XinRen Aluminum Holdings Limited

鑫仁铝业
XINREN ALUMINUM

PROSPECTUS DATED OCTOBER 19, 2010
(Registered with the Monetary Authority of Singapore on October 19, 2010)

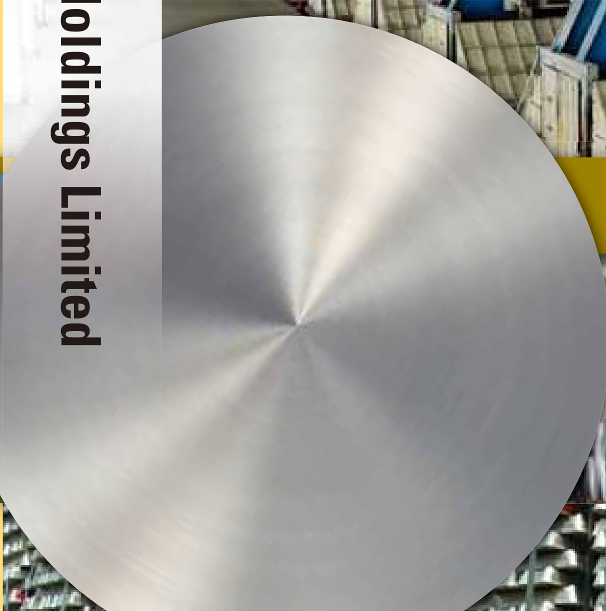
This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

XinRen Aluminum Holdings Limited

(Company Registration Number: 200612545H)
(Incorporated in Singapore on August 29, 2006)

198,000,000 Offering Shares (subject to the Over-allotment Option)

Offering Price: S$0.55 per Offering Share



This is the initial public offering of our ordinary shares (the "Shares"). XinRen Aluminum Holdings Limited (our "Company") is offering 198,000,000 new Shares (the "New Shares" or the "Offering Shares") for subscription and/or purchase to investors at the Offering Price (as defined below (the "Offering"). The Offering consists of (i) an international placement of 186,000,000 Offering Shares (the "Placement") to investors, including institutional and other investors in Singapore and outside the United States in reliance on Regulation S under the United States Securities Act of 1933, as amended (the "US Securities Act"), and (ii) a public offer of 12,000,000 Offering Shares in Singapore (the "Public Offer"). The Offering Shares offered may be re-allocated between the Placement and the Public Offer, at the discretion of DBS Bank Ltd. and The Royal Bank of Scotland N.V., Singapore Branch (together, the "Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters"), subject to any applicable law. See "Plan of Distribution".

SMELTING • FABRICATION • TRADING

In connection with the Offering, Sunshine International Global Capital Ltd. and Jiacai International Ltd. (the "Vendors") have granted DBS Bank Ltd., as stabilizing manager (the "Stabilizing Manager"), on behalf of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, an over-allotment option (the "Over-allotment Option") exercisable in whole or in part on one or more occasions from the commencement of dealing in the Shares (the "Listing Date") on the Singapore Exchange Securities Trading Limited (the "SGX-ST") until the earliest of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilizing Manager or its appointed agent(s) has bought, on the SGX-ST, an aggregate of 30,000,000 Shares, representing not more than 15.2% of the total Offering Shares, or (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price, to purchase up to an aggregate of 30,000,000 Shares (the "Additional Shares") (representing not more than 15.2% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any. The exercise of the Over-allotment Option will not affect the total number of issued and existing Shares.

Prior to the Offering, there has been no public market for our Shares. Application has been made to the SGX-ST for permission to list all our issued Shares (including the Offering Shares and the Additional Shares) on the Main Board of the SGX-ST, which will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among other things, permission being granted by the SGX-ST to deal in and for quotation of all our issued Shares (including the Offering Shares and the Additional Shares) on the Official List of the SGX-ST. Monies paid in respect of any application accepted will be returned, at each investor's own risk, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against us, the Vendors or the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, if the Offering is not completed because this permission is not granted or for any other reason. The settlement and quotation of our Shares will be in Singapore dollars.

We have received a letter of eligibility from the SGX-ST for the listing and quotation of all of our issued Shares (including the Offering Shares and the Additional Shares) on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this prospectus (the "Prospectus" or this "offering document"). Our eligibility to list and our admission to the Official List of the SGX-ST is not an indication of the merits of the Offering, our Company, our Group or our Shares (including the Offering Shares and the Additional Shares).

Investing in our Shares involves certain risks. See "Risk Factors" beginning on page 35. **You should note that we do not own directly Yichang Changjiang and Liupanshui Shuangyuan (both defined herein)**. Our discussions in this offering document on our business and past financial performance and position include relevant information relating to Yichang Changjiang and Liupanshui Shuangyuan. We believe that such information is relevant as we rely on the Contractual Arrangements (as defined herein) to gain 100.0% control of and economic benefits from Yichang Changjiang and Liupanshui Shuangyuan. Please refer to "The Contractual Arrangements" on pages 108 to 117 of this offering document for further details on our contractual arrangements with Yichang Changjiang and Liupanshui Shuangyuan.

Investors in the Placement will be required to pay a brokerage fee of up to 1.0% of the Offering Price in connection with their purchase of the Offering Shares. See "Plan of Distribution".

OUR SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT AND MAY NOT BE RE-OFFERED, RE-SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO A PERSON WHO IS NOT A US PERSON (AS DEFINED IN REGULATION S UNDER THE US SECURITIES ACT ("REGULATION S")) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S. THE OFFERING SHARES ARE BEING OFFERED OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority") on September 30, 2010 and October 19, 2010 respectively. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act" or "SFA"), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Offering Shares being offered for investment (or of the Additional Shares, where the Over-allotment Option is exercised).

No Shares will be allotted or allocated on the basis of the Prospectus later than six months after the date of registration of this Prospectus by the Authority.

Investors applying for Offering Shares by way of Application Forms or Electronic Applications (both as defined herein) in the Public Offer will pay the Offering Price on application, subject to the refund of the full amount or, as the case may be the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom and without any right or claim against us or the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters), where (i) an application is rejected or accepted in part only or (ii) the Offering does not proceed for any reason. Investors applying for the Placement are required to pay the Offering Price.

Investors who are members of the Central Provident Fund ("CPF") in Singapore may, subject to the applicable CPF rules and regulations, use CPF Investible Savings to subscribe for and/or purchase the Offering Shares.

Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters

DBS

RBS
The Royal Bank of Scotland

OUR BUSINESS OVERVIEW

XINREN ALUMINUM HOLDINGS LIMITED

SMELTING		FABRICATION	TRADING & MARKETING
Yichang Changjiang	**Liupanshui Shuangyuan**	**Jiangyin Xinren**	**Shanghai Shuangpai, FB Trading**
Production capacity 130,000 tonnes annually **Type of products** Primary aluminum • ingots • plates	**Production capacity** 145,000 tonnes annually **Type of products** Primary aluminum • ingots • plates	**Production capacity** 50,000 tonnes annually **Type of products** Fabricated aluminum • sheets • coils • foils	**Business scope** To trade and market the aluminum products of our Group and others in the PRC and overseas

A LEADING PRIVATELY-OWNED PRODUCER OF PRIMARY ALUMINUM IN THE PRC[1]

CORPORATE PROFILE

XinRen Aluminum Holdings Limited is a leading privately-owned producer of primary aluminum in the PRC, based on production volume in 2009[2].

We are principally engaged in (i) the smelting and sale of primary aluminum in the form of ingots and plates; (ii) the fabrication of primary aluminum into and sale of value-added products such as aluminum sheets, coils and foils; and (iii) trading in alumina and primary aluminum products sourced from third parties.

We have an integrated business model that allows us to participate in key stages of the aluminum industry value chain, from core inputs to the sale and distribution of aluminum products.

We operate two primary aluminum smelting plants in Yichang City, Hubei Province and Liupanshui City, Guizhou Province in the PRC which have an aggregate approved primary aluminum production capacity of 275,000 tonnes annually. We also operate an aluminum fabrication plant in Jiangyin City, Jiangsu Province which has an annual production capacity of 50,000 tonnes.

We also own two companies, Shanghai Shuangpai Aluminum Co., Ltd. ("Shanghai Shuangpai") and Shanghai Fengbo International Trading Co., Ltd. ("FB Trading") which market, trade and sell alumina and primary aluminum products manufactured by our Group as well as third parties in the PRC and overseas.

We have today built a leading position in the industry due to the quality and cost competitiveness of our products which we have achieved through the use of energy-efficient and environmentally friendly technology.

Our revenue increased by 29.2% from RMB3,300.8 million in 2007 to RMB4,263.4 million in 2009. During the same period, our net profit rose 114.1% from RMB142.9 million to RMB306.0 million. In the three months ended 31 March 2010, our revenue was RMB1,269.1 million and net profit was RMB150.3 million.

1 Based on production volume in 2009, according to a report issued by Sunlight Metal, dated September 30, 2010, which we have commissioned. See "Appendix F – Industry Overview – The PRC Aluminum Industry".

2 Based on a report issued by Sunlight Metal dated September 30, 2010, which we have commissioned. See "Appendix F – Industry Overview – The PRC Aluminum Industry".

KEY GROWTH OPPORTUNITIES IN THE ALUMINUM INDUSTRY

Aluminum has a broad range of applications which prevents it from being overly exposed to any single end use market. According to CRU Strategies Limited ("CRU Strategies"), the transport sector such as road vehicles, aircrafts, railcars and marine uses is the single largest market for primary aluminum products, followed by the construction sector such as windows, doors, cladding and facades. Packaging such as drinks cans, food and pharmaceutical packaging, electrical items such as cable and wire, consumer durables and general machinery represent the other key end markets. The total value and volume of primary aluminum produced globally in 2009 was estimated by CRU Strategies to be USD64.1 billion and 37.7 million tonnes, respectively.

According to CRU Strategies, with such diversity in applications, primary aluminum consumption has been driven by industrial production and GDP. Historically, global demand for aluminum has grown in excess of global GDP growth, and aluminum is more sensitive to changes in world GDP growth than other base metals such as copper and nickel. With the global economy anticipated to grow in 2010, CRU Strategies forecasts global consumption of aluminum will grow by 16.0% in 2010 and approximately 8.2% and 8.1% in 2011 and 2012, respectively.

In the PRC, the country's economic growth has been a key driver of the aluminum industry over the past decade, and is expected to offer significant further potential for growth in aluminum demand. According to Sunlight Metal Consulting (Beijing) Co. Ltd. ("Sunlight Metal"), the PRC had remained the largest consumer of primary aluminum in the world from 2004 to 2009, accounting for 40.5% of global aluminum consumption, representing 13.9 million tonnes of primary aluminum consumed in 2009.

According to Sunlight Metal, the PRC is expected to maintain its lead as the largest consumer of primary aluminum between 2009 and 2012 due to continued urbanisation and industrialisation in the PRC, with primary aluminum consumption expected to grow at a CAGR of 17.6% for the same period.

On the supply side, according to CRU Strategies, as a result of the slump in aluminum consumption between October 2008 and August 2009, aluminum producers around the globe announced production curtailments for a total of 7.1 million tonnes per year of smelting capacity. Although aluminum smelters are ramping up in the Middle East in 2010 and in India in 2011, the PRC will represent the main contributor to capacity growth[3].

According to Sunlight Metal, the PRC government is keen to consolidate small and inefficient operations, with the intention to phase out 800,000 tonnes of primary aluminum smelting capacity of inefficient, small and pollutive producers of alumina and primary aluminum products by the end of 2010. In the longer term, the PRC government intends to optimise geographical distribution of capacity and develop sizeable and vertically integrated enterprises, with higher value-add downstream processing capabilities, in the areas with abundant energy and other resources.

3 Based on a report issued by CRU Strategies dated September 30, 2010, which we have commissioned. See "Appendix F – Industry Overview – Global Aluminum Industry Outlook". CRU Strategies expects that the PRC will represent the main contributor to capacity growth over their forecast period, which is 2010 to 2012.

COMPETITIVE STRENGTHS

Capitalize on leading position to tap the growth potential of the Chinese aluminum markets

- We believe our competitive strengths and business strategies, together with our strong customer network and relationship with our suppliers as well as our operational know-how and production experience will allow us to take advantage of any potential growth in aluminum consumption in the PRC

Competitive cost structure

- According to CRU Strategies, the business costs[4] in 2009 for our Yichang Plant and Liupanshui Plant are situated in the first half of the second quartile of the cost curve for Chinese smelters, at between USD1,421 per tonne to USD1,557 per tonne
- Our electricity unit consumption, at 13,727 kwh[5] in 2009 for each tonne of primary aluminum produced, compared favourably against average electricity unit consumption for aluminum smelters operating in the PRC, as estimated by Sunlight Metal (see Diagram A below)
- We are able to achieve a lower cost of electricity in our smelting operations at Yichang Plant as a result of subsidies from the Yichang government, while our Liupanshui Plant is able to benefit from the lower cost of electricity due to the rich coal resources in Guizhou Province
- We have secured alumina requirements for our existing production capacity until December 31, 2014 under four supply contracts with China Aluminum Co., Ltd. and Minmetals Aluminum Co., Ltd., the two largest alumina suppliers in the PRC
- The proximity of our plants to key transportation hubs such as the ports in Yichang and Jiangyin which are major shipping ports along the Yangtze River, as well as major railway hubs in the southwest region of the PRC provides us with a convenient and cost-effective means of transporting our products to our customers and for supplies to be delivered to us
- We believe our highly automated production processes and active management of our labour requirements enable us to derive a competitive advantage from our labor costs

An integrated business model that allows us to participate in key stages of the aluminum industry value chain from core inputs to the sale and distribution of our products

- We have our own production facilities for producing primary aluminum and fabricated aluminum products as well as our own marketing and trading operations
- We have been granted an Option by our Key Shareholders to purchase Kaili Shuangkai Chemical Co., Ltd. which is planning to build a plant for the production of aluminum hydroxide, the key raw material used to produce alumina which is in turn the key raw material used to produce primary aluminum. Should we exercise this Option, our operations would be further integrated upstream through the production of alumina from aluminum hydroxide
- Our integrated business model allows us to operate more efficiently through better co-ordination and control over the aluminum supply chain
- We are able to extract value from various aspects of our operations, both upstream and downstream, through better management and control over our costs and margins

Experienced management team and strong operating track record

- We have an experienced management team with in-depth knowledge of the aluminum industry and a long track record of successfully establishing, managing and operating smelting and fabrication plants, and trading in aluminum and aluminum products
- Mr Zeng Xiaoqiao @ Zeng Xiaoshan, one of our Executive Directors and founder of the Group, has been in the aluminum business for over 30 years and has been conferred the title of being one of the 18 most influential persons in the non-ferrous metal industry in the PRC in 2005 by the China Non-Ferrous Metal News
- Most of our Executive Directors have in-depth operational knowledge of and experience in operating our smelting and fabrication operations as well as close working relationships with our customers and suppliers

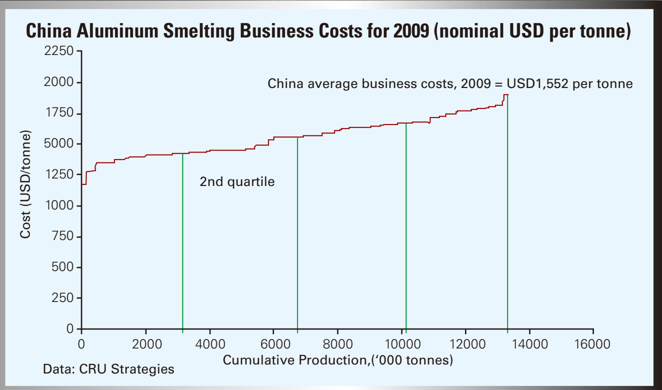


DIAGRAM A

4 *Based on a report issued by CRU Strategies dated September 30, 2010, which we have commissioned. See "Appendix F – Industry Overview – Global Aluminum Industry Outlook".*

5 *The unit consumption of 13,727 kwh/tonne refers to the direct electricity consumed by our two smelting plants for smelting and for operating environmental systems and aluminum casting processes.*

BUSINESS STRATEGIES

We aim to enhance our leadership position as a leading privately-owned player in the PRC's aluminum market and expand our operations and sales domestically and overseas, while maintaining our commitment to quality, cost-competitiveness and research and development ("R&D").

Going forward, we intend to achieve our objective by:

Further vertical integration of our business

- We plan to further develop our downstream fabrication capabilities to tap into the growing demand for more specialised fabricated aluminum products
- We also seek to expand the range of our fabricated aluminum products and to capitalise on the strong demand for fabricated aluminum products in areas such as building and construction, transportation and consumer products industries
- We may also expand our sales and marketing network by establishing more domestic and overseas trading offices or entering into distributorship arrangements in markets with growth potential
- We believe that further upstream integration to include the production of alumina, one of our key raw materials, could enable us to better control our costs, provide greater supply chain coordination, and better compete with others

Increase processing and production capacity

- We have started work as part of our plan to increase our aluminum fabrication production capacity at our Jiangyin Fabrication Plant, from existing 50,000 tonnes annually by an additional 50,000 tonnes by the end of 2010 ("Expansion Phase 1") and by another 50,000 tonnes by the third quarter of 2011 ("Expansion Phase 2")
- Expansion Phase 1 which is estimated to cost approximately RMB30.0 million will be used to produce aluminum plates and other aluminum products, depending on demand
- Expansion Phase 2 which is estimated to cost RMB300.0 million will be used to produce aluminum plates during its trial production stage, and aluminum foils, coils or sheets and other aluminum products depending on demand when it is fully operational

- We believe the increased capacity at our aluminum fabrication plant will allow us to respond quickly to the growth in demand and to capitalise on opportunities to earn revenue from producing and selling higher margin products
- We may also consider expanding our primary aluminum production capacity when suitable opportunities arise and regulatory and economic conditions are conducive
- Alternatively, we may also invest in other existing PRC smelting plants or in smelting operations overseas, if we are able to obtain the necessary regulatory and other approvals

Improve cost competitiveness

- We aim to ensure that the supply of alumina and electricity, the main costs incurred in our primary aluminum production process, are secured over the mid to long term
- In anticipation of the expiry of our existing supply contracts for alumina on December 31, 2014, we plan to enter into additional mid to long term contracts for the supply of alumina when suitable opportunities arise
- We also intend to leverage our position as a stable and large scale consumer of electricity to seek to maintain or reduce electricity costs through negotiations with PRC state and provincial government agencies and power companies
- We may also invest in, acquire or construct ancillary businesses such as electrical power stations and carbon anode plants when suitable opportunities arise to lower our production cost

Enhance research and development capabilities by continuing to invest in advanced technology

- We plan to continue our R&D efforts on improving manufacturing techniques, increasing product quality and reducing costs
- We also plan to continue to leverage our production expertise and collaboration with various leading universities to expand our product offerings, to enable us to provide a broader range of advanced technology products
- We intend to continue to expand our in-house R&D department and efforts to cooperate with our key customers for the production of customised fabricated aluminum products
- We plan to obtain additional recognition of, and renew qualifications for, quality assurance certifications from domestic and international organisations and qualify for tax rebates with respect to export of fabricated aluminum products with high technical content

FUTURE DEVELOPMENTS

In June 2010, we entered into discussions[6] with the government of Jiamusi Municipality in Heilongjiang Province to invest and build an aluminum smelting plant in a new development zone in Jiamusi.

The proposed investment, estimated to cost RMB700.0 million[7], involves the construction of a smelting plant with a production capacity of 100,000 tonnes of primary aluminum per annum.

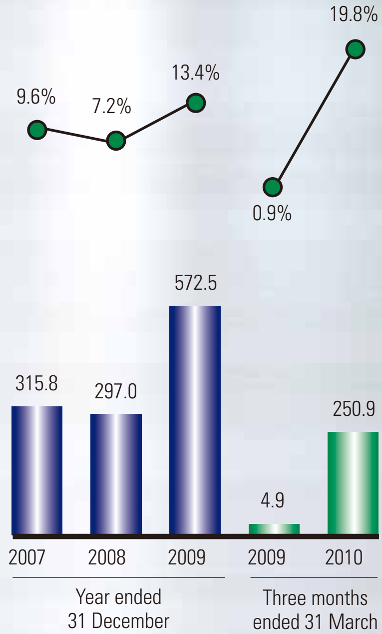
6 These discussions are at a preliminary stage and we have not entered into any definitive agreements or obtained any approvals to proceed with the investment in Heilongjiang Province.

7 Our estimated costs are mainly based on our intended investment scale and preliminary discussions with Jiamusi government. We have not undertaken feasibility studies or procured quotes for such costs.

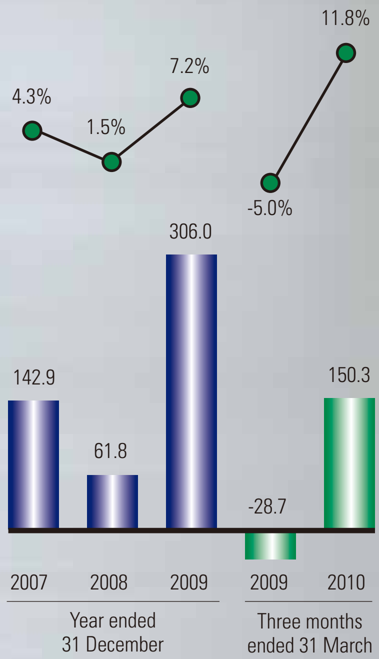
FINANCIAL HIGHLIGHTS

Revenue (RMB million)

Gross Profit (RMB million) **and Gross Profit Margin** (%)



Net Profit (RMB million) **and Net Profit Margin** (%)



CONTENTS

SPECIAL NOTE TO INVESTORS REGARDING OUR BUSINESS AND STRUCTURE

This note has been prepared to assist you in understanding our business and our Group but you should read this note in the context of this entire offering document.

You should note that our discussions in this offering document on our business and past financial performance and position include relevant information relating to Yichang Changjiang and Liupanshui Shuangyuan (both as defined herein). We believe that such information is relevant as we rely on the Contractual Arrangements (as defined herein) to gain 100.0% control of and economic benefits from Yichang Changjiang and Liupanshui Shuangyuan. Please refer to "The Contractual Arrangements" on pages 108 to 117 of this offering document for further details on our contractual arrangements with Yichang Changjiang and Liupanshui Shuangyuan.

Following the Corporate Reorganization (as defined herein), we will remain reliant on the Zeng Family (as defined herein) to perform its obligations under the Contractual Arrangements. For further details on the risk of our reliance on the Zeng Family, please refer to "Risk Factors — Risks Relating to our Business Activities in the PRC — The Contractual Arrangements with the Zeng Family, which relate to critical aspects of our operations, may not be as effective as direct ownership in providing us control and rights over 100.0% of the economic benefits from Yichang Changjiang and Liupanshui Shuangyuan. In addition, these arrangements may be difficult and costly to enforce under PRC law" on page 36 of this offering document.

You should note that we do not own directly Yichang Changjiang and Liupanshui Shuangyuan. Our Group structure is set out under "The Corporate Reorganization and our Corporate Structure — Corporate Structure" on page 118 of this offering document.

NOTICE TO INVESTORS

No person is authorized to give any information or to make any representation not contained in this offering document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of us or any of, the Vendors and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters. Neither the delivery of this offering document nor any offer, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as at any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, conditions and prospects of our Group since the date hereof. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we and/or the Vendors will make an announcement of the same to the SGX-ST and, if required, we and the Vendors will issue and lodge an amendment to this offering document or a supplementary document or replacement document pursuant to Section 240 or, as the case may be, Section 241 of the Securities and Futures Act and take immediate steps to comply with these sections. Investors should take notice of such announcements and documents and upon release of such announcements or documents shall be deemed to have notice of such changes. Unless required by applicable laws (including the Securities and Futures Act), no representation, warranty or covenant, express or implied, is made by us or any of the Vendors or the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this offering document is, or shall be relied upon as, a promise, representation or covenant by us or any of the Vendors or the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters or our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

None of us or any of the Vendors, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers is making any representation or undertaking to any investor in our Shares regarding the legality of an investment by such investor under applicable investment or similar laws. In addition, investors in our Shares should not construe the contents of this offering document or its appendices as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in our Shares for an indefinite period of time. Investors should consult their own professional advisers as to the legal, tax, business, financial and related aspects of an investment in our Shares.

By applying for the Offering Shares on the terms and subject to the conditions in this offering document, each investor in the Offering Shares represents and warrants that, except as otherwise disclosed to the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters in writing, he is not (i) a Director or Substantial Shareholder of the Company, (ii) an associate (as defined in the Listing Manual) of any of the persons mentioned in (i), or (iii) a connected client (as defined in the Listing Manual) of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters or lead broker or distributor of the Offering Shares.

We and the Vendors are subject to the provisions of the Securities and Futures Act and the Listing Manual regarding the contents of this offering document. In particular, if after this offering document is registered but before the close of the Offering, we and/or the Vendors become aware of:

(a) a false or misleading statement or matter in this offering document;

(b) an omission from this offering document of any information that should have been included in it under Section 243 of the Securities and Futures Act; or

(c) a new circumstance that has arisen since this offering document was registered by the Authority which would have been required by Section 243 of the Securities and Futures Act to be included in this offering document if it had arisen before this offering document was registered,

that is materially adverse from the point of view of an investor, we and the Vendors may lodge a supplementary or replacement document with the Authority pursuant to Section 241 of the Securities and Futures Act.

Where applications have been made under this offering document to subscribe and/or purchase the Offering Shares prior to the lodgement of the supplementary or replacement document and the Offering Shares have not been transferred to the applicants, we shall either:

(a) within seven days from the date of lodgement of the supplementary or replacement document, provide the applicants with a copy of the supplementary or replacement document, as the case may be, and provide the applicants with an option to withdraw their applications; or

(b) treat the applications as withdrawn and cancelled and return all monies paid, without interest or any share of revenue or other benefit arising therefrom, in respect of any applications received, within seven days from the date of lodgement of the supplementary or replacement document.

Where applications have been made under this offering document to subscribe and/or purchase the Offering Shares prior to the lodgement of the supplementary or replacement document and the Offering Shares have been transferred to the applicants, we shall either:

(a) within seven days from the date of lodgement of the supplementary or replacement document, provide the applicants with a copy of the supplementary or replacement document and, as the case may be, provide the applicants with an option to return, to us, those Offering Shares that the applicants have subscribed and/or purchased pursuant to their applications; or

(b) treat the sale of the Offering Shares as void and return all monies paid, without interest or any share of revenue or other benefit arising therefrom, in respect of any applications received, within seven days from the date of lodgement of the supplementary or replacement document.

Any applicant who wishes to exercise his option to withdraw his application or return the Offering Shares sold to him shall, within 14 days from the date of lodgement of the supplementary or replacement document, notify us whereupon we shall, within seven days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk.

Under the Securities and Futures Act, the Authority may, in certain circumstances issue a stop order (the "Stop Order") to us and the Vendors, directing that no or no further Shares to which this offering document relates be allotted, issued or sold. Such circumstances will include a situation where this offering document (i) contains a statement or matter, which in the opinion of the Authority is false or misleading, (ii) omits any information that is required to be included in accordance with the Securities and Futures Act or (iii) does not, in the opinion of the Authority, comply with the requirements of the Securities and Futures Act.

Where the Authority issues a Stop Order pursuant to Section 242 of the Securities and Futures Act, and:

(a) in the case where the Offering Shares have not been allotted and issued and/or transferred to the applicants, the applications for the Offering Shares pursuant to the Offering shall be deemed to have been withdrawn and cancelled and we and the Vendors shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Offering Shares; or

(b) in the case where the Offering Shares have been allotted and issued and/or transferred to the applicants, the sale of the Offering Shares shall be deemed void and we and the Vendors shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for the Offering Shares.

Where monies paid in respect of applications received or accepted are to be returned to the applicants, such monies will be returned at the applicants' own risk, without interest or any share of revenue or other benefit arising therefrom, and the applicants will not have any claim against us or the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters.

The distribution of this offering document and the offering, purchase, sale or transfer of our Shares in certain jurisdictions may be restricted by law. We, the Vendors and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters require persons into whose possession this offering document comes to inform themselves about and to observe any such restrictions at their own expense and without liability to us or any of the Vendors or the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters. This offering document does not constitute an offer of, or an invitation to purchase, any of our Shares in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this offering document has been issued shall not circulate to any other person, reproduce or otherwise distribute this offering document or any information herein for any purpose whatsoever nor permit or cause the same to occur. We and the Vendors are entitled to withdraw the Offering at any time before closing, subject to compliance with certain conditions set out in the Placement Agreement and the Offer Agreement (both as defined in "Plan of Distribution") relating to the Offering. We and the Vendors are making the Offering subject to the terms described in this offering document, the Placement Agreement and the Offer Agreement relating to the Offering Shares described in "Plan of Distribution".

The Offering Shares have not and will not be registered under the US Securities Act and may not be offered or sold within the United States. There will be no public offering of the Offering Shares in the United States.

In connection with the Offering, the Vendors have granted the Stabilizing Manager the Over-allotment Option exercisable in whole or in part by the Stabilizing Manager on behalf of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters on one or more occasions from the Listing Date until the earliest of (i) the date falling 30 days from the Listing Date, (ii) the date when the Stabilizing Manager or its appointed agent(s) has bought, on the SGX-ST, an aggregate of 30,000,000 Shares, representing not more than 15.2% of the total Offering Shares, or (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price, to purchase up to an aggregate of 30,000,000 Shares (representing not more than 15.2% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any. The exercise of the Over-allotment Option will not affect the total number of issued and existing Shares.

In connection with the Offering, the Stabilizing Manager may over-allot Shares or effect transactions that stabilize or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. The Stabilizing Manager is not required to over-allot our Shares in order to undertake stabilizing action or to otherwise undertake stabilizing action. These transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. However, we cannot assure you that the Stabilizing Manager will undertake any stabilization action. These transactions may commence on or after the Listing Date on the SGX-ST and, if commenced, may be discontinued at any time and may not be effected after the earliest of (i) the date falling 30 days from the Listing Date, (ii) the date when the Stabilizing Manager or its appointed agent(s) has bought on the SGX-ST an aggregate of 30,000,000 Shares, representing not more than 15.2% of the total Offering Shares, or (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price.

FORWARD-LOOKING STATEMENTS

Certain statements in this offering document constitute "forward-looking statements". All statements other than statements of historical facts included in this offering document, including those regarding our financial position and results, business strategies, plans and objectives of management for future operations (including development plans and dividends), are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future.

Forward-looking statements involve inherent risks and uncertainties. The forward-looking statements included in this offering document reflect our current views with respect to future events and are not a guarantee of future performance. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. These factors include, but are not limited to, the following:

- general global, regional and local political, social and economic conditions;
- regulatory developments and changes in the industry in which we operate;
- the general economic condition of, and changes in, the economy in the PRC and the rest of the world;
- changes in our need for capital and the availability of financing and capital to fund these needs;
- whether we can successfully execute our business strategies and carry out our growth plans;

- competition in the aluminum industry in the PRC and globally;
- changes in the price of aluminum on the SHFE, the LME and other exchanges on which aluminum or aluminum futures are traded;
- changes in electricity tariffs and the costs of raw materials and other goods and services used in our business;
- government regulations, including tax laws or licensing;
- war or acts of international or domestic terrorism;
- occurrences of catastrophic events, natural disasters and acts of God that affect our business or properties;
- changes in our senior management team or loss of key employees;
- changes relating to and our relations with the Zeng Family;
- changes in interest rates or inflation rates;
- changes in the value of certain currencies that are used in our business, including the Singapore dollar, the Chinese Renminbi and the US dollar;
- other factors beyond our control; and
- any other matters not yet known to us.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”, “Dividends”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Business” and “Appendix F — Industry Overview”. These forward-looking statements speak only as of the date of this offering document. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We do not intend to update any of the forward-looking statements after the date of this offering document to conform those statements to actual results, subject to compliance with all applicable laws including the Securities and Futures Act and/or rules of the SGX-ST.

ENFORCEABILITY OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of the Republic of Singapore. Almost all of our current operations are conducted in the People’s Republic of China (“PRC”), and substantially all of our assets are located in the PRC. All of our Executive Directors and management are located in the PRC. The Vendors and all the directors and management of the Vendors are located outside the United States. The assets of the Vendors are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us, the Vendors or such persons or to enforce in the United States any judgment obtained in the United States courts against us, the Vendors or any of such persons, including judgments based upon the civil liability provisions of the securities laws of the United States or any state or territory of the United States.

There is uncertainty as to whether the courts of the PRC or Singapore would recognize and enforce judgments of United States courts obtained against us or our Directors and management as well as against the Vendors or, where applicable, their directors and management predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States or entertain original actions brought in the PRC or Singapore courts against us or our Directors and management as well as against the Vendors or, where applicable, their directors and management predicated upon the securities laws of the United States or any state in the United States.

PRESENTATION OF FINANCIAL AND STATISTICAL INFORMATION

This offering document contains our audited combined financial statements as of and for the years ended December 31, 2007, 2008, 2009, and our unaudited interim condensed combined financial statements as at and for the three months ended March 31, 2010, each of which has been prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

SFRS differs in certain respects from generally accepted accounting principles in certain other countries, including the United States. Our financial information included in this offering document has not been prepared or presented in compliance with the SEC's published guidelines in Regulation S-X under the Securities Act for the preparation and presentation of financial information. Our combined financial statements present our financial condition and results of operations as if the Corporate Reorganization had occurred as at the beginning of the earliest period presented, even though the agreements to effect the Corporate Reorganization were only entered into in September 2010 and the Corporate Reorganization was completed only on October 19, 2010. Our financial statements included in this offering document as of and for the years ended December 31, 2007, 2008 and 2009, and unaudited interim condensed combined financial statements as at and for the three months ended March 31, 2010 have been prepared as if the Corporate Reorganization had occurred as at the beginning of the earliest period presented. Accordingly, the assets, liabilities and results of the entities under common control that are transferred into our Group in connection with the Corporate Reorganization are included in our Group's combined financial statements as at the beginning of the earliest period presented.

We maintain our accounts and publish our financial statements in Renminbi. This offering document contains conversions of Renminbi amounts into US dollars, Renminbi amounts into Singapore dollars and Singapore dollar amounts into US dollars at specified rates solely for the convenience of the reader. Unless otherwise indicated, (i) Renminbi amounts in this offering document have been translated into US dollars and US dollar amounts have been translated into Renminbi, based on the exchange rate of RMB6.77 = USD1.00 (rounded to two decimal places), as quoted by Bloomberg L.P. on July 30, 2010; (ii) Renminbi amounts in this offering document have been translated into Singapore dollars and Singapore dollar amounts have been translated into Renminbi, based on the exchange rate of RMB4.98 = S$1.00 (rounded to two decimal places) as quoted by Bloomberg, L.P. on July 30, 2010 and (iii) Singapore dollar amounts in this offering document have been translated into US dollars, based on the exchange rate of S$1.36 = USD1.00 (rounded to two decimal places), as quoted by Bloomberg L.P. on July 30, 2010. However, these translations should not be construed as representations that Renminbi, Singapore dollar or US dollar amounts have been, would have been or could be converted at those rates or any other rate or at all, as the case may be and have not been audited by our independent auditors. See "Appendix A — Foreign Exchange Rates and Exchange Controls" for certain historical information on the exchange rate between Renminbi, Singapore dollars and US dollars.

We have included the exchange rate quoted above in its proper form and context in this offering document. Bloomberg L.P. has not provided its consent, for purposes of Section 249 of the Securities and Futures Act, to the inclusion of the exchange rate quoted above and in "Appendix A — Foreign Exchange Rates and Exchange Controls" in this offering document and is thereby not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendors and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters have taken reasonable actions to ensure that the above exchange rates have been reproduced in their proper form and context, neither we, the Vendors, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters nor any other party has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

MARKET AND INDUSTRY INFORMATION

Unless otherwise indicated, all industry statistical data, graphs, tables and information contained in this offering document have been provided by CRU Strategies Limited and Sunlight Metal Consulting (Beijing) Co., Ltd. (collectively, the "Industry Consultants").

Each of the Industry Consultants has advised us that the statistical and graphical information contained herein under "Appendix F — Industry Overview" has been drawn from its databases and other sources. In connection therewith, each of the Industry Consultants has advised us that:

- certain information in the Industry Consultants' databases were derived from estimates or subjective judgments;

- the information in the databases of other data collection agencies may differ from the information in the Industry Consultants' database;

- while the Industry Consultants have taken reasonable care in the compilation of the statistical and graphical information and believe it to be accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors;

- the Industry Consultants, their agents, officers and employees do not accept liability (save as may be required by applicable laws and regulations (including the Securities and Futures Act)) for any loss suffered in consequence of reliance on such information or in any other manner; and

- the provision of these data, graphs and tables does not obviate the need to make appropriate further inquiries.

Reports and industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, which we believe to be reliable, have not been independently verified, and none of us, the Vendors and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters makes any representation as to the accuracy or completeness of this information.

CERTAIN DEFINED TERMS AND CONVENTIONS

In this offering document, references to our "Company" are to XinRen Aluminum Holdings Limited and, unless the context otherwise requires, "we", "us", "our" and "our Group" refer to XinRen Aluminum Holdings Limited and its subsidiaries and consolidated entities taken as a whole.

In this offering document, references to "S$", "Singapore dollar" or "Singapore cent" are to the lawful currency of the Republic of Singapore, references to "US$", "USD", "United States dollar", "US dollar" or "US cent" are to the lawful currency of the United States of America and references to "Chinese Renminbi", "Renminbi" or "RMB" are to the lawful currency of the People's Republic of China. All references to dates and times are to Singapore dates and times.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The information on our websites or any website directly or indirectly linked to such websites or the websites of any of our related corporations or other entities in which we may have an interest is not incorporated by reference into this offering document and should not be relied on.

References to our management and Directors are to the management and directors of our Company, respectively; references to our "Memorandum and Articles of Association" are to the Memorandum of Association and Articles of Association of our Company; and references to our share capital in "Appendix B — Description of Our Shares" and elsewhere are to the share capital of our Company.

In addition, unless we indicate otherwise, all information in this offering document assumes that (i) the Stabilizing Manager has not exercised the Over-allotment Option; and (ii) no Offering Shares have been re-allocated between the Placement and the Public Offer.

References to the "Latest Practicable Date" in this offering document are to September 17, 2010, being the latest practicable date prior to the lodgement of this offering document with the Authority.

Certain Chinese names and characters, such as those of PRC entities, properties, cities, governmental and regulatory departments, laws and regulations and notices, have been translated into English or from English names and characters, solely for your convenience, and such translations should not be construed as representations that the English names actually represent the Chinese names and characters or (as the case may be) that the Chinese names actually represent the English names and characters.

Any reference to a time of day in this offering document, the Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs or the relevant pages of the internet banking websites of the relevant Participating Banks, are to Singapore time unless otherwise stated. Any reference in this offering document, the Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs or the relevant pages of the internet banking websites of the relevant Participating Banks, to any statute or enactment is to that statute or enactment as amended or re-enacted. Any word defined in the Securities and Futures Act, the Singapore Companies Act, or any statutory modification thereof and used in this offering document has the meaning ascribed to it under the Securities and Futures Act, the Singapore Companies Act or any statutory modification thereof, as the case may be, unless otherwise indicated.

References to the "spot price of aluminum" refer to the current price of aluminum quoted on the relevant spot market. References to the "volume weighted average spot price of aluminum" refer to the volume weighted average of the spot prices of aluminum during a specified period of time.

CORPORATE INFORMATION

Directors	:	Mr. Zeng Chaoyi (*Executive Chairman*) Mr. Zeng Xiaoqiao @ Zeng Xiaoshan (*Executive Director*) Mr. Zeng Chaolin (*Chief Executive Officer and Executive Director*) Ms. Zeng Mingliu (*Executive Director*) Mr. Liang Hongbo (*Executive Director*) Mr. Chen Timothy Teck Leng @ Chen Teck Leng (*Non-Executive Lead Independent Director*) Mr. Loh Weng Whye (*Non-Executive Independent Director*) Mr. Liu Jingan (*Non-Executive Independent Director*)
Company Secretaries	:	Teo Meng Keong (ACIS) Low Siew Tian (ACIS)
Company Registration Number	:	200612545H
Registered Office	:	250 North Bridge Road #15-01 Raffles City Tower Singapore 179101
Principal Place of Business	:	Qiaobian Town Dianjun District Yichang City, Hubei Province People's Republic of China Shuicheng County Liupanshui City, Guizhou Province People's Republic of China No.1 Xinren Road Huangtang Industrial Zone Xuxiake Town Jiangyin City, Jiangsu Province People's Republic of China
Vendors	:	Sunshine International Global Capital Ltd. Palm Grove House, P.O. Box 438 Road Town, Tortola British Virgin Islands Jiacai International Ltd. Palm Grove House, P.O. Box 438 Road Town, Tortola British Virgin Islands
Share Registrar and Share Transfer Office	:	Boardroom Corporate & Advisory Service Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623

Joint Global Co-ordinator, Joint Bookrunner, Joint Issue Manager and Joint Underwriter	:	DBS 6 Shenton Way DBS Building Tower One Singapore 068809
Joint Global Co-ordinator, Joint Bookrunner, Joint Issue Manager and Joint Underwriter	:	The Royal Bank of Scotland N.V., Singapore Branch Level 23, One Raffles Quay South Tower Singapore 048583
Legal Adviser to our Company and to the Vendors as to Singapore Law, US Federal Securities and English Law	:	Allen & Overy LLP 24 Raffles Place #22-00 Clifford Centre Singapore 048621
Legal Adviser to our Company and to the Vendors as to PRC Law	:	Jingtian & Gongcheng 3505 K.Wah Centre 1010 Huai Hai Road (M) Shanghai 200031 People's Republic of China
Legal Adviser to the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters as to Singapore Law	:	WongPartnership LLP One George Street #20-01 Singapore 049145
Legal Adviser to the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters as to US Federal Securities and English Law	:	O'Melveny & Myers LLP 9 Raffles Place #22-01/02 Republic Plaza 1 Singapore 048619
Legal Adviser to the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters as to PRC Law	:	Commerce & Finance Law Offices 6F NCI Tower A12 Jianguomenwai Avenue Chaoyang District, Beijing 100022 People's Republic of China
Independent Auditors	:	Ernst & Young LLP Level 18 North Tower One Raffles Quay Singapore 048583
Receiving Banker	:	DBS 6 Shenton Way DBS Building Tower One Singapore 068809

Principal Bankers	:	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
Industry Consultants	:	CRU Strategies Limited 31 Mount Pleasant, London WC1X 0AD United Kingdom Sunlight Metal Consulting (Beijing) Co., Ltd. 6-3-2E Qingbo Yuan Shijicheng Haidian District Beijing 100097 People's Republic of China

SUMMARY

This summary highlights information contained elsewhere in this offering document and may not contain all of the information that may be important to you or that you should consider before deciding to invest in the Offering Shares. You should read this entire offering document, including our financial statements and related notes and the section entitled "Risk Factors" before making a decision to invest in the Offering Shares.

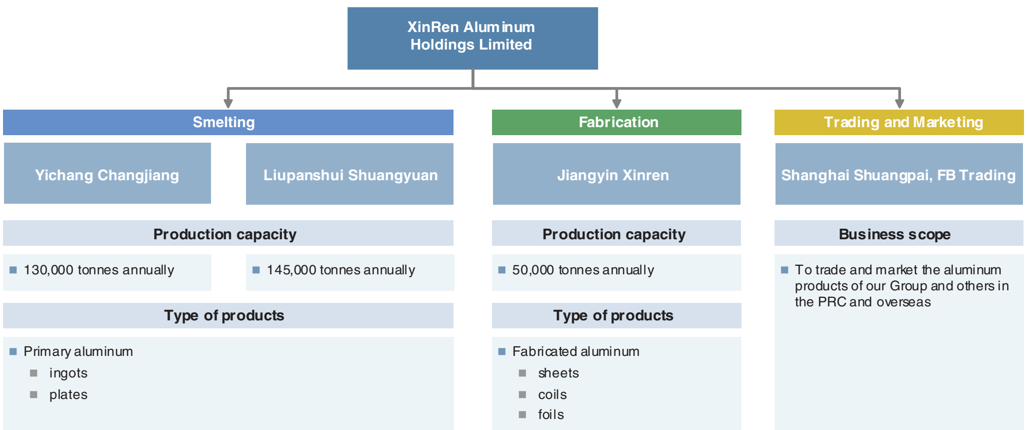
OVERVIEW

We are a leading privately-owned producer of primary aluminum in the PRC, based on production volume in 2009.[1] We are principally engaged in (i) the smelting and sale of primary aluminum in the form of ingots and plates; (ii) the fabrication of primary aluminum into and sale of value-added products such as aluminum sheets, coils and foils; and (iii) trading in alumina and primary aluminum products sourced from third parties.

