-

(i) the date of the next annual general meeting of the Company; or

(ii) the date by which the next annual general meeting of the Company is required by law to be held; or

(iii) the time when the Share Buy-Back Mandate is revoked or varied by the Shareholders of the Company in general meeting.

(c) in this Resolution:-

"Maximum Percentage" means the number of Shares representing ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of the passing of this Resolution; and

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed:-

(i) in the case of a market purchase, one hundred and five per cent. (105%) of the average closing market price. For this purpose, the average closing market price is the average of the closing market prices of the Shares transacted on the SGX-ST over the last five (5) market days (on which transactions in the Shares are recorded) immediately preceding the date of the market purchase by the Company and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five (5) day period; and

(ii) in the case of an off-market purchase, one hundred and twenty per cent. (120%) of the highest price a Share is transacted on the SGX-ST on the market day (when transactions in the Shares are recorded) immediately preceding the date on which the Company announces an off-market purchase offer stating the purchase price and the relevant terms of the equal access scheme.

(d) The Directors of the Company be and are hereby authorised to take all necessary steps and to negotiate, finalise and enter into all transactions, arrangements and agreements and to execute all such documents (including but not limited to the execution of application forms and transfers) with full and discretionary powers to make or assent to any modifications or amendments thereto in any manner they may deem necessary, expedient, incidental or in the interests of the Company and the Group for the purposes of giving effect to this Resolution and the transactions contemplated thereunder.

[See Explanatory Note 3]

9. To transact any other business of which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Transfer Books and the Register of Members of the Company will be closed on 8 May 2015 for the preparation of dividend warrants for shareholders of ordinary shares registered in the books of the Company.

Duly completed registrable transfers of ordinary shares in the capital of the Company ("Shares") received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5:00 p.m. on 7 May 2015 will be entitled to the proposed First and Final Dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5:00 p.m. on 7 May 2015 will be entitled to the proposed First and Final Dividend. Payment of the dividends, if approved by members at the Annual General Meeting, will be made on 28 May 2015.

By Order of the Board

Teo Meng Keong
Company Secretary

14 April 2015
Singapore

EXPLANATORY NOTES:

1. The proposed Resolution 7, if passed, will authorise the Director, who are over the age of 70, to continue in office as a Director of the Company until the next annual general meeting of the Company.

2. Ordinary Resolution 8, if passed, will authorise the Directors of the Company to, from the date of the passing of Ordinary Resolution 8 to the date of the next Annual General Meeting, issue Shares and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in total 50 per cent (50%) of the total number of issued Shares (excluding treasury shares), with a sub-limit of 20 per cent (20%) of the total number of issued Shares (excluding treasury shares) for issues other than on a pro-rata basis to existing shareholders of the Company. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time that Ordinary Resolution 8 is passed, after adjusting for:-

   (a) new Shares arising from the conversion or exercise of any convertible securities;
   (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 8 is passed; and
   (c) any subsequent bonus issue, consolidation or sub-division of Shares.

   In exercising the authority conferred by Ordinary Resolution 8, the Company shall comply with the requirements of the SGX-ST (unless waived by the SGX-ST), all applicable legal requirements and the Company's Articles of Association. This authority, will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

3. The Ordinary Resolution 9 proposed in item 8 above, if passed, renews the Share Buy-Back Mandate authorising the Directors of the Company to buy back shares of the Company by way of on-market purchase(s) and/or off-market purchase(s) according to prescribed rules and regulations governed by the Companies Act and the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. A member of the Company entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

2. A proxy need not be a member of the Company.

3. If the member is a corporation, the instrument appointing a proxy or proxies must be executed under seal or the hand of an attorney duly authorised in writing or a duly authorised officer of that corporation.

4. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office situated at 250 North Bridge Road #15-01 Raffles City Tower Singapore 179101, not less than 48 hours before the time appointed for the holding of the General Meeting.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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XINREN ALUMINUM HOLDINGS LIMITED
(Company Registration No. 200612545H)
(Incorporated in the Republic of Singapore)

Important :

1. For investors who have used their CPF monies to buy XINREN ALUMINUM HOLDINGS LIMITED shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely For Information Only.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM

Annual General Meeting of XinRen Aluminum Holdings Limited (the "Company") to be held at Governor Room, St. Regis Singapore, 29 Tanglin Road, Singapore 247911, 29 April 2015 at 10:00 a.m.