We have an integrated business model that allows us to participate in key stages of the aluminum industry value chain, from core inputs to the sale and distribution of aluminum products. We operate two primary aluminum smelting plants in Yichang City, Hubei Province and Liupanshui City, Guizhou Province in the PRC which have an aggregate approved primary aluminum production capacity of 275,000 tonnes annually. We also operate an aluminum fabrication plant in Jiangyin City, Jiangsu Province that has an annual production capacity of 50,000 tonnes. We also own two companies, Shanghai Shuangpai and FB Trading, that market, trade, and sell alumina and primary aluminum products manufactured by our Group as well as third parties, in the PRC and overseas. We have secured all our alumina requirements for our current production capacity at our smelting plants until December 31, 2014, under supply contracts that have been entered into for a period of five years with two of the largest alumina suppliers in the PRC.

We believe that our leading position is due to the quality and cost competitiveness of our products, which we achieve through the utilization of energy-efficient and environmentally friendly pre-baked technology with automated 240kA pre-baked anode reduction potlines, an advanced and stable technology for the production of high quality primary aluminum. As the facilities of Yichang Plant, Liupanshui Plant and Jiangyin Fabrication Plant were completed only in February 2007, July 2008 and July 2007 respectively, our production lines for both our primary aluminum and fabricated aluminum products are relatively new.

Set out below is a diagrammatic summary of our existing business operations, production capacity, products and business scope.



[1] Based on a report issued by Sunlight Metal dated September 30, 2010, which we have commissioned. See "Appendix F — Industry Overview — The PRC Aluminum Industry".

We sold to third parties 259,718 and 61,969 tonnes of primary aluminum produced by our two smelting plants in 2009 and the three months ended March 31, 2010, respectively. During the same period, we sold 27,311 and 10,560 tonnes, respectively, of fabricated aluminum products produced by Jiangyin Fabrication Plant. Our revenue in 2007, 2008, 2009 and for the three months ended March 31, 2010 was RMB3,300.8 million, RMB4,119.1 million, RMB4,263.4 million (USD487.2 million, USD608.0 million, USD629.3 million) and RMB1,269.1 million (USD187.3 million), respectively. Revenue from each of our three business segments, namely, the smelting and sale of primary aluminum, the fabrication of primary aluminum into and sale of fabricated aluminum products and the trading in alumina and primary aluminum products sourced from third parties, accounted for 74.2%, 8.2%, and 17.6% of our total revenue, respectively, in 2009, and 73.1%, 9.7% and 17.2% of our total revenue, respectively, for the first three months ended March 31, 2010. Sales within the PRC and outside the PRC from our operations accounted for approximately 97.6% and 2.4% of our total revenue, respectively, for 2009 and 98.7% and 1.3% of our total revenue, respectively, for the three months ended March 31, 2010. In the future, we may trade in alumina purchased under our five-year supply contract with Minmetals which is in excess of our production requirements, after taking into account prevailing prices of alumina and the amount of alumina we may stockpile for future use. Historically, some of our trading sales represent sales of products purchased from, or sales of third party products to, companies that were previously owned by certain of the Zeng Family Shareholders and their associates. The trading sales to companies that were previously owned by certain of the Zeng Family Shareholders and their associates represent 10.3%, 3.7% and 2.6% of our Group's total sales for 2007, 2008 and 2009, respectively. The trading purchases from companies that were previously owned by certain of our Controlling Shareholders and their associates represent 20.3%, 3.4% and 4.5% of our Group's total cost of sales for 2007, 2008 and 2009, respectively. These companies were sold to third parties unrelated to the Zeng Family in December 2009. Please see "Interested Person Transactions and Conflicts of Interests" for details.

KEY GROWTH OPPORTUNITIES IN THE ALUMINUM INDUSTRY

Aluminum has a broad range of applications, which prevents it from being overly exposed to any single end use market. According to CRU Strategies, main uses of aluminum include the transport sector (such as road vehicles, aircraft, railcars and marine uses) which is the single largest market for primary aluminum products, followed by the construction sector (such as windows, doors, cladding and facades). Packaging (such as drinks cans, food and pharmaceutical packaging), electrical (such as cable and wire), consumer durables, and general machinery represent the other key end markets. The total value and volume of primary aluminum produced globally in 2009 was estimated by CRU Strategies to be USD64.1 billion and 37.7 million tonnes, respectively.

According to CRU Strategies, with such diversity in applications, primary aluminum consumption has been driven by industrial production and GDP. Historically, global demand for aluminum has grown in excess of global GDP growth. Aluminum is more sensitive to changes in world GDP growth than other base metals such as copper and nickel. With the global economy anticipated to grow in 2010, CRU Strategies forecasts that the global consumption of aluminum will grow by 16.0% in 2010 and approximately 8.2% and 8.1% in 2011 and 2012 respectively.

The relationship between per capita consumption of aluminum and GDP per capita in countries varies at different stages of economic development. According to CRU Strategies, as the GDP per capita increases in developing countries such as the PRC, India and Brazil, the amount of aluminum each country consumes on a per capita basis is also expected to increase. With still relatively low GDP per capita compared to the US and Japan, aluminum demand in these developing countries, particularly, the PRC, is expected to have significant further structural growth potential.

In this context, the economic growth of the PRC had been a key driver of the aluminum industry over the past decade, with the country continuing to offer significant further potential for growth in aluminum demand. According to Sunlight Metal, the PRC had remained the largest consumer of primary aluminum in the world from 2004 to 2009, accounting for 40.5% of global aluminum consumption, representing 13.9 million tonnes of primary aluminum consumed in 2009. According to Sunlight Metal, the PRC is expected to maintain its lead as the largest consumer of primary aluminum between 2009 to 2012, as a result of continued urbanization and industrialization in the PRC, with primary aluminum consumption expected to grow at a CAGR of 17.6% from 2009 to 2012, with consumption reaching 22.6 million tonnes of primary aluminum consumed in 2012.

In addition to overall growth in economic activity, we believe that aluminum demand also benefits from a number of key sectoral trends. Higher energy prices and more stringent regulation on carbon emissions also encourage the use of lightweight materials in the automotive sector, which may represent attractive opportunities for substitution from steel to aluminum. The substitution trend is already well established: according to The Aluminum Association, an association that represents US and foreign-based producers of primary aluminum, the average aluminum content in vehicles in North America in 2009 was estimated at 148 kilograms, up 20.0% compared to the average content of 123 kilograms in 2002. CRU Strategies estimates that the average aluminum content has increased by 25% in the European Union over the same period.

On the supply side, according to CRU Strategies, as a result of the slump in aluminum consumption between October 2008 and August 2009, aluminum producers around the globe announced production curtailments for a total of 7.1 million tonnes per year of smelting capacity. According to CRU Strategies, aluminum smelters are ramping up in the Middle East in 2010 and in India in 2011, but the PRC will represent the main contributor to capacity growth[1]. According to Sunlight Metal, the PRC government is keen to consolidate small and inefficient operations. According to the "Non-ferrous Metals Industrial and Revitalization Plan" promulgated by the PRC State Council in May 2009, the PRC government intends to phase out 800,000 tonnes of primary aluminum smelting capacity of inefficient, small and pollutive producers of alumina and primary aluminum products using small pre-baked electrobaths by the end of 2010. In the longer term, the PRC government intends to optimize geographical distribution of capacity and develop sizeable and vertically integrated enterprises, with higher value-add downstream processing capabilities, in the areas with abundant energy and other resources, according to Sunlight Metal. Please refer to "Appendix F — Industry Overview" for details.

OUR COMPETITIVE STRENGTHS

We are a leading privately-owned producer of primary aluminum in the PRC by production volume and we are well positioned to benefit from the growth potential of the Chinese aluminum markets.

We are a leading privately-owned producer of primary aluminum products in the PRC, based on production volume for 2009[2]. The PRC, which is also our primary market for the sale of our primary aluminum and fabricated aluminum products, is the largest producer and consumer of primary aluminum globally, representing 34.2% and 40.5% of total global output and total global consumption in 2009, respectively, according to Sunlight Metal. As one of the leading privately-owned companies in the aluminum industry in the PRC, we believe our competitive strengths and our business strategies, our strong customer network and relationship with our suppliers, as well as our operational know-how and experience in the production of primary aluminum and fabricated aluminum products, will allow us to take advantage of any potential growth in aluminum consumption in the PRC.

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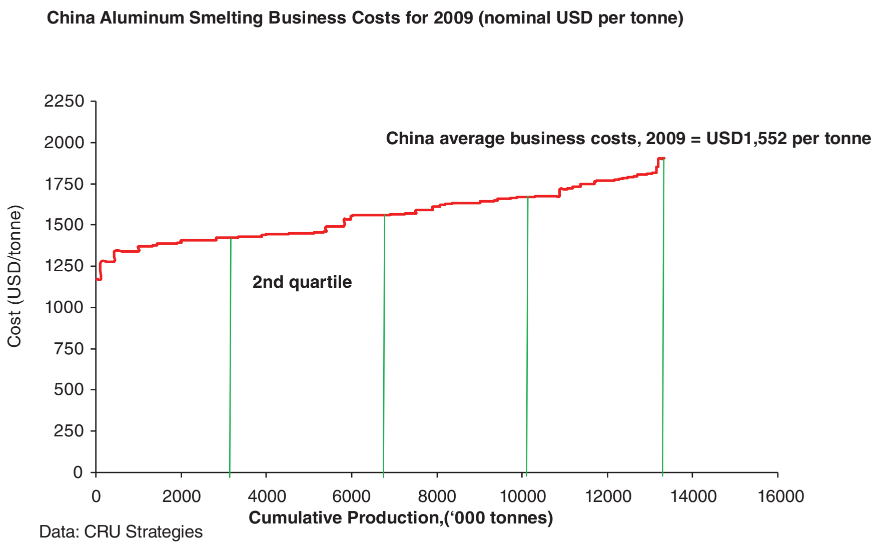
1 Based on a report issued by CRU Strategies dated September 30, 2010, which we have commissioned. See"Appendix F — Industry Overview — Global Aluminum Industry Outlook". CRU Strategies expects that the PRC will represent the main contributor to capacity growth over their forecast period, which is 2010 to 2012.

2 Based on a report issued by Sunlight Metal dated September 30, 2010, which we have commissioned. See "Appendix F — Industry Overview — The PRC Aluminum Industry".

We have a competitive cost structure

We believe we enjoy significant cost advantages. The business costs[1] in 2009 of Yichang Plant and Liupanshui Plant, based on data CRU Strategies received from our Company, are situated in the first half of the second quartile of the cost curve for aluminum smelters operating in the PRC, as set out in the cost curve below. Based on estimates by CRU Strategies of PRC aluminum smelting business costs, the second quartile of the cost curve is between USD1,421 per tonne to USD1,557 per tonne.



We believe our cost structure is competitive for the following reasons:

- The electricity consumption at our aluminum smelters was 13,727 kwh[2] in 2009 for each tonne of primary aluminum produced. Our electricity unit consumption compared favorably against the average electricity unit consumption for aluminum smelters operating in the PRC, which averaged 14,171 kwh, in 2009, as estimated by Sunlight Metal. According to Sunlight Metal, ten PRC aluminum smelting companies, including our Company, were able to achieve unit consumption of 13,900 kwh per tonne or below in 2009. In addition to our energy efficient operations, we believe that we are able to achieve a lower cost of electricity in our smelting operations at Yichang Plant as a result of the subsidies we receive from the Yichang government. The proximity of Yichang Plant to the Gezhouba hydroelectric power station has enabled us to construct and own two out of the three electricity lines that connect Yichang Plant to the power station. Liupanshui Plant is located in Guizhou Province, which we believe has one of the lowest costs of electricity in the PRC due to its rich coal resources. We believe that the above factors allow us to enjoy a secure and stable supply of electricity and cost efficiencies in terms of our electricity consumption.

- We have secured our alumina requirements for our existing production capacity until December 31, 2014 under four supply contracts with Chalco and Minmetals, the two largest alumina suppliers in the PRC. Each of these supply contracts set the price for our monthly purchases to a fixed percentage of the previous month's price of a three-month aluminum futures contract quoted on the SHFE. The volume-weighted average of these fixed percentages under the four supply contracts is approximately 17.1%.

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[1] Based on a report issued by CRU Strategies dated September 30, 2010, which we have commissioned. See "Appendix F — Industry Overview — Global Aluminum Industry Outlook". The "business costs" in relation to an aluminum smelter, refers to all costs incurred at the smelter and includes the additional costs associated with the transportation, sale and marketing of aluminum products. "Business costs" are not derived from our financial statements included in this offering document.

[2] The unit consumption of 13,727 kwh/tonne refers to the direct electricity consumed by our two smelting plants for smelting and for operating environmental systems and aluminum casting processes.

- The proximity of our plants to key transportation hubs, such as the ports in Yichang and Jiangyin, which are major shipping ports along the Yangtze River, as well as the major railway hub in the southwest region of the PRC, provides us with a convenient and cost-effective means of transporting our products to our customers, and for supplies to be delivered to us, and allows us to better manage our inventory and operate in a more cost-efficient manner.

- We believe our highly automated production processes and active management of our labor requirements enable us to derive a competitive advantage from our labor costs.

We have an integrated business model that allows us to participate in key stages of the aluminum industry value chain

We participate in key stages of the aluminum industry value chain from core inputs to the sale and distribution of our products, as we have secured the supply of alumina, one of our key raw materials, for an extended period of time, and we have our own production facilities for producing primary aluminum and fabricated aluminum products as well as our own marketing and trading operations.

We have also been granted the Option by our Key Shareholders to purchase the equity interest of Kaili Shuangkai, which will own the Aluminum Hydroxide Plant that they plan to construct. See "Business — Primary Aluminum — Production Process — Aluminum Hydroxide Plant" for details. Aluminum hydroxide is the key raw material used to produce alumina (see "Business — Primary Aluminum — Production Process"), which is the key raw material used to produce primary aluminum. In the event we exercise the Option, our operations would be further integrated upstream through the production of alumina from aluminum hydroxide. Our integrated business model allows us to operate more efficiently through better co-ordination and control over the aluminum supply chain. It enables us to synchronize supply with demand for our products, making us less vulnerable to uncertainty in our business and operations and mitigates the effects of cyclical fluctuations in the price, supply and demand for our products. If required and if cost-effective for our Group to do so, we are able to supply primary aluminum ingots to Jiangyin Fabrication Plant from our own smelting plants in Yichang and Liupanshui, which we currently source mainly from third parties. We are also able to extract value from various aspects of our operations, both upstream and downstream, through better management and control over our costs and through the margins we earn from the sale of our own primary aluminum, fabricated aluminum products and the aluminum related products of others.

We have an experienced management team with a strong operating track record

We have an experienced management team with in-depth knowledge of the aluminum industry and a long track record of successfully establishing, managing and operating smelting and fabrication plants, and trading in aluminum and aluminum products.

Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, one of our Executive Directors and the founder of our Group, has been in the aluminum business for over 30 years and has been conferred the title of being one of the 18 most influential persons in the non-ferrous metal industry in the PRC in 2005 by the China Non-Ferrous Metal News. Our Executive Directors, Mr. Zeng Chaoyi and Ms. Zeng Mingliu, also have at least 17 years of experience in the aluminum business. Many of our Executive Directors have strong operational knowledge of and experience in operating, our smelting and fabrication operations, as well as close working relationships with our customers and suppliers. Based on the experience of our management team in operating our primary aluminum smelting plants and our aluminum fabrication plant, we believe our management team has developed core competencies in establishing, managing and operating aluminum smelting and fabrication plants. We believe that our management team is well positioned to leverage on our existing business model efficiently and quickly for any future expansion plans that we may undertake. Under our management's leadership, our Group increased revenue by 29.2% from RMB3,300.8 million in 2007 to RMB4,263.4 million in 2009.

OUR BUSINESS STRATEGIES

Our objective is to enhance our leadership position as a leading privately-owned player in the PRC's aluminum market and expand our operations and sales domestically and overseas, while maintaining our commitment to quality, cost-competitiveness and research and development.

We intend to achieve this objective by:

Further vertical integration of our business

We plan to further develop our downstream fabrication capabilities to tap into the growing demand for more specialized fabricated aluminum products. We also seek to expand the range of our fabricated aluminum products and to capitalize on the strong demand for fabricated aluminum products in areas such as building and construction, transportation and consumer products industries. Where appropriate, we may also expand our sales and marketing network, by establishing more domestic and overseas trading offices or entering into distributorship arrangements, in respect of markets where we see growth potential.

We believe that further upstream integration to include the production of alumina, one of our key raw materials, could enable us to better control our costs, provide greater supply chain co-ordination, enable us to better compete with others and extract value from being able to produce alumina for our operations and to sell excess alumina not required for our operations. To this end, we may in the future, exercise our rights under the Option granted to us by our Key Shareholders to purchase the equity interest of Kaili Shuangkai, which plans to construct the Aluminum Hydroxide Plant. See "Business — Primary Aluminum — Production Process — Aluminum Hydroxide Plant". If we acquire the Aluminum Hydroxide Plant, we plan to expand our operations to provide us with the ability and capacity to process aluminum hydroxide into approximately 150,000 tonnes of alumina annually. The acquisition of the Aluminum Hydroxide Plant and the expansion of our operations to include the processing of aluminum hydroxide into alumina, is subject to receipt of all relevant government and other approvals, including the approval of our Shareholders, as may be required, under the then prevailing rules of the SGX-ST.

Increase processing and production capacity

We have commenced work as part of our plan to increase our aluminum fabrication production capacity at Jiangyin Fabrication Plant. Our plan involves increasing Jiangyin Fabrication Plant's existing production capacity of 50,000 tonnes annually, by (i) an additional 50,000 tonnes annually by the end of 2010 ("Expansion Phase 1") and (ii) by another additional 50,000 tonnes by the third quarter of 2011 ("Expansion Phase 2"). These expansion plans involve the construction of new facilities and the purchase or refinancing of the purchase of new production equipment. We estimate that Expansion Phase 1 will cost approximately RMB30.0 million to complete and will be funded from internal resources. As at the Latest Practicable Date, we have not incurred any expense towards Expansion Phase 1. We plan to use the production capacity from Expansion Phase 1 to produce aluminum plates, and for other aluminum products, depending on demand. We estimate that Expansion Phase 2 will cost RMB300.0 million to complete of which RMB270.0 million will be funded entirely from the proceeds of the Offering. As at the Latest Practicable Date, we have incurred approximately RMB30.0 million in expenses for Expansion Phase 2 which we have funded from internal resources. We plan to use the production capacity from Expansion Phase 2 to produce aluminum plates during its trial production stage, and aluminum foils, coils or sheets and other aluminum products depending on demand, when the production capacity is fully operational. We believe that the increased capacity at our aluminum fabrication plant will allow us to respond quickly to the growth in demand for fabricated aluminum products and to capitalize on opportunities to earn revenue from producing and selling higher margin products. See "Use of Proceeds". As the area of the land on which Jiangyin Fabrication Plant is located can be built-out so as to increase our aluminum fabrication production capacity to 200,000 tonnes annually, we may in the future consider further expansion of the production capacity of Jiangyin Fabrication Plant in tandem with an increase in demand for our fabricated aluminum products, subject to obtaining the necessary regulatory approvals and permits. We will also consider expanding our primary aluminum production capacity when a suitable opportunity arises and regulatory and economic conditions are conducive to do so. For instance, we may consider establishing a new smelting plant or expanding our existing smelting capacity in the PRC if we are able to obtain approval to do so under PRC and other applicable laws and regulations. In June 2010, we entered into preliminary discussions with the Jiamusi municipality in Heilongjiang to invest and build an aluminum smelting plant in Jiamusi. See "Business — Primary Aluminum — Future Developments".

Alternatively, we may invest in other existing PRC smelting plants or in smelting operations overseas, if we are able to obtain the necessary regulatory and other approvals. Our investment in other existing PRC smelting plants may take the form of arrangements that are similar to the Contractual Arrangements as described under "The Corporate Reorganization and our Corporate Structure — The Contractual Arrangements". The factors we will take into consideration before expanding our primary aluminum production capacity include the growth potential of the market where we propose to invest, whether there is a sufficient and assured supply of electricity, alumina and other key raw materials at attractive prices, the availability of cost-efficient transportation services and the proximity to our potential customers.

Improve our cost competitiveness

We believe that a competitive cost structure is critical to our ability to successfully compete against other producers of primary aluminum and fabricated aluminum products. We aim to ensure that the supply of alumina and electricity, the main costs incurred in our primary aluminum production process, are secured over the mid to long term. In anticipation of the expiry of our existing supply contracts for alumina on December 31, 2014, we plan to enter into additional mid to long term contracts for the supply of alumina when suitable opportunities arise. We also intend to leverage on our position as a stable and large scale consumer of electricity to seek to maintain or reduce electricity costs through negotiations with PRC state and provincial government agencies and power companies responsible for power pricing. To achieve a lower cost of production, we may also invest in, acquire or construct ancillary businesses, such as electrical power stations and carbon anode plants when suitable opportunities arise.

Enhance research and development capabilities by continuing to invest in advanced technology

We believe that the availability of advanced processing technologies for our aluminum fabrication business will enable us to develop new products with higher technical content and value and allow us to secure higher margins for our products. To this end, we plan to continue our research and development efforts on improving manufacturing techniques, increasing product quality and reducing costs. We also plan to continue to leverage on our production expertise and collaboration with various leading universities to expand our product offerings, to enable us to provide a broader range of advanced technology products to our customers. In addition, we intend to continue to expand our in-house research and development department and efforts to cooperate with our key customers for the production of customized fabricated aluminum products that meet our customers' specifications. We plan to obtain additional recognition of, and renew qualifications for, quality assurance certifications from domestic and international organizations and qualify for tax rebates with respect to export of fabricated aluminum products with high technical content.

As technology plays a key role in the rate of energy consumption at our smelting facilities, which directly impacts our cost competitiveness, we plan to regularly review our production processes and the available technology in the market to determine if any improvements to efficiency and reduction in pollutive emissions can be made. As we add new technology and modernize existing production facilities, we aim to reduce our production costs by increasing production yields, reducing electricity consumption per unit at our smelting plants and lowering maintenance expenses.

COMPANY BACKGROUND

Our Company was incorporated in Singapore on August 29, 2006, under the Singapore Companies Act as a private limited company under the name of "Costar International Pte. Ltd.". On March 5, 2010, we changed our name to "Sunrich Aluminium Pte. Ltd.". On September 20, 2010, we changed our name to "XinRen Aluminum Holdings Pte. Ltd.". In October 2010, our Company was converted into a public company and we changed our name to "XinRen Aluminum Holdings Limited". Through a series of transactions described in "The Corporate Reorganization and our Corporate Structure" we rationalized and streamlined the business structure of our Group, through which we conduct our aluminum business.

Our telephone number is +65 6336 8850 and our facsimile number is +65 6336 8703. Our website is www.xinren.com.sg. Information on, or accessible through, our website does not form part of this offering document.

SUMMARY OF THE OFFERING

The Issuer	XinRen Aluminum Holdings Limited, a company incorporated with limited liability under the laws of the Republic of Singapore.
The Vendors	Sunshine International Global Capital Ltd. Jiacai International Ltd.
The Offering	198,000,000 Offering Shares (subject to the Over-allotment Option) offered through the Placement and the Public Offer, comprising 198,000,000 New Shares. The completion of the Placement and the Public Offer are each conditional upon the completion of the other.
The Placement	186,000,000 of the Offering Shares offered by way of an international placement to investors at the Offering Price, including institutional and other investors in Singapore. The Placement will, subject to certain conditions, be underwritten by the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters at the Offering Price, if the Offering Price is agreed between the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters and the Company. The Offering Shares have not been and will not be registered under the US Securities Act. The Offering Shares under the Placement are being offered and sold outside of the United States in reliance on Regulation S and other applicable laws. See "Plan of Distribution".
The Public Offer	12,000,000 of the Offering Shares offered in Singapore at the Offering Price by way of an offering to the public in Singapore. These 12,000,000 Offering Shares will, subject to certain conditions, be underwritten by the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters at the Offering Price.
Clawback and Re-allocation	The Offering Shares may be reallocated between the Placement and the Public Offer at the sole discretion of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters.
Offering Price	S$0.55 for each Offering Share. Investors are required to pay the Offering Price in Singapore dollars.
Application Procedures for the Public Offer	Investors applying for Offering Shares under the Public Offer must follow the application procedures set out in "Appendix J — Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore". Applications must be paid for in Singapore dollars. The minimum initial application is for 1,000 Offering Shares. An applicant may apply for a larger number of Shares in integral multiples of 1,000 Offering Shares.

Over-allotment Option	In connection with the Offering, the Vendors have granted the Stabilizing Manager, on behalf of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, the Over-allotment Option, exercisable in whole or in part by the Stabilizing Manager on one or more occasions from the Listing Date until the earliest of (i) the date falling 30 days from the Listing Date, (ii) the date when the Stabilizing Manager or its appointed agent(s) has bought, on the SGX-ST, an aggregate of 30,000,000 Shares, representing not more than 15.2% of the total Offering Shares, or (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price, to purchase the Additional Shares (representing not more than 15.2% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any. The exercise of the Over-allotment Option will not affect the total number of issued and existing Shares. Unless indicated otherwise, all information in this offering document assumes that the Stabilizing Manager does not exercise the Over-allotment Option. See "Plan of Distribution — Over-allotment Option".
Lock-ups	Our Company has agreed with the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters that, from the date of the Offer Agreement until the date falling 180 days from the Listing Date, we will not, subject to certain exceptions, without the prior written consent of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, (i) issue, offer, sell, contract to sell or grant any option to purchase, grant security over, encumber or otherwise dispose of, directly or indirectly, any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase Shares); (ii) enter into a transaction (including a derivative transaction) which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) of any Shares; (iii) deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase Shares) in any depository receipt facilities (which for the avoidance of doubt shall exclude the CDP in connection with the Offering); or (iv) publicly announce any intention to do any of the above.

The Zeng Family Shareholders, the Zeng Family Companies (other than those that are Vendors), who together will own 7.4% of the issued share capital of our Company immediately following the close of the Offering (assuming that the Over-allotment Option has not been exercised) have agreed with the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters that, from the date of the Placement Agreement until the date falling 180 days from the Listing Date, they will not, without the prior written consent of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, (i) offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, directly or indirectly, any of his or her Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase Shares); (ii) enter into a transaction (including a derivative transaction) which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) of such Shares; (iii) deposit Shares (or any securities convertible or exchangeable for Shares) in any depository receipt facilities; or (iv) publicly announce any intention to do any of the above.

The Vendors, Farina and Shenchang will own 63.1%, 5.3% and 6.1% of the issued share capital of the Company immediately following the close of the Offering (assuming that the Over-allotment Option has not been exercised) and have agreed with the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters that, from the date of the Placement Agreement until the date falling 180 days from the Listing Date, they will not, without the prior written consent of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, (i) offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, directly or indirectly, any of their Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase Shares); (ii) enter into a transaction (including a derivative transaction) which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) of such Shares; (iii) deposit Shares (or any securities convertible or exchangeable for Shares) in any depository receipt facilities; or (iv) publicly announce any intention to do any of the above.

ICH Hanrui, the sole shareholder of Farina, has agreed to give a moratorium undertaking to the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters in respect of its entire shareholding in Farina and such undertaking shall be in effect from the date of the Placement Agreement until the date falling 180 days from the Listing Date. Further, each of ICH Hanrui, Zhao Ming Li, Gemini Asia Growth II Inc. and Zymmetry Investments Inc. has also agreed to give a moratorium undertaking in respect of their respective shareholdings in Shenchang and such undertaking shall be in effect from the date of the Placement Agreement until the date falling 180 days from the Listing Date.

These restrictions do not, however, apply (in the case of the Vendors) in respect of (i) the Additional Shares that are sold pursuant to the Over-allotment Option granted by the Vendors to the Stabilizing Manager on behalf of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, and (ii) the transfer of Shares by the Vendors as contemplated under the Share Lending Agreement, provided that these lock-up restrictions will apply to the Shares returned to the Vendors pursuant to the Share Lending Agreement and in the case of any person who is a shareholder bound by the above restrictions which is a body corporate, the transfer of Shares by it to any of its wholly-owned subsidiaries (provided that each such subsidiary has executed and delivered to the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters a similar undertaking to the reasonable satisfaction of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters to the effect of the restrictions described above, to remain in effect for the remainder of the relevant lock-up period).

See "Plan of Distribution — Lock-up" for further information relating to these lock-ups.

Proceeds from the Offering

Based on the Offering Price of S$0.55 for each Offering Share, our net proceeds from the issue of 198,000,000 New Shares, after deducting commissions and other estimated offering expenses payable in relation to the issue and sale of the New Shares, is estimated to be S$96.1 million.

We expect to use the net proceeds from the issue of the New Shares in the following manner:

Proposed Uses	S$ (in millions)	USD (in millions)	%
(a) Increasing the capacity of Jiangyin Fabrication Plant and for acquisitions and investments in ancillary businesses such as carbon anode plants	52.9	38.9	55
(b) Strategic investments, acquisitions and general corporate purposes	14.4	10.6	15
(c) Working capital	28.8	21.2	30

We may consider using the proceeds allocated for "Strategic investments, acquisitions and general corporate purposes" where appropriate, for our proposed investment in and building of an aluminum smelting plant at Jiamusi, Heilongjiang.

As set out in the section "Business — Primary Aluminum — Future Developments", we entered into discussions in June 2010, with the Jiamusi municipality of Heilongjiang province in the PRC to invest and build an aluminum smelting plant in a new development zone in Jiamusi. We expect that the estimated cost of construction will be approximately RMB700.0 million, and construction of the plant will take at least one year to complete after commencement of construction.

Our estimated costs and timeframe for constructing the plant are mainly based on our intended investment scale and preliminary discussions with the Jiamusi municipality. As we have not undertaken detailed feasibility studies or procured quotes for construction costs for the plant, we cannot be certain that, if we proceed to carry out these plans, our actual costs and timeframe for constructing the plant will not materially differ from our estimated costs and timeframe.

We have not specifically earmarked any proceeds of the Offering to finance our plans to invest in and build an aluminum smelting plant in Jiamusi, Heilongjiang as these plans are still at a preliminary stage, and whether these plans will materialize is uncertain. However, if these plans should proceed, we may utilize the portion of the Offering proceeds which have been identified for "Strategic investments, acquisitions and general corporate purposes" as described in the section "Use of Proceeds", to partially or wholly finance the investment in and construction of the aluminum smelting plant in Jiamusi. We will update our Shareholders via SGXNET on the progress of our plans to construct the aluminum smelting plant in Jiamusi, Heilongjiang as and when necessary, and in the event that the proposed cost of construction varies by more than 20.0% from our original estimated cost of construction of RMB700.0 million or where otherwise necessary pursuant to the Listing Manual, we will seek Shareholders' approval prior to the commencement of construction.

Please see "Use of Proceeds" for a further description of the total estimated costs for each project and the sources of funding therefor, as well as the amounts to be funded by the net proceeds from the issue of the New Shares in this Offering.

Pending application of the net proceeds from the issue of the New Shares, we may place the funds in short-term deposits with banks or financial institutions or in money market instruments as the Directors may deem fit.

We will not receive any proceeds from the exercise of the Over-allotment Option granted by the Vendors.

In the opinion of the Directors, no minimum amount must be raised in the Offering.

Listing and Trading	Prior to the Offering, there has been no public market for our Shares. Application has been made to the SGX-ST for permission to list all our issued Shares (including the Offering Shares and the Additional Shares), on the Main Board of the SGX-ST, which will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among other things, permission being granted by the SGX-ST to deal in and for quotation of all our issued Shares (including the Offering Shares and the Additional Shares) on the Official List of the SGX-ST. We have not applied to any other exchange to list our Shares. We expect our Shares to commence trading on a "ready" basis at 9.00 a.m. on October 27, 2010 (Singapore time). See "Summary of the Offering — Indicative Timetable". Our Shares will, upon listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry (scripless) settlement system of The Central Depository (Pte) Limited (the "CDP"). Dealing in and quotation of our Shares on the SGX-ST will be in Singapore dollars. Our Shares will be traded in board lot sizes of 1,000 Shares on the SGX-ST.
Clearance and Settlement	We expect to receive payment for all the Offering Shares in the Placement and the Public Offer on or about October 27, 2010. We will deliver global share certificates representing the Offering Shares to the CDP for deposit into the securities accounts of successful applicants on or about October 27, 2010. See "Clearance and Settlement".
Stabilization	In connection with the Offering, the Stabilizing Manager may over-allot Shares or effect transactions that stabilize or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. The Stabilizing Manager is not required to over-allot our Shares in order to undertake stabilizing action or to otherwise undertake stabilizing action. Any transactions that stabilize or maintain the market price of our Shares may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. The number of Shares that the Stabilizing Manager may buy to undertake stabilizing action will not exceed an aggregate of 30,000,000, representing not more than 15.2% of the total Offering Shares. However, we cannot assure you that the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake stabilizing action. These transactions may commence on or after the Listing Date and, if commenced, may be discontinued at any time and shall not be effected after the earliest of (i) the date falling 30 days from the Listing Date, (ii) the date when the Stabilizing Manager or its appointed agent(s) has bought, on the SGX-ST, an aggregate of 30,000,000 Shares representing not more than 15.2% of the total Offering Shares, or (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price.

Dividends	Our Company will pay dividends, if any, only out of our profits as permitted under Singapore law. Dividends will be paid in Singapore dollars. The Board of Directors of our Company has discretion to recommend payment of dividends. Any profits our Company declares as dividends will not be available to be reinvested in our operations. We cannot assure you that our Company will declare or pay any dividends. See "Dividends" for a description of our dividend policy.
Risk Factors	Prospective investors should carefully consider certain risks connected with an investment in our Shares discussed under "Risk Factors".

INDICATIVE TIMETABLE

An indicative timetable for trading in our Shares is set out below for the reference of applicants for our Shares:

Indicative date and time (Singapore time)	Event
October 20, 2010 at 9.00 a.m.	Opening of the Public Offer[(1)]
October 25, 2010 at 12.00 noon	Close of the Public Offer and Application List[(1)]
October 26, 2010	Balloting of applications or otherwise as may be approved by the SGX-ST, if necessary (in the event of an over-subscription for the Offering Shares)
October 27, 2010 at 9.00 a.m.	Commence trading on a "ready" basis
November 1, 2010	Settlement date for all trades done on a "ready" basis

The above timetable is indicative only and is subject to change at our discretion, with the agreement of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters. The above timetable and procedure may also be subject to such modifications as the SGX-ST may in its discretion decide, including the commencement date of trading on a "ready" basis. It assumes (i) that the closing of the Public Offer is October 25, 2010, (ii) that the date of admission of our Company to the Official List of the SGX-ST is October 27, 2010, and (iii) compliance with the SGX-ST's shareholding spread requirement.

We, with the agreement of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, may at our discretion, subject to all applicable laws and regulations and the rules of the SGX-ST, agree to extend or shorten the period during which the Offering is open.

In the event of the extension or shortening of the time period during which the Offering is open, we will publicly announce the same:

(i) through a SGXNET announcement to be posted on the internet at the SGX-ST website http://www.sgx.com; and

(ii) in one or more major Singapore newspapers, such as The Straits Times, The Business Times or Lianhe Zaobao.

Investors should consult the SGX-ST announcement on the "ready" listing date on the internet (at the SGX-ST website), or the newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence.

We will provide details of and the results of the Public Offer through SGXNET or in one or more major Singapore newspapers, such as The Straits Times, The Business Times or Lianhe Zaobao.

We reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Offering Shares under the Public Offer, without assigning any reason therefor, and no enquiry or correspondence on our decision will be entertained. In deciding the basis of allocation, due

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1 Due to a pre-scheduled system upgrade, please be informed that investors will not be able to make applications for the Offering Shares using CPF funds on October 24, 2010 before 3 p.m.

consideration will be given to the desirability of allocating our Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

Where an application under the Public Offer is rejected, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefits arising therefrom) to the applicant, at his own risk within 24 hours of the balloting (provided that such refunds are made in accordance with the procedures set out in Appendix J — Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore.

Where an application under the Public Offer is accepted in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefits arising therefrom) to the applicant, at the applicant's risk, within 14 Market Days after the close of the Offering (provided that such refunds are made in accordance with the procedures set out in Appendix J — Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore.

In the case of the Public Offer, if the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefits arising therefrom) will be returned to the applicants at their own risk within five Market Days after the Offering is discontinued (provided that such refunds are made in accordance with the procedures set out in Appendix J — Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore.

The manner and method for applications and acceptances under the Placement will be determined by the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters at their sole discretion.

SUMMARY FINANCIAL INFORMATION

You should read the following summary historical combined financial information for the periods and as at the dates indicated in conjunction with the section of this offering document entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements, the accompanying notes and the related auditor's report included elsewhere in this offering document. Our financial statements are reported in Renminbi and are prepared and presented in accordance with SFRS.

The summary combined financial information as of and for the years ended December 31, 2007, 2008 and 2009 have been derived from our audited historical combined financial statements included elsewhere in this offering document and are qualified in their entirety by reference to those financial statements and the notes thereto. The summary combined financial information as of and for the three-month periods ended March 31, 2009 and 2010 have been derived from our unaudited interim condensed combined financial statements as of and for the three months ended March 31, 2009 and March 31, 2010 included in this offering document. We have prepared the unaudited interim condensed combined financial statements on the same basis as our audited combined financial statements. Our historical results for any prior or interim periods are not necessarily indicative of results to be expected for a full fiscal year or for any future period.

Our financial statements included in this offering document as of and for the years ended December 31, 2007, 2008 and 2009, and the unaudited interim condensed combined financial statements as of and for the three months ended March 31, 2010 have been prepared as if the Corporate Reorganization had occurred as at the beginning of the earliest period presented. Accordingly, the assets, liabilities and results of the entities under common control that are transferred into our Group in connection with the Corporate Reorganization are included in our Group's combined financial statements as at the beginning of the earliest period presented.

We intend to prepare and report our financial statements only in accordance with SFRS in subsequent periods. SFRS reporting practices and accounting principles differ in certain respects from US GAAP.

SUMMARY COMBINED INCOME STATEMENTS INFORMATION

	For the year ended December 31,				For the three months ended March 31,		
	2007	2008	2009	2009	2009	2010	2010
	RMB	RMB	RMB	USD[3]	RMB	RMB	USD[3]
	(Audited)	(Audited)	(Audited)		(Unaudited)	(Unaudited)	
	(in thousands, except per share data)				(in thousands, except per share data)		
Revenue	3,300,824	4,119,132	4,263,427	629,335	568,245	1,269,072	187,331
Cost of sales	(2,984,987)	(3,822,095)	(3,690,893)	(544,821)	(563,362)	(1,018,208)	(150,300)
Gross profit	315,837	297,037	572,534	84,514	4,883	250,864	37,031
Other items of income							
Finance income	7,626	14,620	13,732	2,027	4,213	2,527	373
Other income	31,323	13,045	16,954	2,503	5,458	5,803	857
Other items of expense							
Selling and distribution expenses	(68,561)	(78,173)	(61,613)	(9,095)	(15,115)	(19,036)	(2,810)
Administrative expenses	(46,971)	(70,448)	(68,829)	(10,160)	(12,071)	(19,322)	(2,852)
Finance costs	(38,881)	(93,419)	(68,156)	(10,061)	(15,185)	(17,559)	(2,592)
Other expenses	(1,005)	(5,284)	(2,448)	(361)	(2,778)	(895)	(132)
Profit /(Loss) before taxation	199,368	77,378	402,174	59,367	(30,595)	202,382	29,875
Taxation	(56,478)	(15,574)	(96,163)	(14,195)	1,926	(52,075)	(7,687)
Profit /(Loss) after taxation	142,890	61,804	306,011	45,172	(28,669)	150,307	22,188
Other comprehensive income:							
Net gain/(loss) on available-for-sale financial assets	2,160	(1,579)	1,683	248	430	(128)	(19)
Foreign currency translation	4	(1,036)	91	13	202	10	1
Other comprehensive income for the year/period	2,164	(2,615)	1,774	261	632	(118)	(18)
Total comprehensive income for the year/period	145,054	59,189	307,785	45,433	(28,037)	150,189	22,170
Profit/(loss) attributable to:							
Owners of the parent	142,890	61,804	306,011	45,172	(28,669)	150,307	22,188
Total comprehensive income attributable to:							
Owners of the parent	145,054	59,189	307,785	45,433	(28,037)	150,189	22,170
Earnings per share[1] (in cents)							
Basic	16	7	34	5	(3)	17	2
Diluted[2]	13	6	28	4	(3)	14	2

Notes:

(1) We calculated our earnings per share based on the number of shares outstanding prior to completion of the Offering and after deducting the income of our net profit attributable to minority interests.

(2) Adjusted for the issue of 198,000,000 New Shares.

(3) Converted into USD from RMB for the convenience of the readers as described under "Notice to Investors — Presentation of Financial and Statistical Data".

SUMMARY COMBINED BALANCE SHEETS INFORMATION

	As of December 31,				As of March 31,	
	2007	2008	2009	2009	2010	2010
	RMB	RMB	RMB	USD(1)	RMB	USD(1)
	(Audited)	(Audited)	(Audited)		(Unaudited)	
		(in thousands)			(in thousands)	
ASSETS						
Non-current assets						
Property, plant and equipment	1,781,837	1,871,333	1,832,925	270,562	1,818,390	268,417
Land use rights	46,496	45,506	44,889	6,626	44,557	6,577
Deferred expenses	3,776	3,587	3,399	502	3,399	502
Deferred tax assets	1,859	5,664	12,034	1,776	7,409	1,094
	1,833,968	1,926,090	1,893,247	279,466	1,873,755	276,590
Current assets						
Inventories	312,495	366,055	474,185	69,996	647,683	95,606
Prepayments	169,191	107,548	192,528	28,420	271,467	40,072
Deferred expenses	—	52,053	—	—	—	—
Amounts due from directors	136,581	288,540	—	—	16,034	2,367
Amounts due from related parties	907,274	913,910	32,449	4,790	49,434	7,297
Trade and other receivables	53,834	122,024	579,366	85,520	635,994	93,880
Short term investments	3,576	1,997	4,430	654	5,501	812
Short term deposits, secured	520,686	605,405	712,620	105,192	692,193	102,176
Cash and cash equivalents	27,017	108,859	48,780	7,201	75,094	11,085
	2,130,654	2,566,391	2,044,358	301,773	2,393,400	353,295
Total assets	3,964,622	4,492,481	3,937,605	581,239	4,267,155	629,885
LIABILITIES						
Current liabilities						
Loans and borrowings	1,439,142	1,675,368	2,024,524	298,845	1,999,004	295,078
Amounts due to directors	30,565	264,362	1,378	203	40,422	5,967
Amounts due to related parties	929,895	661,985	19,198	2,834	17,514	2,585
Trade and other payables	292,513	434,577	355,880	52,532	378,190	55,826
Advances from customers	107,098	200,244	448,989	66,276	585,154	86,376
Accrued operating expenses	13,025	14,898	30,064	4,438	36,440	5,379
Income tax payable	38,343	49,859	117,806	17,390	146,506	21,626
	2,850,581	3,301,293	2,997,839	442,518	3,203,230	472,837
Net current liabilities	(719,927)	(734,902)	(953,481)	(140,745)	(809,830)	(119,542)
Non-current liabilities						
Deferred tax liabilities	26,690	24,692	53,623	7,915	57,593	8,501
Shareholders' loans	200,844	200,844	—	—	—	—
Loans and borrowings	150,000	170,212	30,000	4,428	—	—
Amounts due to equity holders	442,420	442,420	442,420	65,307	442,420	65,307
Total liabilities	3,670,535	4,139,461	3,523,882	520,168	3,703,243	546,645
Net assets	294,087	353,020	413,723	61,071	563,912	83,240
EQUITY						
Equity attributable to equity holders of the parent						
Share capital	5,051	5,051	5,051	746	5,051	746
Revenue reserve	191,935	251,674	275,309	40,639	425,616	62,826
Other reserves	97,101	96,295	133,363	19,686	133,245	19,668
Total equity	294,087	353,020	413,723	61,071	563,912	83,240

Note:

(1) Converted into USD from RMB for the convenience of the readers as described under "Notice to Investors — Presentation of Financial and Statistical Information".

SUMMARY COMBINED STATEMENTS OF CASH FLOWS INFORMATION

	Year Ended December 31,				Three Months Ended March 31,		
	2007	2008	2009	2009	2009	2010	2010
	RMB	RMB	RMB	USD(1)	RMB	RMB	USD(1)
	(Audited)	(Audited)	(Audited)		(Unaudited)	(Unaudited)	
		(in thousands)				(in thousands)	
Operating profit before changes in working capital	284,927	232,631	528,004	77,940	26,195	240,558	35,509
Increase in inventories	(226,871)	(64,509)	(85,186)	(12,575)	(37,810)	(173,498)	(25,610)
(Increase)/decrease in prepayments	(7,133)	61,643	(84,980)	(12,544)	(88,068)	(78,939)	(11,652)
(Increase)/decrease in deferred expenses	(2,631)	(51,864)	52,241	7,711	32,864	—	—
(Increase)/decrease in amounts due from directors and related parties	(579,717)	(158,595)	689,967	101,848	494,625	(33,019)	(4,874)
Decrease/(increase) in trade and other receivables	210,526	(68,190)	22,692	3,350	(27,650)	(56,628)	(8,359)
Increase/(decrease) in amounts due to directors and related parties	402,267	(34,113)	(905,771)	(133,703)	(460,037)	37,360	5,515
Increase/(decrease) in trade and other payables	153,734	142,064	(78,697)	(11,617)	(12,283)	22,310	3,293
Increase in advances from customers	78,261	93,146	248,745	36,718	113,498	136,165	20,100
Increase in accrued operating expenses	1,792	1,873	15,166	2,239	803	6,376	941
Cash generated from operating activities	315,155	154,086	402,181	59,367	42,137	100,685	14,863
Interest income received	7,626	14,620	13,732	2,027	4,213	2,527	373
Interest expense paid	(29,317)	(65,731)	(48,610)	(7,175)	(11,011)	(12,345)	(1,822)
Taxation paid	(49,881)	(9,861)	(5,655)	(835)	—	(14,780)	(2,182)
Net cash generated from operating activities	243,583	93,114	361,648	53,384	35,339	76,087	11,232
Cash flows from investing activities							
Purchase of property, plant and equipment	(1,089,089)	(181,777)	(75,784)	(11,187)	(9,646)	(13,491)	(1,991)
Purchase of intangible asset	(24,092)	(20)	(526)	(78)	(711)	—	—
Purchase of short-term investments	—	—	(750)	(111)	(750)	(1,179)	(174)
Proceeds from disposal of property, plant and equipment	46	98	1,439	212	—	—	—
Net cash used in investing activities	(1,113,135)	(181,699)	(75,621)	(11,164)	(11,107)	(14,670)	(2,165)
Cash flows from financing activities							
Proceeds from loans and borrowings	2,580,078	3,110,956	3,542,929	522,980	885,534	889,705	131,331
Repayment of loans and borrowings	(1,962,956)	(2,854,518)	(3,333,985)	(492,137)	(855,446)	(945,225)	(139,527)
Proceeds from shareholders' loans	25,000	—	—	—	—	—	—
Repayment of shareholders' loans	—	—	(200,844)	(29,647)	—	—	—
Increase in capital contribution	79,480	14	1,325	196	—	—	—
Dividends paid	—	(270)	(248,407)	(36,668)	—	—	—
Increase in capital contribution from equity holders	242,420	—	—	—	—	—	—
(Increase)/decrease in short-term deposits, secured	(204,710)	(84,719)	(107,215)	(15,826)	(90,460)	20,427	3,015
Net cash generated from/(used in) financing activities	759,312	171,463	(346,197)	(51,102)	(60,372)	(35,093)	(5,181)
Net (decrease)/increase in cash and cash equivalents	(110,240)	82,878	(60,170)	(8,882)	(36,140)	26,324	3,886
Effect of exchange rate changes on cash and cash equivalents	4	(1,036)	91	14	200	(10)	(2)
Cash and cash equivalents at beginning of year/period	137,253	27,017	108,859	16,069	108,859	48,780	7,201
Cash and cash equivalents at end of year/period	27,017	108,859	48,780	7,201	72,919	75,094	11,085

Note:

(1) Converted into USD from RMB for the convenience of the readers as described under "Notice to Investors — Presentation of Financial and Statistical Information".

Prospective investors should consider carefully the risks described below, together with all other information contained in this offering document, before deciding to invest in our Shares. The risks described below are not the only ones we face. Additional risks not described below or not presently known to us or that we currently deem immaterial may also turn out to be material. Our business, financial condition, results of operations, revenue, cash flow and prospects could be materially and adversely affected by any of these risks. The market price of your Shares could decline due to any of these risks and you may lose all or part of your investment. This offering document also contains forward-looking statements that involve risks and uncertainties. The actual results of our operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this offering document. You should also consider the warning regarding forward-looking statements in "Notice to Investors — Forward Looking Statements". Before deciding to invest in our Shares, you should seek professional advice from your advisers about your particular circumstances.

RISKS RELATING TO OUR BUSINESS ACTIVITIES IN THE PRC

If the PRC government takes the view that the agreements that establish the structure for Yichang Changjiang and Liupanshui Shuangyuan do not comply with PRC government restrictions on foreign investment in the aluminum smelting industry, we could be subject to severe penalties and our business operations, financial results and prospects may be adversely affected.

According to the latest Foreign Investment Industrial Guidance Catalogue (the "New Catalogue") promulgated by the National Development and Reform Commission ("NDRC") and the Ministry of Commerce ("MOFCOM") on October 31, 2007, which became effective on December 1, 2007 and other related restrictive policies, primary aluminum smelting by way of an electrolytic process is classified as a restricted industry where foreign ownership is restricted and subject to approval from the relevant PRC authorities. We have not obtained the relevant approvals from the PRC authorities to permit foreign ownership in Yichang Changjiang and Liupanshui Shuangyuan which own the Yichang Plant and the Liupanshui Plant, respectively. Accordingly, 100.0% of the equity interest in Yichang Changjiang and Liupanshui Shuangyuan are owned by members of the Zeng Family. In relation to Yichang Changjiang, Mr. Zeng Chaolin, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, Mdm. Deng Eying, Ms. Zeng Mingliu, Ms. Zeng Yiliu and Ms. Zeng Hong (the "Yichang Shareholders") own 49.5%, 16.5%, 16.5%, 6.5%, 5.5% and 5.5%, respectively of the equity interest in Yichang Changjiang. In relation to Liupanshui Shuangyuan, Mr. Zeng Chaoyi and Ms. Li Yazhou (the "Liupanshui Shareholders") own 90.0% and 10.0%, respectively of the equity interest of Liupanshui Shuangyuan. We have entered into the Contractual Arrangements with Yichang Changjiang and Liupanshui Shuangyuan, pursuant to which our wholly owned subsidiaries, Yichang Xinren and Shuicheng Xinren, provide management and consulting services to Yichang Changjiang and Liupanshui Shuangyuan, respectively. In addition, we have entered into agreements with the Zeng Family, which provide us with substantial ability to effectively control Yichang Changjiang and Liupanshui Shuangyuan. The control arrangements are principally intended to allow us to effectively control the business operations of Yichang Changjiang and Liupanshui Shuangyuan and receive 100.0% of the economic benefits from the operations of Yichang Changjiang and Liupanshui Shuangyuan. For a detailed description of these Contractual Arrangements, see "The Corporate Reorganization and our Corporate Structure — The Corporate Reorganization — The Contractual Arrangements".

Given the uncertainties regarding the interpretation and application of current or future PRC laws, however, we cannot assure you that our understanding of the Contractual Arrangements are consistent with those of PRC authorities. In addition, we cannot assure you that the Contractual Arrangements will not be considered by the PRC government or the courts of PRC to be in breach of relevant PRC laws, regulations, policies and provisions. We cannot assure you that the government authorities will not in the future issue new interpretations and/or issue new laws, regulations, policies or provisions that result in the Contractual Arrangements being deemed to be in violation of the then prevailing PRC laws, regulations, policies or provisions. If the Contractual Arrangements are determined to be in breach of any existing or future PRC laws and regulations, the relevant authorities would have broad discretion in dealing with these breaches, including, among others:

- restricting or prohibiting our use of the proceeds of this Offering to finance our business and operations in the PRC;
- requiring us, the Zeng Family, the Zeng Family Companies, Yichang Changjiang, Liupanshui Shuangyuan, Xinren International, Yichang Xinren and/or Shuicheng Xinren to restructure the relevant ownership structure, operations, or the Contractual Arrangements;
- imposing fines or requirements with which we, the Zeng Family, the Zeng Family Companies, Yichang Changjiang, Liupanshui Shuangyuan, Xinren International, Yichang Xinren and/or Shuicheng Xinren may be unable to comply;
- discontinuing or restricting the operations of Yichang Changjiang, Liupanshui Shuangyuan, Xinren International, Yichang Xinren and/or Shuicheng Xinren;
- revoking the business and operating licenses of Yichang Changjiang, Liupanshui Shuangyuan, Xinren International, Yichang Xinren and/or Shuicheng Xinren; or
- taking other regulatory or enforcement actions that could restrict the business operation of Yichang Changjiang, Liupanshui Shuangyuan, Xinren International, Yichang Xinren and/or Shuicheng Xinren.

The Contractual Arrangements with the Zeng Family, which relate to critical aspects of our operations, may not be as effective as direct ownership in providing us control and rights over 100.0% of the economic benefits from Yichang Changjiang and Liupanshui Shuangyuan. In addition, these arrangements may be difficult and costly to enforce under PRC law.

We rely on Contractual Arrangements with the Zeng Family to gain 100.0% of the economic benefits from the business and operations of Yichang Changjiang and Liupanshui Shuangyuan. These Contractual Arrangements may not be as effective as direct ownership in allowing us to obtain control of 100.0% or any of the economic benefits from Yichang Changjiang and Liupanshui Shuangyuan. Under the current Contractual Arrangements, as a legal matter, if the Zeng Family fail to perform their respective obligations under these Contractual Arrangements, we may have to incur substantial costs and expend significant resources to enforce these arrangements, and rely on legal remedies under PRC law. These remedies may include seeking specific performance or injunctive relief, and claiming damages, any or all of which may not be effective. For example, if any member of the Zeng Family refuses to transfer his equity interest in Liupanshui Shuangyuan and Yichang Changjiang to us or our designee when we exercise the purchase option pursuant to these Contractual Arrangements, or if any member of the Zeng Family otherwise acts in bad faith towards us, we may have to take legal action to compel him to fulfil his contractual obligations.

Many of these Contractual Arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these Contractual Arrangements would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as in other jurisdictions, such as Singapore and the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these Contractual Arrangements. In the event we are unable to enforce these Contractual Arrangements, which relate to critical aspects of our operations, we may be unable to exert effective control over Yichang Changjiang and Liupanshui Shuangyuan, and our ability to require the declaration and payment of management and consultancy fees by Yichang Changjiang and Liupanshui Shuangyuan may be impaired. We may also be unable to consolidate the financial position and results of operations of Yichang Changjiang and Liupanshui Shuangyuan in our Group financial statements. Any of these events could materially adversely affect our business, financial conditions, results of operations and prospects.

The pricing arrangement under the Contractual Arrangements may be challenged by the PRC tax authorities.

From January 1, 2010, the effective date of the Contractual Arrangements, we derive all of our economic interests in Yichang Changjiang and Liupanshui Shuangyuan through the Contractual Arrangements. These transactions are related party transactions under applicable tax rules, which must be conducted on an arm's length basis and are subject to review. As a result, these transactions may be reviewed by the relevant PRC tax authorities and the determination of service fees and other payments to Xinren International, Yichang Xinren and/or Shuicheng Xinren or any of their wholly-owned subsidiaries may be challenged and deemed not compliant with these rules. According to the PRC Administration of Tax Collection Law, the receipt or payment of charges or fees in business transactions between an enterprise (or institution or site engaged in production or business operations) established in the PRC by a foreign enterprise and its associated enterprises, shall be made at arm's length prices. Where the receipt or payment of charges or fees is not made at arm's length and results in a reduction of the taxable income, the tax authorities have the right to make reasonable adjustments. According to the implementation rules of the PRC Administration of Tax Collection Law, taxpayers are obliged to provide the local tax authorities with information on prices, expenditure amounts and other information concerning business transactions with their associated enterprises and may propose to the competent tax authorities a pricing principle and calculation method for business transactions with its associated enterprises. The competent tax authorities may, after examination and approval, agree upon the items of pricing with the taxpayer in advance and the terms of its supervision over the implementation. When the payment or receipt of prices or charges in business transactions between a taxpayer and its associated enterprise is not made as it should be with business transactions between independent enterprises, the tax authorities are entitled to make adjustments, within three years after the first tax year for such transactions, or under special circumstances within ten years after the first tax year for such transactions. In this regard, if PRC tax authorities determine that the Contractual Arrangements we entered into with Yichang Changjiang, Liupanshui Shuangyuan and the Zeng Family were not based on an arm's length basis, they may then adjust the taxable income and expenses of our subsidiaries, require us to be subject to higher tax liability, and thus lower our distributable profits. In such an event, our business, financial condition, results of operations and prospects may be adversely affected.

Any deterioration in our relationship with the Zeng Family could materially and adversely affect the performance of the Contractual Arrangements and our overall business operations.

Our relationship with the Zeng Family is governed by the Contractual Arrangements, which aims to provide our Group with effective control over the business operations of Liupanshui Shuangyuan and Yichang Changjiang and allow us to gain 100.0% of the economic benefits from Liupanshui Shuangyuan and Yichang Changjiang. However, the Contractual Arrangements may not be effective in providing control over the business operations of Liupanshui Shuangyuan and Yichang Changjiang, if a deterioration in our relationship with the Zeng Family occurs. A deterioration of our relationship with the Zeng Family can cause the Zeng Family to fail to perform its obligations under the Contractual Arrangements. The failure of the Zeng Family to perform its obligations would have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to acquire the equity interest in Yichang Changjiang and Liupanshui Shuangyuan.

Under the Contractual Arrangements, we have undertaken to acquire the equity interest in Yichang Changjiang and Liupanshui Shuangyuan as may from time to time be permitted by PRC laws and policies, subject to the fulfilment of certain conditions precedent, namely, (i) the acquisition of such equity interest is permitted by and does not violate then applicable laws and regulations; (ii) all necessary approvals, consents and authorizations of the acquisition of such equity interest by our Company or any of our wholly-owned subsidiaries are obtained from the relevant regulatory, governmental or other authorities and any other third party (including Shareholders of our Company) if required; and (iii) the purchase price for Yichang Changjiang and Liupanshui Shuangyuan does not exceed RMB242,420,000 and RMB200,000,000, respectively (being the registered capital of Yichang Changjiang and Liupanshui Shuangyuan respectively as of December 31, 2009). We cannot assure you that we will be able to acquire the equity interest in Yichang Changjiang and Liupanshui Shuangyuan in the future. If we are unable to acquire the equity interest in Yichang Changjiang and Liupanshui Shuangyuan or the Zeng Family do not adhere to their contractual obligations, our business, financial conditions, results of operations and prospects could be materially and adversely affected.

Uncertainty in the PRC legal system may make it difficult for us to predict the outcome of any disputes in which we may be involved or may adversely affect our business operations.

We conduct all of our manufacturing operations through our operating subsidiaries in the PRC. Our operations in the PRC are generally subject to laws and regulations applicable to foreign investment in the PRC and, in particular, laws applicable to foreign-invested enterprises ("FIEs"). Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in the PRC. However, the interpretation of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, which may limit legal protections available to us. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management attention.

The PRC legal system is based on the PRC constitution and is made up of written laws, regulations, circulars and directives. The PRC government is still in the process of developing its legal system to meet the needs of investors and to encourage foreign investment. As the PRC economy is undergoing development generally at a faster pace than its legal system, some degree of uncertainty exists in connection with whether and how existing laws and regulations will apply to certain events or circumstances.

Further, precedents on the interpretation, implementation and enforcement of the PRC laws and regulations are limited, and unlike common law countries, such as Singapore, precedent decisions are not binding on lower courts. As such, the outcome of dispute resolutions may not be consistent or predictable. In addition, it may be difficult to obtain the enforcement of a judgment by a court of another jurisdiction in the PRC. We may also be adversely affected by any regulation implemented by the PRC government affecting our Company's direct or indirect investments in our subsidiaries operating in the PRC, such as any regulation requiring our Company to reduce our shareholding in our subsidiaries operating in the PRC. In such an event, we may lose management and operational control of one or more of these entities, which would have a material adverse effect on our business, financial condition, results of operations and prospects. Any adverse change in PRC laws, regulations or an adverse legal judgment in any dispute against us may materially adversely affect our business, financial conditions, results of operations and prospects.

Our operations could be adversely affected if we fail to comply with PRC laws and regulations and the conditions stipulated in our licenses, permits or approvals.

Our business and operations in the PRC are subject to applicable PRC laws, rules and regulations, including environmental, safety and health regulations. We may not be able to meet the requirements set by the PRC authorities at all times. We may also be required to incur higher costs to comply with new PRC regulations if stricter or more onerous laws, rules or regulations are imposed, and our business, financial condition, results of operations and prospects could be materially and adversely affected. We are required to obtain various licenses, permits and approvals for our operations, including pollutant discharge licenses, foreign investment approvals, business licenses, tax registration certificates and foreign exchange registration certificates. Our failure to obtain and maintain any licenses, permits and approvals necessary to operate our business could have a material adverse effect on our business, financial condition, results of operations and prospects. Breach of or non-compliance with these PRC laws and regulations may result in the suspension, withdrawal or termination of our business licenses or permits, or the imposition of penalties, by the relevant authorities. Our subsidiaries' business licenses were granted for a finite period and any extension is subject to the approval of the relevant authorities. Any suspension, withdrawal, termination or refusal to extend our business licenses or permits would require us to cease production of some or all of our products, which would adversely affect our business, financial condition, results of operations and prospects.

PRC regulations of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds from this Offering to make loans or additional capital contributions to our subsidiaries operating in the PRC, which could materially and adversely affect our business, financial condition, results of operations and prospects.

As an offshore holding company, our ability to make loans or additional capital contributions to our subsidiaries operating in the PRC is subject to PRC regulations and approvals. These regulations and approvals may delay or prevent us from using the proceeds of this Offering to make loans or additional capital contributions to our subsidiaries operating in the PRC, and impair our ability to fund and expand our business, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

In utilizing the proceeds of this Offering in the manner described in "Use of Proceeds", we may make loans to our subsidiaries operating in the PRC or we may make additional capital contributions to our subsidiaries operating in the PRC. See "Use of Proceeds" for a further description of the proposed application of the proceeds from this Offering. Any loan to our subsidiaries operating in the PRC will be subject to PRC regulations and approvals. For example, loans by us to Xinren International which is a FIE, to finance its activities cannot exceed statutory limits, which is the difference between the approved total investment amount and the current registered capital of such FIE, and must be registered with the State Administration of Foreign Exchange ("SAFE"), or its local counterpart. We may also decide to finance our subsidiaries operating in the PRC by means of capital contributions. These capital contributions must be approved by the MOFCOM or its local counterpart. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries operating in the PRC. If we fail to receive such registrations or approvals, our ability to use the proceeds of the Offering and to capitalize our PRC operations may be negatively affected. As a result, our liquidity and our ability to fund and expand our business could be impaired, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

Changes in the M&A Regulations by the PRC government could adversely affect our Corporate Reorganization or our proposed listing.

On August 8, 2006, six PRC central government bodies — the MOFCOM, the State-owned Assets Supervision and Administration Commission ("SASAC"), the State Administration of Taxation ("SAT"), the State Administration for Industry and Commerce ("SAIC"), the China Securities Regulatory Commission ("CSRC") and SAFE — jointly issued new Regulations on Foreign Investors' Merger and Acquisition of Domestic Enterprises (《关于外国投资者并购境内企业的规定》) (the "M&A Regulations") effective on September 8, 2006 and amended on June 22, 2009 by the MOFCOM. Under the M&A Regulations, the overseas listing and trading of shares of a special purpose vehicle requires the approval of the CSRC. The term "special purpose vehicles" is defined as overseas companies directly or indirectly controlled by PRC companies or individuals formed for the purpose of overseas listing of their equity interest in PRC domestic entities. On September 21, 2006, the CSRC published guidelines on the M&A Regulations setting out the application procedure and requirements. Our PRC legal adviser, Jingtian & Gongcheng, has advised us that all approvals required for the Corporate Reorganization have been validly obtained and no further approval from the MOFCOM or the CSRC is required for our proposed listing on the SGX-ST. We cannot assure you that the PRC regulatory authorities will not issue new regulations or further interpretations of the M&A Regulations or other current PRC laws and regulations that may require us to obtain further approvals from PRC government bodies with respect to our Corporate Reorganization or in connection with our listing on the SGX-ST. Any of these factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

The M&A Regulations also established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In the future, we may grow our business in part by acquiring complementary businesses. Complying with the requirements of the M&A Regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM, may delay or inhibit the completion of such transactions, which could affect our ability to expand our business.

Changes in the PRC's economic, political and social conditions could adversely affect our business, financial condition, results of operations and prospects.

We conduct substantially all of our operations in the PRC and derive substantially all of our revenue from our operations in the PRC. Accordingly, our business, financial condition, results of operations and prospects are affected to a significant degree by economic, political and social conditions in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. The PRC economy has grown significantly in recent years; however, we cannot assure you that such growth will continue. In response to the global economic slowdown and market volatility, as described in "— Risks Related to Our Business and Operations and the Aluminum Industry — The global financial markets have recently experienced significant deterioration and recently, which have had negative repercussions on the global economy and, as a result, may adversely affect our business operations", the PRC government has lowered interest rates and announced large fiscal stimulus packages to boost the domestic economy, which include investments in, among other things, airports, highways, railways, power grids and other infrastructure developments, the effects of which are yet to be fully determined. With improving economic conditions, more recently, the PRC has taken steps to prevent its economy from overheating. Some of the measures taken include increasing the capital reserve requirements for banks and increasing the interest rate on three-month treasury bills, which are aimed to curb excessive lending and credit growth. These measures may make it more difficult or expensive for us to borrow domestically to fund our business and expansion plans. In addition, any adverse change in the economic, political and social conditions or government policies in the PRC could have a material adverse effect on overall economic growth, which in turn could lead to a reduction in demand for our aluminum extrusion products and consequently have a material adverse effect on our business.

Governmental control of currency conversion may affect the value of your investment.

The PRC government imposes controls on currency conversion between Renminbi and foreign currencies and, in certain cases, the remittance of currency out of and into the PRC. We receive substantially all of our revenue in Renminbi, which is currently not freely convertible. Under our current corporate structure, income of our Company will be primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends to us, or otherwise satisfy its foreign currency-dominated obligations. We also plan to transfer a portion of the proceeds from the Offering as well as proceeds from our future fund raising activities into the PRC to fund our business operations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, in most cases, particularly payments of capital account items, approval from appropriate governmental authorities is required where (i) Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of offshore bank loans denominated in foreign currencies, and (ii) any foreign currency is to be converted into Renminbi for investment in the PRC. In the future, the PRC government may also restrict access to foreign currencies for current account transactions.

In addition, the "Notice of SAFE on Issues Relating to Foreign Exchange Control on Fund Raisings by Domestic Residents Through Offshore Special Purpose Vehicles and Round-trip Investments" (《国家外汇管理局关于境内居民通过境外特殊目的公司融资及返程投资外汇管理》) ("Circular 75") promulgated by SAFE, which came into force on November 1, 2005, applies to our Company and the Zeng Family Shareholders. Each of the Zeng Family Shareholders has completed the foreign exchange registration for overseas investment under Circular 75. However, each of the Zeng Family Shareholders is required to file a modification to the foreign exchange registration for overseas investment in the event of any material capital changes, including, without limitation, (i) a subsequent equity financing for our Company outside of the PRC, including the Offering; (ii) a capital change in our Company; and (iii) any share transfer or share swap involving our Company in accordance with Circular 75. Payment of dividends, profits and other payments to our Company will not be permitted unless the aforesaid modification has been filed. If the foreign exchange control system prevents us from converting Renminbi into foreign currencies or *vice versa*, and obtaining sufficient Renminbi or foreign currency to satisfy our currency demands, our ability to transfer Renminbi to fund our business operations in the PRC or to pay dividends in foreign currencies to our shareholders, including holders of our Shares, may be adversely affected.

Our Company may be deemed a PRC resident enterprise under the PRC Enterprise Income Tax Law and be subject to PRC taxation on our worldwide income

Under the PRC Enterprise Income Tax Law (the "New EIT Law"), enterprises established outside the PRC whose "de facto management bodies" are located in the PRC are considered "resident enterprises" and will generally be subject to the uniform 25.0% enterprise income tax rate as to their worldwide income. On December 6, 2007, the PRC State Council promulgated the Implementation Regulations on the New EIT Law (the "Implementation Regulations"), which define "de facto management bodies" as bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. In addition, Notice of the State Administration of Taxation on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management issued by the State Administration of Taxation on April 22, 2009 provides that a foreign enterprise controlled by a PRC company or a PRC company group will be classified as a "resident enterprise" with its "de facto management bodies" located within the PRC if the following requirements are satisfied: (i) the senior management and core management departments in charge of its daily operations function mainly in the PRC; (ii) its financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) its major assets, accounting books, company seals, and minutes and files of its board and shareholders' meetings are located or kept in the PRC; and (iv) more than half of the enterprise's directors or senior management with voting rights reside in the PRC.

The New EIT Law and its implementation rules are relatively new and ambiguities exist with respect to the interpretation of the provisions relating to resident enterprise issues. We cannot assure you that we will not be deemed to be a PRC resident enterprise under the New EIT Law and Implementation Regulations. If we are deemed to be a PRC resident enterprise, we will be subject to PRC enterprise income tax at the rate of 25.0% on our worldwide income.

If we are deemed to be a PRC resident enterprise under the New EIT Law and Implementation Regulations and received income other than dividends, our profitability and cash flows would be adversely affected due to our worldwide income being taxed in China under the New EIT Law and Implementation Regulations.

If the dividends payable by members of our Group in the PRC to their overseas holding companies are subject to withholding tax under the New EIT Law, our financial performance will be adversely affected

According to the New EIT Law and Implementation Regulations, dividends from PRC entities to their overseas shareholders or holding companies will be subject to a withholding tax at a rate of 10.0%, unless the jurisdiction of incorporation of such overseas shareholders has a tax treaty with the PRC that provides for a different withholding arrangement. Singapore, where our Company is incorporated, has a tax treaty with the PRC, which provides for a withholding tax at a rate of not higher than 5.0% for dividend payments our Company receives from PRC entities in which it holds an interest of 25.0% or more. On August 24, 2009, the State Administration of Taxation released the Administrative Measures for Non-Residents Enjoying Tax Treaty Benefits (Trial Use) (the "Measures"), which took effect on October 1, 2009. Pursuant to the Measures, our Company needs to obtain approval from the competent branch of the State Administration of Taxation in order to enjoy the preferential withholding tax of no more than 5.0% in accordance with the tax treaty between the PRC and Singapore. In addition, the State Administration for Taxation promulgated the Notice on How to Understand and Identify the Owner of Benefits in Tax Agreements ("Circular 601") on October 27, 2009, which provides that tax treaty benefits will be denied to "conduit" or shell companies without substantial business activities, and a beneficial ownership analysis will be used based on a "substance-over-the-form" principle to determine whether or not to grant tax treaty benefits. Our Company is not engaged in any substantial business activities other than holding interest in our subsidiaries. It is unclear at this early stage whether Circular 601 applies to dividends from our PRC subsidiaries paid to us. If our Company fails to obtain approval for the favorable tax treatment under the tax treaty between the PRC and Singapore and is not deemed to be the beneficial owner of any such dividends, the dividends to be distributed to our Company by our PRC subsidiaries will be subject to income tax withholding at the rate of 10.0% rather than the preferential rate of 5.0% under the tax treaty between the PRC and Singapore.

The New EIT Law also provides that dividends received by a qualified PRC tax resident from another PRC tax resident are exempt from enterprise income tax. However, given the short history of the New Tax Law, it remains unclear as to the detailed qualification requirements for such exemption and whether dividends declared and paid by members of our Group in the PRC to their overseas holding companies will be exempted from enterprise income tax if they are recognized as PRC tax residents. Our financial performance will be adversely affected if such dividends are subject to enterprise income tax.

Dividends payable by us or by the entities in which we have an interest and the gain on the sale of our Shares or the sale of the equity interest in the entities in which we have an interest, may become subject to PRC withholding taxes.

Under the New EIT Law and the Implementing Rules of the New EIT Law, PRC income withholding tax at the rate of 10.0% is applicable to dividends payable to investors that are "non-resident enterprises". Non-resident enterprises are businesses that do not have an establishment or place of business in the PRC, or that have an establishment or place of business but the relevant income is not effectively connected with the establishment or place of business. This tax is applicable to the extent such dividends have their source within the PRC unless there is an applicable tax treaty between the PRC and the jurisdiction in which an overseas holder resides which reduces or exempts the relevant tax. Similarly, any gain realised on the transfer of shares by such investors is also subject to the 10.0% PRC income tax if such gain is regarded as income derived from sources within the PRC. If we or the entities in which we have interests are considered a PRC "resident enterprise", it is unclear whether the dividends we or such entities pay, or the gain on the sale of our Shares by investors or the gain on the sale of our interests in such entities, would be treated as income derived from sources within the PRC and be subject to PRC tax. If we are required under the New EIT Law to withhold taxes on dividends, or if you are required to pay PRC income tax on the transfer of our Shares, the value of your investment in our Shares may be adversely affected. Furthermore, if the entities in which we have interests are required to withhold taxes on dividends paid to us, or if we are required to pay PRC income tax on the transfer of our equity interest in such entities, our ability to deal with the return on our investments may be adversely affected, which in turn could have an adverse effect on our business, financial condition, results of operations and prospects.

Changes in or the discontinuation of any import and export tax regime or any financial incentives currently available to us in the PRC could reduce our profitability.

Currently, the PRC government restricts the export of primary aluminum products and encourages the export of certain fabricated aluminum products. The export of primary aluminum products that we produce is subject to an export tax rate of 15.0%, while the fabricated aluminum products of above 0.2 mm in thickness and below 0.2 mm in thickness that we produce enjoy a value added tax ("VAT") rebate of 13.0% and 15.0%, respectively. Depending on the relative level of demand and supply in the PRC compared to the overseas markets we target, the export tax on primary aluminum may not make it commercially viable for us to sell our primary aluminum products overseas if we are unable to obtain higher margins compared to what we can obtain if we sell our products domestically. Although our fabricated aluminum products enjoy VAT rebates, we cannot assure you that our fabricated aluminum products when sold overseas will achieve higher margins than if they are sold domestically. The VAT rebates have encouraged Chinese producers of fabricated aluminum products to export their products. This in turn may create an oversupply of fabricated aluminum products overseas, and cause a downward pressure on selling prices, and accordingly, reduce the benefit we may derive from the VAT rebates on the products we export. We also cannot assure you that the PRC government will not reduce or cease their subsidies for these fabricated aluminum products by lowering or removing the VAT rebates, or that the overseas markets we target will not impose protectionist measures, such as import taxes, that may make our products more expensive when sold overseas or negate the positive effect of any VAT rebates.

In the past, the PRC had imposed import duties on the import of primary aluminum particularly where overseas prices for imported primary aluminum is cheaper than domestic prices. We cannot assure you that import taxes on primary aluminum will not be re-introduced, or if re-introduced, will have the effect of supporting or maintaining price levels of primary aluminum that is sold domestically. Nor can we assure you that such import taxes will not be withdrawn subsequently.

We face foreign exchange and conversion risks, and fluctuation in the value of the Renminbi may have a material adverse effect on your investment.

The value of the Renminbi against the US dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. The People's Bank of China ("PBOC") issued a public notice on July 21, 2005 increasing the exchange rate of the Renminbi against the US dollar by approximately 2.0% to RMB8.11 per USD1.00. Further to this notice, the PRC government has reformed its exchange rate regime by adopting a managed floating exchange rate regime based on market supply and demand with reference to a portfolio of currencies. Under this regime, the Renminbi is no longer pegged to the US dollar. We cannot predict how and to what extent the exchange rate of the Renminbi will fluctuate in the future.

We face foreign exchange and conversion risks primarily through sales that are denominated in currencies other than the Renminbi. Any appreciation of the Renminbi against the US dollar may have the effect of rendering our exports more expensive and less competitive than products from manufacturers in other countries.

Conversely, as we rely entirely on dividends paid to us by our PRC subsidiaries, any depreciation of the Renminbi may materially and adversely affect our cash flows, revenue and financial condition, and the value of, and any dividends payable on, our Shares in foreign currency terms. Inflation in the PRC could negatively affect our growth and profitability.

The PRC economy has experienced rapid growth in recent years. Such growth can lead to growth in money supply and rising inflation. If prices for our products rise at a rate that is insufficient to compensate the rise in our costs, our business and financial performance may be materially and adversely affected. In order to control inflation in the past, the PRC government has imposed controls on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such austerity policies can lead to a slowing of economic growth and could materially and adversely affect our business, growth and profitability.

RISKS RELATED TO OUR BUSINESS AND OPERATIONS AND THE ALUMINUM INDUSTRY

Our Group operates in a cyclical industry, and our business and results of operations are susceptible to economic cyclicality and volatility in commodity prices.

We price our primary aluminum with reference to prevailing international or domestic prices of primary aluminum and changes in supply and demand of aluminum in the domestic market. Each of these factors is subject to changes beyond our control. In particular, the cyclical nature of the aluminum industry also makes prices for our products difficult to forecast. In the past three years, the spot price of primary aluminum in the PRC market reached its highest point in March 2008 at RMB20,790 per tonne and bottomed at RMB10,210 per tonne in December 2008. The spot price for primary aluminum in the PRC decreased from RMB17,357 per tonne in 2008, to RMB13,614 per tonne in 2009, reflecting a significant decrease in demand for aluminum as a result of the global economic downturn. The sharp decline in aluminum prices resulted in significant reductions in aluminum production volumes worldwide. We cannot predict the timing and extent of price recovery and whether prices will return to their prior levels. A downturn in the aluminum industry cycle will have a material adverse effect on our business, results of operations and prospects.

We do not control a number of factors affecting aluminum prices, which include, but are not limited to:

- global, regional and domestic economic and political conditions;
- global supply of and demand for bauxite, alumina and aluminum, and expectations of future supply and demand (including significant spare capacity in the industry and decisions by competitors to reactivate idle capacity);
- volatility of energy costs and in particular, electricity price;
- demand for key end products for which aluminum is used, such as cars, aircraft, infrastructure and aluminum food packaging materials;
- speculative trading of aluminum and alumina;
- the release of built-up reserves of other commodities that can be used as a substitute for aluminum;
- variations in freight and transport costs of raw materials and finished products;
- the use of new technologies, including technologies that enable commodity substitution;
- the use of scrap commodities; and

- government regulations and regulatory actions, including those relating to tariffs, quotas and customs duties.

With respect to our fabricated aluminum products, we generally charge our customers a processing fee over the prevailing price of primary aluminum ingots, which varies according to the level of technology required to process the primary aluminum ingots into the required sheets, coils and foils. Our pricing strategy is to pass the risk of primary aluminum price fluctuations on to our customers. However, we may not be able to pass on the entire cost of increases of raw materials to our customers, which may cause our profitability to decline. There will also be a potential time lag between the increase of the purchase prices for raw materials under our purchase contracts with our suppliers and when we can implement a corresponding increase in the sales price under our sales contracts with our customers. In addition, we have contracted to purchase alumina in excess of our production requirements under our supply contracts. See "Business — Key Agreements" and "Business — Our Group's Operations — Production Facilities". Accordingly, if there is a significant decrease in alumina prices and we are unable to or it is not in our commercial interests to stockpile or consume the alumina, we may have to sell the excess alumina at prices below that at which we had contracted to purchase, to the extent we are permitted to do so under these contracts. See "— We are exposed to market risks with respect to the price and supply of alumina". We have not entered into any hedging transactions to hedge against movements in primary aluminum prices and have not adopted any hedging policies to reduce our exposure to fluctuations in prices of raw materials. As a result, we may be exposed to the fluctuations of raw materials prices, including in particular, the price of primary aluminum. Significant increases in the price of our raw materials or fluctuations in the price of aluminum could have a material adverse effect on our business, financial position, results of operations and prospects.

We depend on four supply contracts to secure alumina, our principal raw material, at competitive prices. Any failure by the suppliers to perform their obligations under such contracts will negatively affect our business, financial condition, results of operations and prospects.

Alumina is one of the principal raw materials for the production of primary aluminum and one of the main components of our production costs. We have entered into four contracts with Chalco and Minmetals for the supply of alumina to our smelting operations for a period of five years. Under these contracts, we have contracted to purchase in aggregate, approximately 3.7 million tonnes of alumina between October 1, 2009 to December 31, 2014, with a fixed volume of purchases to be made monthly as well as annually at the prices and payment terms as set out in the respective contracts. See "Business — Key Agreements". We depend on these contracts to secure the supply of alumina to our smelting operations at Yichang Plant and Liupanshui Plant until December 31, 2014. In the event that we breach any provision of the supply contracts, whether as a result of a failure to make a minimum purchase or a failure or delay in payment for our purchases, or otherwise, the relevant supplier may terminate the contract and take action against us for monetary damages or other remedies. The contracts also contain provisions which require us to compensate the relevant supplier at a specified amount of damages if we fail to make the minimum purchase or we fail or delay in making payment for our purchases. We also cannot assure you that the suppliers under these contracts will fulfil their obligations to supply us with alumina at the contracted amounts, prices and times, or that in such event, we will be able to secure alternative supplies of alumina on terms acceptable to us or at all. Although our contracts provide us with the right to a specified amount of compensation in the event that there is a failure or a delay by the supplier to deliver alumina to us, the compensation we receive, if at all, may not cover our costs and expenses which we will incur in purchasing alumina from alternative sources of supply and any consequential losses. Additionally, we may be unable to renew these contracts upon their expiry on terms acceptable to us or at all, and may in turn be required to obtain our supply of alumina on less favorable terms. If any of these events were to occur, our business, financial condition, results of operations and prospects will be adversely affected.

We are exposed to market risks with respect to the price and supply of alumina.

Although we believe that the prices at which we have contracted to purchase alumina under the four five-year supply contracts with Chalco and Minmetals are favorable to us, we are still subject to market risks as the price of alumina we purchase each month is at a specific percentage of the previous month's weighted average price of a three-month primary aluminum futures contracts traded on the SHFE. The price of alumina is determined principally by supply and demand in the international and domestic commodity markets, and fluctuates with market conditions. For the period between 2007 and 2009, the spot price of alumina in the PRC market reached its highest point in January 2008 at RMB4,400 per tonne and bottomed at RMB1,835 per tonne in February 2009 according to Sunlight Metal. The average spot alumina price in the PRC decreased from RMB3,645 per tonne in 2007 to RMB3,241 per tonne in 2008, and fell further to RMB2,285 per tonne in 2009. The relatively higher price of alumina in the Chinese market in 2007 compared to 2008 was primarily due to the enormous growth in the demand for alumina and primary aluminum in the PRC, while the decrease in the price of alumina in 2008 and 2009 was mainly due to the recent global financial crisis and an increase in alumina capacity in the PRC market (according to Sunlight Metal). As such, the price of alumina can be highly volatile and the timing of changes in the market price of alumina is largely unpredictable. As we may purchase alumina under our supply contracts on a monthly basis ahead of our contracting sales for primary aluminum or fabricated aluminum products, we may not be able to fully pass on any cost increases in the price of alumina to our customers, and our profit margins may in turn be adversely affected.

In particular, we have contracted to purchase alumina in excess of our current production requirements. We have entered into four contracts with Chalco and Minmetals for supplying alumina to our smelting operations for a period of five years ending December 31, 2014. The total amount of alumina to be supplied under the four contracts is approximately 3.7 million tonnes, exceeding our full production requirements based on the current production capacities of the Liupanshui Plant and Yichang Plant. We plan to sell the excess alumina to third parties on commercially acceptable terms or to stockpile the excess alumina for our future use. If there is a significant decrease in alumina prices and we are unable to use our stockpiled alumina for our own production, we may be required to sell the excess alumina at prices below that at which we had contracted to purchase the alumina under the four supply contracts. However, the terms of our alumina supply contracts with Chalco do not allow us to resell excess alumina obtained from Chalco (except to Liupanshui Shuangyuan, Yichang Changjiang and Liupanshui Shuangpai) and the terms of our alumina supply contracts with Minmetals require us to seek Minmetals' consent before any resale of excess alumina obtained from Minmetals (except that Minmetals' consent is not required for resale to Liupanshui Shuangyuan, Yichang Changjiang, Liupanshui Shuangpai, Hunan Shuangpai and one other unrelated third party). As a result, if we stockpile a large amount of alumina that far exceeds our production requirements and we cannot sell excess alumina due to falling alumina prices or the restrictions in the terms of our supply contracts with Chalco and Minmetals, our business, financial condition, results of operations and prospects may be adversely affected.

Our competitive cost structure is highly dependent on our continued access to inexpensive and uninterrupted electricity supply and we may face increased energy costs and/or insufficient energy supply.

Our smelting plants consume substantial amounts of electricity in connection with our smelting operations. Our energy costs, particularly the cost of electricity, comprise a significant component of our production costs. As our overall production capacity increases, and our business expands, our energy needs will also increase.

We currently obtain our electricity for Yichang Plant at negotiated rates from Hubei Power Grid Company which sources its electricity mainly from Gezhouba hydroelectric power station, and for Liupanshui Plant and Jiangyin Fabrication Plant from the regional power grids at Guizhou and Jiangsu, respectively. The contracts with relevant power companies are usually signed on a yearly basis with respect to price, subject to changes in national regulation and policy in relation to the electricity price from time to time. We also enjoy subsidies from the PRC government on the electricity costs that Yichang Plant incurs. See "Business — Primary Aluminum — Raw Materials and Electricity". Significant heat energy is also required in our operations. Jiangyin Fabrication Plant primarily uses natural gas to generate the required heat energy and fluctuations in prices for natural gas directly impact the cost of production. According to the Notice (《关于进一步加大工作力度确保实现"十一五"节能减排目标的通知》) issued by the PRC State Council on May 4, 2010, the relevant governmental authorities will undertake an exercise commencing from the third quarter of 2010 to examine enterprises with high energy consumption levels and industries that have overcapacity. NDRC, together with National Electricity Commission and National Energy Sources Bureau, further issued the Notice of Examination on High Energy Consuming Enterprises Relating to Preferential Tariff and Other Matters (《关于清理对高耗能企业电价的通知》) on May 14, 2010, and the Notice of Immediate Conduction of National Examination on Electricity Price (《关于立即组织开展全国电力价格大检查的通知》), which clarified that the examination will start on June 1, 2010, and all preferential pricing will be cancelled. The examination may result in changes in the electricity tariffs or cancellation of the electricity subsidies enjoyed by the high energy consuming enterprises, which may include the electricity tariffs payable by Yichang Plant and Liupanshui Plant and the subsidies we receive from the local government on the electricity costs that Yichang Plant incurs. We currently receive subsidies of RMB 0.005/kwh from the local government for Yichang Plant. If the government subsidies we receive for electricity costs are reduced or terminated, or if electricity tariffs or the prices of natural gas increase, the cost of production at our smelting and fabrication plants will also increase, which we may be unable to pass on entirely to our customers. Furthermore, any disruptions or shortages in the supply of power or energy for our operations may result in a shutdown or scale back of all or part of our operations, or a delay in our ability to fulfil our customer orders. If any of these events occurs, our business, financial condition, results of operations and prospects may be adversely affected. See "Business — Primary Aluminum — Raw Materials and Electricity".

Regulatory issues and changes in law may have an adverse impact on our business, such as an increase in costs or limit our ability to expand our business.

The central and local PRC governments exercise a substantial degree of control and influence over the aluminum industry in the PRC and shape the structure and characteristics of the industry, by, among others:

- Setting standards that new entrants must meet;
- Encouraging the establishment of large plants and industry consolidation;
- Setting safety, environmental and quality standards;
- Setting technology standards, requirements and incentives;
- Setting tax levies and incentives; and
- Setting import quotas and tariffs.