I/We ………………………………………………………………………………………. NRIC/Passport No ………………………………………..

of ………

being a *member/members of XinRen Aluminum Holdings Limited, hereby appoint

Name	Address	NRIC/ Passport No	Proportion of shareholdings to be represented by proxy (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No	Proportion of shareholdings to be represented by proxy (%)

as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Governor Room, St. Regis Singapore, 29 Tanglin Road, Singapore 247911, 29 April 2015 at 10:00 a.m. and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against the ordinary resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specific direction as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

No.	Resolution	For	Against
1.	To receive and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended 31 December 2014 and the Reports of the Directors and the Auditors thereon		
2.	To approve a First and Final tax-exempt (one-tier) Dividend of S$0.01 (one cent) per ordinary share for the year ended 31 December 2014.		
3.	To re-elect Mr Zeng Xiaoqiao @ Zeng Xiaoshan who is retiring pursuant to Article 94 of the Company's Articles of Association		
4.	To re-elect Mr Zeng Chaolin who is retiring pursuant to Article 94 of the Company's Articles of Association		
5.	To re-appoint PricewaterhouseCoopers LLP as auditor of the Company and to authorise the Directors to fix their remuneration		
6.	To approve the payment of Directors' fees of S$182,000 for the financial year ending 31 December 2015 monthly in arrears		
7.	To re-appoint Mr Liu Jingan who is retiring pursuant to Section 153(6) of the Companies Act (Chapter 50)		
8.	To authorise Directors to allot and issue shares		
9.	To approve renewal of Shareholders' Mandate for the Company to buy-back its own shares		

Dated this __________ day of _______________________ 2015.

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal
*Delete accordingly

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. A member of the Company entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney duly authorised in writing or duly authorised officer of the corporation.

4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at a General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act (Chapter 50) of Singapore.

5. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the Company's Registered Office situated at 250 North Bridge Road #15-01 Raffles City Tower Singapore 179101, not less than 48 hours before the time appointed for the holding of a General Meeting.

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act (Chapter 50) of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by the member of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding of a General Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend a General Meeting and to speak and vote thereat unless his name appears on the Depository Register as at 48 hours before the time appointed for holding of a General Meeting.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Zeng Chaolin
Executive Chairman
& Chief Executive Officer

Zeng Xiaoqiao
@ Zeng Xiaoshan
Executive Director

Liang Hongbo
Executive Director

Zeng Mingliu
Executive Director

Chen Timothy Teck Leng
@ Chen Teck Leng
Non-Executive
Lead Independent Director

Loh Weng Whye
Non-Executive Independent Director

Liu Jingan
Non-Executive Independent Director

AUDIT COMMITTEE

Chen Timothy Teck Leng
@ Chen Teck Leng
Chairman

Loh Weng Whye

Liu Jingan

NOMINATING COMMITTEE

Loh Weng Whye
Chairman

Liu Jingan

Chen Timothy Teck Leng
@ Chen Teck Leng

REMUNERATION COMMITTEE

Liu Jingan
Chairman

Chen Timothy Teck Leng
@ Chen Teck Leng

Loh Weng Whye

COMPANY SECRETARIES

Teo Meng Keong
ACIS

Low Siew Tian
ACIS

REGISTERED OFFICE

250 North Bridge Road
#15-01 Raffles City Tower
Singapore 179101
Telephone : +65 6336 8850
Facismile : +65 6336 8703

SHARE REGISTRAR

Boardroom Corporate & Advisory Service Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

COMPLIANCE ADVISER

Shook Lin & Bok LLP
1 Robinson Road
#18-00 AIA Tower
Singapore 048542

AUDITOR

PricewaterhouseCoopers LLP
8 Cross Street #17-00
PWC Building
Singapore 048424
Partner in charge: Trillion So *(appointed with effect from the financial year ended 31 December 2014)*

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
63 Chulia Street
#05-00 OCBC Centre East
Singapore 049514

Bank of China
4 Battery Road
Bank of China Building
Singapore 049908

Standard Chartered Bank (Singapore) Limited
6 Battery Road
Singapore 730900

Agricultural Bank of China
No. 8, Jin Feng Zhong Road Huangtang
Industrial Zone
Xuxiake Town
Jiangyin City, Jiangsu Province People's
Republic of China

Bank of Communications
No. 99, Zhong Shan South Road
Huangpu Area
Shanghai 200010
People's Republic of China

Industrial and Commercial Bank of China
No. 1, Qing Cheng West Road
Qian Zhou Zhen, Hui Shan Area
Wuxi City, Jiangsu Province
People's Republic of China

INVESTOR RELATIONS ADVISER

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No 7 Maxwell Road
#04-04 Annexe B MND Complex
Singapore 069111

鑫仁铝业
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