We cannot assure you that the introduction of new laws, changes to existing laws and the interpretation or application thereof or delays in obtaining approvals from the relevant authorities will not have an adverse impact on our business, financial condition, results of operations and prospects. For example, changes in tax laws or changes in the way tax laws are interpreted in the various jurisdictions in which we operate, may impact our future tax liabilities and therefore our financial conditions. As another example, on October 29, 2007, the NDRC announced that the PRC government would place further restrictions on the aluminum industry in the PRC, by introducing new requirements for minimum capacity, location and energy consumption, so as to ensure sustainable growth in the sector. In respect of the aluminum fabrication segment, a plant must have a minimum output capacity of 100,000 tonnes annually, and have a broad production profile covering plates, strips, foils, extruded pipes and industrial profiles. Single-product plants are permitted, however, they must carry an annual capacity of at least 50,000 tonnes for plates and strips, 30,000 tonnes for foils and 50,000 tonnes for extruded pipe and industrial profiles. However, as these restrictions only apply to plants established after October 29, 2007, they will not apply to our Jiangyin Fabrication Plant, which was established in July 2007. The NDRC also imposed a requirement for cash contribution of a minimum of 35.0% of a plant's total investment for mining, smelting or recycling projects. New or upgraded electrolytic aluminum projects (which include primary aluminum production) are restricted to a maximum of 14,300 kwh for every tonne of aluminum produced. The new restrictions also prohibit the construction of new aluminum smelting facilities within one kilometre of conservation areas, medium and large-sized cities and suburbs, residential areas and hospitals, as well as pharmaceutical, electronics and food factories. The PRC government has also disclosed its intention to introduce new environmental impact standards, and in the past few years have carried out a nationwide survey of smelters environmental compliance. Any smelters that meet production standards previously released in March 2007, will be showcased and re-examined by regulatory authorities and experts, including the China Non-ferrous Metals Industry Association (CNIA). Moreover, in September 2009, the PRC State Council issued a notice stating that it would in principle not approve any new aluminum smelting projects, including the expansion of existing facilities, within the next three years from September 2009. In February 2010, the PRC State Council issued a Notice (《国务院关于进一步加强淘汰落后产能工作的通知》) to continue to eliminate outdated production capacity in major industrial sectors, including non-ferrous metals industry, to reduce pollution, save energy, and upgrade the industry. In this Notice, the PRC State Council set a concrete target relating to non-ferrous metals, by prescribing that small pre-baked electrobaths of 100kA or below 100kA used in the smelting of primary aluminum should be eliminated by the end of 2011.

According to the Notice (《有色金属产业调整和振兴规划》) promulgated by the PRC State Council in May 2009, the PRC government plans to reduce total primary aluminum smelting production capacity using small pre-baked electrobaths by 800,000 tonnes by the end of 2010[1]. On August 5, 2010, the Ministry of Industry and Information Technology of the PRC issued a further notice (the "August Notice") which included a list of 17 primary aluminum smelters that are deemed to be outdated and that are required to be shut down by September 2010. Failure to do so may lead to revocation of such smelters' business licenses and waste discharge permits and strict restrictions on land use approval and electricity use.

As our Company uses 240kA pre-baked electrobaths[2] for the production of primary aluminum, these measures would not be applicable to our Company. However, under the August Notice, Liupanshui Shuangpai, an entity previously owned by our Executive Chairman, Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou and sold to third parties unrelated to the Zeng Family in December 2009, is required to shut down part of the plant which is deemed to be outdated, comprising 104 reduction pots with a capacity of 50,000 tonnes using 85kA pre-baked electrobaths. Liupanshui Shuangpai has an outstanding amount due to our Company of RMB283.3 million which is due to be paid by December 31, 2010. Although the outstanding amount due to our Company is guaranteed by our Executive Chairman, Mr. Zeng Chaoyi and our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, nevertheless, we cannot assure you Liupanshui Shuangpai will be able to pay this amount, or that the shut down of part of the plant deemed to be outdated will not affect Liupanshui Shuangpai's ability to pay this amount.

1 Based on a report issued by Sunlight Metal dated September 30, 2010, which we have commissioned, see "Appendix F — Industry Overview — The PRC Aluminum Industry", small pre-baked electrobaths generally refer to pre-baked electrobaths of 100kA or below.

2 Based on a report issued by Sunlight Metal dated September 30, 2010, which we have commissioned, see "Appendix F — Industry Overview — The PRC Aluminum Industry", 240kA pre-baked electrobaths are "less pollutive and enables longer usage of carbon anodes".

The PRC government also requires plants designated by the authorities to reduce their direct electricity consumption rate to below 12,500 kwh per tonne. Electricity consumption at our aluminum smelters is 13,727.2 kwh[1] in 2009 for each tonne of primary aluminum consumed. We currently may not meet such electricity consumption requirements, but have not received any notification to lower our electricity consumption, and we are not aware of any detailed implementation regulations on these matters. We cannot assure you that these or other measures that apply to the aluminum industry will not in future apply to us or be extended or amended in a manner that may apply to our operations, or if further notices other than the August Notice will be issued. If we are required to comply with any or all of these or other measures, we may have to expend significant costs and time in order to achieve compliance and our existing operations may be disrupted or be required to cease until the requirements are complied with. These measures also limit our ability to expand our primary aluminum production capacity in the PRC, and we may have to venture overseas in order to expand our business. We cannot assure you that we will be able to identify suitable new markets to expand our primary aluminum production operations, or that any such expansion will achieve our commercial objectives.

In addition, other measures enforced by the PRC government to curb over-supply of aluminum, to increase the export of fabricated aluminum products, and to address price levels of aluminum and aluminum related products in the PRC, or other measures affecting the aluminum industry, including the imposition of export taxes and the granting of VAT rebates, will affect our business, financial condition, results of operations, and prospects, and the imposition, amendment or withdrawal of such measures, could have an adverse effect on our business, financial condition, results of operations and prospects. Additionally, our products must meet certain industry standards in order to qualify as primary aluminum or to meet our customers' specifications for our fabricated aluminum products. If PRC, international or industry regulations applicable to our business become more stringent in the future or additional regulations or controls requiring the adoption of new technologies are introduced, which we cannot satisfy in a cost efficient manner or we are unable to pass any additional costs resulting from these new requirements to our customers, our costs will increase. Any significant increase in our production costs due to changes in regulations in the aluminum industry could have a material adverse effect on our business, financial condition, results of operations and prospects. See "Appendix D — Description of Relevant Laws and Regulations" for a further description of the laws and regulations to which we are subject.

Our Group's current liabilities exceed its current assets and we cannot assure you that we will be able to generate net cash inflows from operating activities.

Historically, as at December 31, 2007, 2008 and 2009, and as at March 31, 2010, our Group's current liabilities exceeded our current assets by RMB719.9 million, RMB734.9 million, RMB953.5 million and RMB809.8 million, respectively. Our Group's ability to continue as a going concern is dependent on our ability to generate positive cashflows. Our Directors believe that our Group is able to continue as a going concern despite our net current liabilities as they are of the view that our Group will be able to continue to generate net cash inflows from our operating activities for a period of 12 months from September 30, 2010, the date on which our Group's combined financial statements for the three years ended December 31, 2009 and unaudited interim condensed combined financial statements as at and for the three months ended March 31, 2010 were approved. Our ability to generate net cash inflows from our operating activities is dependent on our ability to continue to generate an operating profit and changes in levels of our working capital which may be subject to, *inter alia*, aluminum and alumina prices, and the amount of inventory we hold. Our net cash inflows from operating activities at any time is also dependent on the timing of when we report on our financial statements. We cannot assure you that we will be able to continue to generate an operating profit and factors affecting changes in levels of our working capital may be beyond our control.

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1 The unit consumption of 13,727.2 kwh/tonne refers to the direct electricity consumed by our two smelting plants for smelting and for operating environmental systems and aluminum casting processes.

In addition, on September 26, 2010, the Zeng Family Shareholders have undertaken to us that they will procure that Hunan Xinren Properties (which is 90.0% owned by our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and 10.0% owned by his wife, Mdm. Deng Eying) will and Hunan Xinren Properties has undertaken to us that it will, provide support to our Group, as and when required, for a period of 12 months from September 30, 2010 (the "Relevant Period"), being the date our Group's financial statements as of and for the three months ended March 31, 2010, were approved by our Board, by way of the creation of security over one of the properties that Hunan Xinren Properties owns, namely, Changsha Hao Tian Building on 396 Bayi Road, Furong District, Changsha City, Hunan Province (the "Property"), to secure banking facilities of up to RMB300.0 million (the "Jiangyin Loan") that may be granted by Shanghai Pudong Development Bank to Jiangyin Xinren. The Property is valued at RMB760,092,311.7 as at August 12, 2010 and is free from all encumbrances. The availability of the Jiangyin Loan is subject to further approvals from and due diligence and certain other conditions of Shanghai Pudong Development Bank. Final approval for the loan facility has not been obtained and we have not entered into formal documentation in respect of the loan as it is a standby facility and we do not need to drawdown on the facility at present. If we enter into formal documentation in respect of the loan, we would have to pay a commitment fee for the duration of the loan. The Zeng Family Shareholders and Hunan Xinren Properties have also undertaken to us that in the event that the Property is sold as may be required by law or for any other reason, the sale proceeds in an amount not exceeding RMB300.0 million will be placed into an escrow account for use to support our Group during the Relevant Period. In the event that the Jiangyin Loan is not granted by Shanghai Pudong Development Bank to Jiangyin Xinren for any reason, the Zeng Family Shareholders and Hunan Xinren Properties have also undertaken that they will procure that the Property is sold, and that the proceeds in an amount not exceeding RMB300.0 million will be placed into an escrow account for use to support our Group during the Relevant Period.

We cannot assure you that the Property can be effectively used as a security for the Jiangyin Loan or that the Jiangyin Loan will be available to us when required, or that the Jiangyin Loan, if made, and/or the proceeds of the sale of the Property in the event that the Property is sold, will be sufficient to meet our current liabilities. If any of such events occur, our business, financial conditions, results of operations and prospects would be materially and adversely affected.

We have relied on borrowings, in particular short-term borrowings, to fund our growth and operations and may continue to do so.

We have significant borrowings, mostly in the form of short-term borrowings. In 2007, 2008 and 2009 and for the three months ended March 31, 2010, our short-term borrowings amounted to approximately RMB1,439.1 million (accounting for 90.6% of our total bank borrowings), RMB1,675.4 million (accounting for 90.8% of the total bank borrowings), RMB2,024.5 million (USD298.8 million) (accounting for 98.5% of our total bank borrowings) and RMB1,999.0 million (USD295.1 million) (accounting for 100.0% of our total bank borrowings) respectively, while our total bank borrowings amounted to approximately RMB1,589.1 million, RMB1,845.6 million, RMB2,054.5 million (USD303.3 million) and RMB1,999.0 million (USD295.1 million) respectively. Our short-term borrowings comprise short-term loans and notes payable which represent 39.6% and 60.4% of our short-term borrowings respectively as at December 31, 2009. Although we will be raising additional capital through the Offering, we anticipate that we will continue to rely on borrowings, including short-term borrowings, to fund our growth and expansion as well as our operations and working capital requirements. Those additional borrowings and resulting debt service obligations could reduce the availability of cash generated from our operations to fund our future working capital, capital expenditures or acquisition needs. Additionally, we use a significant proportion of our fixed assets to secure our borrowings. If we are unable to borrow from banks and other financial institutions or roll-over or extend the existing credit and loan facilities granted to us, on acceptable terms or at all, or if we breach any of the covenants under our loans and related security documents and any of these loans are terminated or security enforced, our business, financial condition, results of operations and prospects may be materially and adversely affected.

The global financial markets have recently experienced significant deterioration and volatility, which have had negative repercussions on the global economy and, as a result, may adversely affect our business operations.

Certain recent adverse financial developments have impacted the global financial markets. These developments include a general slow-down of economic growth both in the US and globally, an increased volatility in equity securities markets, and volatility and tightening of liquidity in credit markets. While there have been signs of economic recovery, particularly in Asia, there is significant uncertainty as to whether and when economic conditions will improve. Any prolonged downturn in general economic conditions would present risks for our business, such as a potential slowdown in our sales to customers. For instance, we shut down one production line of Yichang Plant from the end of December 2008 to June 2009 to undertake maintenance and repair work primarily due to our decision to manage the effects of the economic slowdown on our Group at the end of 2008, by reducing our output in view of declining aluminum prices. In the second quarter of 2010, the sovereign debt crisis affecting countries in Europe such as Greece and Spain had an impact on the aluminum industry and created further uncertainty about the state of the global economy, and its recovery. The three-month average aluminum price on the LME in the second quarter of 2010 fell to USD1,961 per tonne, from USD2,196 per tonne in the first quarter of 2010, while the average aluminum spot price on the SHFE in the second quarter of 2010 fell to RMB15,235 per tonne, from RMB16,431 per tonne in the first quarter of 2010, which in turn placed a corresponding downward pressure on the selling prices of our products in the second quarter of 2010. If the economic downturn continues, our business, financial condition and results of operations may be adversely affected.

The primary aluminum market and aluminum fabrication markets are highly competitive and we cannot assure you that we will be able to compete successfully against our competitors.

We operate our business in a highly competitive industry. We face competition from existing competitors located both in the PRC and elsewhere.

For our primary aluminum business, our main competitors are domestic primary aluminum smelters, some of whom have larger operations and greater resources than we have, and which may be more vertically integrated in the production chain than we are, or may have the potential to expand their operations. For instance, one our suppliers, Chalco, which supplies us our key raw material, alumina, is the largest producer of primary aluminum in the PRC and competes with us in the production and sale of primary aluminum. Some of the largest domestic primary aluminum smelters are supported by PRC governmental industrial policies and generally receive preferential treatment from the government, including subsidies for electricity costs. We compete against domestic smelters in terms of production costs, product quality and price.

We compete with numerous fabricated aluminum product manufacturers in the PRC and overseas for our aluminum fabrication business. For our trading business, we compete with a wide variety of players, including trading companies and manufacturers of the products that we trade in, who are located within the PRC and overseas. Competition is based on factors including price and the reliability and consistency of product quality. Our competitors include foreign or domestic companies, many of whom are larger in terms of assets and revenue or have greater financial resources, brand recognition, stronger distribution and customer networks, more advanced production facilities and technologies, stronger product development, and/or a more comprehensive line of fabricated aluminum products than we do. As a result of the foregoing factors, these existing competitors may be able to compete more effectively than us. If we are unable to maintain our competitive position, we could lose market share and/or experience a decline in our profitability.

Our operations rely on the timely supply of raw materials to our plants and transportation of our products from our plants to our customers, which are subject to uncertainties and risks.

We depend on various forms of transportation, such as seaborne freight, rail and road transport to receive raw materials used in our production and to deliver our products from our manufacturing facilities to our customers. These transportation facilities may not adequately support our operations due to factors such as traffic congestion and unavailability of railway, sea vessels, wagons or trucks. Further, disruptions of transportation services because of inclement weather, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other similar events could impair our ability to source raw materials and components and our ability to deliver our products to our customers. Our customers may suspend or cancel delivery of our products during a period of force majeure and any suspensions or cancellations that are not replaced by deliveries under new contracts or sales on the spot market to third parties would reduce our cash flow and could adversely affect our business, financial condition, results of operations and prospects. Although we have not experienced any material disruptions in the transportation of supplies to us or of our products to our customers in the past, we cannot assure you that such disruptions will not occur in the future. In addition, any significant increases in transportation cost may adversely impact our business, financial condition, results of operations and prospects.

Our customers may reduce their demand for primary aluminum and aluminum products in favor of alternative materials.

Our aluminum products compete with products made from other materials, such as copper, plastic, wood or other metal composites, for various applications. New materials may also be discovered or invented with more favorable traits. If a significant portion of customers are willing to accept substitutes for aluminum products, the demand for our products would decrease and the market price for aluminum and aluminum products may decline, thus adversely affecting our business, financial condition, results of operations and prospects.

If we are unable to keep pace with technological changes in our industry, our business may be adversely affected.

Our business is characterized by evolving technology and industry standards that have an impact on the energy efficiency, environmental friendliness and productivity of our operations or which are a response to customer demand for improved quality, precision, and products with higher technical content. These changes may require us to incur time, expenditure and management resources to conduct research and development, upgrade our existing plants, machinery, equipment and technology, improve our production processes, phase out older or obsolete technology, or develop new products or enhance existing products. We cannot assure you that we will be able or successful in our attempts to respond to these changes or that the new or enhanced products that we develop will gain acceptance among our customers. Failure to achieve any of the foregoing in a timely and cost effective manner, may impede our ability to reduce our production costs, affect our competitiveness, and may otherwise have a material and adverse effect on our business, financial condition, results of operations and prospects.

We may require additional capital in the future, which may not be available on favorable terms or at all.

Our operations are capital intensive. In 2007, 2008 and 2009 and for the three months ended March 31, 2010, our capital expenditures amounted to RMB1,089.1 million, RMB181.8 million, RMB75.8 million (USD11.2 million) and RMB13.5 million (USD2.0 million), respectively, which were primarily used to increase our production capacity and to purchase machinery. Our capital requirements primarily depend on the amount of capital expenditures and new product development. In addition, our future capital requirements may be substantial as we seek to grow and expand our business and we may need to raise additional funds to meet these requirements. We seek to effectively manage our cash flow and capital commitments and to ensure that we have sufficient funds to meet our existing and future cash requirements. In addition to the cash generated from our operations, we may finance our capital requirements through equity or debt financing. We have maintained long-term relationships with PRC commercial banks and believe that we will be able to roll over our existing short-term loans upon their maturity, if necessary, based on our past repayment and credit history. However, any equity or debt financing, if available at all, may be on terms that are not favorable to us. Equity financings could result in dilution to our Shareholders, and the securities issued in future financings may have rights, preferences and privileges that are senior to those of our Shares. If we fail to obtain necessary funding on acceptable terms or at all, we may be forced to delay capital investment projects, research and development activities or otherwise curtail or cease operations, which could have a material adverse impact on the expansion and growth of our business.

If we cannot manage our growth, maintain adequate internal controls or successfully implement our business strategies, our operating results, margins and net profit could be adversely affected.

We have experienced substantial growth in sales and net profit in recent years. In 2007, 2008, 2009 and for the three months ended March 31, 2010, our revenue was approximately RMB3,300.8 million, RMB4,119.1 million, RMB4,263.4 million (USD629.3 million) and RMB1,269.1 million (USD187.3 million), respectively, and our net profit was approximately RMB142.9 million, RMB61.8 million, RMB306.0 million (USD45.2 million) and RMB150.3 million (USD22.2 million), respectively. We plan to grow our business by further integrating our business vertically, increasing processing and production capacity, improving our cost structure and enhancing research and development capabilities to invest in advanced end technology. Our plans for growth and expansion will challenge our managerial, operational, financial and other resources and will also place significant demands on us to maintain the quality of our products. To accomplish these plans, we will need to implement a variety of new and upgraded operational and financial systems, procedures and controls, including improvements to our internal management systems. We will also need to implement effective training programs to ensure consistently high-quality performance by our employees. All of these measures will require substantial management efforts. Historically, as a privately owned group, our management efforts have been concentrated on growing our business, and we have experienced instances of lapses in our reporting and internal control systems such as the late recording of inventory and income, underpayment of social security contributions, and production in excess of our approved production limit, as discussed elsewhere in this offering document. While we have taken steps to improve and strengthen our management, reporting and internal control systems, these systems generally cannot fully prevent error or fraudulent behaviour, and may not effectively function in case of an error in judgment or the negligence of employees, or because of collusion between multiple employees. If our internal control systems fail, or if we are unable to effectively manage our growth or to implement our growth strategies, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to successfully implement our plans relating to the increase in the production capacity of Jiangyin Fabrication Plant and the development of an aluminum smelter in Heilongjiang Province or to achieve the benefits we expect from these plans.

We are currently undertaking our plan to increase the existing production capacity of Jiangyin Fabrication Plant of 50,000 tonnes annually, by (i) an additional 50,000 tonnes annually by the end of 2010 and (ii) by an another additional 50,000 tonnes by the third quarter of 2011. Our plan to add an additional 50,000 tonnes of production capacity by the third quarter of 2011 will be partially funded by the proceeds from the Offering. See "Use of Proceeds". The increase in the production capacity of Jiangyin Fabrication Plant requires the construction of new facilities and the purchase of machinery and equipment. We cannot assure you that the plan to increase production capacity at Jiangyin Fabrication Plant will not experience delays or cost-overruns or that it will be achieved. If any such events occur, our business, financial condition, results of operations and prospects could be materially and adversely affected. In addition, as set out in the section "Business — Primary Aluminum — Future Developments", we entered into discussions in June 2010, with the Jiamusi Municipality of Heilongjiang Province in the PRC to invest in and build an aluminum smelting plant in a new development zone in Jiamusi Municipality. We expect that the estimated cost of construction will be approximately RMB700.0 million, and construction of the plant will take at least one year to complete after commencement of construction. As these discussions are in a preliminary stage and we have not entered into any agreements with the relevant authorities or any other party in respect of the investment, we cannot assure you that our plan to invest in and develop an aluminum smelting plant in Jiamusi Municipality, Heilongijiang Province will materialise or that we will be able to enter into definitive agreements or obtain the relevant approvals for the same in a timely manner on terms accept able to us or at all. Our estimated costs and timeframe for constructing the plant are mainly based on our intended investment scale and preliminary discussions with the Jiamusi municipality. As we have not undertaken detailed feasibility studies or procured quotes for construction costs for the plant, we cannot be certain that, if we proceed to carry out these plans, our actual costs and timeframe for constructing the plant will not materially differ from our estimated costs and timeframe. If we proceed with our plan to invest in and construct an aluminum smelting plant in Jiamusi, Heilongjiang, we will be required to raise financing, either in the form of borrowings or equity, which will also present risks to our Company. See " — We may require additional capital in the future, which may not be available on favorable terms or at all".

Our plans to increase production capacity for our operations are subject to various risks described in this offering document relating to growth and expansion, including "— If we cannot manage our growth, maintain adequate internal controls or successfully implement our business strategies, our operating results, margins and net profit could be adversely affected" and "— We may not be able to identify suitable opportunities to expand and we may not achieve the benefits we expect from future acquisitions and business partnerships, which may have an adverse effect on our profitability and ability to manage our business prospects".

We depend on our key employees for our business. The loss of their services or our inability to recruit additional key employees could impair our operations and growth.

Our future success depends substantially on the continued services of our Executive Directors and Executive Officers and their services are critical to the development of our business and expansion plans.

The retention of our Executive Directors and Executive Officers is crucial to our success and the loss of their services could have a material adverse effect on our overall operations. We also anticipate that it will be necessary for us to employ additional capable key employees as we pursue our business strategies. However, we may not succeed in recruiting such additional employees or retaining current key employees as the market for such employees is extremely competitive. If we are unable to attract or retain senior management members, or if one or more of our key employees are unable or unwilling to continue in their present positions, join a competitor or form a competing company, we may not be able to replace them readily or at all.

Our efforts to retain or attract key employees may also result in significant additional expenses, which could adversely affect our profitability. Adverse developments with respect to our senior officers may have a material adverse impact on our business, results of operations, financial condition and prospects.

We may not be able to identify suitable opportunities to expand and we may not achieve the benefits we expect from future acquisitions and business partnerships, which may have an adverse effect on our profitability and ability to manage our business prospects.

We may fail to identify or secure suitable acquisition or investment opportunities or our competitors may capitalize on such opportunities before we do. Moreover, identifying such opportunities could demand substantial management time and resources, and negotiating and financing acquisitions and establishing business partnerships might involve significant costs and uncertainties. If we fail to successfully source, execute and integrate acquisitions and investments in the future, our overall growth could be impaired, and our business, financial condition, results of operations and prospects could be adversely affected.

We are also currently pursuing an international expansion strategy, including establishment of aluminum smelting plants overseas and expanding our international sales and marketing network. In expanding our business internationally, we may enter markets where we have limited or no experience and where our brand may be less recognized, and we would be exposed to risks separate and distinct from those we face in our domestic operations. We may be unable to achieve and maintain a competitive cost structure as we do in our domestic operations. Our international sales and marketing network may not be successful in promoting our brand and generating sufficient demand for our products in international markets. Furthermore, in new markets we may fail to anticipate conditions that are different from those in our existing markets. These conditions may make it difficult or impossible for us to effectively operate in these markets. If our expansion efforts in existing and new markets are unsuccessful, our profitability and prospects would be materially and adversely affected.

Any future expansion or investment may expose us to additional risks, including, among other things:

- business or legal issues not discovered in our due diligence process, such as hidden liabilities and legal contingencies;

- distraction of management's attention and diversion of resources from existing business operations during the acquisition and integration process;

- legal and regulatory requirements that may render an investment more costly or subject to greater operating, legal, political or other risks or that prevent, limit or delay potential investments;

- failure to effectively integrate acquired assets and talent into our corporate structure and culture; and

- failure to realize the synergies expected from the acquisitions or business partnerships.

Certain non-compliance in respect of social insurance contributions in the PRC.

Under the Provisional Regulations on Collection and Payment of Social Insurance Premiums of the PRC (社会保险费征缴暂行条例), employers in the PRC are required to register with the local social insurance authorities, and make social security contributions, including pension funds, medical insurance (including maternity insurance), unemployment insurance and work-related injury insurance for their employees in the PRC. We have not paid certain past social security fund contributions for and on behalf of our employees of Yichang Changjiang, Liupanshui Shuangyuan and Jiangyin Xinren. We have quantified and paid up the amount of unpaid social security contributions and with respect to Yichang Changjiang and Jiangyin Xinren, we have received confirmation from the relevant local authorities that we will not be subject to any penalties or orders to rectify non-compliance with the social security contributions. We have also obtained confirmation from the relevant local authorities that as of January 14, 2010, we have not received any claims regarding non-compliance with the social security contributions for Liupanshui Shuangyuan. Our PRC counsel, Jingtian & Gongcheng, has also advised us that in view of the confirmations received from the relevant authorities, the possibility of any penalties being imposed for previously having failed to pay the social security contributions, is remote in the immediate future. However, we cannot assure you that the amounts that we have quantified and paid may not be challenged as being insufficient, and that we continue to be in violation of PRC laws on social security contributions. Accordingly, as a matter of prudence, we have provided for an amount of RMB11.6 million (USD1.7 million) as at the end of March 31, 2010 in our financial statements for the shortfall, if any, in social security contributions, which has been computed based on the average headcount in each of the relevant years, the relevant minimum payment base (最低缴纳基数) and the contribution rates for the respective provinces in which our Group operates. We cannot assure you that the amount we have provided is sufficient, or that the authorities will not proceed to claim against us or penalize us for late or non-payment of social security contributions in excess of the amounts we have provided in our financial statements. If such an event occurs, our business, financial condition, results of operations and prospects may be adversely affected.

The environmental protection certificates issued in respect of our business operations in Yichang Changjiang may be defective.

We have obtained the Approval of Environmental Impact Assessment Report from the Environmental Protection Bureau of Yichang City, prior to the commencement of construction in respect of Yichang Plant and the Environmental Protection Examination and Approval on Completion of Construction Projects (the "Approval") issued by the Environmental Protection Bureau of Yichang City in respect of Yichang Plant.

We have been advised by our PRC legal counsel, Jingtian & Gongcheng that under PRC laws and regulations, the city environmental authority, namely, the Environmental Protection Bureau of Yichang City is not the competent authority to issue the Approval and to conduct the final inspection upon the completion of Yichang Plant, and that approval should have been obtained from the state environmental authority, namely, the National Environmental Protection Agency and the failure to do so may result in the imposition of fines, penalties, suspension of operations or an order to cease operations at Yichang Plant.

Our PRC legal counsel, Jingtian & Gongcheng has interviewed by telephone an official of the provincial environmental authority of the province in which Yichang Plant is located, namely, the Hubei Environmental Protection Bureau, and has been informed that the state environmental authority, principally, the National Environmental Protection Authority was previously informed and notified as to the Approval given by the Yichang City authorities. Based on the foregoing, our PRC legal counsel, Jingtian & Gongcheng is of opinion that in the immediate future the possibility of Yichang Changjiang being penalized or ordered to cease production and operation is low. We have also commenced an application to obtain the approval at the provincial level from the Hubei Environmental Protection Bureau and after the review at the provincial level, approval from the state level from the National Environmental Protection Authority, through the Environmental Protection Bureau of Yichang City would have to be obtained. However, we cannot assure you that our application will be approved. We also cannot assure you that the National Environmental Protection Authority or other authority will not find that the Approval we obtained from the Environmental Protection Bureau of Yichang City is defective or invalid and punish or order us to cease production and stop operations at Yichang Plant. Yichang Plant currently accounts for 47.3% of our total smelting production capacity. Accordingly, if we are penalized and required to cease production or stop our operations at Yichang Plant, our business, financial condition, results of operations and prospects will be materially and adversely affected.

We may not obtain the environmental approval in respect of the construction of Liupanshui Plant.

According to the Administrative Measures for Environmental Protection Examination and Approval Upon Completion of Construction Projects (《建设项目竣工环境保护验收管理办法》), the enterprise under construction shall file an examination application to the competent authority within three months from the commencement of the trial production period and the competent authority shall finish the examination within 30 days after receipt of the application, and to grant an environmental approval for the construction project which is in compliance with the examination standard. Liupanshui Plant has not obtained the environmental approval upon completion of its construction notwithstanding that the trial production period for Liupanshui Plant has expired.

Liupanshui Shuangyuan is currently applying for the approval upon completion of construction project and has signed a Supervision Contract on Environmental Protection Examination with the relevant environmental protection examination department on March 18, 2010. Further, according to the Certificate issued by Environmental Protection Bureau of Shuicheng County dated January 18, 2010, Liupanshui Shuangyuan has been in compliance with national and local environmental protection law since its establishment and there does not exist any circumstances that Liupanshui Shuangyuan will be subject to punishment for violation of environmental protection laws and regulations.

Our PRC legal counsel, Jingtian & Gongcheng, has interviewed an officer of the Guizhou Environmental Protection Bureau by telephone and has been informed that the examination of the application for approval is now in process and there does not exist any legal obstacle for Liupanshui Shuangyuan to obtain the approval upon completion of construction projects. The officer further indicated that there was no need for Liupanshui Shuangyuan to reapply to conduct trial production.

Based on the foregoing, our PRC legal counsel, Jingtian & Gongcheng is of the opinion that there does not exist any legal obstacle for Liupanshui Shuangyuan to obtain the approval upon completion of construction projects after the construction project meets the technical and procedural requirements of relevant environmental protection department and that the possibility for Liupanshui Shuangyuan to be subject to the penalties for failing to obtain approval upon completion of its construction project is low. Notwithstanding the above, we cannot assure you that Liupanshui Shuangyuan will be able to obtain the environmental approval for Liupanshui Plant. In the event that Liupanshui Plant does not satisfy the environmental protection requirements after examination by the competent authority, we may be ordered to modify Liupanshui Plant so as to comply with the relevant requirements. If Liupanshui Shuangyuan still does not satisfy the environmental protection requirements after modification, the competent authority may also order us to cease production or stop operations and impose a fine of not more than RMB100,000. Accordingly, if we are penalized and required to cease production or stop our operations at Liupanshui Plant, our business, financial condition, results of operations and prospects will be materially and adversely affected.

We have not been issued the land use right certificate for the land on which Liupanshui Plant is located.

We have applied for but have not been issued the land use right certificate for the land at which Liupanshui Plant is located. Our PRC counsel, Jingtian & Gongcheng, has advised us that based on the confirmation letter issued by the relevant land and resource authority, the application for the land use right certificate is currently being processed and the use of land by our Company is in compliance with the relevant land use formalities and that until the application results are released, we may continue to occupy and use the land for operating Liupanshui Plant.

Nevertheless, we cannot assure you that the relevant land authorities will issue the land use right certificate and consequently we may be requested to cease occupying and using the land to operate Liupanshui Plant by the relevant land authorities. Liupanshui Plant currently accounts for 52.7% of our total smelting production capacity. In the event we do not obtain the land use right certificate for Liupanshui Plant and are required to cease production, we will lose the revenues from the primary aluminum we can potentially produce at our Liupanshui Plant for sale, and the value of the property, plant and equipment relating to Liupanshui Plant that we record in our financial statements. We may not be able to locate and acquire alternative facilities or to build such facilities in a timely manner to adequately replace the primary aluminum production capacity of Liupanshui Plant. If any of these events occur, our business, financial condition, results of operations and prospects will be adversely affected. When the relevant land authorities issue the land use right certificate to Liupanshui Plant, we will make the appropriate announcement on SGXNET.

We have made certain provisions for tax which may not be sufficient.

We have business operations in various provinces in the PRC transacting with third parties as well as related entities and are subject to tax in these locations. The applicable tax treatment and corresponding tax implications could differ depending on the location of the entities in the PRC due to differences in tax rates, interpretation and tax administration by the relevant tax bureaus in each location. Accordingly, significant judgment is involved in determining the provision for income taxes for our Group. For example, we recognize liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recognized, such differences will impact the income tax provisions in the period in which such determination is made.

In 2008, we were late in recording certain inventory of aluminum and sales of second grade aluminum ingots that were resmelted from scrap generated from our production. We have accordingly provided for accrued tax, and related surcharges and related charges on these sales.

According to the PRC Administration of Tax Collection law (《中华人民共和国税收征管法》) promulgated on April 28, 2001, if a taxpayer fails to make a tax declaration, or fails to pay or there is a shortfall in the amount paid by taxpayer, the tax authorities may pursue the recovery of the unpaid tax or shortfall in tax payments. The taxpayer may also be subject to a fine of not less than 50.0% but not more than five times the amount of the unpaid tax or shortfall in tax.

We have received a letter from the relevant tax authorities in March 2010, confirming that up to the date of the letter, Yichang Changjiang did not have any unpaid tax and that Yichang Changjiang has not been subject to any penalties. Our PRC legal counsel, Jingtian & Gongcheng has also advised us that the possibility of a penalty being imposed is remote in the immediate future. Notwithstanding this, we believe that there are uncertainties in how the tax laws may be interpreted or enforced, and while we believe that the amount we have provided in our financial statements for unpaid tax, surcharges and related charges of RMB14.2 million which is less than the maximum that can be imposed, is sufficient, we cannot assure you that the relevant tax authorities will not impose tax, surcharges, and/or related charges in excess of what we have provided in our financial statements. In such an event, our business, financial condition, results of operations and prospects will be adversely affected.

We may face penalties from the production capacity of Yichang Plant being in excess of the production capacity approved by the relevant state authorities.

The National Planning Commission (《国家计划委员会》), the precursor of the NDRC, had issued an approval to Yichang Changjiang for the construction of an aluminum plant with a production capacity of 100,000 tonnes of aluminum per annum, while the Development and Planning Commission of Yichang City had granted Yichang Changjiang approval to increase its production capacity to up to 260,000 per annum tonnes in two phases of 130,000 tonnes per annum per phase.

There exists the risk that the Development and Planning Commission of Yichang City was not empowered to and did not have a legal basis to grant Yichang Changjiang with the approval to increase its production capacity to 130,000 tonnes per annum for phase one. We cannot assure you that the relevant state authorities will not, in the future, regard the approval granted by the Development and Planning Commission of Yichang City as defective. In such an event, we may be ordered to reduce our production to the level originally approved by the state, and we may be subject to penalties, all or any of which could materially and adversely affect our business, financial condition, results of operations and prospects. Yichang Plant has not been the subject of any rectification orders notwithstanding inspections undertaken by the NDRC and its local branches since 2004. Additionally, the relevant governmental authorities of Hubei province have indirectly confirmed that the operation of a

130,000-tonne per annum production capacity plant by Yichang Changjiang. In view of this, our PRC legal counsel, Jingtian & Gongcheng, is of the view that the possibility of Yichang Changjiang being penalized for having based its production on the approval granted by the Development and Planning Commission of Yichang City is remote in the immediate future.

Currently, Yichang Plant has a design production capacity of 140,000 tonnes per annum. In each of 2007 and 2009, our actual production output was within the 130,000 tonnes per annum that had been approved as phase one of the production capacity of Yichang Plant by the Development and Planning Commission of Yichang City. However, in 2008, our production output exceeded the production capacity approval under phase one by the Planning Commission of Yichang City by 3,000 tonnes. Although the amount by which we have exceeded the approved production capacity limit was inadvertent and is relatively small, we cannot assure you that the authorities will not take steps to penalise us for the breach, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to interest rate fluctuations and we face market risks resulting from our loan covenants.

We may increase our debt level as we plan to partially fund our future business and growth through debt financing. Some of our existing debt financing and our borrowings in future may carry floating interest rates, and consequently, the interest cost to us will be subject to fluctuations. In addition, we currently are and may in future continue to be subject to market disruption clauses contained in our loan agreements with banks. Such clauses generally provide that to the extent that the banks may face difficulties in raising funds in the interbank market or are paying materially more for interbank deposits than the displayed screen rates, they may pass on the higher cost of funds to us notwithstanding the margins agreed. Consequently, we may exposed to the risks of interest rate fluctuations which could have an adverse effect on our business, financial condition, results of operations and prospects.

We are subject to risks relating to foreign currency exchange rate fluctuations.

We export a portion of our primary aluminum and fabricated aluminum products and sell aluminum related products sourced from third parties to customers overseas and we generate revenue and incur expenses in US dollars in respect of the sale of such products. In addition, we are exposed to various costs that are denominated in foreign currencies, mainly US dollars which arise from the raw materials we purchase from overseas. Consequently, our revenue, costs and profit margins are affected by fluctuations in RMB against the US dollar. The impact of future exchange rate fluctuations on our liabilities, cost of sales and margins cannot be accurately predicted.

In addition, our financial statements are presented in and our reporting currency is in RMB. Exchange rate gains or losses will arise when the assets and liabilities in foreign currencies are translated into RMB for financial reporting or exchanged into RMB for repatriation purposes. If the foreign currencies depreciate against the RMB, this may adversely affect our reported financial results.

We may not be able to adequately protect proprietary rights to our technology and brand name.

Our success depends in part upon our proprietary technology and processes. We attempt to protect our intellectual property through patents, and confidentiality agreements with our employees and other measures. However, these measures may not be adequate to protect such intellectual property. In addition, any attempts to enforce our intellectual property rights, even if successful, could result in costly and prolonged litigation, divert our management's attention and adversely affect our financial performance and cash flows.

As at the Latest Practicable Date, we have registered patents in the PRC as well as pending applications in the PRC to register our patents. All of our patents are registered and our applications for registration are made, in the name of our subsidiary, Jiangyin Xinren. We have also licenced from third parties the exclusive right to use certain intellectual property. Failure to adequately protect our intellectual property may adversely affect our results of operations as our competitors would be able to utilize such intellectual property without having had to incur the costs of developing it, thus potentially reducing our relative profitability. Furthermore, we may be subject to claims that our technology infringes the intellectual property rights of other parties. Even if without merit, such claims could result in costly and prolonged litigation, divert management's attention and adversely affect our financial performance and cash flows. Also, litigation may be necessary to enforce our intellectual property rights. The outcome of such potential litigation may not be in our favor. Any success in litigation may not be an effective remedy to adequately protect our rights as enforcement of judgments in the PRC is uncertain and the occurrence of any of the foregoing could adversely affect our financial performance and cash flows. We also licence intellectual property rights from third parties which we utilize in our business. If we are unable to continue licencing these intellectual property rights or if we breach the terms of our licence, we may not be able to use these intellectual property rights, which may have an adverse effect on our business, financial condition, results of operations and prospects.

We have entered into a licence agreement with Hunan Xinren Properties (which is 90.0% owned by our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and 10.0% owned by his wife, Mdm. Deng Eying), whereby Hunan Xinren Properties will grant us the licence to use the Trademark in our business for a license fee of S$1.00. The licence may only be terminated in certain circumstances, including by Hunan Xinren Properties or ourselves (as the case may be) by giving three months' notice when the Zeng Family Shareholders and their associates (as defined in the Listing Manual) holds less than an aggregate of 15.0% direct and deemed interest in the issued and paid-up share capital of our Company or if we or our sub-licencees change our respective names or part thereof such that each of us or our sub-licencees no longer incorporates the Trademark as part of our names. If any of these events occur, we will not be able to use the Trademark, and as a result, will have to change the names that we use in our business. This could adversely affect the perception of investors, customers and suppliers of our Group, as to our credibility, creditworthiness, and abilities, which in turn may have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, the licence agreement provides the Trademark may be used by the Zeng Family Shareholders and their associates (as defined in the Listing Manual) or they may licence it to others for use in a business, product or service that is not otherwise involved in or that relates to the aluminum industry or which competes with our Group. We cannot assure you that the manner, businesses, services and products in which the Trademark is used by others apart from our Group, will not result in our Group being associated with such businesses, services and products, which in turn may generate adverse publicity or perceptions that investors, customers and suppliers may have of us and our reputation could be adversely affected.

Product liability claims against us could result in significant costs or negatively affect our reputation and could adversely affect our results of operations.

We manufacture and sell primary aluminum and various types of aluminum fabricated and aluminum related products which are used in a wide range of applications. As at the Latest Practicable Date, we have not been exposed to any warranty or product liability claims. However, we cannot assure you that we will not experience material losses arising from product liability claims in the future. We do not maintain any product liability insurance. If our products fail to meet the required specifications or quality standards, we may face liability claims resulting from possible defective products. Such claims may be pursued against us by way of contractual remedies and civil action if the defects in our products result in damages or injuries suffered by third parties. In such event, our reputation, business, financial condition, results of operations and prospects could be adversely affected.

We may not maintain sufficient insurance coverage for the risks associated with our business operations.

A variety of risks are associated with our operational activities, including damage to our smelting and fabrication production facilities, environmental pollution, damage to products in transit, transportation delays and risks posed by natural disasters, among others, any or all of which may have an adverse effect on our business, financial condition, results of operations and prospects. We may also be unable to obtain or maintain insurance policies covering risks associated with natural disasters, business interruption or environmental damages arising from our production activities. Therefore, if we incur any loss not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition, results of operations and prospects could be adversely affected.

The occurrence of natural or other catastrophes such as severe weather conditions, epidemic diseases in Asia and elsewhere or other acts of God, may materially disrupt our operations.

The PRC has experienced a number of major natural catastrophes over the years, including typhoons, snowstorms, droughts and earthquakes. We cannot assure you that the occurrence of such natural catastrophes or other acts of God will not materially disrupt our operations. These factors, which are not within our control, could potentially have significant effects on our operations and production facilities, and the operations of our customers and suppliers. We do not maintain full third-party insurance to cover all natural or other catastrophes. As a result, the occurrence of natural or other catastrophes, severe weather conditions or other acts of God may adversely affect our business, financial condition, results of operations and prospects.

In recent years, there were reports regarding the occurrences of various forms of influenza in different parts of the PRC, including cases resulting in deaths. The outbreak of an infectious disease such as avian influenza, severe acute respiratory syndrome ("SARS") or H1N1 influenza in the PRC or elsewhere in Asia could have a negative impact on the region's economy. In particular, an outbreak of a communicable disease such as SARS or H1N1 influenza, may affect our business in several ways, including, but not limited to, a decline in demand for our products, a complete or partial shut down of our plants, delay or interruption in the transportation of supplies and our products and increased costs of cleaning and maintaining our offices and plants. We have not adopted any written preventive measures or contingency plans to combat any future natural calamities or outbreak of epidemics. Any natural calamities or prolonged recurrence of adverse public health developments in the PRC may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Activities in our business can be dangerous and can cause injury to people or property in certain circumstances.

Our production facilities require individuals to work under potentially dangerous circumstances, with volatile chemicals and other materials and at high temperatures. For instance, molten aluminum may potentially cause serious injury or death to human beings and damage to property if improperly handled. An accident or injury that occurs at our production facilities could result in disruptions to our business, legal and regulatory consequences and we may be required to compensate or incur other costs and liabilities, any and all of which could adversely affect our reputation, business, financial condition, results of operations and prospects.

Any environmental claims or failure to comply with any present or future environmental regulations may require us to spend additional funds and may materially and adversely affect our financial condition and results of operations.

Our operations are potentially environmentally pollutive, and we are required to comply with all national and local regulations in the PRC. Other than for the environmental approval certificates in respect of our business operations in Yichang Changjiang which may be defective and the environmental approval in respect of the construction of Liupanshui Plant which we may not obtain, we are in compliance with all applicable environmental protection laws and have obtained all necessary environmental permits in respect of the business currently conducted by us. See " — The environmental protection certificates issued in respect of our business operations in Yichang Changjiang may be defective" and "— We may not obtain the environment approval in respect of the construction of Liupanshui Plant".

We expect to be subject to additional requirements in the future, as the PRC government continues to pass laws aimed at strengthening environmental protection measures and adopt more stringent environmental standards. We cannot assure you that more stringent requirements for environmental protection will not be imposed by the relevant governmental authorities in the future which may require substantial changes to our production processes resulting in additional capital expenditures and higher operating costs, which may negatively affect our business, financial condition, results of operation and prospects. We also cannot assure you that social pressure with respect to our operations will not occur which may result in our having to take remedial or other action that may be time consuming or costly to us. In 2008, in order to establish Yichang Plant, as a gesture of goodwill, we voluntarily made a payment to farmers residing at the construction site for their lost harvest in 2008. This and other previous incidents of disputes with local residents relating to environmental concerns may recur in the future if we fail to comply with existing or future environmental laws and regulations in the PRC or fail to meet the expectations of society with regard to environmental issues. Any such failure would cause damage to our reputation or require us to pay penalties or fines or take remedial actions, which could disrupt, limit or even result in the suspension of our operations, and could have a material adverse effect on our business, financial condition, results of operations and prospects.

Climate change, climate change regulations and greenhouse effects may adversely impact our operations and markets.

Electricity and fuel are significant production inputs in our operations. There is a growing recognition that energy consumption is a contributor to global warming, greenhouse effects and potentially, climate change. A number of governments or governmental bodies have introduced or are contemplating regulatory change in response to the potential impact of climate change. The existing and emerging regulation, such as potential carbon trading regimes among the nations may affect energy prices. We will likely see a decline in the margins of greenhouse gas-intensive facilities and energy-intensive facilities as a result of the regulatory impact of such measures in the PRC. These regulatory measures may be either voluntary or mandatory by laws or regulations and may impact our operations directly or indirectly through our customers. Inconsistency of regulations may also change the attractiveness of the locations of some of our facilities. Assessments of the potential impact of future climate change regulation are uncertain, given the wide scope of potential regulatory change in the PRC.

RISKS RELATING TO OUR CONTROLLING SHAREHOLDERS

The Zeng Family Shareholders and the Zeng Family Companies will remain one of our Controlling Shareholders and Shareholders' approval may be required for certain transactions between the Zeng Family (or any of them) and us.

Immediately after the Offering, the Zeng Family Shareholders and the Zeng Family Companies will continue to be deemed as one of our Controlling Shareholders under the Listing Manual. Under the Listing Manual, a "Controlling Shareholder" is defined to be a person who holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in a company, or in fact exercises control over a company. As such, if for the purposes of the Listing Manual, the Zeng Family Shareholders and/or the Zeng Family Companies are regarded as in fact exercising control over us, the Zeng Family Shareholders and the Zeng Family Companies may still be deemed as our "Controlling Shareholder" even if their collective shareholding falls below 15.0%. For so long as the Zeng Family Shareholders and the Zeng Family Companies (or any of them) remains a Controlling Shareholder, if they have an interest (direct and indirect) of 30.0% or more in any entity, such entity will be regarded as an associate of the relevant Controlling Shareholder and any transaction between us and such entity will be an interested person transaction under the Listing Manual. If the value of such transaction exceeds the prescribed thresholds in the Listing Manual, the transaction will require the prior approval of our shareholders in a general meeting, and this may delay or hinder the transaction and the process by which we may effect the transaction. In the event that we are unable to obtain shareholders' approval for such transactions, our ability to expand our business will be restricted and this may adversely affect our business, financial condition, results of operations and prospects.

The Zeng Family have potential conflicts of interest with our group, which may adversely affect our business.

As the Zeng Family are the ultimate beneficial owners of the equity interest of Liupanshui Shuangyuan and Yichang Changjiang, and our Executive Directors and some of our Executive Officers are also members of the Zeng Family, we cannot assure you that if there is any conflict arising requiring the relevant members of the Zeng Family to vote in these two capacities, the relevant members of the Zeng Family will act in the best interests of our Group or that such conflict will be resolved in our Group's favor. In addition, we cannot assure you that the relevant members of the Zeng Family would not violate their fiduciary duties in their capacity as our Directors by diverting business opportunities for our Group to others. In such event, our business, financial condition, results of operations and prospects could be adversely affected.

RISKS RELATING TO OWNERSHIP OF THE SHARES

The Offering Shares may not be a suitable investment for all investors.

Each potential investor in the Offering Shares must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Offering Shares, the Company, the merits and risks of investing in the Offering Shares and the information contained or incorporated by reference in this offering document;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offering Shares and the impact the Offering Shares will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offering Shares, including where the currency of the Offering Shares is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Offering Shares; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Sales or possible sales of a substantial number of Shares by us or our major Shareholders following the Offering could adversely affect the market price of the Shares.

Following the Offering, we will have 1,098,000,000 issued Shares, of which 774,000,000 Shares, or 70.5% of our outstanding Shares will be owned by the Zeng Family Shareholders and the Zeng Family Companies (assuming the Over-allotment Option is not exercised). The Shares will be traded on the Main Board of the SGX-ST. For a period of six months after the Listing Date, we, the Zeng Family

Shareholders, the Zeng Family Companies and certain other Shareholders are restricted from selling Shares. See “Plan of Distribution — Lock-up”. If we or any of our Substantial Shareholders sells or is perceived as intending to sell a substantial amount of Shares, the market price of the Shares could materially decrease.

There has been no prior public market for the Shares.

Prior to the Offering, there has been no public market for the Shares and an active public market for the Shares may not develop or be sustained after the Offering. Although we have applied for our Shares to be listed on the Main Board of the SGX-ST, we cannot assure you that an active public market for the Shares will develop. In addition, there is no guarantee of the continued listing of the Shares. The Offering Price of the Shares may not be indicative of prices that will prevail in the trading market. You may not be able to resell the Shares at the Offering Price or at a price that is attractive to you. The trading prices of the Shares could be subject to fluctuations in response to variations in our results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting us, our customers or our competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies and other events or factors, many of which are beyond our control. Volatility in the price of the Shares may be caused by factors outside of our control or may be unrelated or disproportionate to our results of operations.

The limited portion of the Shares sold to the public may reduce the liquidity of the Shares.

In addition to the fact that there is no existing public market for the Shares, only 198,000,000 Shares, representing 18.0% of the Shares immediately following the close of the Offering, are being sold to the public market by our Company (assuming the Over-allotment Option is not exercised), and a substantial number of these Shares will be purchased by institutional investors. There may be a limited number of Shares available for trading at any given time, resulting in reduced trading liquidity of the Shares.

You will suffer immediate dilution and may experience further dilution in the value of your Shares.

The Offering Price of our Shares is higher than our net asset value per Share, based on our issued share capital. Dilution created by the Offering represents the amount by which the Offering Price paid by the purchasers of the Shares exceeds the net tangible asset value per Share after the Offering. Since the Offering Price per Share exceeds the net tangible asset value per Share immediately after the Offering, there is an immediate and substantial dilution in the liquidation value per Share for investors who participate in the Offering. Investors who subscribe for or purchase the Shares in the Offering will therefore experience immediate and significant dilution in net asset value per Share of the Shares they own. See “Dilution”.

Overseas shareholders may not be able to participate in future rights offerings or certain other equity issues by us.

If we offer or cause to be offered to our shareholders rights to subscribe for additional Shares or any rights of any other nature, we will have discretion as to the procedure to be followed in making such rights available to our shareholders or in disposing of such rights for the benefit of such shareholders and making the net proceeds available to such shareholders. We may not offer such rights to shareholders of the Shares having an address in a jurisdiction outside Singapore. Accordingly, shareholders who have an address in a jurisdiction outside Singapore may be unable to participate in rights offerings and may experience a dilution in their holdings as a result.

Our Company is a holding company that relies on dividend payments from its subsidiaries operating in the PRC and elsewhere for funding.

Our Company is a holding company incorporated in Singapore. Although our Company commenced trading activities on behalf of our Group outside the PRC in May 2010, we primarily operate our business through our subsidiaries operating in the PRC. Therefore, the availability of funds for our Company to pay dividends to our Shareholders and to service our indebtedness depends upon dividends received from its subsidiaries operating in the PRC and elsewhere. If our Company's operating entities incur debt or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to our Company.

Our ability to declare dividends in relation to the Shares will also depend on our future financial performance, which, in turn, depends on successfully implementing our strategy and on financial, competitive, regulatory, and other factors, general economic conditions, demand and prices for our products, costs of raw materials and other factors specific to our industry or specific projects, many of which are beyond our control. The receipt of dividends from our subsidiaries may also be affected by the passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of existing laws and regulations and other events outside our control. For instance in the PRC where most of our Group's subsidiaries are located, PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including SFRS. PRC laws also require foreign-invested enterprises, such as our Company's subsidiaries operating in PRC, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends.

In addition, restrictive covenants in bank credit facilities and other financing arrangements may also restrict the ability of our subsidiaries operating in PRC to distribute dividends to our Company. Under the terms of (i) notes of RMB360.0 million and (ii) a loan of RMB30.0 million granted to Shanghai Shuangpai from the Bank of Communications, Shanghai Shuangpai may not pay dividends. Save as disclosed, there are no other restrictive covenants imposed by our Company's creditors in relation to the payment of dividends by our Company. Financing agreements or other agreements that our Company or its subsidiaries may enter into in the future may also restrict the ability of our subsidiaries to make contributions to our Company and our Company's ability to receive distributions. This in turn may impact our Company's ability to pay dividends to its Shareholders.

Exchange rate fluctuations may adversely affect the foreign currency value of the Shares and any dividend distribution.

The Shares will be quoted in Singapore dollars on the SGX-ST. Dividends, if any, in respect of the Shares will most likely be paid in Singapore dollars. Fluctuations in the exchange rate between the Singapore dollar and other currencies will affect, among other things, the foreign currency value of the proceeds which a shareholder would receive upon sale in Singapore of the Shares and the foreign currency value of dividend distributions. See "Appendix A — Foreign Exchange Rates and Exchange Controls — Exchange Rates".

We have determined that Singapore law may not protect shareholders as extensively as other jurisdictions.

Our corporate affairs are governed by our Memorandum and Articles of Association, by the laws governing corporations incorporated in Singapore and, upon listing of the Shares on the SGX-ST, the Listing Manual. The rights of our shareholders and the responsibilities of our management and board of directors under Singapore law may be different from those applicable to a company incorporated in another jurisdiction. Generally, principle shareholders of Singapore companies that are publicly listed in Singapore do not have fiduciary duties to minority shareholders. Our public shareholders may have more difficulty in protecting their interests in connection with actions taken by our management, members of our Board of Directors or our principal shareholders compared to shareholders of companies incorporated in certain other jurisdictions. See "Appendix B — Description of Our Shares — Minority Rights".

We are incorporated in Singapore and it may not be possible for investors to effect service of process, including certain judgments, on us outside of Singapore and the PRC.

We are incorporated in Singapore. A substantial portion of our assets are located in the PRC and some of our Directors and all of Executive Officers reside outside Singapore. The Vendors are incorporated in the British Virgin Islands and their directors reside outside Singapore. As a result, it may not be possible for investors to effect service of process, including judgments, on some of our assets, Directors and Executive Officers and the Vendors and their directors within Singapore, or to enforce in Singapore judgments obtained in Singapore courts against such persons or assets located outside Singapore.

The Singapore securities market is relatively small and this may affect the market price or liquidity of the Shares.

The SGX-ST is relatively small and may be more volatile than stock exchanges in the United States and certain other countries. This may cause the market price of the Shares to fluctuate more than that of securities listed on larger global stock exchanges. In light of the foregoing, we cannot assure you that a holder of the Shares will be able to dispose of its Shares at prices, in amounts or at times at which such holder would be able to do so in more liquid markets or at all.

Singapore take-over laws contain provisions which may vary from those in other jurisdictions.

We are subject to the Singapore Code on Take-Overs and Mergers (the "Singapore Take-Over Code"). The Singapore Take-Over Code contains provisions that may possibly delay, deter or prevent a future take-over or change in control of us. For example, under the Singapore Take-Over Code, any person acquiring an interest, either individually or together with parties acting in concert, in 30.0% or more of our voting shares may be required to extend a take-over offer for our remaining voting shares in accordance with the Singapore Take-Over Code. A take-over offer is also required to be made if a person holding between 30.0% and 50.0% inclusive of the voting rights in us, either individually or in concert, acquires more than 1.0% of our voting shares in any six-month period. While the Singapore Take-Over Code seeks to ensure an equality of treatment among shareholders, its provisions could substantially impede the ability of the shareholders to benefit from a change of control and, as a result, may adversely affect the market price of our Shares and the ability to realize any benefits from a potential change of control. Additionally, the Zeng Family Shareholders and the Zeng Family Companies will own 70.5% of our outstanding Shares immediately following completion of the Offering, assuming the Over-Allotment option is not exercised. This concentration of ownership and the arrangements we have entered into between ourselves and the Zeng Family Shareholders and the Zeng Family Companies as described in the section "Interested Person Transactions and Conflicts of Interests — Potential Conflicts of Interests" could delay, defer or prevent a change in control of our Company or a successful offer under the Singapore Take-Over Code by another person.

USE OF PROCEEDS

Based on the Offering Price of S$0.55 for each Offering Share, the net proceeds from the Offering that we will receive (after deducting underwriting commissions and other estimated offering expenses payable by us) will be approximately S$96.1 million.

Use of Proceeds

Based on the Offering Price of S$0.55 for each Offering Share, we estimate that the net proceeds we will raise from the issue of 198,000,000 New Shares (after deducting the underwriting commissions and/or other offering expenses) will be approximately S$96.1 million. Our intended use of the proceeds from the Offering is set forth below:

Intended Use	Estimated Application of Net Proceeds (S$) (in millions)	Estimated Application of Net Proceeds (%)	For each Singapore Dollar of Gross Proceeds from the Issue of New Shares (S$)
(a) Increasing the capacity of Jiangyin Fabrication Plant(1) and for acquisitions and investments in ancillary businesses such as carbon anode plants(2)	52.9	55	0.49
(b) Strategic investments, acquisitions and general corporate purposes(3)	14.4	15	0.13
(c) Working capital	28.8	30	0.26
Total	96.1	100	0.88

Notes:

(1) Our plan involves increasing Jiangyin Fabrication Plant's existing production capacity of 50,000 tonnes annually, by (i) an additional 50,000 tonnes annually by the end of 2010 ("Expansion Phase 1") and (ii) by another additional 50,000 tonnes by the third quarter of 2011 ("Expansion Phase 2"). These expansion plans involve the construction of new facilities and the purchase or refinancing of the purchase of new production equipment. We estimate that Expansion Phase 1 will cost approximately RMB30.0 million to complete and will be funded from internal resources. As at the Latest Practicable Date, we have not incurred any expense towards Expansion Phase 1. We plan to use the production capacity from Expansion Phase 1 to produce aluminum plates, and for other aluminum products, depending on demand. We estimate that Expansion Phase 2 will cost RMB300.0 million to complete of which RMB270.0 million will be funded entirely from the proceeds of the Offering. As at the Latest Practicable Date, we have incurred approximately RMB30.0 million in expenses for Expansion Phase 2 which we have funded from internal resources. We plan to use the production capacity from Expansion Phase 2 to produce aluminum plates during its trial production stage, and aluminum foils, coils or sheets and other aluminum products depending on demand, when the production capacity is fully operational.

(2) Liupanshui Shuangpai, an entity previously owned by the Company's Executive Chairman, Mr. Zeng Chaoyi and Executive Officer, Ms. Li Yazhou, has a carbon anode facility for its aluminum smelting plant. Both Mr. Zeng Chaoyi and Ms. Li Yazhou were involved in the operations of the carbon anode facility of Liupanshui Shuangpai for approximately ten years. If the Company should invest in such a business in the future, it plans to hire the appropriate personnel with technical expertise to help run and operate the business.

(3) We may consider using the proceeds allocated for general corporate purpose for future strategic investments or acquisitions when appropriate, including the investment in and building of an aluminum smelting plant at Jiamusi, Heilongjiang. See "Business — Primary Aluminum — Future Developments". We expect that the estimated cost of construction will be approximately RMB700.0 million, and construction of the plant will take at least one year to complete after commencement of construction. Our estimated costs and timeframe for constructing the plant are mainly based on our intended investment scale and preliminary discussions with the Jiamusi municipality. As we have not undertaken detailed feasibility studies or procured quotes for construction costs for the plant, we cannot be certain that, if we proceed to carry out these plans, our actual costs and timeframe for constructing the plant will not materially differ from our estimated costs and timeframe. We have not specifically earmarked any proceeds of the Offering to finance our plans to invest in and construct an aluminum smelting plant in Jiamusi, Heilongjiang as these plans are still at a preliminary stage, and whether these plans will materialize is uncertain. However, if these plans should proceed, we may utilize the portion of the Offering proceeds which have been identified for "strategic investments, acquisitions and general corporate purposes" as described in this section, to partially or wholly finance the investment in and construction of the aluminum smelting plant in Jiamusi. We may also wholly or partially finance these plans through debt. The factors that we will take into account include the portion of the proceeds of the Offering earmarked for "strategic investments, acquisitions and general corporate purposes" that have not been utilized, our future plans and the availability and cost of borrowings. We will update our Shareholders via SGXNET on the progress of our plans to construct the aluminum smelting plant in Jiamusi, Heilongjiang as and when necessary, and in the event that the proposed cost of construction varies by more than 20.0% from our original estimated cost of construction of RMB700.0 million or where necessary pursuant to the Listing Manual, we will seek Shareholders' approval prior to the commencement of construction.

Pending use of the net proceeds from the issue of the New Shares, we may place the funds in short-term deposits with banks or financial institutions or invest in money market instruments as our Directors may deem fit. See "Risk Factors — Risks relating to an investment in our Shares — We may invest or spend the proceeds of the Offering in ways with which you may not agree".

We expect that the timing and final amount of disbursements to be made for these purposes will be determined by our Directors with a view to obtaining the optimum benefit for us. However, future events or developments, such as changes in economic, political or other conditions in the locations where we propose to make investments, or events which have a material adverse effect on the aluminum industry in these locations, among other factors, may make a change in the use of the net proceeds from that specified above necessary or desirable, subject to the proper and timely public disclosure of such intended changes through SGXNET.

Additional Shares

If the Over-allotment Option is exercised in full, the net proceeds from the sale of 30,000,000 Additional Shares and after deducting the commissions payable by the Vendors are estimated to be approximately S$16.1 million (USD11.8 million).

We will not receive any proceeds from the exercise of the Over-allotment Option granted by the Vendors.

Expenses

We estimate that the expenses payable by us in connection with the Offering and the application for listing, including the underwriting and selling commission (but excluding the discretionary incentive fees payable by us) and all other incidental expenses relating to the Offering, will be approximately S$12.8 million, which is equal to approximately 11.8% of the gross proceeds of the Offering, based on the Offering Price. The breakdown of these expenses is set out below:

	Expenses Payable by Us		**As a Percentage of Gross Proceeds of the Offering**
	S$	**USD**	**%**
	(in thousands, except percentages)		
Underwriting and selling commission	2,913	2,142	2.7
Professional and accounting fees	8,369	6,154	7.7
Printing and advertising	253	186	0.2
Other Offering-related expenses[1]	1,283	943	1.2
Total	12,818	9,425	11.8

Note:

(1) Includes the fees payable to the SGX-ST and the Authority in connection with the Offering and the listing of our Company on the SGX-ST.

We will pay the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, as compensation for their services in connection with the Offering, an aggregate underwriting and selling commission amounting to 2.5% of the total gross proceeds of the Offering and may pay an additional underwriting commission to the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters or any of them, at such time as we may in our sole discretion determine, of up to 0.75% of the total gross proceeds of the Offering.

Assuming the Over-allotment Option is exercised in full, the Vendors will pay the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, as compensation for their services in connection with the Over-allotment Option, an aggregate underwriting and selling commission and brokerage fee amounting to 2.5% of the total gross proceeds of the Over-allotment Option and may pay an additional commission to the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters or any of them, at such time as the Vendors in their sole discretion may determine, of up to 0.75% of the total gross proceeds of the Over-allotment Option.

Purchasers of our Offering Shares, other than those in the Public Offer, will be required to pay to the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters a brokerage fee of 1.0% of the Offering Price, stamp taxes and other similar charges in accordance with the laws and practices of the country of purchase, at the time of settlement.

For each Singapore dollar of the proceeds from the Offering we and the Vendors receive (assuming that the Over-allotment Option is exercised in full), we and the Vendors expect to use approximately S$0.12 and S$0.03, respectively to pay for expenses incurred in connection with the Offering.

See "Plan of Distribution — The Offering" for a description of the commissions payable in connection with the Offering.

DIVIDENDS

Statements contained in this "Dividends" section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those which may be forecasted and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, the Vendors, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. See "Notice to Investors — Forward-Looking Statements".

Past Dividends

In 2007, 2008 and 2009, our Company did not declare or pay any dividends.

The dividends declared by our subsidiaries and consolidated entities in 2007, 2008 and 2009 are set out below:

In 2008, our subsidiary, Jiangyin Xinren, declared dividends of RMB270,000.

In 2009, Yichang Changjiang and Liupanshui Shuangyuan, entities over which we exercise effective control, declared dividends of RMB160,000,000 and RMB40,000,000 respectively. Our subsidiary, Harvestlink, declared dividends of RMB48,407,000 in 2009.

As at the Latest Practicable Date, no dividend payment by our Company was outstanding.

The foregoing dividends should not be taken as an indication of our dividend policy or the timing or amount of future dividends.

Dividend Policy

All dividends we declare must be approved by an ordinary resolution of our shareholders at a general meeting, except that our Board of Directors may declare interim dividends without the approval of our shareholders. We are not permitted to pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits. In addition, our Company is a holding company and we depend upon the receipt of dividends and other distributions from our subsidiaries to pay the dividends on the Shares. See "Risk Factors — Risks Relating to Ownership of the Shares — Our Company is a holding company that relies on dividend payments from its subsidiaries operating in the PRC and elsewhere for funding".

When making recommendations on the timing, amount and form of future dividends, if any, our Company's Board of Directors will consider, among other things:

- our results of operations and cash flow;
- our expected financial performance and working capital needs;
- our future prospects;
- our capital expenditure and other investment plans;
- other investment and growth plans; and
- the general economic and business conditions and other factors deemed relevant by our Board of Directors and statutory restrictions on the payment of dividends.

Payment of cash dividends and distributions, if any, will be made in Singapore dollars to the CDP on behalf of shareholders who maintain, either directly or through depository agents, securities accounts with the CDP.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our cash and cash equivalents, capitalization and indebtedness as of August 31, 2010 on an actual basis, as adjusted to reflect our net proceeds from the Offering after deducting our share of the estimated expenses related to the Offering.

The information in this table should be read in conjunction with the "Use of Proceeds", "Selected Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements and the notes thereto included elsewhere in this offering document.

	As of August 31, 2010		
	Actual	As adjusted for our net proceeds from the Offering	
	RMB	RMB	S$
		(In millions)	
Cash and cash-equivalents	142.9	621.4	124.8
Secured borrowings[(1)]	1,785.7	1,785.7	358.5
Unsecured borrowings[(1)]	245.0	245.0	49.2
Guaranteed borrowings[(1)]	319.6	319.6	64.2
Unguaranteed borrowings[(1)]	1,711.1	1,711.1	343.6
Total equity	649.3	1,127.8	226.5
Total capitalization and indebtedness	2,680.0	3,158.5	634.2

Note:

(1) The sum of our secured and unsecured borrowings is equal to the sum of our guaranteed and unguaranteed borrowings, which is our total indebtedness.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Borrowings" for a description of our borrowings.

DILUTION

For the purposes of complying with disclosure requirements under the Securities and Future Act, "dilution" to investors is determined by subtracting the net tangible asset value per Share immediately after completion of the Offering from the price paid by the new investors in the Offering. Net tangible asset value per Share is determined by subtracting our total liabilities and minority interests from our total assets (excluding goodwill), and dividing the difference by the number of Shares deemed to be outstanding on the date as of which the book value is determined. Our net tangible asset value per Share as of March 31, 2010 was S$0.13 per Share, based on the number of Shares outstanding as of that date, being 900,000,000 Shares (and after adjusting for the Sub-Division). Based on an issuance and sale by us of 198,000,000 New Shares at the Offering Price of S$0.55 per New Share and after payment of underwriting commissions and other estimated expenses of the Offering resulting in the net proceeds to us of S$96.1 million, but without taking into account any other changes in the book value of net assets after March 31, 2010, the net asset value per Share would increase to S$0.19 per Share. This represents an immediate dilution in net asset value per Share of S$0.36 or approximately 65.5% to new investors subscribing for or purchasing the New Shares based on the Offering Price of S$0.55 per New Share. The following table illustrates this per Share dilution described above:

	Based on Offering Price of S$0.55 per Offering Share
	(S$)
Offering Price per Share	0.55
Net asset value per Share as of March 31, 2010 as adjusted for the Sub-Division (but before adjusting for the issuance of New Shares)	0.13
Pro forma net tangible asset value per Share after the Offering (900,000,000 Shares outstanding as adjusted for the issuance of 198,000,000 New Shares in the Offering)	0.19
Dilution in net tangible asset value per Share for new investors	0.36
Dilution in net tangible asset value per Share for new investors (as a percentage of the Offering Price)	65.5%

The following table summarizes the total number of Shares acquired by our Shareholders during the three years prior to the date of this offering document, the total consideration paid by them and the average effective cash cost per Share to our Shareholders and to our new public Shareholders pursuant to the Offering. Please refer to the section "Share Capital and Shareholders" for details of the interests of our Directors in the Shares.

	Number of Shares Acquired	Total Consideration	Average Effective Cash Cost Per Share
		S$('000)	(S$)
Sunshine International Global Capital Ltd.	351,000,000	390	0.001
Jiacai International Ltd.	342,000,000	380	0.001
Farina Investments Ltd.(1)	58,500,000	24,375	0.42
Hanwen International Group Ltd.	9,000,000	10	0.001
Jintudi Group Ltd.	18,000,000	20	0.001
Yansheng Ltd.	18,000,000	20	0.001
Shunqi International Ltd.	36,000,000	40	0.001
Shenchang International Ltd.(1)	67,500,000	30,875	0.46
New public shareholders (assuming the Over-allotment Option is not exercised)	198,000,000	108,900	0.55

Note:

(1) For further details on the acquisition of Shares by their entities, see "The Corporate Reorganization and our Corporate Structure — Purchase of Shares by Shenchang and ICH Hanrui".

SELECTED FINANCIAL DATA

You should read the following selected historical combined financial data for the periods and as of the dates indicated in conjunction with the section of this offering document entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements, the accompanying notes and the related auditor's report included elsewhere in this offering document. Our financial statements are reported in Renminbi and are prepared and presented in accordance with SFRS.

The selected combined financial information as of and for the years ended December 31, 2007, 2008 and 2009 have been derived from our audited historical combined financial statements included elsewhere in this offering document and are qualified in their entirety by reference to those financial statements and the notes thereto. The selected combined financial data as of and for the three-month periods ended March 31, 2009 and March 31, 2010 have been derived from our unaudited interim condensed combined financial statements as of and for the three months ended March 31, 2009 and March 31, 2010 included in this offering document. We have prepared the unaudited interim condensed combined financial statements on the same basis as our audited combined financial statements. Our historical results for any prior or interim periods are not necessarily indicative of results to be expected for a full fiscal year or for any future period.

Our financial statements included in this offering document as of and for the years ended December 31, 2007, 2008 and 2009, and the unaudited interim condensed combined financial statements as of and for the three months ended March 31, 2010 have been prepared as if the Corporate Reorganization had occurred as at the beginning of the earliest period presented. Accordingly, the assets, liabilities and results of the entities under common control that are transferred into our Group in connection with the Corporate Reorganization are included in our Group's combined financial statements as at the beginning of the earliest period presented.

We intend to prepare and report our combined financial statements only in accordance with SFRS in subsequent periods. SFRS reporting practices and accounting principles differ in certain respects from US GAAP.

SELECTED COMBINED INCOME STATEMENTS INFORMATION

					For the three months ended March 31,		
	2007	2008	2009	2009	2009	2010	2010
	RMB	RMB	RMB	USD[3]	RMB	RMB	USD[3]
	(Audited)	(Audited)	(Audited)		(Unaudited)	(Unaudited)	
	(in thousands, except per share data)				(in thousands, except per share data)		
Revenue	3,300,824	4,119,132	4,263,427	629,335	568,245	1,269,072	187,331
Cost of sales	(2,984,987)	(3,822,095)	(3,690,893)	(544,821)	(563,362)	(1,018,208)	(150,300)
Gross profit	315,837	297,037	572,534	84,514	4,883	250,864	37,031
Other items of income							
Finance income	7,626	14,620	13,732	2,027	4,213	2,527	373
Other income	31,323	13,045	16,954	2,503	5,458	5,803	857
Other items of expense							
Selling and distribution expenses	(68,561)	(78,173)	(61,613)	(9,095)	(15,115)	(19,036)	(2,810)
Administrative expenses	(46,971)	(70,448)	(68,829)	(10,160)	(12,071)	(19,322)	(2,852)
Finance costs	(38,881)	(93,419)	(68,156)	(10,061)	(15,185)	(17,559)	(2,592)
Other expenses	(1,005)	(5,284)	(2,448)	(361)	(2,778)	(895)	(132)
Profit/(Loss) before taxation	199,368	77,378	402,174	59,367	(30,595)	202,382	29,875
Taxation	(56,478)	(15,574)	(96,163)	(14,195)	1,926	(52,075)	(7,687)
Profit /(Loss) after taxation	142,890	61,804	306,011	45,172	(28,669)	150,307	22,188
Other comprehensive income:							
Net gain/(loss) on available-for-sale financial assets	2,160	(1,579)	1,683	248	430	(128)	(19)
Foreign currency translation	4	(1,036)	91	13	202	10	1
Other comprehensive income for the year/period	2,164	(2,615)	1,774	261	632	(118)	(18)
Total comprehensive income for the year/period	145,054	59,189	307,785	45,433	(28,037)	150,189	22,170
Profit/(Loss) attributable to:							
Owners of the parent	142,890	61,804	306,011	45,172	(28,669)	150,307	22,188
Total comprehensive income attributable to:							
Owners of the parent	145,054	59,189	307,785	45,433	(28,037)	150,189	22,170
Earnings per share[1] (in cents)							
Basic	16	7	34	5	(3)	17	2
Diluted[2]	13	6	28	4	(3)	14	2

Notes:

(1) We calculated our earnings per share based on the number of shares outstanding prior to completion of the Offering and after deducting the income of our net profit attributable to minority interests.

(2) Adjusted for the issue of 198,000,000 New Shares.

(3) Converted into USD from RMB for the convenience of the readers as described under "Notice to Investors — Presentation of Financial and Statistical Data".

SELECTED COMBINED BALANCE SHEETS INFORMATION

	As of December 31,				As of March 31,	
	2007	2008	2009	2009	2010	2010
	RMB	RMB	RMB	USD(1)	RMB	USD(1)
	(Audited)	(Audited)	(Audited)		(Unaudited)	
		(in thousands)			(in thousands)	
ASSETS						
Non-current assets						
Property, plant and equipment	1,781,837	1,871,333	1,832,925	270,562	1,818,390	268,417
Land use rights	46,496	45,506	44,889	6,626	44,557	6,577
Deferred expenses	3,776	3,587	3,399	502	3,399	502
Deferred tax assets	1,859	5,664	12,034	1,776	7,409	1,094
	1,833,968	1,926,090	1,893,247	279,466	1,873,755	276,590
Current assets						
Inventories	312,495	366,055	474,185	69,996	647,683	95,606
Prepayments	169,191	107,548	192,528	28,420	271,467	40,072
Deferred expenses	—	52,053	—	—	—	—
Amounts due from directors	136,581	288,540	—	—	16,034	2,367
Amounts due from related parties	907,274	913,910	32,449	4,790	49,434	7,297
Trade and other receivables	53,834	122,024	579,366	85,520	635,994	93,880
Short term investments	3,576	1,997	4,430	654	5,501	812
Short term deposits, secured	520,686	605,405	712,620	105,192	692,193	102,176
Cash and cash equivalents	27,017	108,859	48,780	7,201	75,094	11,085
	2,130,654	2,566,391	2,044,358	301,773	2,393,400	353,295
Total assets	3,964,622	4,492,481	3,937,605	581,239	4,267,155	629,885
LIABILITIES						
Current liabilities						
Loans and borrowings	1,439,142	1,675,368	2,024,524	298,845	1,999,004	295,078
Amounts due to directors	30,565	264,362	1,378	203	40,422	5,967
Amounts due to related parties	929,895	661,985	19,198	2,834	17,514	2,585
Trade and other payables	292,513	434,577	355,880	52,532	378,190	55,826
Advances from customers	107,098	200,244	448,989	66,276	585,154	86,376
Accrued operating expenses	13,025	14,898	30,064	4,438	36,440	5,379
Income tax payable	38,343	49,859	117,806	17,390	146,506	21,626
	2,850,581	3,301,293	2,997,839	442,518	3,203,230	472,837
Net current liabilities	(719,927)	(734,902)	(953,481)	(140,745)	(809,830)	(119,542)
Non-current liabilities						
Deferred tax liabilities	26,690	24,692	53,623	7,915	57,593	8,501
Shareholders' loans	200,844	200,844	—	—	—	—
Loans and borrowings	150,000	170,212	30,000	4,428	—	—
Amounts due to equity holders	442,420	442,420	442,420	65,307	442,420	65,307
Total liabilities	3,670,535	4,139,461	3,523,882	520,168	3,703,243	546,645
Net assets	294,087	353,020	413,723	61,071	563,912	83,240
EQUITY						
Equity attributable to equity holders of the parent						
Share capital	5,051	5,051	5,051	746	5,051	746
Revenue reserve	191,935	251,674	275,309	40,639	425,616	62,826
Other reserves	97,101	96,295	133,363	19,686	133,245	19,668
Total equity	294,087	353,020	413,723	61,071	563,912	83,240

Note:

(1) Converted into USD from RMB of the convenience of the readers as described under "Notice to Investors — Presentation of Financial and Statistical Information".

SELECTED COMBINED STATEMENTS OF CASH FLOWS INFORMATION

	Year Ended December 31,				Three Months Ended March 31,		
	2007	2008	2009	2009	2009	2010	2010
	RMB	RMB	RMB	USD(1)	RMB	RMB	USD(1)
	(Audited)	(Audited)	(Audited)		(Unaudited)	(Unaudited)	
	(in thousands)				(in thousands)		
Operating profit before changes in working capital	284,927	232,631	528,004	77,940	26,195	240,558	35,509
Increase in inventories	(226,871)	(64,509)	(85,186)	(12,575)	(37,810)	(173,498)	(25,610)
(Increase)/decrease in prepayments	(7,133)	61,643	(84,980)	(12,544)	(88,068)	(78,939)	(11,652)
(Increase)/decrease in deferred expenses	(2,631)	(51,864)	52,241	7,711	32,864	—	—
(Increase)/decrease in amounts due from directors and related parties	(579,717)	(158,595)	689,967	101,848	494,625	(33,019)	(4,874)
Decrease/(increase) in trade and other receivables	210,526	(68,190)	22,692	3,350	(27,650)	(56,628)	(8,359)
Increase/(decrease) in amounts due to directors and related parties	402,267	(34,113)	(905,771)	(133,703)	(460,037)	37,360	5,515
Increase/(decrease) in trade and other payables	153,734	142,064	(78,697)	(11,617)	(12,283)	22,310	3,293
Increase in advances from customers	78,261	93,146	248,745	36,718	113,498	136,165	20,100
Increase in accrued operating expenses	1,792	1,873	15,166	2,239	803	6,376	941
Cash generated from operating activities	315,155	154,086	402,181	59,367	42,137	100,685	14,863
Interest income received	7,626	14,620	13,732	2,027	4,213	2,527	373
Interest expense paid	(29,317)	(65,731)	(48,610)	(7,175)	(11,011)	(12,345)	(1,822)
Taxation paid	(49,881)	(9,861)	(5,655)	(835)	—	(14,780)	(2,182)
Net cash generated from operating activities	243,583	93,114	361,648	53,384	35,339	76,087	11,232
Cash flows from investing activities							
Purchase of property, plant and equipment	(1,089,089)	(181,777)	(75,784)	(11,187)	(9,646)	(13,491)	(1,991)
Purchase of intangible asset	(24,092)	(20)	(526)	(78)	(711)	—	—
Purchase of short-term investments	—	—	(750)	(111)	(750)	(1,179)	(174)
Proceeds from disposal of property, plant and equipment	46	98	1,439	212	—	—	—
Net cash used in investing activities	(1,113,135)	(181,699)	(75,621)	(11,164)	(11,107)	(14,670)	(2,165)
Cash flows from financing activities							
Proceeds from loans and borrowings	2,580,078	3,110,956	3,542,929	522,980	885,534	889,705	131,331
Repayment of loans and borrowings	(1,962,956)	(2,854,518)	(3,333,985)	(492,137)	(855,446)	(945,225)	(139,527)
Proceeds from shareholders' loans	25,000	—	—	—	—	—	—
Repayment of shareholders' loans	—	—	(200,844)	(29,647)	—	—	—
Increase in capital contribution	79,480	14	1,325	196	—	—	—
Dividends paid	—	(270)	(248,407)	(36,668)	—	—	—
Increase in capital contribution from equity holders	242,420	—	—	—	—	—	—
(Increase)/decrease in short-term deposits, secured	(204,710)	(84,719)	(107,215)	(15,826)	(90,460)	20,427	3,015
Net cash generated from/(used in) financing activities	759,312	171,463	(346,197)	(51,102)	(60,372)	(35,093)	(5,181)
Net (decrease)/increase in cash and cash equivalents	(110,240)	82,878	(60,170)	(8,882)	(36,140)	26,324	3,886
Effect of exchange rate changes on cash and cash equivalents	4	(1,036)	91	14	200	(10)	(2)
Cash and cash equivalents at beginning of year/period	137,253	27,017	108,859	16,069	108,859	48,780	7,201
Cash and cash equivalents at end of year/period	27,017	108,859	48,780	7,201	72,919	75,094	11,085

Note:

(1) Converted into USD from RMB for the convenience of the readers as described under "Notice to Investors — Presentation of Financial and Statistical Information".

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In the following section we discuss our historical results of operations and financial condition for the years ended December 31, 2007, 2008 and 2009 and for the three months ended March 31, 2010, and our management's assessment of the factors that may affect our prospects and performance in future periods. You should read the following discussion together with the section entitled "Selected Financial Data", our audited combined financial statements for the years ended December 31, 2007, 2008 and 2009 and our unaudited interim condensed combined financial statements for the three months ended March 31, 2010.

This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in this section and under "Risk Factors" and "Notice to Investors — Forward-Looking Statements". We have prepared our financial statements in accordance with SFRS, which may differ in certain significant respects from generally accepted accounting principles in other countries.

OVERVIEW

We are a leading privately-owned producer of primary aluminum in the PRC, based on production volume in 2009.[1] We are principally engaged in (i) the smelting and sale of primary aluminum in the form of ingots and plates; (ii) the fabrication of primary aluminum into and sale of value-added products such as aluminum sheets, coils and foils; and (iii) trading in alumina and primary aluminum products sourced from third parties.

We have an integrated business model that allows us to participate in key stages of the aluminum industry value chain, from core inputs to the sale and distribution of our products. We operate two primary aluminum smelting plants in Yichang and Liupanshui in the PRC which have an aggregate approved primary aluminum production capacity of 275,000 tonnes annually. We also operate an aluminum fabrication plant in Jiangyin that has an annual production capacity of 50,000 tonnes. We also own two companies, Shanghai Shuangpai and FB Trading, that market, trade, and sell alumina and primary aluminum products manufactured by our Group as well as third parties, in the PRC and overseas. We have secured all our alumina requirements for our current production capacity at our smelting plants until December 31, 2014, under supply contracts that have been entered into for a period of five years with two of the largest alumina suppliers in the PRC by production volume.

We believe that our leading position is due to the quality and cost competitiveness of our products, which we achieve through the utilization of energy-efficient and environmentally friendly pre-baked technology with automated 240kA pre-baked anode reduction potlines, an advanced and stable technology for the production of high quality primary aluminum. As the facilities of Yichang Plant, Liupanshui Plant and Jiangyin Fabrication Plant were completed only in February 2007, July 2008 and July 2007 respectively, our production lines for both our primary aluminum and fabricated aluminum products are relatively new.

For the years ended December 31, 2007, 2008, 2009 and for the three months ended March 31, 2010, we sold to third parties 119,309 tonnes, 210,200 tonnes, 259,718 tonnes and 61,969 tonnes, respectively, of primary aluminum we produced in the form of ingots and plates, representing 43.4%, 76.4% and 94.4% and 90.1% of our primary aluminum production capacity. We sold 9,889 tonnes, 20,157 tonnes, 27,311 tonnes and 10,560 tonnes, respectively, of fabricated aluminum products such

[1] Based on a report issued by Sunlight Metal dated September 30, 2010, which we have commissioned. See "Appendix F — Industry Overview — The PRC Aluminum Industry".

as aluminum sheets, coils and foils for the years ended December 31, 2007, 2008, 2009 and for the three months ended March 31, 2010, representing 19.8%, 40.3%, 54.6% and 84.5% respectively, of our fabricated aluminum capacity.

We believe that sales of our products will benefit from increasing demand for aluminum in the global market, especially in the PRC which has a strong GDP and industrial growth trajectory. In addition, we believe the growing urbanization and GDP per capita in the PRC will increase demand across many sectors of the economy, such as construction, transportation (including aviation, railway and automobiles) and machinery. For the year ended December 31, 2009, approximately 97.6% of our revenue was generated from the PRC and 2.4% of our revenue was generated from overseas.

For the years ended December 31, 2007, 2008 and 2009 and for the three months ended March 31, 2009 and 2010, our revenue was RMB3,300.8 million, RMB4,119.1 million, RMB4,263.4 million (USD629.3 million), RMB568.2 million and RMB1,269.1 million (USD187.3 million), respectively. Our net profit for the years ended December 31, 2007, 2008 and 2009 and for the three months ended March 31, 2010 was RMB142.9 million, RMB61.8 million, RMB306.0 million (USD45.2 million) and RMB150.3 million (USD22.2 million), respectively. We had a net loss of RMB28.7 million for the three months ended March 31, 2009.

FACTORS AFFECTING OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We outline below a number of factors which have had important effects on our results of operations and which we expect will continue to impact our financial performance in the future.

Aluminum Prices

The primary factor affecting our results of operations is the price of primary aluminum, which is determined by the demand for and supply of primary aluminum. See “Appendix F — Industry Overview”. We establish pricing guidelines for domestic sales of our primary aluminum products with reference to the primary aluminum spot prices in the PRC, such as the spot month volume-weighted average aluminum price on the SHFE. With respect to our primary aluminum products that we sell overseas, we price our products with reference to the primary aluminum prices on the LME.

In general, according to CRU Strategies, the SHFE primary aluminum prices follow the LME primary aluminum prices, but the premium/discount between the two depends on a number of short-term considerations, such as the metal trade flows, exchange rate, local supply and demand and taxation, with the boundaries of the premium/discount set by arbitrage opportunities. The following table sets out the average three-month primary aluminum price on the LME (“LME three-month price”) and the spot month volume-weighted average aluminum price on the SHFE (“SHFE spot price”) for the periods presented:

	Year ended December 31,			Three months ended	
				March 31,	June 30,
	2007	2008	2009	2010	2010
LME three-month price (US dollar per tonne) . . .	2,662	2,620	1,701	2,196	1,961
SHFE spot price (RMB per tonne)(1)	19,579	17,357	13,614	16,431	15,235

Source: CRU Strategies and Sunlight Metal

Note:

(1) SHFE spot month prices include VAT of 17%.

During 2008, international and domestic prices of primary aluminum were volatile. Prior to September 2008, the highest LME three-month price reached USD3,122 per tonne in July 2008, while the SHFE spot price reached its highest point at RMB20,790 per tonne in March 2008. Due to various factors such as the US subprime crisis and the economic slowdown in western countries, aluminum prices experienced a continuous fall since September 2008 as the global financial crisis intensified. As a result, the LME three-month price in 2008 was USD2,620 per tonne, representing a decrease of 1.6% compared with the prior year, while that of the SHFE spot price was RMB17,357 per tonne, representing a decrease of 11.3% compared with the prior year.

During 2009, the international and domestic prices of primary aluminum remained volatile. Primary aluminum prices fell continuously through the first quarter of 2009 when the LME three-month price averaged USD1,396 per tonne, while the SHFE spot price fell to a low of RMB11,575 per tonne in January 2009. Since then, aluminum prices have increased. The LME three-month price averaged USD1,701 per tonne in 2009, representing a decrease of 35.1% compared to the LME three-month price in 2008, while that of the SHFE spot price was RMB13,614 per tonne, representing a decrease of 21.6% compared with the prior year.

In the first quarter of 2010, the LME three-month price averaged USD2,196 per tonne, representing an increase of 29.1% compared to LME three-month price in 2009. The SHFE spot price for the first quarter of 2010 was RMB16,904 per tonne, which represented an increase of 24.2% compared to SHFE spot price in 2009. For the second quarter of 2010, the LME three-month price averaged USD1,961 per tonne, representing a decrease of 10.7% compared to the three-month average spot price quoted on the LME for the first quarter of 2010. The SHFE spot price for the second quarter of 2010 was RMB15,235 per tonne, which represented a decrease of 7.3% compared to the SHFE spot price in the first quarter of 2010.

We sell our primary aluminum through contract sales primarily to (i) PRC aluminum trading companies and (ii) PRC producers of fabricated aluminum products that use our primary aluminum as raw materials. Our average sale prices, closely correlate to the prevailing SHFE spot prices. Besides affecting the selling prices of our primary aluminum, spot prices of primary aluminum also impact our cost of aluminum ingots. Our Jiangyin Fabrication Plant currently purchases substantially all of its primary aluminum raw material requirements from third parties instead of from our smelters.

Energy Costs

Electricity costs represent one of the largest components of our total cost of production. In particular, the smelting of primary aluminum at our Yichang Plant and Liupanshui Plant requires a substantial and continuous supply of electricity as needed for electrolytic reduction. Therefore, the availability and price of electricity are key considerations in our primary aluminum production operations. Interruptions of electricity supply can result in lengthy production shutdowns, increased costs associated with restarting production and waste of production in progress, in addition to lost sales. See “Risk Factors — Our competitive cost structure is highly dependent on our continued access to inexpensive and uninterrupted electricity supply and we may face increased energy electricity costs and/or insufficient energy supply”.

Electricity consumption at our aluminum smelters decreased from 16,020.0 kwh in 2007 to 14,155.0 kwh in 2008, and further to 13,727.2 kwh[1] in 2009, for each tonne of primary aluminum produced. The decrease was primarily due to improved operational efficiency as we refined the production process after our Liupanshui Plant commenced operation. Electricity unit consumption for smelting companies operating in the PRC, averaged 14,441 kwh, 14,323 kwh and 14,171 kwh, respectively, in 2007, 2008

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1 The unit consumption of 16,020.0 kwh/tonne in 2007, 14,155.0 kwh/tonne in 2008 and 13,727.2 kwh/tonne in 2009 refers to the direct electricity consumed by our two smelting plants for smelting and for operating environmental systems and aluminum casting processes. However, the calculation of the unit consumption figures excludes the electricity consumed to start up Yichang Plant in 2007, Liupanshui Plant in 2008 and one of two lines of Yichang Plant in 2009, respectively.

and 2009, according to Sunlight Metal. Our electricity unit consumption compared favorably against the average electricity unit consumption for smelting companies operating in the PRC in 2008 and 2009.

Electricity is supplied to our Yichang Plant by the Hubei Power Grid Company, which sources its electricity mainly from Gezhouba hydroelectric power stations, while electricity is supplied to our Liupanshui Plant by the Southern Power Grid Company, which sources its electricity mainly from the local electric power station. These power companies have historically provided us electricity at negotiated rates as we are a preferred customer due to our requirements for a large and steady electricity supply.

We have entered into (i) a framework electricity contract (along with various other electricity users) in June 2010 with Hubei Power Grid Company (as electricity provider) to supply electricity to our Yichang Plant at RMB0.4728/kwh (inclusive of 17% VAT); and (ii) an electricity contract dated January 20, 2010 with Guizhou Liupanshui Power Grid Company to supply electricity to our Liupanshui Plant at RMB0.4247/kwh (inclusive of 17% VAT), for a year commencing from January 1, 2010. In addition, we currently receive a subsidy of RMB 0.005/kwh from the local government for our electricity costs at Yichang Plant.

The table below shows the amount of energy costs that were billed by the relevant electricity and energy suppliers to Yichang Changjiang, Liupanshui Shuangyuan and Jiangyin Xinren in 2007, 2008 and 2009, and the three months ended March 31, 2010 respectively:

	Year ended December 31,			Three months ended March 31,
	2007	2008	2009	2010
	RMB million	RMB million	RMB million	RMB million
Yichang Changjiang	607.2	748.7	528.1	174.7
Liupanshui Shuangyuan	69.8	554.6	718.3	173.9
Jiangyin Xinren	5.7	20.8	25.1	6.9
Total	682.7	1,324.1	1,271.5	355.5

Jiangyin Xinren's natural gas costs amount to RMB0.7 million, RMB5.8 million, RMB7.3 million (USD1.1 million) and RMB1.7 million (USD0.3 million) for 2007, 2008 and 2009, and the three months ended March 31, 2010, respectively. Yichang Changjiang and Liupanshui Shuangyuan do not incur any natural gas costs.

Cost of Raw Materials

Price fluctuations of raw materials used in our production process affect our cost of sales. Alumina is a principal raw material for the production of our primary aluminum products. The price of alumina is generally affected by the supply of and demand for aluminum. See "Appendix F — Industry Overview".

The cost of alumina primarily consists of the prices of alumina purchased and delivery charges associated with the transportation of alumina to our smelters. Substantially all of our alumina requirements for 2007, 2008 and 2009 were supplied under short-term supply contracts with third parties or bought from third parties on an ad-hoc basis. From 2007 to 2009, the international and domestic spot prices of alumina were volatile due to a number of factors including, but not limited to, the rapid expansion of alumina production capacity, the PRC government's action to reduce over-capacity, and the sharp decrease in demand as a result of the reduction in production by primary aluminum producers brought about by the global financial crisis. According to Sunlight Metal, between 2007 and 2009, the spot price of alumina in the PRC market reached its peak in January 2008 at

RMB4,400 per tonne and bottomed at RMB1,835 per tonne in February 2009, resulting in a decrease in the average spot price of alumina in the PRC from RMB3,645 per tonne in 2007 to RMB3,241 per tonne in 2008, and further to RMB2,285 per tonne in 2009.

In 2007, 2008 and 2009 and for the three months ended March 31, 2010, the cost of alumina consumed for our smelting segment was RMB890.8 million, RMB1,258.3 million, RMB812.7 million (USD120.0 million) and RMB335.2 million (USD49.5 million). To ensure a continuous supply of alumina to our aluminum smelting plants, we have entered into four separate supply contracts, one with Minmetals and three with Chalco, the PRC's two largest alumina suppliers. The supply contracts with Minmetals and Chalco, as amended, took effect in October 2009 and January 2010 respectively, and are each for a period of five years. The total amount of alumina to be supplied under the supply contracts is approximately 3.7 million tonnes, which we anticipate will be sufficient for our full production requirements based on the current production capacities of both our smelting plants in Liupanshui and Yichang until the end of 2014. The price for alumina to be delivered each month is a percentage stipulated in the contract of the volume weighted average price quoted on the SHFE for three-month primary aluminum futures contract in the month immediately preceding the month when the order is made. The volume weighted average of this fixed percentage under the four supply contracts is approximately 17.1%. As a result, fluctuations of primary aluminum prices on the SHFE have affected and will continue to affect our alumina purchase prices under these contracts.

Carbon anode is an important raw material of the smelting process. Our Yichang Plant and our Liupanshui Plant typically purchase carbon anodes from third parties on an ad-hoc basis. In 2007, 2008, 2009 and the three months ended March 31, 2010, our total cost of carbon anode incurred for production amounted to approximately RMB211.7 million, RMB450.8 million, RMB275.1 million (USD40.6 million) and RMB89.1 million (USD13.2 million) respectively. The increase of our total cost of carbon anodes from 2007 to 2008 was primarily as a result of an increase in production. Our total cost of carbon anodes decreased in 2009 as result of a decrease in market price of carbon anodes in the PRC.

Primary aluminum, mainly in the form of ingots, is a principal raw material for the production of our fabricated aluminum products at the Jiangyin Fabrication Plant. Our Jiangyin Fabrication Plant purchases substantially all of its primary aluminum ingots required from third party suppliers. The cost of aluminum ingots is affected by a number of factors including the spot prices of primary aluminum and transportation costs. Jiangyin Fabrication Plant typically purchases from third party suppliers due to the cost savings from purchasing ingots from a location nearer Jiangyin Fabrication Plant. As our Jiangyin Fabrication Plant is located near Wuxi, transportation costs of the primary aluminum ingots to our Jiangyin Fabrication Plant also tend to be lower for us when using our third party suppliers in Wuxi compared to transporting from our Yichang Plant and our Liupanshui Plant.

Product Mix and Efficiency

We broadly classify our products into two principal categories, namely, primary aluminum products and fabricated aluminum products. Our product mix will affect our gross profit margins since our primary aluminum products and fabricated aluminum products have different pricing structures. The prices of our primary aluminum products are predominantly affected by the spot market prices of aluminum. The prices of our fabricated aluminum products are either in the form of a processing fee for customers who supply us with aluminum ingots to process, or in the form of a processing fee and the spot price of aluminum when we supply the aluminum ingots. The processing fee we charge reflects the extent of value addition, the efficiency of our fabrication plant and our technological ability, which are not directly affected by the spot market prices of aluminum. We intend to expand production volumes of our fabricated aluminum products to take advantage of the current environment of favorable PRC government support and to minimize volatility in our results of operations.

Our Cost of Production

Our total cost of production in each year or in the relevant period comprises, among others, our costs of alumina consumed, our energy costs for the smelting of primary aluminum and our aluminum fabrication operations, carbon anode costs, depreciation and amortisation charges for the property, plant and equipment utilized in the course of production, trading cost of primary aluminum and alumina, changes in work-in-progress in the smelting and fabrication segments, the cost of aluminum ingots purchased for our fabrication business, personnel expenses, and other raw materials costs and overheads. Our total cost of production is calculated as the sum of cost of goods sold[1] and changes in inventory of finished goods in each year or relevant period.

In 2007, 2008 and 2009, our total cost of production was RMB3,046.9 million, RMB3,863.6 million and RMB3,581.7 million (USD528.7 million), respectively. In the three months ended March 31, 2009 and March 31, 2010, our total cost of production was RMB560.5 million and RMB1,086.6 million (USD160.4 million), respectively.

Three months ended March 31, 2010 compared to the three months ended March 31, 2009

Our total cost of production increased by 93.9% to RMB1,086.6 million for the three months ended March 31, 2010 to RMB560.5 million for the three months ended March 31, 2009 primarily due to (i) an increase in production volume, which increased our costs of raw materials such as alumina, carbon and primary aluminum ingots, and energy costs, and (ii) an increase in the unit costs of some raw material prices. For instance, costs of alumina consumed increased 135.4% to RMB335.2 million for the three months ended March 31, 2010 from RMB142.4 million for the three months ended March 31, 2009, while in respect of the same periods, carbon anode costs incurred increased 62.6% to RMB89.1 million from RMB54.8 million, energy costs incurred increased by 34.3% to RMB355.6 million from RMB264.7 million and trading costs of primary aluminum increased 100.0% to RMB199.4 million as our Group did not trade in primary aluminum for the three months ended March 31, 2009. Depreciation and amortisation charges also increased by 5.2% to RMB28.4 million for the three months ended March 31, 2010 from RMB27.0 million for the three months ended March 31, 2009 primarily due to increased capitalisation of plant and equipment during the three months ended March 31, 2010. The increase in production volume and unit costs of raw material was due primarily to improved economic conditions in the three months ended March 31, 2010 compared to the three months ended March 31, 2009.

2009 compared to 2008

Our total cost of production decreased 7.3% to RMB3,581.7 million in 2009 from RMB3,863.6 million in 2008 even though our production volumes increased, primarily due to decreases in the cost of certain raw materials, such as the costs of alumina consumed and carbon anode costs. The cost of our production decreased, as a result of lower spot prices of alumina and a lower market price of carbon anodes in 2009 compared to 2008. For instance, costs of alumina consumed decreased 35.4% to RMB812.7 million for 2009 from RMB1,258.3 million for 2008, while in respect of the same periods, our carbon anode costs incurred decreased 39.0% to RMB275.1 million from RMB450.8 million. The decrease in our total cost of production is also attributable to a decrease in energy costs incurred by 4.0% to RMB1,271.5 million for 2009 from RMB1,324.1 million for 2008, primarily due to a decrease in the unit consumption of electricity as Liupanshui Plant progressively improved its operational efficiency after commencing full production in July 2008. The decrease in total cost of production was partially offset by (i) an increase in the trading cost of primary aluminum from RMB141.4 million to RMB331.6 million, primarily due to sales of aluminum products to related third parties, (ii) an increase in depreciation and amortization charges from RMB85.4 million for 2008 to RMB113.9 million for 2009 as a result of the new facilities constructed and new equipment installed at Liupanshui Plant and Jiangyin Fabrication Plant; and (iii) higher trading costs for alumina due to higher volume of trading sales.

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[1] Please refer to "Cost of Sales" below for a breakdown of cost of goods sold.

2008 compared to 2007

Our total cost of production increased 26.8% to RMB3,863.6 million in 2008 from RMB3,046.9 million in 2007 primarily due to an increase in energy costs incurred by 94.0% to RMB1,324.1 million in 2008 from RMB682.7 million in 2007 primarily as a result of (i) an increase in our production volume and an increase in the electricity unit prices charged by power suppliers and; (ii) an increase in cost of raw materials, such as alumina, carbon anodes and aluminum ingots, primarily as a result of an increase in production volumes at our smelters and fabrication plant. For instance, costs of alumina consumed increased 41.3% to RMB1,258.3 million for 2008 from RMB890.8 million for 2007, while in respect of the same periods, carbon anode costs incurred increased 112.9% to RMB450.8 million from RMB211.7 million. Depreciation and amortisation charges also increased 64.5% to RMB85.4 million for 2008 from RMB51.9 million for 2007, primarily due to an increase in our fixed assets as we constructed new facilities and installed new equipment at the Liupanshui Plant and Jiangyin Fabrication Plant. The increase in cost of production was partially offset by decreases in trading costs of primary aluminum from RMB633.5 million in 2007 to RMB141.4 million in 2008 as a result of a lower trading volume due to the unfavorable spot prices of aluminum products in the year.

PRINCIPAL INCOME STATEMENT COMPONENTS

Revenue

We generate revenue from three business segments: (i) the smelting and sale of primary aluminum in the form of ingots and plates; (ii) the fabrication of primary aluminum into and sale of value-added products such as aluminum sheets, coils and foils and (iii) trading in alumina and primary aluminum products sourced from third parties.

The following table sets forth information about our sales volume and revenue for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2007	2008	2009	2009	2010
Sales volume (tonnes):					
Primary aluminum	119,309	210,200	259,718	57,860	61,969
Fabricated aluminum products	9,889	20,157	27,311	2,758	10,560
Revenue (RMB in millions):					
Smelting and sale of primary aluminum	2,129.6	3,378.3	3,162.2	530.3	928.2
Fabrication and sale of fabricated aluminum products	183.1	365.8	350.8	37.7	122.7
Trading	988.1	375.0	750.4	0.2	218.2
Total revenue (RMB in millions)	3,300.8	4,119.1	4,263.4	568.2	1,269.1

The following table sets out our sales for the years ended December 31, 2007, 2008 and 2009 and the three months ended March 31, 2009 and 2010 based on customer location:

	Year Ended December 31,						Three Months Ended March 31,			
	2007	% of revenues	2008	% of revenues	2009	% of revenues	2009	% of revenues	2010	% of revenues
	RMB (in millions)		RMB (in millions)		RMB (in millions)		RMB (in millions)		RMB (in millions)	
PRC	2,283.1	69.2	3,112.6	75.6	4,161.8	97.6	514.2	90.5	1,253.2	98.7
Overseas[(1)]	1,017.7	30.8	1,006.5	24.4	101.6	2.4	54.0	9.5	15.9	1.3
Total	3,300.8	100.0	4,119.1	100.0	4,263.4	100.0	568.2	100.0	1,269.1	100.0

Note:

(1) Overseas includes the United States, Japan and Europe.

The increase in our sales within the PRC as a percentage of our total sales was primarily due to the price differences between domestic and international spot markets as aluminum spot prices in the PRC decreased less than international aluminum spot prices after the beginning of the global financial crisis in 2008, resulting in more favorable pricing for our products in the domestic market.

The following table sets out our sales for our primary aluminum and fabricated aluminum segments, for the years ended December 31, 2007, 2008 and 2009 and the three months ended March 31, 2009 and 2010 based on customer location:

	Year ended December 31,						Three Months Ended March 31,			
	2007		2008		2009		2009		2010	
	RMB (in millions)		RMB (in millions)		RMB (in millions)		RMB (in millions)		RMB (in millions)	
	PRC	Overseas	PRC	Overseas	PRC	Overseas	PRC	Overseas	PRC	Overseas
Primary aluminum . .	2,100.9	1,016.7	2,775.2	978.2	3,846.0	66.6	478.9	51.7	1,146.4	—
Fabricated aluminum products	182.2	1.0	337.4	28.3	315.8	35.0	35.3	2.3	106.8	15.9

Cost of sales

Our cost of sales primarily consists of: (i) energy costs, which is the major production cost in both our smelting and fabrication operations; (ii) cost of alumina, which is primarily incurred by our smelting operations at our Yichang Plant and Liupanshui Plant, as alumina is the key raw material used in primary aluminum production; (iii) cost of carbon anode, which is primarily incurred by our Yichang Plant and our Liupanshui Plant as one of the raw materials used in manufacturing primary aluminum, and a portion of which is recovered in other income as we resell residual carbon from our production to third parties; (iv) cost of aluminum ingots, which is primarily incurred by our fabrication operation; (v) cost of other raw materials and other costs, which mainly consist of the cost of ancillary materials, cost of fluoride salts, fuels costs, packaging costs, repair and maintenance costs and the cost of other materials required for the production of primary aluminum and aluminum sheets, coils and foils; (vi) depreciation and amortisation, which mainly consists of depreciation of equipment used in the production process and amortisation of capitalized maintenance costs; (vii) personnel expenses, which mainly consist of wages and benefits of our employees directly engaged in production activities; and (viii) trading costs, including trading costs of aluminum, alumina and others, which are primarily incurred by our trading offices based in Shanghai including Shanghai Shuangpai and FB Trading, consisting of the purchase prices of alumina and primary aluminum products for resale to third parties.

Finance Income

Our finance income comprises mainly interest paid on our bank balances.

Other Income

Other income consists mainly of subsidy income received from the PRC government, such as the non-recurring subsidy of RMB0.7 million and RMB0.3 million in 2008 and 2009, respectively, granted in respect of the technology upgrade carried out by Jiangyin Fabrication Plant and electricity subsidy of RMB0.005/kwh provided to our Yichang Plant, sales of our left-over raw materials and scraps, such as packaging material for our purchased alumina, investment income and others.

Selling and Distribution Expenses

Selling and distribution expenses consist mainly of transportation costs for delivery of our products to customers, expenses associated with packaging and providing samples, fees related to using port services and export fees.

Administrative Expenses

Administrative expenses primarily consist of salary and benefits paid to our administrative staff and officers, related business travel and entertainment expenses, depreciation charges, office related expenses and capital maintenance write-off.

Finance Costs

Our finance costs comprise mainly interest paid on our bank borrowings.

Income Tax Expense

Our income tax expense mainly consists of our current deferred tax provision, which comprise provisions for the amount of income taxes our subsidiaries are required to pay at the applicable tax rates as well as the amount of income taxes we incur for Singapore corporate income tax and deferred tax. Our Jiangyin Fabrication Plant, Shanghai Shuangpai and FB Trading are subject to a preferred income tax rate from the PRC tax authority.

RESULTS OF OPERATIONS

The following table sets forth certain income and expense items of our statement of income data, as well as a percentage of our revenue for the periods indicated.

	Year Ended December 31,							Three Months Ended March 31,				
	2007	%	2008	%	2009	2009	%	2009	%	2010	%	2010
	RMB		RMB		RMB	USD(1)		RMB		RMB		USD(1)
	(in millions except for percentages)											
Revenue	3,300.8		4,119.1		4,263.4	629.3		568.2		1,269.1		187.3
Smelting	2,129.6	64.5	3,378.3	82.0	3,162.2	466.8	74.2	530.3	93.3	928.2	73.1	137.0
Fabrication	183.1	5.5	365.8	8.9	350.8	51.8	8.2	37.7	6.6	122.7	9.7	18.1
Trading	988.1	30.0	375.0	9.1	750.4	110.7	17.6	0.2	0.1	218.2	17.2	32.2
Cost of sales	(2,985.0)	90.4	(3,822.1)	92.8	(3,690.9)	(544.8)	86.6	(563.3)	99.1	(1,018.2)	80.2	(150.3)
Gross profit	315.8	9.6	297.0	7.2	572.5	84.5	13.4	4.9	0.9	250.9	19.8	37.0
Finance income	7.6	0.2	14.6	0.4	13.7	2.0	0.3	4.2	0.7	2.5	0.2	0.4
Other income	31.3	0.9	13.0	0.3	17.0	2.5	0.4	5.4	1.0	5.8	0.5	0.9
Selling and distribution expenses	(68.5)	2.1	(78.1)	1.9	(61.6)	(9.1)	1.4	(15.1)	2.7	(19.0)	1.5	(2.8)
Administrative expenses	(47.0)	1.4	(70.4)	1.7	(68.8)	(10.1)	1.6	(12.1)	2.1	(19.3)	1.5	(2.9)
Finance costs	(38.8)	1.2	(93.4)	2.3	(68.2)	(10.0)	1.6	(15.2)	2.7	(17.6)	1.4	(2.6)
Other expenses	(1.0)	—	(5.3)	0.1	(2.4)	(0.4)	0.1	(2.7)	0.5	(0.9)	0.1	(0.1)
Profit/(Loss) before taxation	199.4	6.0	77.4	1.9	402.2	59.4	9.4	(30.6)	5.4	202.4	15.9	29.9
Income tax expense	(56.5)	1.7	(15.6)	0.4	(96.2)	(14.2)	2.3	1.9	0.3	(52.1)	4.1	(7.7)
Profit/(Loss) after taxation	142.9	4.3	61.8	1.5	306.0	45.2	7.2	(28.7)	5.1	150.3	11.8	22.2

Note:

(1) Converted into USD from RMB for the convenience of the readers as described under "Notice to Investors — Presentation of Financial and Statistical Data".

Three months ended March 31, 2010 compared to three months ended March 31, 2009

Revenue. Our revenue increased 123.4% to RMB1,269.1 million for the three months ended March 31, 2010 from RMB568.2 million for the three months ended March 31, 2009 primarily due to increased sales volume of primary aluminum and fabricated aluminum products and an increase in selling prices of our products.

Our revenue from sales of primary aluminum increased 75.0% to RMB928.2 million for the three months ended March 31, 2010 from RMB530.3 million for the three months ended March 31, 2009 primarily due to an increase in sales volume and the average selling prices of our primary aluminum products. We sold 61,969 tonnes of primary aluminum products in the first three months ended March 31, 2010, representing 90.1% of our production capacity for the quarter[1], compared to 57,860 tonnes of primary aluminum products sold in the first three months ended March 31, 2009, representing 84.2% of our production capacity. The higher sales volume in the three months ended March 31, 2010 compared to the three months ended March 31, 2009 is primarily attributable to improving economic conditions in 2010 compared to 2009, resulting in greater demand for our products, and the reduced output from Yichang Plant during the three months ended March 31, 2009 as a result of a shut down of one of two production lines of Yichang Plant for repair and maintenance from December 2008 to June 2009. Average selling prices of our primary aluminum products were higher in the first three months ended March 31, 2010, compared to the first three months ended March 31, 2009, principally due to higher average spot prices for aluminum.

Our revenue from sales of fabricated aluminum products increased 225.5% to RMB122.7 million for the three months ended March 31, 2010 from RMB37.7 million for the three months ended March 31, 2009 primarily due to an increase in the sales volume of our fabricated aluminum products. In the three months ended March 31, 2010 we sold 10,560 tonnes of fabricated aluminum products compared to 2,758 tonnes of fabricated aluminum products in the three months ended March 31, 2009. The higher sales volume in the three months ended March 31, 2010 compared to the three months ended March 31, 2009 is primarily attributable to improving economic conditions in 2010 compared to 2009, resulting in greater demand for our products.

Our revenue from trading sales increased to RMB218.2 million for the three months ended March 31, 2010 from RMB0.2 million for the three months ended March 31, 2009 primarily due to an increase in the sales volume and selling prices of alumina for the three months ended March 31, 2010 as compared to the three months ended March 31, 2009 when selling volume and selling prices of alumina was adversely affected by the global financial crisis resulting in a decrease in demand.

Cost of sales. Our cost of sales increased 80.7% to RMB1,018.2 million for the three months ended March 31, 2010 from RMB563.4 million for the three months ended March 31, 2009 primarily due to (i) an increase in the cost of raw materials such as alumina, carbon and aluminum ingots, primarily as a result of an increase in sales volumes at our smelters and fabrication plant, and an increase in the prices of such raw materials and (ii) an increase in electricity costs, as a result of an increase in our sales volume. In addition, depreciation charges also increased slightly primarily due to increased capitalisation of plant and equipment during the three months ended March 31, 2010. The increase in sales volume and unit costs of raw material was due primarily to higher costs charged by our suppliers as a result of general increased demand and improved economic conditions in the three months ended March 31, 2010 compared to the three months ended March 31, 2009.

Gross profit and gross profit margin. Our gross profit increased 5,020.4% to RMB250.9 million for the three months ended March 31, 2010 from RMB4.9 million for the three months ended March 31, 2009. Our gross profit margin increased to 19.8% for the three months ended March 31, 2010 from

[1] Quarterly production capacity is calculated by dividing the approved production capacity of the plant as at the end of the relevant year by four.

0.9% for the three months ended March 31, 2009 due principally to the higher average selling prices of our products as a result of higher spot prices of aluminum, and a lower unit cost of electricity per tonne.

Finance income. Our finance income decreased 40.5% to RMB2.5 million for the three months ended March 31, 2010 from RMB4.2 million for the three months ended March 31, 2009. This decrease was mainly due to a reduction in the amount of deposits we placed with banks as security to obtain notes payable and lower interest earned as a result of a reduction in the use of notes payable during the three months ended March 31, 2010.

Other income. Our other income increased 7.4% to RMB5.8 million for the three months ended March 31, 2010 from RMB5.4 million for the three months ended March 31, 2009. The increase in other income was primarily attributable to an increase in scrap sales arising from a higher production volume at our smelting and fabrication plants.

Selling and distribution expenses. Our selling and distribution expenses increased 25.8% to RMB19.0 million for the three months ended March 31, 2010 from RMB15.1 million for the three months ended March 31, 2009. This increase was mainly attributable to an increase in freight charges in tandem with an increase in our sales volume, which was partially offset by lower transportation costs arising from the greater use of sea freight in the three months ended March 31, 2010, compared to the three months ended March 31, 2009 when we used more road transportation to deliver our products, which is relatively more expensive than sea freight.

Administrative expenses. Our administrative expenses increased 59.5% to RMB19.3 million for the three months ended March 31, 2010 from RMB12.1 million for the three months ended March 31, 2009. This increase is principally attributable to increases in salaries, entertainment and travelling expenses for the three months ended March 31, 2010 compared to the three months ended March 31, 2009 when sales activities increased as a result of improved economic conditions.

Finance costs. Our finance costs increased 15.8% to RMB17.6 million for the three months ended March 31, 2010 from RMB15.2 million for the three months ended March 31, 2009. This increase was mainly due to higher interest rates on the floating interest rate component of our borrowings.

Profit/(Loss) before taxation. Our profit before taxation for the three months ended March 31, 2010 was RMB202.4 million compared to a loss before taxation of RMB30.6 million for the three months ended March 31, 2009, an increase of 761.4%.

Income tax expense. Our income tax was RMB52.1 million for the three months ended March 31, 2010 compared to income tax credit of RMB1.9 million for the three months ended March 31, 2009 mainly due to no taxable income earned by our Group during the three months ended March 31, 2009.

Profit/(Loss) after taxation. As a result of the foregoing discussion, our profit after taxation for the three months ended March 31, 2010 was RMB150.3 million compared to a loss after taxation of RMB28.7 million for the three months ended March 31, 2009. Our net profit margin increased to 11.8% for the three months ended March 31, 2010 from a net loss of 5.1% for the three months ended March 31, 2009.

2009 compared to 2008

Revenue. Our revenue increased 3.5% to RMB4,263.4 million in 2009 from RMB4,119.1 million in 2008 primarily due to increased production and sales volume of primary aluminum and fabricated aluminum products as our Liupanshui Plant and expanded Jiangyin Fabrication Plant were operating for the full year of 2009. The increase in our revenue from increased sales volume was partially offset by decreases in aluminum prices globally in 2009 as a result of the global financial crisis. As a result, we experienced a decline in the average sale prices of all of our products.

Revenue from our smelting operations decreased 6.4% to RMB3,162.2 million in 2009 from RMB3,378.3 million in 2008 primarily due to (i) average spot prices in 2009 being lower than 2008 and a temporary shut down of one of our two production lines at our Yichang Plant for repair and maintenance from December 2008 to June 2009, which we rescheduled to this period in view of lower revenue generated from decreasing aluminum prices near the end of 2008. This was partially offset by our Liupanshui Plant operating for the full year of 2009 after commencing operation in July 2008. In 2009, we sold 259,718 tonnes of primary aluminum products representing 94.4% of our production capacity, compared to 210,200 tonnes of primary aluminum products produced for sale in 2008, representing 76.4% of our production capacity.

Our revenue from sales of fabricated aluminum products decreased 4.1% to RMB350.8 million in 2009 from RMB365.8 million in 2008 primarily due to a decrease in the average sale price of fabricated aluminum products which reflected the decreases in both the average sale price of primary aluminum and the processing costs associated with the manufacture of fabricated aluminum products. The decrease was partially offset by our increased production volume and sales as a result of Jiangyin Fabrication Plant's continuous expansion of production since commencing operations in 2007. In 2009, we sold 27,311 tonnes of fabricated aluminum products representing 54.6% of our production capacity compared to 20,157 tonnes of fabricated aluminum products produced in 2008, representing 40.3% of our production capacity.

Our revenue from trading sales increased 100.1% to RMB750.4 million in 2009 from RMB375.0 million in 2008 primarily due to increased sales of aluminum products to related third parties and increased alumina trading sales.

Cost of sales. Our cost of sales decreased 3.4% to RMB3,690.9 million in 2009 from RMB3,822.1 million in 2008 primarily due to (i) a decrease in electricity costs for our smelting operations in 2009 as a result of a reduction in our unit consumption of electricity due to our Liupanshui Plant progressively improving its operational efficiency after commencing production, (ii) a decrease of our alumina costs primarily as a result of spot prices of alumina decreasing in 2009 under the impact of the global financial crisis, and (iii) a decrease of our carbon costs as the market price of carbon anodes also decreased in 2009. The cost of aluminum ingots incurred by our fabrication production also decreased in 2009 due to a decrease in our purchase prices of aluminum ingots as spot prices of primary aluminum decreased in 2009 compared to 2008. In addition, the higher cost of sales in 2008 was also attributable to certain start-up expenses and fixed costs in relation to our Liupanshui Plant commencing operation. The decrease in cost of sales was partially offset by an increase in depreciation as a result of new facilities constructed and new equipment installed at our Liupanshui Plant and Jiangyin Fabrication Plant being put into use, and an increase in personnel expenses as we increased the number of production workers in 2009 to fulfill the requirement of our expanded production both at our smelters and fabrication plant.

Gross profit and gross profit margin. Our gross profit increased 92.8% to RMB572.5 million in 2009 from RMB297.0 million in 2008. Our gross profit margin increased to 13.4% in 2009 from 7.2% in 2008 due to the increase in our revenue and the decrease in our cost of sales in 2009 compared to 2008. The lower gross profit margin in 2008 was also due to certain start-up expenses and fixed costs in relation to our Liupanshui Plant commencing operation.

Finance income. Our finance income decreased 6.2% to RMB13.7 million in 2009 from RMB14.6 million in 2008. This decrease was mainly due to a slight decrease in the average interest rates for our bank balances in 2009 compared to 2008.

Other income. Our other income increased 30.8% to RMB17.0 million in 2009 from RMB13.0 million in 2008. The increase in other income was primarily attributable to an increase in government subsidies and an increase in scrap sales.

Selling and distribution expenses. Our selling and distribution expenses decreased 21.2% to RMB61.6 million in 2009 from RMB78.1 million in 2008. This decrease was mainly attributable to a decrease in transportation costs as we increased the use of water freight to deliver our products from our Yichang Plant, which is less expensive than delivery by trucks.

Administrative expenses. Our administrative expenses decreased 2.3% to RMB68.8 million in 2009 from RMB70.4 million in 2008.

Finance costs. Our finance costs decreased 27.0% to RMB68.2 million in 2009 from RMB93.4 million in 2008. This decrease was mainly due to a slight decrease in the interest rates for our bank borrowings ranging from 4.78% to 11.95% in 2008 to and ranging from 4.05% to 9.03% in 2009.

Profit/(Loss) before taxation. Our profit before taxation in 2009 was RMB402.2 million compared to RMB77.4 million in 2008, an increase of 419.6%.

Taxation. Our income tax expense was RMB96.2 million in 2009 compared to income tax expense of RMB15.6 million in 2008. Our effective tax rate in 2009 was 23.9% compared to 20.2% in 2008. The lower effective tax rate in 2008 was mainly due to the reduction in our opening deferred tax liability that were credited into the tax expense of 2008 as a result of decreased enterprise income tax rate from 33.0% in 2007 to 25.0% in 2008.

Profit/(Loss) after taxation. As a result of the foregoing discussion, our profit after taxation in 2009 was RMB306.0 million compared to RMB61.8 million in 2008. Our net profit margin increased to 7.2% in 2009 from 1.5% in 2008.

2008 compared to 2007

Revenue. Our revenue increased 24.8% to RMB4,119.1 million in 2008 from RMB3,300.8 million in 2007 primarily due to significantly increased sales volume of primary aluminum, and fabricated aluminum products as a result of Liupanshui Plant commencing operation in July 2008 and Jiangyin Fabrication Plant's continuous expansion of production in 2008. The increase was partially offset by a decrease in average sale prices in our products, which is in line with the decrease of spot prices of aluminum in the PRC.

Revenue from our smelting operation increased 58.6% to RMB3,378.3 million in 2008 from RMB2,129.6 million in 2007 primarily due to a sales volume increase as our Liupanshui Plant became fully operational in July 2008 after its trial production. The increase was partially offset by a decrease in the average sale price of primary aluminum, which is in line with the decrease of spot prices of aluminum in the PRC. In 2008, we sold 210,200 tonnes of primary aluminum products representing 76.4% of our production capacity compared to 119,309 tonnes of primary aluminum products sold in 2007, representing 43.4% of our production capacity.

Revenue from sales of fabricated aluminum products increased 99.8% to RMB365.8 million in 2008 from RMB183.1 million in 2007 as a result of our Jiangyin Fabrication Plant expanding its production volume. This increase was partially offset by a decrease in the average sale price of our fabricated aluminum products reflecting the decrease of spot prices of primary aluminum in the PRC. In 2008, we sold 20,157 tonnes of fabricated aluminum products representing 40.3% of our production capacity compared to 9,889 tonnes of fabricated aluminum products produced in 2007, representing 19.8% of our production capacity.

Revenue from trading sales decreased 62.0% to RMB375.0 million in 2008 from RMB988.1 million in 2007 primarily due to a decrease in trading of primary aluminum as our Group focused on the selling of primary aluminum produced by our own smelting plant, Liupanshui Plant, rather than products purchased from third parties and as a result, the sales volume of our trading business decreased.

Cost of sales. Our cost of sales increased 28.0% to RMB3,822.1 million in 2008 from RMB2,985.0 million in 2007 mainly due to (i) an increase in electricity costs as a result of an increase in our production volume and an increase in the electricity unit prices charged by power suppliers, (ii) an increase in cost of raw materials, such as alumina, carbon anodes and aluminum ingots, primarily as a result of an increase in production volumes at our smelters and fabrication plant, (iii) an increase in labor expenses as we employed more production workers in 2008 to fulfill the requirement of the expanded production, and (iv) certain start-up expenses and fixed costs in relation to our Liupanshui Plant commencing operation in July 2008. In addition, depreciation also increased in 2008 primarily due to an increase in our fixed assets as we constructed new facilities and installed new equipment at the Liupanshui Plant and Jiangyin Fabrication Plant.

The increase in cost of sales was partially offset by decreases in trading costs of alumina, aluminum plates and ingots as our Group focused on sales of primary aluminum produced by our own smelting plant, Liupanshui Plant, rather than products purchased from third parties and as a result, the sales volume of our trading business decreased.

Gross profit and gross profit margin. Our gross profit decreased 6.0% to RMB297.0 million in 2008 from RMB315.8 million in 2007. Our gross profit margin decreased to 7.2% in 2008 from 9.6% in 2007 mainly due to increases in costs incurred in expanding our production and certain start-up expenses related to our Liupanshui Plant becoming fully operational in July 2008.

Finance income. Our finance income increased 92.1% to RMB14.6 million in 2008 from RMB7.6 million in 2007. This increase was mainly due to increases in our bank balances and average interest rates for our bank balances in 2008.

Other income. Our other income decreased 58.5% to RMB13.0 million in 2008 from RMB31.3 million in 2007 primarily due to a decrease in our investment income as our hedging activities resulted in a loss of approximately RMB6.6 million in 2008 compared to a gain of RMB6.7 million in 2007 when the spot aluminum prices substantially decreased in 2008 in response to the global financial crisis.

Selling and distribution expenses. Our selling and distribution expenses increased 14.0% to RMB78.1 million in 2008 from RMB68.5 million in 2007 primarily due to the increase in our production and sales as Liupanshui Plant became fully operational in July 2008 and Jiangyin Fabrication Plant expanded production.

Administrative expenses. Our administrative expenses increased 49.8% to RMB70.4 million in 2008 from RMB47.0 million in 2007 primarily due to Liupanshui Plant becoming fully operational in July 2008 and Jiangyin Fabrication Plant expanding its production.

Finance costs. Our finance expenses increased 140.7% to RMB93.4 million in 2008 from RMB38.8 million in 2007. This increase was mainly due to an increase in the average interest rates for our bank borrowings in 2008 compared to 2007, which is in line with the interest rate fluctuation in the PRC, as well as to an increase in bank borrowings by our subsidiaries, Shanghai Shuangpai and Jiangyin Fabrication Plant, to fund their working capital requirements.

Profit/(Loss) before taxation. Our profit before taxation in 2008 was RMB77.4 million compared to RMB199.4 million in 2007.

Taxation. Our income tax expense was RMB15.6 million in 2008 compared to income tax expense of RMB56.5 million in 2007. Our effective tax rate in 2008 was 20.2% compared to 28.3% in 2007, as a result of the reduction in enterprise income tax rate from 33.0% in 2007 to 25.0% in 2008.

Profit/(Loss) after taxation. As a result of the foregoing discussion, our net profit after taxation in 2008 was RMB61.8 million compared to RMB142.9 million in 2007. Our net profit margin decreased to 1.5% in 2008 from 4.3% in 2007.

LIQUIDITY AND CAPITAL RESOURCES

We have historically met our working capital and other capital requirements primarily from net cash generated by operating activities, borrowings from banks and financial institutions, capital contributions from shareholders and credit extended by suppliers.

Net Cash Flows

The following table sets forth a condensed summary of our statement of cash flows for the periods indicated:

	Year ended December 31,				Three months ended March 31,		
	2007	2008	2009	2009	2009	2010	2010
	RMB	RMB	RMB	USD	RMB	RMB	USD
	(In millions)						
Cash flow generated from operating activities before changes in working capital	284.9	232.6	528.0	77.9	26.2	240.6	35.5
Change in working capital							
— Inventories	(226.9)	(64.5)	(85.2)	(12.5)	(37.8)	(173.5)	(25.6)
— Prepayments	(7.1)	61.6	(85.0)	(12.5)	(88.1)	(78.9)	(11.6)
— Deferred expenses	(2.6)	(51.9)	52.2	7.7	32.9	—	—
— Amount due from directors and related parties	(579.7)	(158.6)	690.0	101.8	494.6	(33.0)	(4.8)
— Trade and other receivables	210.5	(68.2)	22.7	3.4	(27.7)	(56.6)	(8.4)
— Amount due to directors related parties	402.3	(34.1)	(905.8)	(133.7)	(460.0)	37.3	5.5
— Trade and other payables	153.7	142.1	(78.7)	(11.6)	(12.3)	22.3	3.3
— Advances from customers	78.3	93.2	248.8	36.7	113.5	136.1	20.1
— Accrued operating expenses	1.8	1.9	15.2	2.2	0.8	6.4	0.9
Cash generated from operations	315.2	154.1	402.2	59.4	42.1	100.7	14.9
Interest income received	7.6	14.6	13.7	2.0	4.2	2.5	0.3
Interest expense paid	(29.3)	(65.7)	(48.6)	(7.2)	(11.0)	(12.3)	(1.8)
Income taxes	(49.9)	(9.9)	(5.7)	(0.8)	—	(14.8)	(2.2)
Net cash generated from operating activities	243.6	93.1	361.6	53.4	35.3	76.1	11.2
Net cash used in investing activities	(1,113.1)	(181.7)	(75.6)	(11.2)	(11.1)	(14.7)	(2.1)
Net cash generated from/(used in) financing activities	759.3	171.5	(346.2)	(51.1)	(60.4)	(35.1)	(5.2)
Net (decrease)/increase in cash and cash equivalents	(110.2)	82.9	(60.2)	(8.9)	(36.2)	26.3	3.9
Effect of exchange rate changes on cash and cash equivalents	—	(1.0)	0.1	—	0.2	—	—
Cash and cash equivalents at beginning of financial year	137.2	27.0	108.9	16.1	108.9	48.8	7.2
Cash and cash equivalents at end of financial year	27.0	108.9	48.8	7.2	72.9	75.1	11.1

Net cash provided by operating activities

Our net cash generated from operating activities includes funds (used in)/generated from our operating activities and net cash inflows or outflows resulting from changes in working capital.

In the three months ended March 31, 2010, our net cash provided by operating activities was RMB76.1 million, consisting primarily of (i) net cash inflow from operations before changes in working capital of RMB240.6 million, which reflected net profit after adjustments for certain non-cash items, (ii) net cash outflows resulting from working capital changes of RMB139.9 million, which reflected primarily increase in inventories of RMB173.5 million, and an increase in prepayments of RMB78.9 million. The decrease was partially offset by an increase in advances from customers of RMB136.2 million, and (iii) payment of interest and income taxes of RMB27.1 million.

In 2009, our net cash provided by operating activities was RMB361.6 million, consisting primarily of (i) net cash inflow from operations before changes in working capital of RMB528.0 million, which reflected net profit before taxation and after adjustments for certain non-cash items, and (ii) net cash outflows resulting from working capital changes of RMB125.8 million, which reflected primarily a decrease in amounts due to directors and related parties of RMB905.8 million. The decrease was partially offset by a decrease in amounts due from directors and related parties of RMB690.0 million and an increase in advances from customers of RMB248.8 million. Both decreases in amounts due to/from directors and related parties was primarily due to settlement of outstanding balances during the year by way of set off. The decrease in amounts due from directors and related parties of RMB690.0 million was mainly attributable to the set-off against shareholders' loans of RMB200.8 million (which comprises (i) RMB72.0 million loan from our Executive Director and Chief Executive Officer, Mr. Zeng Chaolin; (ii) RMB24.0 million loan from our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan; (iii) RMB24.0 million loan from Mdm. Deng Eying, the wife of our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan; (iv) RMB72.0 million loan from our Executive Chairman, Mr. Zeng Chaoyi; (v) RMB8.0 million loan from our Vice-General Manager (Operations), Ms. Li Yazhou), and dividends paid of RMB208.4 million (net of tax, which comprises of RMB128.0 million distributed by Yichang Changjiang, RMB32.0 million distributed by Liupanshui Shuangyuan and RMB48.4 million distributed by Harvestlink). The remaining amount relates to trade debts which were not significant. Advances from customers as at December 31, 2009 are from third party customers. These advances were pre-payments for goods ordered. The increase is mainly attributable to increased production and sales volume of primary aluminum and fabricated aluminum products as all of our plants — Yichang Plant, Liupanshui Plant and the expanded Jiangyin Fabrication Plant — were fully operational in 2009.

In 2008, our net cash provided by operating activities was RMB93.1 million, consisting primarily of (i) net cash inflow from operations before changes in working capital of RMB232.6 million, which reflected net profit before taxation and after adjustments for certain non-cash items, and (ii) net cash outflows resulting from working capital changes of RMB78.5 million, which reflected primarily an increase in amounts due from directors and related parties of RMB158.6 million partially offset by an increase in trade and other payables of RMB142.1 million. The increase in amounts due from directors and related parties was primarily due to increased sales to related parties. The increase in trade and other payables was primarily the result of the increase in our production and sales as Liupanshui Plant became fully operational in July 2008.

In 2007, our net cash provided by operating activities was RMB243.6 million, consisting primarily of (i) net cash inflow from operations before changes in working capital of RMB284.9 million, which reflected net profit before taxation and after adjustments for certain non-cash items, and (ii) net cash inflows resulting from working capital changes of RMB30.3 million, which reflected primarily an increase in amounts due to directors and related companies of RMB402.3 million, a decrease in trade and other receivables of RMB210.5 million and an increase in trade and other payables of RMB153.7 million. These items were partially offset by an increase in amounts due from directors and related parties of RMB579.7 million and an increase in inventories of RMB226.9 million. The increase in amounts due to directors and related parties was primarily due to increased purchases of alumina, primary aluminum ingots, bars and carbon anodes from related parties. The increase in amounts due from directors and related parties was primarily due to increased sales of primary aluminum ingots and alumina to related parties.

Net cash used in investing activities

In the three months ended March 31, 2010, our net cash used in investing activities was RMB14.7 million. Our net cash used in investing activities consisted principally of purchases of property, plant and equipment of RMB13.5 million, mainly consisting of purchase of machinery and equipment at our Liupanshui Plant and construction at our Jiangyin Fabrication Plant.

In 2009, our net cash used in investing activities was RMB75.6 million. Our net cash used in investing activities consisted principally of purchases of property, plant and equipment of RMB75.8 million, which relates to mainly machinery and equipment acquired in connection with Liupanshui Plant. These amounts were partially offset by proceeds from disposal of property, plant and equipment of RMB1.4 million.

In 2008, our net cash used in investing activities was RMB181.7 million. Our net cash used in investing activities consisted principally of purchases of property, plant and equipment of RMB181.8 million, which relates to mainly machinery and buildings purchased in connection with construction at Liupanshui Plant.

In 2007, our net cash used in investing activities was RMB1,113.1 million. Our net cash used in investing activities consisted principally of purchases of property, plant and equipment of RMB1,089.1 million, which relates to mainly machinery and buildings acquired in connection with construction at our Liupanshui Plant and Jiangyin Fabrication Plant.

Net cash provided by/(used in) financing activities

In the three months ended March 31, 2010, our net cash used in financing activities was RMB35.1 million, consisting primarily of repayment of loans and borrowings of RMB945.2 million. This amount was partially offset by additional borrowings of RMB889.7 million.

In 2009, our net cash used in financing activities was RMB346.2 million, consisting primarily of repayment of loans and borrowings of RMB3,334.0 million, dividends of RMB248.4 million paid by subsidiaries within our Group, repayment of shareholders' loans of RMB200.8 million and an increase in secured short-term deposits of RMB107.2 million. This amount was partially offset by proceeds from loans and borrowing of RMB3,542.9 million.

In 2008, our net cash generated from financing activities was RMB171.5 million, consisting primarily of proceeds from loans and borrowings of RMB3,111.0 million, which amount was partially offset by repayment of loans and borrowings of RMB2,854.5 million.

In 2007, our net cash generated from financing activities was RMB759.3 million, consisting primarily of proceeds from loans and borrowings of RMB2,580.1 million and an increase in capital contribution from equity holders of RMB242.4 million. This amount was partially offset by repayment of loans and borrowings of RMB1,963.0 million and an increase in secured short-term deposits of RMB204.7 million.

NET CURRENT LIABILITIES

As at December 31, 2007, 2008 and 2009, and as at March 31, 2010, our current liabilities exceeded our current assets by RMB719.9 million, RMB734.9 million, RMB953.5 million (USD140.7 million) and RMB809.8 million (USD119.5 million), respectively. The excess of our current liabilities over our assets as of each date may cast doubt on the validity of the going concern assumption in the preparation of our Group's financial statements. Our Group's ability to continue as a going concern is dependent on our ability to generate positive cashflows. In the opinion of the Directors, our Group is able to continue as a going concern despite our net current liabilities position as our Directors are of the view that our Group will be able to continue to generate net cash inflows from operating activities for a period of 12 months from September 30, 2010, being the date our Group's combined financial statements for the three years ended December 31, 2009 and unaudited interim condensed combined financial statements as at and for the three months ended March 31, 2010 were approved.

In addition, on September 26, 2010, the Zeng Family Shareholders have undertaken to us that they will procure that Hunan Xinren Properties (which is 90.0% owned by our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and 10.0% owned by his wife, Mdm. Deng Eying) will and Hunan Xinren Properties has undertaken to us that it will, provide support to our Group, as and when required, for a period of 12 months from September 30, 2010 (the "Relevant Period"), being the date our Group's financial statements as of and for the three months ended March 31, 2010, were approved by our Board, by way of the creation of security over one of the properties that Hunan Xinren Properties owns, namely, Changsha Hao Tian Building on 396 Bayi Road, Furong District, Changsha City, Hunan (the "Property"), to secure banking facilities of up to RMB300.0 million (the "Jiangyin Loan") that may be granted by Shanghai Pudong Development Bank to Jiangyin Xinren. The Property is valued at RMB760,092,311.7 as at August 12, 2010 and is free from all encumbrances. The availability of the Jiangyin Loan is subject to further approvals from and due diligence and certain other conditions of Shanghai Pudong Development Bank. Final approval for the loan facility has not been obtained and we have not entered into formal documentation in respect of the loan as it is a standby facility and we do not need to drawdown on the facility at present. If we enter into formal documentation in respect of the loan, it would have to pay a commitment fee for the duration of the loan. The Zeng Family Shareholders and Hunan Xinren Properties have also undertaken to us that in the event that the Property is sold as may be required by law or for any other reason, the sale proceeds in an amount not exceeding RMB300.0 million will be placed into an escrow account for use to support our Group during the Relevant Period. In the event that the Jiangyin Loan is not granted by Shanghai Pudong Development Bank to Jiangyin Xinren for any reason, the Zeng Family Shareholders and Hunan Xinren Properties have also undertaken that they will procure that the Property is sold, and that the proceeds in an amount not exceeding RMB300.0 million will be placed into an escrow account for use to support our Group during the Relevant Period.

We cannot assure you that the Property can be effectively used as a security for the Jiangyin Loan or that the Jiangyin Loan will be available to us when required, or that the Jiangyin Loan, if made, and/or the proceeds of the sale of the Property in the event that the Property is sold, will be sufficient to meet our current liabilities. If any of such events occur, our business, financial conditions, results of operations and prospects would be materially and adversely affected.

CAPITAL EXPENDITURES AND DIVESTMENT

Historical Capital Expenditures

Our capital expenditures were RMB1,089.1 million in 2007, RMB181.8 million in 2008, RMB75.8 million (USD11.2 million) in 2009 and RMB113.9 million (USD16.7 million) in the period from January 1, 2010 to the Latest Practicable Date, respectively. The table below sets forth our major capital expenditures by category of expenditures in 2007, 2008 and 2009 and the three months ended March 31, 2009 and 2010.

	Year Ended December 31,				Three Months Ended March 31,		
	2007	2008	2009	2009	2009	2010	2010
	RMB	RMB	RMB	USD	RMB	RMB	USD
	(in millions)						
Machinery and equipment	120.4	53.0	6.8	1.0	0.7	3.7	0.5
Building	11.4	28.2	17.7	2.6	1.8	3.1	0.5
Motor vehicles	3.5	1.0	1.7	0.3	0.8	0.1	0.0
Office equipment	6.2	3.4	14.8	2.2	1.4	0.7	0.1
Capital maintenance	13.7	72.2	29.7	4.4	—	—	—
Construction in progress	933.9	24.0	5.1	0.8	4.9	5.9	0.9
Total	1,089.1	181.8	75.8	11.3	9.6	13.5	2.0

Planned Capital Expenditures

As of the Latest Practicable Date, we expect our capital expenditures to be approximately RMB300.0 million (USD44.3 million) for the period commencing from the Latest Practicable Date to December 2011. The planned capital expenditures are expected to be used for increasing the production capacity of Jiangyin Fabrication Plant from 50,000 tonnes to 150,000 tonnes of fabricated aluminum products annually, in two phases, with 50,000 tonnes additional capacity to be added in each phase. We expect the capital expenditure to increase the production capacity of Jiangyin Fabrication to be partially funded by the proceeds of this Offering. See “Use of Proceeds”.

In June 2010, we entered into discussions with the Jiamusi municipality of Heilongjiang to invest in and construct an aluminum smelting plant with a production capacity of 100,000 tonnes per annum in Jiamusi. These discussions are at a preliminary stage, and we have not entered into any definitive agreements or obtained any approvals to invest in and build the aluminum smelting plant, and accordingly, our plans to do so may not materialise. If the plan proceeds, we estimate that the cost of construction will be approximately RMB700.0 million and construction will take approximately one year to complete after commencement of construction. Our estimated costs and timeframe for constructing the plant are mainly based on our intended investment scale and preliminary discussions with the Jiamusi municipality. We have not undertaken detailed feasibility studies or procured quotes for construction costs for the plant. See “Risk Factors — Risks Related to Our Business and Operations and the Aluminum Industry — We may not be able to successfully implement our plans relating to the increase in the production capacity of Jiangyin Fabrication Plant and the development of an aluminum smelter in Heilongjiang or to achieve the benefits we expect from these plans”. We will update our Shareholders via SGXNET on the progress of our plans to construct the aluminum smelting plant in Jiamusi, Heilongjiang as and when necessary, and in the event that the proposed cost of construction varies by more than 20.0% from our original estimated cost of construction of RMB700.0 million or where necessary pursuant to the Listing Manual, we will seek Shareholders’ approval prior to the commencement of construction.

Our actual capital expenditures may differ from the amounts set out above due to various factors, including our future cash flows, results of operations and financial condition, changes in the PRC economy, the availability of financing on terms acceptable to us, technical or other problems in obtaining or installing equipment, changes in the regulatory environment in the PRC and other factors.

Divestment

We did not have any material divestment in the years ended December 31, 2007, 2008, 2009 and for the period from January 1, 2010 to the Latest Practicable Date.

CRITICAL ACCOUNTING POLICIES

We have prepared our financial statements contained elsewhere in this offering document in accordance with SFRS. For a complete description of our accounting policies, please see Note 2 of the Notes to our audited combined financial statements. Preparation of our financial statements requires our management to make estimates, assumptions and judgments that affect the reported amount of our assets, liabilities, revenue and expenses, as well as the disclosure of our contingent assets and liabilities. We evaluate these estimates based on our own historical experience, knowledge and assessment of our current business and other conditions, our expectations regarding the future based on available information and reasonable assumptions, which together form the basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

When reviewing our financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of these policies and (iii) the sensitivity of our reported results to changes in conditions and assumptions. We believe the following accounting policies involve significant judgments and estimates used in the preparation of our financial statements.

Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to our 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, our Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

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 put into operational 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 value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit and loss account in the year the asset is derecognized.

Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the lease term of 50 years.

Impairment of non-financial assets

Our Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, our Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses recognized for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss 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 recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and supplies: purchase costs on a weighted average basis

- Finished goods and work-in-progress: costs of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sales.

FINANCIAL RESOURCES

As of December 31, 2007, 2008 and 2009, we had aggregate cash and cash equivalents of RMB27.0 million, RMB108.9 million and RMB48.8 million (USD7.2 million), respectively. As of the Latest Practicable Date, we had aggregate cash and bank balances of RMB68.7 million (USD10.1 million).

We have credit facilities of up to RMB2,054.5 million in aggregate. These credit facilities are long-term and short-term bank loans and notes payables which were fully utilized as at December 31, 2009. As of the Latest Practicable Date, we have no unutilized credit facilities.

As of the Latest Practicable Date, the outstanding cross guarantees among our subsidiaries and consolidated entities amounted to RMB170.0 million (USD25.1 million).

We expect to receive approximately RMB469.5 million (USD69.3 million or S$94.3 million) from the net proceeds of this Offering. See "Use of Proceeds" for a description of the proceeds we expect to receive from the Offering and how we intend to use them.

Generally, most of our sales are settled by advance payment in cash before delivery of our primary aluminum and fabricated aluminum products to our customers. All payments by our domestic customers are made in RMB, while all payments by our overseas customers are in US dollars.

We believe that we have adequate working capital for our present requirements and that our net cash generated from operating activities, together with cash and cash equivalents, and the net proceeds from the Offering, will provide sufficient funds to satisfy our working capital requirements and anticipated capital expenditures for the next 12 months. We may, however, incur additional indebtedness to finance all or a portion of our planned capital expenditures or for other purposes. In addition, depending on our capital requirements, market conditions and other factors, we may raise additional funds through debt or equity offerings or the sale or other disposition of shares or assets.

TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

Set out below are certain details of our trade and other receivables, and trade receivable turnover days during the periods indicated:

	As of and for the Year Ended December 31,			As of and for the Three Months Ended March 31,
	2007	2008	2009	2010
	(RMB in millions except for days)			
Trade and other receivables:				
Trade receivables	26.0	70.6	548.2[(2)]	587.7
Other receivables	13.1	10.3	23.2	31.8
Prepayments	169.2	107.5	192.5	271.5
Trade receivable turnover days[(1)]	4	4	6[(2)]	9[(2)]

Notes:

(1) Trade receivable turnover days are calculated by taking the average trade receivables (being trade receivables at the beginning of the period plus trade receivables at the end of the period, divided by two) divided by revenue and then multiplied by 365 days.

(2) This amount includes RMB480.0 million and RMB397.0 million as of December 31, 2009 and March 31, 2010 respectively, due from entities which were related companies in the previous year, but was excluded when calculating the number of trade receivable turnover days.

Trade receivables mainly comprise amounts to be received from the sales of primary aluminum and fabricated aluminum products. The increase in trade receivables from RMB26.0 million as of December 31, 2007 to RMB70.6 million as of December 31, 2008 was primarily attributable to the increase in sales of fabricated aluminum products. The increase in trade receivables to RMB548.2 million as of December 31, 2009 was primarily attributable to an amount of RMB480.0 million due from entities which were related companies in the previous financial year. Trade receivables further increased to RMB587.7 million as of March 31, 2010 primarily due to increased proportion of sales of fabricated aluminum products made in the three months ended March 31, 2010.

Our trade receivables turnover days increased slightly from four days for the year ended December 31, 2008 to six days for the year ended December 31, 2009, and to nine days for the three months ended March 31, 2010.

Our trade receivables are non-interest bearing and are generally on 30 days of credit terms. Before accepting any new customer, we assess the potential customer's credit quality and define credit limits for that customer. We have no trade receivables that are impaired as of December 31, 2007, 2008, 2009 and as of March 31, 2010. The following table sets out an aging analysis of our trade receivables that are past due but not impaired:

	As of December 31,			As of March 31,
	2007	2008	2009	2010
	(RMB in millions)			
Trade receivables that are past due but not impaired:				
Less than 90 days	4.4	16.8	188.9	360.1
90 days to 180 days	—	0.7	5.1	1.7
181 days to 1 year	—	—	0.5	—
Total	4.4	17.5	194.5	361.8

Each of our Executive Chairman, Mr. Zeng Chaoyi and our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan have provided our Company with separate undertakings dated May 10, 2010, to ensure that the amount of RMB283.3 million and RMB113.7 million due from Liupanshui Shuangpai and Hunan Shaodong respectively (as of March 31, 2010), which were previously owned by members of the Zeng Family is collected and paid by no later than December 31, 2010, and failing which, they will themselves pay the outstanding balance of such amount forthwith upon demand by our Company. The amounts owing from Liupanshui Shuangpai and Hunan Shaodong are trade receivables that will be settled according to repayment schedules, entered into with Shanghai Shuangpai and Yichang Changjiang respectively. The original amount owing from Liupanshui Shuangpai to Shanghai Shuangpai was RMB332,297,972 (of which RMB231,151,000 has been repaid as of September 30, 2010) and the original amount owing from Hunan Shaodong to Yichang Changjiang was RMB147,736,020 (of which RMB94,000,000 has been repaid as of September 30, 2010).

With respect to the final tranche payments of RMB101,146,972 and RMB53,736,020 (collectively, the ("Final Tranche Payments") to be made by the owners of Liupanshui Shuangpai and Hunan Shaodong to Shanghai Shuangpai and Yichang Changjiang respectively by December 31, 2010, our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and his wife, Mdm. Deng Eying have pledged all of their equity interest in Hunan Xinren Properties to Shanghai Shuangpai and Yichang Changjiang as security for repayment of the Final Tranche Payments (the "Pledges") on September 20, 2010. The Pledges will be discharged once all outstanding amounts due from Liupanshui Shuangpai and Hunan Shaodong are fully paid. In the event Mr. Zeng Chaoyi and Mr. Zeng Xiaoqiao @ Zeng Xiaoshan fail to pay the outstanding balances pursuant to the undertakings, Yichang Changjiang and Shanghai Shuangpai will then enforce the Pledges.

In the event the Pledges are enforced by Yichang Changjiang or as the case may be, Shanghai Shuangpai, or if there is a change of control in Hunan Xinren Properties for any other reason, the proceeds from the sale of the equity interest of Hunan Xinren Properties will be used in the following priority: first, for repayment of all outstanding amounts due from Liupanshui Shuangpai and Hunan Shaodong to Shanghai Shuangpai and Yichang Changjiang respectively; and upon such repayments being made, an amount not exceeding RMB300.0 million to be placed into an escrow account for use to support our Group. The remaining proceeds (if any) will be paid to Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and his wife, Mdm. Deng Eying, the shareholders of Hunan Xinren Properties.

The Audit Committee will periodically review the status of the collection of this amount and take appropriate steps for its recovery.

To minimize credit risk, our management has a dedicated team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. We review the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts.

Prepayments mainly relate to advances made for the purchase of raw materials and construction materials. Prepayments include a balance of approximately RMB6.8 million relating to expenses incurred in 2009 in connection with this offering.

TRADE AND OTHER PAYABLES AND ADVANCES FROM CUSTOMERS

Set out below are certain details of our trade and other payables and trade payable turnover days during the periods indicated:

	As of and for the Year Ended December 31,			As of and for the Three Months Ended March 31,
	2007	2008	2009	2010
	(RMB in millions except for days)			
Trade and other payables:				
Trade payables	98.0	215.2	136.6	209.6
Other payables	194.5	219.4	219.3	168.6
Total	292.5	434.6	355.9	378.2
Advances from customers	107.1	200.2	449.0	585.2
Trade payable turnover days[(1)]	13	15	17.0	15.0

Note:

(1) Trade payable turnover days are calculated by taking the average trade payables (being trade payables at the beginning of the period plus trade payables at the end of the period, divided by two) divided by cost of sales and then multiplied by 365 days.

Trade payables mainly comprise amounts outstanding for trade purchases and ongoing costs. The increase in trade payables from RMB98.0 million as of December 31, 2007 to RMB215.2 million as of December 31, 2008 was primarily attributable to the operations of Liupanshui Plant fully commencing in 2008. The decrease in trade payables to RMB136.6 million as of December 31, 2009 from RMB215.2 million as of December 31, 2008 was primarily attributable to repayment made using short-term borrowings. Trade payables increased to RMB209.6 million as of March 31, 2010 primarily due to the increase in purchases of raw materials as a result of the increase in production volume.

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

Our trade payable turnover days increased slightly throughout the three years ended December 31, 2009 and decreased to 15 days for the three months ended March 31, 2010, although our trade payables turnover days for each of these years is still within the credit period granted to us.

Advances from customers mainly consist of prepayments made by customers for orders to be fulfilled by us.

INVENTORIES

The following table sets out a breakdown of our inventories and the average inventory turnover days during the period indicated:

	As of and for the Year Ended December 31,			As of and for the Three Months Ended March 31,
	2007	2008	2009	2010
	(RMB in millions except for days)			
Inventories:				
Raw materials	90.8	103.4	285.3	388.6
Work-in-progress	130.7	117.4	155.0	152.3
Finished goods	86.8	128.3	19.1	87.5
Spares and consumables	4.2	17.0	14.8	19.2
Total	312.5	366.1	474.2	647.6
Average inventory turnover days[(1)]	29	32	42	50

Note:

(1) Average inventory turnover days are calculated by taking the average inventory (being inventory at the beginning of the period plus inventory at end of the period, divided by two) divided by cost of sales and then multiplied by 365 days.

Our inventories mainly comprise amounts in respect of raw materials, work-in-progress, finished goods and spares and consumables. The increase in inventories from RMB312.5 million as of December 31, 2007 to RMB366.1 million as of December 31, 2008 was primarily attributable to an increase in finished goods inventory as they were stored to prepare for the subsequent sale in the quarter of 2009. The increase in inventories to RMB474.2 million as of December 31, 2009 was primarily attributable to an increase in inventory of raw materials as we purchased alumina at lower prices to stockpile, which was offset by a decrease in inventory for finished goods as we sold our inventory carried. The inventories further increased to RMB647.6 million as of March 31, 2010 primarily due to the increase in raw materials and finished goods as they were stored in anticipation of production and sale in the second quarter of 2010.

Our average inventory turnover days increased to 32 days in 2008 from 29 days in 2007 mainly due to the increase in finished goods stored as of December 31, 2008 which were subsequently sold in the first quarter of 2009. It further increased to 42 days in 2009 mainly due to purchases of raw materials in the last quarter of 2009, and increased to 50 days in the three months ended March 31, 2010 mainly due to the increase in raw materials and finished goods as they were stored in anticipation of production and sale in the second quarter of 2010.

BORROWINGS

We had bank borrowings of RMB1,589.1 million, RMB1,845.6 million, RMB2,054.5 million (USD303.3 million) and RMB1,999.0 million (USD295.1 million), respectively, as of December 31, 2007, 2008 and 2009 and as of March 31, 2010. Our bank borrowings were mainly secured by our property, plant and equipment and inventories (including our land and buildings (see "Appendix E — Certain Information Relating to Our Land Use Rights and Building Ownership Certificates") and our production lines and reduction pots at our plants), and guaranteed by third parties, related parties or directors of our Company and our subsidiaries.

Our borrowings of RMB1,999.0 million (USD295.1 million) as of March 31, 2010 mainly consisted of notes payable issued in the amount of RMB1,154.2 million to finance day-to-day operations. We do not pay interest on our notes payable, but we pay our lenders a nominal fee on such notes. The notes payable are secured by bank deposits.

A breakdown of our loans and borrowings are set out below:

	As of December 31,			As of March 31,
	2007	2008	2009	2010
			(RMB'000)	
Short term loans	418,500	510,000	802,000	844,800
Long-term loans	150,000	170,212	30,000	—
Notes payable	1,020,642	1,165,368	1,222,524	1,154,204
Total	1,589,142	1,845,580	2,054,524	1,999,004

NET DEBT TO EQUITY RATIOS

We have relied on loans and borrowings (including notes payable which have maturity periods of between three and six months and are typically rolled over upon maturity) to finance the construction of our plants and to fund our working capital requirements.

Our net debt to equity ratios (net debt is computed as "loans and borrowings" and "shareholders' loans" less "short term deposits, cash and cash equivalents") were 4.2, 3.8 and 3.1 as of December 31 2007, 2008 and 2009 respectively. The higher gearing ratio in 2007 was mainly due to the construction of Liupanshui Plant and expansion of Jiangyin Fabrication Plant.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes our contractual cash obligations and commitments as of the Latest Practicable Date.

	Total	2010	2011 and thereafter
Operating leases(1) (RMB'000)	3,582	611	2,972
Purchase obligations (tonnes)(2)	3,245	147	3,098

Notes:

(1) Operating leases relate to the rental lease contract for our Group's offices in Shanghai and these are reflected in 2010 and 2011 as the lease contracts will expire on December 31, 2011.

(2) Purchase obligations relate to the long-term contract with Chalco and Minmetals in respect of alumina purchases.

We plan to fund contractual commitments with cash generated from our operations.

SEASONALITY

We generally do not experience any seasonality in our operations and business. However, our fabricating production activities are relatively slower during the festive Chinese lunar new year season, which usually occurs for approximately two weeks each year sometime during the months of January to March.

ORDER BOOK

As the time frame between order and delivery of our products is generally short (we may effect delivery on the same day or within a few days if we have ready stock), and as we do not generally customize products for our customers, we do not maintain an order book.

RECENT DEVELOPMENTS AND TREND INFORMATION

For the six months ended June 30, 2010 ("1H 2010"), our revenue was RMB2,646.2 million, and our gross profit and profit after tax was RMB369.7 million and RMB176.4 million, respectively. Most of our revenue for 1H 2010 was generated from the PRC, as a result of more favorable pricing for our products in the domestic market during the period.

In the first quarter of 2010 ("1Q 2010"), the SHFE spot price for aluminum averaged RMB16,431 per tonne, representing an increase of 20.7% compared to the average spot price quoted on the SHFE for the twelve months ended December 31, 2009, on the back of economic recovery. The average LME three-month price of primary aluminum was USD2,196 per tonne in 1Q 2010, representing an increase of 29.1% compared to the average LME three-month price for the twelve months ended December 31, 2009.

According to Sunlight Metal, as a result of increased macroeconomic uncertainty in the wake of concerns about the fragility of European economies as well as macro control policies in the PRC, the SHFE spot price for aluminum in the six-month period from January to June 2010 decreased from a high of RMB17,380 per tonne in January 2010 to a low of RMB13,780 per tonne in June 2010, and had an average of RMB15,235 per tonne for the second quarter of 2010 ("2Q 2010"), which represented a decrease of 7.3% over 1Q 2010. Similarly, the average LME three-month price for aluminum was USD1,961 per tonne in 2Q 2010, representing a decrease of 10.7% over the previous quarter. However, as the effects of the European debt crisis gradually ameliorated since the middle of June 2010, the market saw a mild recovery with the SHFE spot price reaching an average of RMB14,768 per tonne in July 2010 and RMB15,206 per tonne in August 2010, according to Sunlight Metal. Sunlight Metal expects macroeconomic outlook and aluminum prices to continue to improve during the second half of 2010.

The decrease in aluminum prices in 2Q 2010 had the corresponding effect of lowering the selling prices for our primary aluminum products in 2Q 2010, which was partially offset by (i) higher processing fees we managed to charge on our fabricated aluminum products during the same period, and (ii) an increase in the sales volume of both our primary aluminum and fabricated aluminum products. Our cost of alumina consumed in 2Q 2010 increased compared to 1Q 2010, as we calculate our cost of alumina consumed on a weighted average basis, and the alumina we purchased in 4Q 2009 when alumina prices were lower were mostly consumed in 1Q 2010 while the alumina we purchased in 1Q 2010 when alumina prices were higher were mostly consumed in 2Q 2010. We expect our results for 2Q 2010 to be affected by a provision for income tax attributable to certain costs that we have claimed as a deduction for tax purposes but which the PRC tax authorities in the course of finalization of tax assessments for 2009 during 2Q 2010, have deemed undeductible. Our 2Q 2010 results will also be affected by withholding tax on dividends to be declared by our PRC subsidiaries for 1H 2010.

We expect our revenue and results of operations for the rest of 2010 will be affected by the following principal considerations:

- volatility in primary aluminum prices; and
- prices of other raw materials such as alumina and carbon anodes.

Save as disclosed in this offering document, we are not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this offering document to be not necessarily indicative of the future operating results or financial condition of our Company, in respect of 2010.

The above discussions about our prospects and trends include forward-looking statements that involve risk and uncertainties. Actual results could differ materially from those that may be projected in these forward looking statements. See also "Notice to Investors — Forward-Looking Statements".

CHANGES IN ACCOUNTING POLICIES

We have not made any significant changes in our accounting policies during the three years ended December 31, 2009 or the three months ended March 31, 2010.

MARKET RISK

We are, during the normal course of business, exposed to commodity price risk, interest rate risk and credit risk. Our risk management strategy aims to minimize the adverse effects of financial risk on our financial performance.

Commodity price risk

We are exposed to commodity price risk resulting from changes in the prices of aluminum and alumina which is our principal raw material in aluminum production. The prices of aluminum and alumina are subject to significant fluctuations and are influenced by global as well as regional supply and demand conditions. We do not plan to use any commodity derivative instruments to hedge against the potential fluctuations in commodity prices. See "— Factors Affecting Our Business, Financial Condition and Results of Operations — Aluminum Prices".

Interest rate risk

Our exposure to interest rate risks primarily relates to our bank borrowings. We have not entered into any interest rate hedging contracts or any other derivative financial instruments. Our Group's policy is to manage interest costs using a mix of fixed and floating rate debt taking into consideration the funding requirements of our Group. As of December 31, 2009, our outstanding bank borrowings were denominated in Renminbi at fixed interest rates 4.05% to 9.03% and floating interest rates 4.86% to 8.22% and were borrowed from banks in the PRC. All of our loans at floating rates are contractually re-priced at intervals of less than 12 months from December 31, 2009. The interest rates are subject to adjustment by our lenders in accordance with changes in relevant PBOC regulations. Upward fluctuations in interest rates will increase the costs of our new debt. We believe we have sufficient working capital and do not expect to significantly increase our bank borrowings in the next 12 months.

Credit risk

Our exposure to credit risks primarily relates to our receivables. Our receivables are primarily derived primarily from due from customers and due from our related companies. As we have a diverse customer base, we do not have a significant concentration of credit risk with respect to receivables. There is no recent history of material default in relation to our receivables.

INFLATION

Although in recent years, the PRC has not experienced significant inflation, there are signs that inflation in the PRC is increasing. Inflation has not had a significant effect on our business or results of operations during the last three years. According to the National Bureau of Statistics of the PRC, the PRC's overall national inflation rate, as represented by the consumer price index was approximately (0.7)% in 2009, 0.1% in 2008 and 4.7% in 2007[1]. Higher inflation has affected our costs of raw materials, wages and other costs.

[1] The information is taken from the website of the PRC National Bureau of Statistics and has not been verified by us, the Vendors or any of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters. We have included the information in their proper form and context in this offering document. The PRC National Bureau of Statistics has not consented to the inclusion of the above exchange rates for the purposes of section 249 of the SFA and is not liable for the above exchange rates under sections 253 and 254 of the SFA.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain new accounting standards, amendments and interpretations that are mandatory for our accounting periods beginning on or after January 1, 2010 or later periods have been published. We have set out below our assessment of the impact of adopting such standards, amendments and interpretations.

Revised FRS 103 Business Combinations and Amendments to FRS 27 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after July 1, 2009. The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after July 1, 2009. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. The amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to FRS 7 *Statement of Cash Flows,* FRS 12 *Income Taxes,* FRS 21 *The Effects of Changes in Foreign Exchange Rates,* FRS 28 *Investments in Associates* and FRS 31 *Interests in Joint Ventures.* The changes from revised FRS 103 and amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, our Group does not intend to early adopt.

OUR HISTORY

Our Company was incorporated in Singapore on August 29, 2006 under the name of Costar International Pte. Ltd. and was subsequently renamed as “Sunrich Aluminium Pte. Ltd.”. on March 5, 2010 and XinRen Aluminum Holdings Pte. Ltd. on September 20, 2010. Our Company was converted to a public company in October 2010. Following our reorganization, our Company became the holding company of our Group. For a description of our reorganization, see “The Corporate Reorganization and Our Corporate Structure”.

Our Group is primarily involved in the production of aluminum ingots and plates at our aluminum smelting plants located in Yichang City, Hubei Province and Liupanshui City, Guizhou Province in the PRC. Additionally, our Group, through our subsidiary, Jiangyin Xinren Technology Co., Ltd. (“Jiangyin Xinren”), is involved in the production of aluminum sheets, coils and foils. Our subsidiaries, Shanghai Shuangpai Aluminum Co., Ltd. (“Shanghai Shuangpai”) and Shanghai Fengbo International Trading Co., Ltd. (“FB Trading”) that are based in Shanghai engage in trading activities on behalf of our Group in and outside the PRC. Harvestlink Investment Limited (“Harvestlink”), a company incorporated in the British Virgin Islands, was the vehicle through which our Group previously conducted some of its sales and marketing activities outside the PRC. Harvestlink ceased operations since January 2010. Our Company commenced trading activities on behalf of our Group outside the PRC since May 2010.

Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, one of our Executive Directors and founder of our Group has been in the aluminum business for over 30 years and has been conferred the title of being one of the 18 most influential persons in the non-ferrous metal industry in the PRC in 2005 by the China Non-ferrous Metals News. Our Executive Directors, Mr. Zeng Chaoyi and Ms. Zeng Mingliu, also have significant experience in the aluminum business. The history of our Group’s operations and the significant historical milestones in our business development are summarized as follows:

- October 2002 — We began the first phase of construction of our aluminum smelting plant in Yichang which included the construction of 104 reduction pots with a total capacity of 70,000 tonnes of aluminum annually.
- July 2005 — We completed the first phase of construction of our Yichang Plant. We commenced the second phase of construction of our Yichang Plant with the addition of another 104 reduction pots, to increase our capacity at the plant to 130,000 tonnes of aluminum annually.
- November 2005 — Our aluminum fabrication company, Jiangyin Xinren was established in Jiangyin City, Jiangsu Province.
- July 2007 — With a view to entering and capturing the growth potential in the fabricated aluminum products market, we completed the construction of our Jiangyin Fabrication Plant with a capacity to produce 50,000 tonnes of aluminum products annually.
- September 2007 — We began construction of our second aluminum smelting plant in Liupanshui with the construction of 216 reduction pots with a capacity to produce 145,000 tonnes of aluminum annually.
- May 2008 — Our household aluminum foil produced by our Jiangyin Fabrication Plant was approved and certified by the US Food and Drug Administration for household, food and drug packaging purposes.
- October 2009 — We were ranked one of the top 50 enterprises in Guizhou Province by the Guizhou Provincial Entrepreneur Society.

In anticipation of the Offering, our Company was established on August 29, 2006, to become the holding company for all of the aluminum smelting and aluminum fabrication operations of our Group in the PRC. Our Corporate Reorganization was effected through a series of transactions in 2009 and 2010, pursuant to which all the aluminum smelting and aluminum processing operations were consolidated into our Company. Our Corporate Reorganization was completed on October 19, 2010.

The Corporate Reorganization

The shareholders and their percentage shareholding of the companies comprised in our Group immediate prior to their acquisition by our Company pursuant to the Corporate Reorganization described in further detail below, is set out in the table below:

Name of company	Shareholder	Percentage Shareholding
Xinren International[(1)]	Target International Textiles Limited	60.0%
	Jiangyin Tianda Textile Co., Ltd.	40.0%
Harvestlink[(2)]	Ms. Li Yazhou	100.0%
Jiangyin Xinren	Mr. Zeng Chaolin	60.0%
	Mr. Zeng Xiaoqiao @ Zeng Xiaoshan	20.0%
	Mdm. Deng Eying	20.0%
FB Trading	Mr. Zeng Chaoyi	90.0%
	Ms. Li Yazhou	10.0%
Shanghai Shuangpai	Mr. Zeng Chaoyi	90.0%
	Ms. Li Yazhou	10.0%
Yichang Changjiang	Mr. Zeng Chaolin	49.5%
	Mr. Zeng Xiaoqiao @ Zeng Xiaoshan	16.5%
	Mdm. Deng Eying	16.5%
	Ms. Zeng Mingliu	6.5%
	Ms. Zeng Yiliu	5.5%
	Ms. Zeng Hong	5.5%
Liupanshui Shuangyuan	Mr. Zeng Chaoyi	90.0%
	Ms. Li Yazhou	10.0%

Notes:

(1) Xinren International was originally a sino-foreign joint venture set up on April 4, 2005 with a total investment amount of USD145,000 and a registered capital of USD102,000. Xinren International was previously known as Jiangyin Da Li Classic Jeans Co., Ltd. and it was converted into a wholly-foreign owned enterprise on December 9, 2009. The relevant PRC approvals have been obtained for the conversion.

(2) Harvestlink was incorporated in the British Virgin Islands as a BVI business company on December 18, 2006, wholly-owned by Ms. Li Yazhou with an investment amount of USD1.00. It was responsible for trading and marketing activities on behalf of our Group outside the PRC. Harvestlink ceased its operations since January 2010.

The details of our Corporate Reorganization are as follows:

Acquisition of Xinren International and Harvestlink by our Company

Our Company acquired the following:

- 60.0% of the equity interest of Xinren International for a cash consideration of USD61,200 from Target International Textiles Limited and 40.0% of the equity interest of Xinren International for a cash consideration of USD40,800 from Jiangyin Tianda Textile Co., Ltd. on December 6, 2009, the consideration for which was determined based on prevailing PRC laws and regulations at the time of the proposed acquisition; and

- 100.0% of the shares of Harvestlink for a cash consideration of USD1.00 (equivalent to the investment amount of Harvestlink) on December 23, 2009 from Ms. Li Yazhou pursuant to bought and sold notes dated December 23, 2009.

Acquisition of Jiangyin Xinren, FB Trading and Shanghai Shuangpai by Xinren International

Xinren International and the relevant members of the Zeng Family entered into the following agreements:

- equity interest transfer agreements dated December 22, 2009 pursuant to which Xinren International acquired 60.0%, 20.0% and 20.0% of the equity interest in Jiangyin Xinren from Mr. Zeng Chaolin, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Mdm. Deng Eying, respectively for a cash consideration of RMB72.0 million, RMB24.0 million and RMB24.0 million, respectively. The consideration for the transfer of the equity interest of Jiangyin Xinren was determined by negotiation between the parties after taking into consideration the registered capital of Jiangyin Xinren;

- an equity interest transfer agreement dated December 8, 2009 pursuant to which Xinren International acquired 90.0% and 10.0% of the equity interest in FB Trading from Mr. Zeng Chaoyi and Ms. Li Yazhou respectively, for a cash consideration of RMB27.0 million and RMB3.0 million respectively. The consideration for the transfer of the equity interest of FB Trading was determined by negotiation between the parties after taking into consideration the registered capital of FB Trading; and

- an equity interest transfer agreement dated December 8, 2009 pursuant to which Xinren International acquired 90.0% and 10.0% of the equity interest in Shanghai Shuangpai from Mr. Zeng Chaoyi and Ms. Li Yazhou for a cash consideration of RMB45.0 million and RMB5.0 million, respectively. The consideration for the transfer of the equity interest of Shanghai Shuangpai was determined by negotiation between the parties after taking into consideration the registered capital of Shanghai Shuangpai.

The Contractual Arrangements

According to the New Catalogue (《外商投资产业指导目录》) promulgated by the NDRC and the MOFCOM on October 31, 2007, which became effective on December 1, 2007 and other related restrictive policies, primary aluminum smelting by way of an electrolytic process is classified as a restricted industry where foreign ownership is restricted and subject to approvals from the relevant PRC authorities. We have not obtained the relevant approvals from the PRC authorities to permit foreign ownership in Yichang Changjiang and Liupanshui Shuangyuan which own the Yichang Plant and the Liupanshui Plant, respectively. Accordingly, 100.0% of the equity interest in Yichang Changjiang and Liupanshui Shuangyuan are owned by members of the Zeng Family. In relation to Yichang Changjiang, the Yichang Shareholders, namely, Mr. Zeng Chaolin, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, Mdm. Deng Eying, Ms. Zeng Mingliu, Ms. Zeng Yiliu and Ms. Zeng Hong own 49.5%, 16.5%, 16.5%, 6.5%, 5.5% and 5.5% respectively, of the equity interest in Yichang Changjiang. In relation to Liupanshui Shuangyuan, the Liupanshui Shareholders, namely, Mr. Zeng Chaoyi and Ms. Li Yazhou own 90.0% and 10.0% respectively, of the equity interest of Liupanshui Shuangyuan.

In September 2010, we entered into the Contractual Arrangements, being a series of contracts that are effective from January 1, 2010, as described below that are designed to provide us with effective control over and (to the extent permitted by PRC law) the right to acquire the equity interest in Yichang Changjiang and Liupanshui Shuangyuan respectively. In summary, under these Contractual Arrangements:

(a) management consultancy services are provided by a wholly-owned subsidiary of our Company incorporated in the PRC (the "Relevant Subsidiary") to Yichang Changjiang and Liupanshui Shuangyuan, and the Relevant Subsidiary will be paid a management fee for such services, pursuant to the terms of Management Consultancy Services Agreements described below;

(b) as security for the performance of the obligations of Yichang Changjiang and Liupanshui Shuangyuan under their respective Management Consultancy Services Agreements, the Yichang Shareholders and Liupanshui Shareholders have respectively pledged their equity interest in Yichang Changjiang and Liupanshui Shuangyuan to the Relevant Subsidiary on the terms set out in the Equity Interest Pledge Agreements described below;

(c) the Yichang Shareholders and the Liupanshui Shareholders have also granted the Relevant Subsidiary a power of attorney conferring on the Relevant Subsidiary, certain powers as set out in the Powers of Attorney described below; and

(d) our Company has been granted an exclusive right by the Yichang Shareholders and the Liupanshui Shareholders to purchase their equity interest in Yichang Changjiang and Liupanshui Shuangyuan.

The Relevant Subsidiary that initially entered into the Management Consultancy Services Agreements, the Equity Interest Pledge Agreements and the Powers of Attorney, when these agreements first took effect on January 1, 2010, was Xinren International. On September 22, 2010, Xinren International entered into (i) an assignment agreement with Yichang Xinren, its wholly-owned subsidiary incorporated in the PRC, the Yichang Shareholders and Yichang Changjiang; and (ii) an assignment agreement with Shuicheng Xinren, its wholly-owned subsidiary incorporated in the PRC, Liupanshui Shareholders and Liupanshui Shuangyuan (the "Assignment Agreements"), pursuant to which it assigned effective from such date, its rights and obligations under the Management Consultancy Services Agreement, the Equity Interest Pledge Agreement and the Power of Attorney with respect to Yichang Changjiang to Yichang Xinren, and its rights and obligations under the Management Consultancy Services Agreement, the Equity Interest Pledge Agreement and the Power of Attorney with respect to Liupanshui Shuangyuan to Shuicheng Xinren. Pursuant to the Assignment Agreements, Xinren International also assigned the management fees to which it was entitled under the Management Consultancy Services Agreements for Yichang Changjiang and Liupanshui Shuangyuan with respect to the period from January 1, 2010 until the date of the Assignment Agreements, to Yichang Xinren and Shuicheng Xinren, respectively.

As a requirement set out under the terms of the Equity Interest Pledge Agreements entered into by Xinren International with Yichang Changjiang and Liupanshui Shuangyuan respectively, the rights and obligations under the said agreements were assigned to Yichang Xinren and Shuicheng Xinren by the execution of new equity interest pledge agreements with the Yichang Shareholders and Liupanshui Shareholders respectively.

The Management Consultancy Services Agreements

Pursuant to the management consultancy agreements (the "Management Consultancy Services Agreement") entered into on September 22, 2010, by Xinren International with each of Yichang Changjiang and Liupanshui Shuangyuan and the Assignment Agreements, each of Yichang Xinren and Shuicheng Xinren (each a "Relevant Company") will provide management consultancy services to these companies for a management and consultancy service fee, equivalent to the annual profit before tax of each of Yichang Changjiang and Liupanshui Shuangyuan after deducting all relevant costs and reasonable expenses. Pursuant to their respective Management Consultancy Services Agreements, Yichang Changjiang and Liupanshui Shuangyuan had provided the following undertakings to the Relevant Company:

- it will not supplement, change or modify its constitutional documents in any form, increase or decrease its registered capital, change its registered capital structure by other means, and prolong or shorten its duration of operation, in each case, without the prior written consent of the Relevant Company;

- it will retain its existence and operate its business and deal with its affairs cautiously and effectively in accordance with good financial and commercial standards and conventions;

- without the prior written consent of the Relevant Company, it will not sell, transfer, pledge or dispose, by any means, any asset, business or beneficial interest of revenue with a value corresponding to 5.0% or more of the audited net assets (including the intangible assets) at the end of its last financial year or create any other security interests on such asset, business or revenue;

- it will not incur, assume, guarantee or permit to exist any debt without the prior written consent of the Relevant Company, excluding (i) debts incurred during the normal or regular course of business (but excluding any borrowings); or (ii) debts disclosed to the Relevant Company and agreed to by the Relevant Company in writing;

- it will carry out its business in the ordinary course at all times so as to maintain the value of its assets, and it will not carry out any act or omit to carry out any act that will cause an adverse effect to its operating status and value of assets;

- without the prior written consent of the Relevant Company, it will not conclude any major contract with a value corresponding to 5.0% or more of the audited net assets (including its intangible assets) at the end of its last financial year;

- it will, upon request from the Relevant Company, duly provide to the Relevant Company all documentation in connection with its business, management (including the board resolutions and shareholders' resolutions of Yichang Changjiang or as the case may be, Liupanshui Shuangyuan (the "Yichang Resolutions" and "Liupanshui Resolutions" respectively)) and financial condition and will, on its own initiative, report on any special events;

- it will engage an auditor approved by the Relevant Company as its auditor. At the request of the Relevant Company, the auditor will carry out an audit and such other investigation annually or as and when requested by the Relevant Company;

- it will also unconditionally adopt any management and internal control recommendations provided by such auditor;

- it will, at the request of the Relevant Company, adopt Singapore accounting standards or such other accounting standards as the Relevant Company may require to prepare its financial statements and accounting reports;

- the Relevant Company has the right to audit its financial statements and to appoint an auditor appointed by the Relevant Company's parent company to audit it and its financial statements in accordance with Singapore accounting standards, and the fees and expenses of such audit will be borne by the Relevant Company;

- its accounts will be prepared in accordance with SFRS or such accounting standards, principles and practices acceptable to the Relevant Company;

- it will prepare an annual budget that will include its projected revenue, specific expenses and their uses, working capital, pricing policies and payment terms, which is to be submitted to the Relevant Company for its approval;

- once the budget has been approved by the Relevant Company, if the Relevant Company requires an amendment to the budget, it will effect the amendment accordingly and will not amend the budget so approved by the Relevant Company without the Relevant Company's written consent;

- it will operate its business in accordance with the approved annual budget, and prepare monthly reports on any deviation from the approved annual budget including an explanation of the nature, cause and the benefits of any such deviation for the review by the Relevant Company;

- it will provide a written explanation for any expenditure excluded from the budget and will not make any such expenditure without the prior written consent of the Relevant Company;

- it will not provide any loan, credit or guarantee to anyone without the prior written consent of the Relevant Company;

- it will purchase and maintain insurance policies from an insurance company (approved by the Relevant Company), such policies being of a nature and amount similar to those that are maintained by other companies which operate similar business, and that own similar properties and assets located in the same area;

- it will not merge or amalgamate with any other entity or make an acquisition of or investment in any entity, without the prior written consent of the Relevant Company;

- it will not change its business scope or any of its major businesses, without the prior written consent of the Relevant Company;

- it will not without the prior written consent of the Relevant Company (i) make any investment overseas or waive any rights it has against third parties; (ii) enter into any transaction with any related entities (whether or not in the ordinary course of business or otherwise); (iii) transfer all or any of its management rights to any third party (other than the Relevant Company or any person designated by the Relevant Company);

- it will promptly inform the Relevant Company of the occurrence or possible occurrence of any lawsuit, arbitration or administrative proceeding in relation to its assets, businesses and revenue;

- it will take all necessary and appropriate actions including signing relevant documents, bringing suits and raising defences with respect to any third party claims, to ensure it has title and ownership of all its assets;

- it will abide by and carry out all its commitments, undertakings, agreements, statements and obligations and indemnify the Relevant Company for any losses suffered by the Relevant Company if it fails to carry out or inadequately carries out any of the aforesaid;

- it will not declare or pay dividends to its shareholders without the prior written consent of the Relevant Company but it will, upon request by the Relevant Company, declare and distribute to its shareholders, the whole or such part of its distributable profits as determined by the Relevant Company; and

- it will unconditionally adopt any procedures and controls for its operations proposed by the Relevant Company and will allow the Relevant Company to inspect the implementation thereof.

Under the Management Consultancy Services Agreements read with the Assignment Agreements, the Relevant Company has the right, at its own expense to (i) have our Directors and Group Financial Controller of our Company and the auditors of our Group, to inspect all records and documents kept by Yichang Changjiang and Liupanshui Shuangyuan in relation to expenses incurred and the management fees payable to the Relevant Company; and (ii) inspect and/or have the accounts of Yichang Changjiang and Liupanshui Shuangyuan audited by the auditors of our Group for each accounting year in accordance with SFRS. The auditors of Yichang Changjiang and Liupanshui Shuangyuan will be the same auditors engaged in respect of our Company.

Upon receiving the Yichang Resolutions or the Liupanshui Resolutions from Yichang Changjiang and Liupanshui Shuangyuan respectively, the Relevant Company will provide these resolutions to our Company, and our Audit Committee will review these resolutions quarterly to ensure that all board resolutions of Yichang Changjiang and Liupanshui Shuangyuan are in order and shareholders' resolutions of Yichang Changjiang and Liupanshui Shuangyuan are passed in accordance with the instructions of the voting committees established by the Relevant Company pursuant to resolutions by the shareholders of the Relevant Company (the "Voting Committees") in respect of Yichang Changjiang (the "Yichang Voting Committee") and Liupanshui Shuangyuan (the "Liupanshui Voting Committee"). See " — The Powers of Attorney".

The Equity Interest Pledge Agreements

On September 20, 2010, equity interest pledge agreements (the "Equity Interest Pledge Agreements") have been entered into between the Relevant Company and the Yichang Shareholders and Liupanshui Shareholders, pursuant to which the entire registered capital of Yichang Changjiang and Liupanshui Shuangyuan, have been pledged to the Relevant Company as security for the performance of the obligations of Yichang Changjiang and Liupanshui Shuangyuan under their respective Management Consultancy Services Agreements.

Under the Equity Interest Pledge Agreements, the pledgors must deliver the capital contribution certificate of equity interest and register of shareholders to the pledgee for safekeeping during the pledge period specified in the pledge agreement and deliver the equity interest pledge certificate (股权出质证明书) to the pledgee within seven days from the date on which the pledgors receive the equity interest pledge certificate issued by the competent administrative bureau for industry and commerce. The PRC legal adviser to our Company, Jingtian & Gongcheng, has advised us that except for the registration of the equity pledge with the local administration for industry and commerce in Liupanshui and Yichang respectively, no further consent, approval or authorization of any governmental or regulatory body in the PRC is required to be obtained nor is any registration, filing or other administrative procedure required to be undertaken, for the entry into, exercise of rights or performance of obligations by the Relevant Company or the Yichang Shareholders and Liupanshui Shareholders under the Equity Interest Pledge Agreements, or for a valid security interest created pursuant to the Equity Interest Pledge Agreements. The Equity Interest Pledge Agreements were registered with the relevant local administration for industry and commence on September 20, 2010.

In order to enforce the Equity Interest Pledge Agreements, the Relevant Company will have to petition to the PRC courts to sell or auction off the equity interest it may not legally own to a third party, and receive the monetary proceeds from the sale. The PRC legal adviser to our Company, Jingtian & Gongcheng, has also advised that the fact that the pledge is over equity interest in company operating in industries that face certain restrictions under PRC law will not impede the statutory enforcement procedure of the Equity Pledge Agreement.

The Relevant Company is entitled under the PRC law to seek preferential payments from the proceeds generated from the sale or auction of the foregoing equity interest; or if so permitted by then prevailing PRC law to cause the transfer of the legal and beneficial ownership of the entire equity interest in Liupanshui Shuangyuan and Yichang Changjiang in accordance with the relevant statutory procedures.

The Exclusive Purchase Agreements

On September 22, 2010, an exclusive purchase agreement was entered into between our Company, Yichang Changjiang and each of the Yichang Shareholders, pursuant to which our Company or any of our wholly-owned subsidiaries will acquire such maximum percentage of the equity interest in Yichang Changjiang, up to 100.0% of the equity interest in Yichang Changjiang, as is from time to time permitted by PRC law and policies, subject to the fulfilment of certain conditions precedent, namely (i) the acquisition of Yichang Changjiang by our Company or any of our wholly-owned subsidiaries is permitted by and does not violate then applicable laws and regulations; (ii) all necessary approvals, consents and authorizations for the acquisition of Yichang Changjiang by our Company or any of our wholly-owned subsidiaries having been obtained from the relevant regulatory, governmental or other authorities and any other third party (including shareholders of our Company, if required); and (iii) the purchase price being the lowest amount permitted under then applicable rules and regulations in the PRC and elsewhere provided that such purchase price does not exceed RMB242,420,000 (the "Yichang Purchase Price"), being the registered capital of Yichang Changjiang as at December 31, 2009 (the "Yichang Exclusive Purchase Agreement"). If our Company acquires part and not all of the equity interest of Yichang Changjiang when permitted by the relevant PRC laws and policies, the purchase price for such portion of the equity interest in Yichang Changjiang shall be such percentage of the Yichang Purchase Price for 100.0% of the equity interest in Yichang Changjiang that corresponds to the percentage of the equity interest of Yichang Changjiang that is being acquired by our Company.

Our Company has also entered into an exclusive purchase agreement with Liupanshui Shuangyuan and each of the Liupanshui Shareholders, pursuant to which our Company or any of our wholly-owned subsidiaries will acquire such maximum percentage of the equity interest in Liupanshui Shuangyuan, up to 100.0% of the equity interest in Liupanshui Shuangyuan, as is from time to time permitted by PRC law and policies, subject to the fulfilment of the certain conditions precedent, namely (i) the acquisition of Liupanshui Shuangyuan by our Company or any of our subsidiaries is permitted by and does not violate then applicable laws and regulations; (ii) all necessary approvals, consents and authorizations for the acquisition of Liupanshui Shuangyuan by our Company or any of our subsidiaries having been obtained from the relevant regulatory, governmental or other authorities and any other third party (including shareholders of our Company, if required); and (iii) the purchase price being the lowest amount permitted under then applicable rules and regulations in the PRC and elsewhere provided that such purchase price it does not exceed RMB200,000,000 (the "Liupanshui Purchase Price"), being the registered capital of Liupanshui Shuangyuan as at December 31, 2009 (the "Liupanshui Exclusive Purchase Agreement" and together with the Yichang Exclusive Purchase Agreement, the "Exclusive Purchase Agreements"). If our Company acquires part and not all of the equity interest of Liupanshui Shuangyuan when permitted by the relevant PRC laws and policies, the purchase price for such portion of the equity interest in Liupanshui Shuangyuan shall be such percentage of the Liupanshui Purchase Price for 100.0% of the equity interest in Liupanshui Shuangyuan that corresponds to the percentage of the equity interest of Liupanshui Shuangyuan that is being acquired by our Company.

Pursuant to their respective Exclusive Purchase Agreements, each of the Yichang Shareholders and Liupanshui Shareholders has provided the following undertakings to our Company:

- without the prior written consent of our Company or a person designated by our Company, it will not, from the date of signing of the relevant Exclusive Purchase Agreement, sell, transfer, pledge or dispose of, by other means, all or part of the legal or beneficial rights of any equity interest of

Yichang Changjiang or, as the case may be, Liupanshui Shuangyuan or allow any of such equity interest to be set aside as security (except for the pledge given by it under the Equity Pledge Agreement);

- without the prior written consent of our Company or a person designated by our Company, it or its authorized representatives will not approve the sale, transfer, pledge or disposal of, by other means, all or any of the equity interest of Yichang Changjiang, or as the case may be, Liupanshui Shuangyuan, or allow any such equity interest to be set aside as security (except for the pledge given by it under the Equity Pledge Agreements) during the shareholders' meeting of Yichang Changjiang or as the case may be, Liupanshui Shuangyuan;

- without the prior written consent of our Company or a person designated by our Company, it or its authorized representatives will not approve of any merger or amalgamation of Yichang Changjiang or as the case may be, Liupanshui Shuangyuan with any third parties or acquisition of or investment in any third parties during the shareholders' meeting of Yichang Changjiang or as the case may be, Liupanshui Shuangyuan;

- it will immediately notify our Company of any litigation, arbitration or administrative proceedings relating to any of the equity interest of Yichang Changjiang or as the case may be, Liupanshui Shuangyuan, that has occurred or might occur;

- it and its authorized representatives will at the relevant shareholders' meeting, approve the transfer of the equity interest of Yichang Changjiang or as the case may be, Liupanshui Shuangyuan pursuant to the Exclusive Purchase Agreements;

- it will take all necessary and appropriate actions including signing relevant documents, bringing suits and raising defences with respect to any third party claims to ensure it has legal title of the equity interest of Yichang Changjiang or as the case may be, Liupanshui Shuangyuan;

- it will, upon request by our Company, transfer the equity interest of Yichang Changjiang or as the case may be, Liupanshui Shuangyuan, to our Company and/or third party designated by our Company in accordance with the provisions in the Exclusive Purchase Agreements at any time and will waive its pre-emptive rights with respect to any equity interest transferred by other Yichang shareholders, or as the case may be, Liupanshui shareholders to our Company and/or third party designated by our Company;

- it will, strictly comply with the provisions under the relevant Exclusive Purchase Agreement, and any other contract signed jointly or singly by our Company, itself or Yichang Changjiang or as the case may be, Liupanshui Shuangyuan or Xinren International, to ensure the performance of the obligations under the contracts and not do any acts that will have an effect on the effectiveness and enforceability of the said contracts; and

- it irrevocably undertakes that it will be jointly and severally liable for the obligations of our Company and itself.

The Powers of Attorney

Pursuant to the powers of attorney (the "Powers of Attorney") granted by each of the Yichang Shareholders and Liupanshui Shareholders to Xinren International, and the Assignment Agreements, each of the Yichang Shareholders and Liupanshui Shareholders irrevocably authorizes a person designated by the Relevant Company, *inter alia*, to:

- exercise its right as a shareholder and voting rights in Yichang Changjiang, or as the case may be, Liupanshui Shuangyuan including but not limited to selling, transferring, pledging or otherwise dealing in all or any of the equity interest in Yichang Changjiang, or as the case may be, Liupanshui Shuangyuan;

- appoint (and remove, if necessary) the legal representative, directors, supervisors, general manager and other management level personnel of Yichang Changjiang, or as the case may be, Liupanshui Shuangyuan; and

- represent the Yichang Shareholders, or as the case may be, Liupanshui Shareholders to determine the nomination of directors and relevant management level personnel of Yichang Changjiang or as the case may be, Liupanshui Shuangyuan as well as decide the ratio of, and carry out, any capital injection into Yichang Changjiang or as the case may be, Liupanshui Shuangyuan,

in accordance with the respective instructions of the Yichang Voting Committee and the Liupanshui Voting Committee. The decisions of the Voting Committees will be carried out by a majority vote. Before voting on any matter, the Voting Committees will seek instructions from our Board which will make a determination in accordance with a majority vote. In the event any of our Independent Directors casts a dissenting vote in respect of the decisions of our Board in respect of instructions to be given to the Voting Committees, our Company shall announce the dissenting view through SGXNET. In the event that a Voting Committee does not act according to instructions given by our Board, our Board will take the necessary action and to the extent permitted by law to replace the members of that particular Voting Committee who did not respect the instructions of the Board when casting their vote.

The Voting Committees will seek instructions on the appointment and removal of the legal representatives of Yichang Changjiang or as the case may be, Liupanshui Shuangyuan from our Audit Committee which will make a determination in accordance with a majority vote. The appointment and removal of the legal representatives of Yichang Changjiang or as the case may be, Liupanshui Shuangyuan will be determined by a majority vote of our Audit Committee. The appointment of the legal representatives of Xinren International, Yichang Xinren and Shuicheng Xinren will also be decided by a majority vote of our Audit Committee.

The Powers of Attorney are effective as long as the Yichang Shareholders and the Liupanshui Shareholders, remain shareholders of Yichang Changjiang and Liupanshui Shuangyuan respectively. Each Voting Committee will comprise three persons, two of whom shall be Executive Directors of the Company, to sit on the board of directors of Yichang Changjiang and Liupanshui Shuangyuan, and one of whom shall be an Independent Director nominated by our Audit Committee to sit on the board of directors of the Relevant Company. As at the date of this offering document, the Voting Committee of Yichang Changjiang comprises Mr. Zeng Chaoyi and Mr. Liang Hongbo being our Executive Directors who have been designated by our Company to sit on the board of Yichang Xinren, and Mr. Chen Timothy Teck Leng @ Chen Teck Leng, our Independent Director who has been nominated by our Audit Committee to sit on the board of directors of Yichang Xinren, shall be the third person nominated to the Voting Committee of Yichang Changjiang. As at the date of this offering document, the Voting Committee of Liupanshui Shuangyuan comprises Mr. Zeng Chaolin and Ms. Zeng Mingliu, being our Executive Directors who have been designated by our Company to sit on the board of directors of Shuicheng Xinren, and Mr. Chen Timothy Teck Leng @ Chen Teck Leng, our Independent Director who has been nominated by our Audit Committee to sit on the board of directors of Shuicheng Xinren, shall be the third person nominated to the Voting Committee of Liupanshui Shuangyuan. Mr. Zeng Chaoyi, Mr. Liang Hongbo, Mr. Zeng Chaolin and Ms. Zeng Mingliu, our Executive Directors, have been designated by our Company to sit on the board of Xinren International, and Mr. Chen Timothy Teck Leng @ Chen Teck Leng, our Independent Director who has been nominated by our Audit Committee to sit on the board of directors of Xinren International. The Company's Executive Chairman, Mr. Zeng Chaoyi and Executive Director and Chief Executive Officer, Mr. Zeng Chaolin will be the directors effecting the decision of the Voting Committees of Yichang Changjiang and Liupanshui Shuangyuan, respectively.

The Contractual Arrangements collectively provide our Company the right (if and when the PRC laws permit any foreigner investor to own an equity interest in Yichang Changjiang and Liupanshui Shuangyuan) to acquire the equity interest in Yichang Changjiang and Liupanshui Shuangyuan and through Yichang Xinren, Shuicheng Xinren and Xinren International, to receive the income and other economic benefits accruing to Yichang Changjiang and Liupanshui Shuangyuan respectively through (i) the right to receive the management consultancy service fee, and (ii) the right to govern the financial and operating policies as well as, in substance all of the voting rights of Yichang Changjiang and Liupanshui Shuangyuan respectively.

With respect to the above Contractual Arrangements, our PRC legal adviser, Jingtian & Gongcheng, is of the opinion that:

(a) our Company is entitled to inspect the records, documents and accounts of Yichang Changjiang and Liupanshui Shuangyuan, respectively, according to the Management Consultancy Services Agreements and the Assignment Agreements, which entitlement is not a breach of PRC laws;

(b) the ownership structures of Xinren International, Yichang Changjiang and Liupanshui Shuangyuan are in compliance with existing PRC laws and regulations; and

(c) each of the agreements relating to the Contractual Arrangements which are governed by PRC law are valid, binding and enforceable and do not result in any violation of PRC laws or regulations currently in effect. In respect of the Management Consultancy Services Agreements, however, they are unable to provide assurance that the PRC tax authorities will not challenge the fee structure for the purpose of anti-transfer pricing rules since the fees charged by the Relevant Subsidiary may be too significant to suggest an arm's length agreement between the parties.

We have been advised by our PRC legal counsel, Jingtian & Gongcheng that there are however substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations which are relevant to the Contractual Arrangements. Accordingly, we cannot assure you that the relevant PRC regulatory authorities may not form a different opinion or will not in the future take a view that is contrary to that set out above. We have been further advised by our PRC legal counsel that if the Contractual Arrangements are considered by the relevant PRC regulatory authority to be in violation of any existing or future PRC laws or regulations or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations. See "Risk Factors — Risks Relating to Our Business Activities in the PRC — If the PRC government takes the view that the agreements that establish the structure for Yichang Changjiang and Liupanshui Shuangyuan do not comply with PRC government restrictions on foreign investment in the aluminum industry, we could be subject to severe penalties and our business operations, financial results and prospects may be adversely affected" for further information.

Reporting Procedure

Our Company will institute a procedure whereby Yichang Changjiang and Liupanshui Shuangyuan will provide our Group Financial Controller with a monthly report within seven to 14 days after the end of each month reconciling its cash and bank balances, with cash outflows and cash inflows as at the end of each month, with details of the material amounts of outflows and inflows. Our Group Financial Controller will review the report and ascertain if there is any material discrepancy in the amount of cash and bank balances after taking into account the amount of outflows and inflows, and to review the transactions relating to the material outflows and inflows to ensure that they are proper transactions. In the event of any material discrepancies, or any of the transactions cannot be substantiated, our Group Financial Controller will forthwith report this to the Board of our Company for their further action. This process will be documented in a board minute, and oversight of the reporting mechanism will be given to our Audit Committee. In addition, our Audit Committee will also be provided with quarterly management accounts of Yichang Changjiang and Liupanshui Shuangyuan, within a month after the end of each quarter. Upon receipt of the quarterly management accounts, the Board of our Company and our Audit Committee will review the management accounts and deliberate as to whether any cash is to be repatriated to our Company, taking into account the working capital needs of Yichang Changjiang and Liupanshui Shuangyuan. If the Audit Committee takes the view that cash should be repatriated, our Group Financial Controller or other person designated by our Audit Committee will monitor that the repatriation has occurred by the time and in such amounts as directed by the Audit Committee and to report back to the Audit Committee on the status of the repatriation, whether it has been completed or if that is any likelihood of delay in the repatriation.

Purchase of Shares by Shenchang and ICH Hanrui

Pursuant to a sales and purchase agreement dated November 1, 2009, ICH Hanrui, previously known as Dazzling Wealth International Ltd., and on behalf of Gemini Alpha Growth Inc., Zymmetry Investments Inc. and Mr. Zhao Ming Li agreed to purchase 120,000 Shares from Mr. Zeng Chaoyi for a cash consideration of S$2,400,000. If our Company is granted an approval for an initial public offering from a recognized stock exchange within two years, ICH Hanrui will pay an additional amount of S$42,600,000 to Mr. Zeng Chaoyi within seven days of our Company receiving such approval. ICH Hanrui has paid the additional amount of S$42,600,000 to Mr. Zeng Chaoyi following the receipt of the letter of eligibility from the SGX-ST for the listing and quotation of our Shares on the Main Board of the SGX-ST. The amount of consideration was arrived at after arm's length negotiations between ICH Hanrui and Mr. Zeng Chaoyi, on a willing-buyer-willing-seller basis. Farina was used as a nominee by ICH Hanrui to acquire the 120,000 said Shares. On April 22, 2010, Farina transferred 55,000 Shares to Shenchang for S$1.1 million.

A separate sales and purchase agreement was also entered into between Shenchang and Hanwen on February 28, 2010 whereby Shenchang agreed to purchase and Hanwen agreed to sell 20,000 Shares for a cash consideration of S$400,000. If the Company is granted an approval for an initial public offering from a recognized stock exchange within two years, Shenchang will pay an additional amount of S$9,850,000 to Hanwen within seven days of the Company receiving such approval. Shenchang has paid the additional amount of S$9,850,000 to Hanwen following the receipt of the letter of eligibility from the SGX-ST for the listing and quotation of our Shares on the Main Board of the SGX-ST. Mr. Zhao Ming Li, Gemini Asia Growth II Inc., Zymmetry Investments Inc and ICH Hanrui own 60.0%, 23.0%, 14.0% and 3.0% of the shares in Shenchang, respectively.

Acquisition of Shares by the Zeng Family Companies

On January 14, 2010, in preparation for the Offering, Mr. Zeng Chaoyi transferred 430,000, 330,000, 40,000, 10,000, 50,000, 10,000 and 10,000 Shares in the issued share capital of our Company to Sunshine International Global Capital Ltd., Jiacai International Ltd., Hanwen International Group Ltd., Jintudi Group Ltd., Mdm. Deng Eying, Yansheng Ltd. and Xijin Ltd., respectively for a cash consideration of S$1.00 per Share.

On March 25, 2010, Mdm. Deng Eying transferred all the Shares held in her name, being 50,000 Shares, to Shenchang International Ltd., for a cash consideration of S$1.00 per Share.

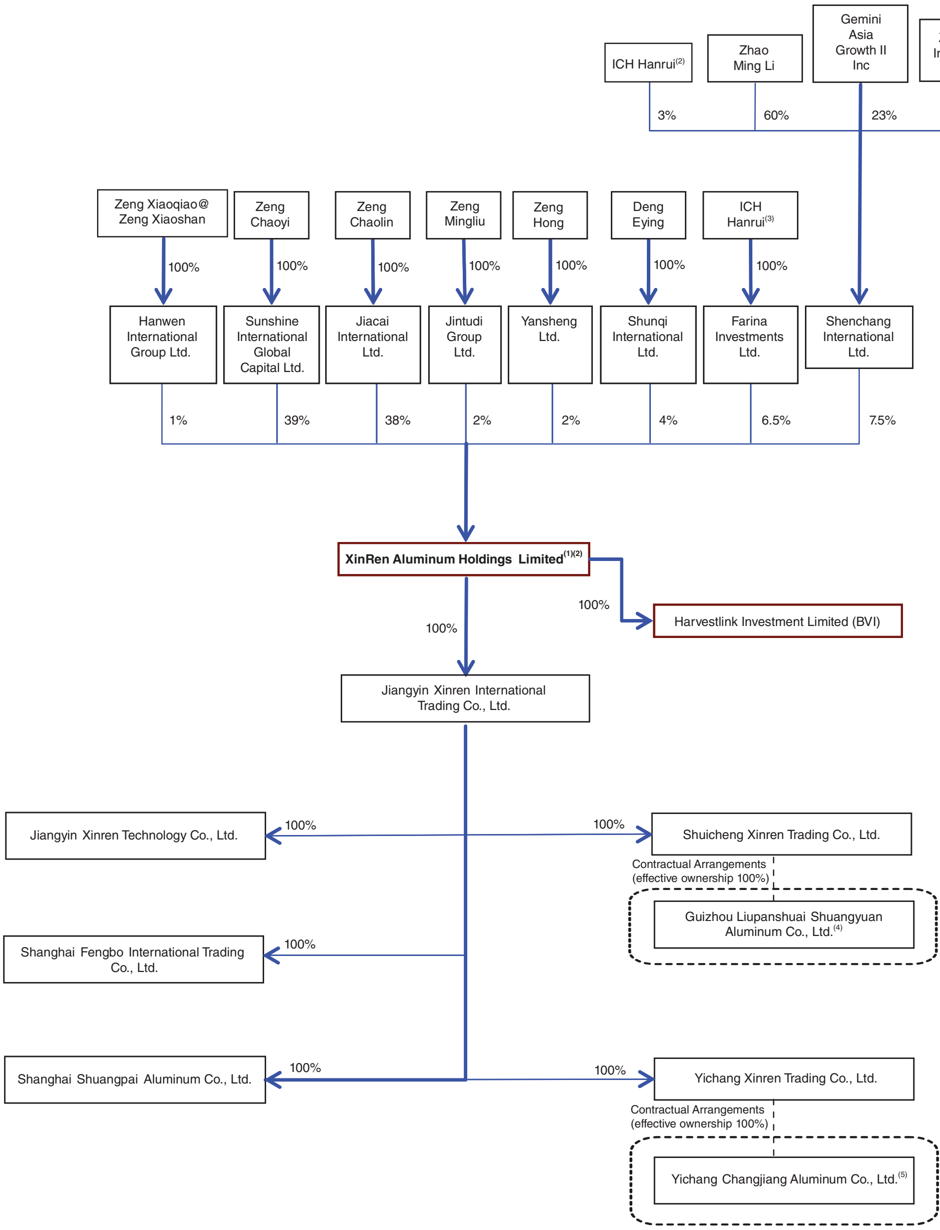
On September 9, 2010, the following transfers occurred, namely (a) Jiacai International Ltd. acquired 10,000 and 40,000 Shares, from Hanwen International Group Ltd. and Sunshine International Global Capital Ltd., respectively, for a cash consideration of S$1.00 per Share; (b) Jintudi Group Ltd. acquired 10,000 Shares from Shunqi International Ltd. for a cash consideration of S$1.00 per Share and (c) Yansheng Ltd. acquired 10,000 Shares from Xijin Ltd. for a cash consideration of S$1.00 per Share.

Sub-Division

On October 18, 2010, we sub-divided 1,000,000 ordinary shares representing 100.0% of our issued share capital as at October 18, 2010 into 900,000,000 Shares.

Corporate Structure

The structure of our Group immediately following the Corporate Reorganization is as follows:



Notes:

(1) On incorporation, Mr. Zeng Chaoyi was the legal and beneficial owner of the entire issued and paid-up capital of the Company, of S$1.0 million comprising 1,000,000 shares. Subsequent share transfers by Mr. Zeng Chaoyi on December 31, 2009 resulted in Mdm. Deng Eying, Sunshine International Global Capital Ltd., Jiacai International Ltd., Hanwen International Group Ltd., Jintudi Group Ltd., Yansheng Ltd. and Xijin Ltd. holding 5.0%, 43.0%, 33.0%, 4.0%, 1.0%, 1.0% and 1.0% of the shares in our Company, respectively. Pursuant to a sales and purchase agreement dated November 1, 2009, Mr. Zeng Chaoyi transferred 12.0% of the Shares to Farina, a nominee of ICH Hanrui and Farina subsequently transferred 5.5% of the Shares to Shenchang. In addition, Shenchang acquired 2.0% of the Shares from Hanwen pursuant to a sales and purchase agreement dated February 28, 2010. Sunshine International Global Capital Ltd, Jiacai International Ltd, Hanwen International Group Ltd, Jintudi Group Ltd, Yansheng Ltd and Xijin Ltd are special purpose vehicles (incorporated in the British Virgin Islands) wholly-owned by Mr. Zeng Chaoyi, Mr. Zeng Chaolin, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, Ms. Zeng Mingliu, Ms. Zeng Hong and Ms. Zeng Yiliu, respectively. Farina is a special purpose entity wholly owned by ICH Hanrui. On March 25, 2010, Mdm. Deng Eying transferred all her shares in the Company to Shunqi International Ltd, a special purpose entity incorporated in the British Virgin Islands that is wholly owned by her.

(2) Our Company was previously known as Costar International Pte. Ltd. and Sunrich Aluminium Pte Ltd.

(3) ICH Hanrui was previously known as Dazzling Wealth International Ltd.

(4) The Shareholders of Liupanshui Shuangyuan are Mr. Zeng Chaoyi (90.0%) and Ms. Li Yazhou (10.0%). Our interests in the consolidated entities are derived through the Contractual Arrangements. See "The Corporate Reorganization and our Corporate Corporate Structure — The Contractual Arrangements".

(5) The shareholders of Yichang Changjiang are Mr. Zeng Chaolin (49.5%), Mr. Zeng Xiaoqiao @ Zeng Xiaoshan (16.5%), Mdm. Deng Eying (16.5%), Ms. Zeng Mingliu (6.5%), Ms. Zeng Yiliu (5.5%), Ms. Zeng Hong (5.5%). Our interests in the consolidated entities are derived through the Contractual Arrangements. See "The Corporate Reorganization and our Corporate Corporate Structure — The Contractual Arrangements".

Subsidiaries and Consolidated Entities

Details of our subsidiaries and consolidated entities are set out below:

No.	Name	Effective Ownership Interest/ Voting Power	Country of Incorporation	Principal Place of Business	Principal activities
Subsidiaries					
1.	Jiangyin Xinren International Trading Co., Ltd.(1) 江阴鑫仁国际贸易有限公司	100.0%	PRC	PRC	Investment Holding
2.	Jiangyin Xinren Technology Co., Ltd.(2) 江阴新仁科技有限公司	100.0%	PRC	PRC	Aluminum Fabrication
3.	Shanghai Fengbo International Trading Co., Ltd.(3) 上海锋铂国际贸易有限公司	100.0%	PRC	PRC	Trading, Sales and Marketing
4.	Shanghai Shuangpai Aluminum Co., Ltd.(4) 上海双牌铝业有限公司	100.0%	PRC	PRC	Trading, Sales and Marketing
5.	Harvestlink Investment Limited(5)	100.0%	BVI	Hong Kong	Trading, Sales and Marketing
6.	Yichang Xinren Trading Co., Ltd.(6) 宜昌鑫仁贸易有限公司	100.0%	PRC	PRC	Sales (Non-ferrous metals and machinery) and Consulting Services
7.	Shuicheng Xinren Trading Co., Ltd.(7) 水城县鑫仁贸易有限公司	100.0%	PRC	PRC	Import/Export and Distribution (Non-ferrous metals and machinery) and Consulting and Management Services
Consolidated entities(8)					
8.	Guizhou Liupanshui Shuangyuan Aluminum Co., Ltd.(9) 贵州省六盘水双元铝业有限责任公司	100.0%	PRC	PRC	Aluminum Smelting
9.	Yichang Changjiang Aluminum Co., Ltd.(10) 宜昌长江铝业有限责任公司	100.0%	PRC	PRC	Aluminum Smelting

Notes:

(1) Established with a business term from April 5, 2005 to April 4, 2016.

(2) Established with a business term from November 2, 2005 to November 1, 2025.

(3) Established with a business term from August 31, 2006 to August 30, 2026.

(4) Established with a business term from April 10, 2002 to April 9, 2012.

(5) Harvestlink ceased its operations in January 2010.

(6) Established with a business term from July 13, 2010 to July 12, 2020.

(7) Established with a business term from July 23, 2010 to July 23, 2030.

(8) Our interests in the consolidated entities are derived through the Contractual Arrangements. See "The Corporate Reorganization and our Corporate Structure — The Contractual Arrangements".

(9) Established with a business term from September 13, 2007 to September 13, 2027.

(10) Established with a business term from September 25, 2002 to September 24, 2022.

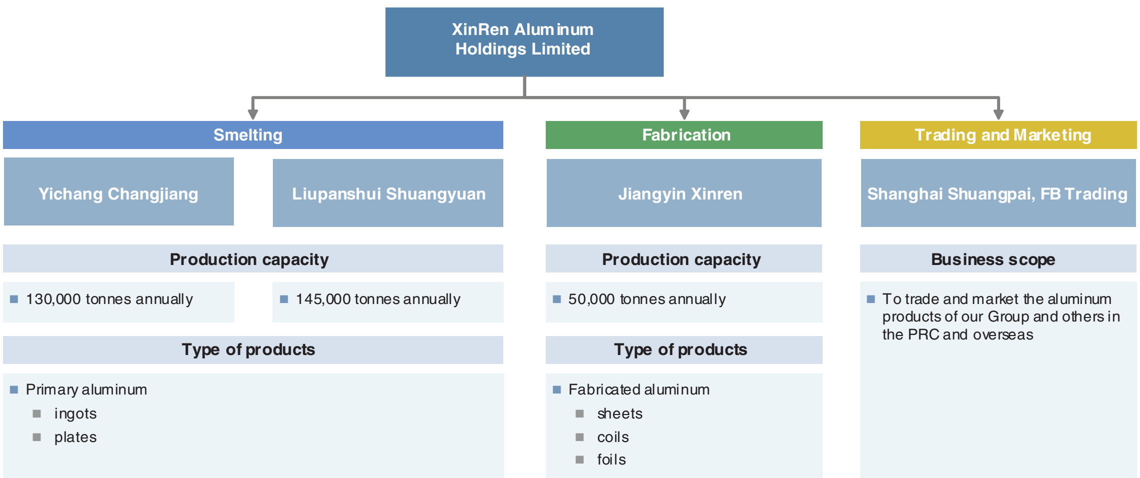
OVERVIEW

We are a leading privately-owned producer of primary aluminum in the PRC, based on production volume in 2009.[1] We are principally engaged in (i) the smelting and sale of primary aluminum in the form of ingots and plates; (ii) the fabrication of primary aluminum into and sale of value-added products such as aluminum sheets, coils and foils; and (iii) trading in alumina and primary aluminum products sourced from third parties.

We have an integrated business model that allows us to participate in key stages of the aluminum industry value chain, from core inputs to the sale and distribution of aluminum products. We operate two primary aluminum smelting plants in Yichang City, Hubei Province and Liupanshui City, Guizhou Province in the PRC which have an aggregate approved primary aluminum production capacity of 275,000 tonnes annually. We also operate an aluminum fabrication plant in Jiangyin City, Jiangsu Province that has an annual production capacity of 50,000 tonnes. We also own two companies, Shanghai Shuangpai and FB Trading, that market, trade, and sell alumina and primary aluminum products manufactured by our Group as well as third parties, in the PRC and overseas. We have secured all our alumina requirements for our current production capacity at our smelting plants until December 31, 2014, under supply contracts that have been entered into for a period of five years with two of the largest alumina suppliers in the PRC.

We believe that our leading position is due to the quality and cost competitiveness of our products, which we achieve through the utilization of energy-efficient and environmentally friendly pre-baked technology with automated 240kA pre-baked anode reduction potlines, an advanced and stable technology for the production of high quality primary aluminum. As the facilities of Yichang Plant, Liupanshui Plant and Jiangyin Fabrication Plant were completed only in February 2007, July 2008 and July 2007 respectively, our production lines for both our primary aluminum and fabricated aluminum products are relatively new.

Set out below is a diagrammatic summary of our existing business operations, production capacity, products and business scope.



We sold to third parties 259,718 and 61,969 tonnes of primary aluminum produced by our two smelting plants in 2009 and the three months ended March 31, 2010, respectively. During the same period, we sold 27,311 and 10,560 tonnes, respectively, of fabricated aluminum products produced by Jiangyin Fabrication Plant. Our revenue in 2007, 2008, 2009 and three months ended March 31, 2010 was

[1] Based on a report issued by Sunlight Metal dated September 30, 2010, which we have commissioned. See "Appendix F — Industry Overview — The PRC Aluminum Industry".

RMB3,300.8 million, RMB4,119.1 million, RMB4,263.4 million (USD629.3 million) and RMB1,269.1 million (USD187.3 million), respectively. Revenue from each of our three business segments, namely, the smelting and sale of primary aluminum, the fabrication of primary aluminum into and sale of fabricated aluminum products and the trading in alumina and primary aluminum products sourced from third parties, accounted for 74.2%, 8.2%, and 17.6% of our total revenue, respectively, in 2009, and 73.1%, 9.7% and 17.2% of our total revenue, respectively, for the first three months ended March 31, 2010. Sales within the PRC and outside the PRC from our operations accounted for approximately 97.6% and 2.4% of our total revenue, respectively, for 2009 and 98.7% and 1.3% of our total revenue, respectively, for the three months ended March 31, 2010. In the future, we may trade in alumina purchased under our five-year supply contract with Minmetals which is in excess of our production requirements, after taking into account prevailing prices of alumina and the amount of alumina we may stockpile for future use. Historically, some of our trading sales represent sales of products purchased from, or sales of third party products to, companies that were previously owned by certain of our Controlling Shareholders and their associates. The trading sales to companies that were previously owned by certain of our Controlling Shareholders and their associates represent 10.3%, 3.7% and 2.6% of our Group's total sales, for the three years ended December 31 2007, 2008 and 2009, respectively. The trading purchases represent 20.3%, 3.4% and 4.5% of our Group's total cost of sales for the three years ended December 31, 2007, 2008 and 2009, respectively. These companies were sold to third parties unrelated to the Zeng Family in December 2009. Please see "Interested Person Transactions and Conflicts of Interests" for details.

KEY GROWTH OPPORTUNITIES IN THE ALUMINUM INDUSTRY

Aluminum has a broad range of applications, which prevents it from being overly exposed to any single end use market. According to CRU Strategies, main uses of aluminum include the transport sector (such as road vehicles, aircraft, railcars and marine uses) which is the single largest market for primary aluminum products, followed by the construction sector (such as windows, doors, cladding and facades). Packaging (such as drinks cans, food and pharmaceutical packaging), electrical (such as cable and wire), consumer durables, and general machinery represent the other key end markets. The total value and volume of primary aluminum produced globally in 2009 was estimated by CRU Strategies to be USD64.1 billion and 37.7 million tonnes, respectively.

According to CRU Strategies, with such diversity in applications, primary aluminum consumption has been driven by industrial production and GDP. Historically, global demand for aluminum has grown in excess of global GDP growth. Aluminum is more sensitive to changes in world GDP growth than other base metals such as copper and nickel. With the global economy anticipated to grow in 2010, CRU Strategies forecasts that the global consumption of aluminum will grow by 16.0% in 2010 and approximately 8.2% and 8.1% in 2011 and 2012 respectively.

The relationship between per capita consumption of aluminum and GDP per capita in countries varies at different stages of economic development. According to CRU Strategies, as the GDP per capita increases in developing countries such as the PRC, India and Brazil, the amount of aluminum each country consumes on a per capita basis is also expected to increase. With still relatively low GDP per capita compared to the US and Japan, aluminum demand in these developing countries, particularly, the PRC, is expected to have significant further structural growth potential.

In this context, the economic growth of the PRC had been a key driver of the aluminum industry over the past decade, with the country continuing to offer significant further potential for growth in aluminum demand. According to Sunlight Metal, the PRC had remained the largest consumer of primary aluminum in the world from 2004 to 2009, accounting for 40.5% of global aluminum consumption, representing 13.9 million tonnes of primary aluminum consumed, in 2009. According to Sunlight Metal, the PRC is expected to maintain its lead as the largest consumer of primary aluminum between 2009 to 2012, as a result of continued urbanization and industrialization in the PRC, with primary aluminum consumption expected to grow at a CAGR of 17.6% from 2009 to 2012, with consumption reaching 22.6 million tonnes of primary aluminum consumed in 2012.

In addition to overall growth in economic activity, we believe that aluminum demand also benefits from a number of key sectoral trends. Higher energy prices and more stringent regulation on carbon emissions also encourage the use of lightweight materials in the automotive sector, which may represent attractive opportunities for substitution from steel to aluminum. The substitution trend is already well established: according to The Aluminum Association, an association that represents US and foreign-based producers of primary aluminum, the average aluminum content in vehicles in North America in 2009 was estimated at 148 kilograms, up 20.0% compared to the average content of 123 kilograms in 2002. CRU Strategies estimates that the average aluminum content has increased by 25% in the European Union over the same period.

On the supply side, according to CRU Strategies, as a result of the slump in aluminum consumption, between October 2008 and August 2009, aluminum producers around the globe announced production curtailments for a total of 7.1 million tonnes per year of smelting capacity. According to CRU Strategies, aluminum smelters are ramping up in the Middle East in 2010 and in India in 2011, but the PRC will represent the main contributor to capacity growth[1]. According to Sunlight Metal, the PRC government is keen to consolidate small and inefficient operations. According to the "Non-ferrous Metals Industrial and Revitalization Plan" promulgated by the PRC State Council in May 2009, the Chinese government intends to phase out 800,000 tonnes of primary aluminum smelting capacity of inefficient, small and pollutive producers of alumina and primary aluminum products using small pre-baked electrobaths by the end of 2010. In the longer term, the Chinese government intends to optimize geographical distribution of capacity and develop sizeable and vertically integrated enterprises, with higher value-add downstream processing capabilities, in the areas with abundant energy and other resources, according to Sunlight Metal. Please refer to "Appendix F — Industry Overview" for details.

OUR COMPETITIVE STRENGTHS

We are a leading privately-owned producer of primary aluminum in the PRC by production volume and we are well positioned to benefit from the growth potential of the Chinese aluminum markets.

We are a leading privately-owned producer of primary aluminum products in the PRC, based on production volume for 2009[2]. The PRC, which is also our primary market for the sale of our primary aluminum and fabricated aluminum products, is the largest producer and consumer of primary aluminum globally, representing 34.2% and 40.5% of total global output and total global consumption in 2009, respectively, according to Sunlight Metal. As one of the leading privately-owned companies in the aluminum industry in the PRC, we believe our competitive strengths and our business strategies, our strong customer network and relationship with our suppliers, as well as our operational know-how and experience in the production of primary aluminum and fabricated aluminum products, will allow us to take advantage of any potential growth in aluminum consumption in the PRC.

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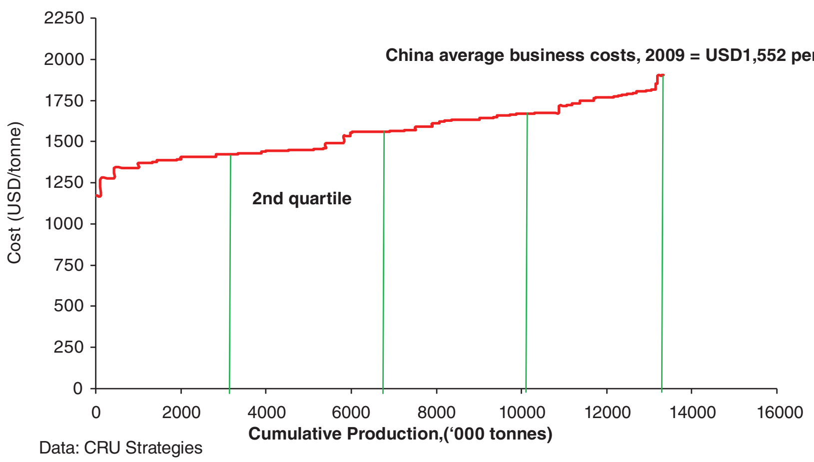
1 Based on a report issued by CRU Strategies dated September 30, 2010, which we have commissioned. See "Appendix F — Industry Overview — Global Aluminum Industry Outlook". CRU Strategies expects that the PRC will represent the main contributor to capacity growth over their forecast period, which is 2010 to 2012.

2 Based on a report issued by Sunlight Metal dated September 30, 2010, which we have commissioned. See "Appendix F — Industry Overview — The PRC Aluminum Industry".

We have a competitive cost structure.

We believe we enjoy significant cost advantages. The business costs[1] of Yichang Plant and Liupanshui Plant in 2009, based on data CRU strategies received from our Company are situated in the first half of the second quartile of the cost curve for aluminum smelters operating in the PRC, as set out in the cost curve below. Based on estimates by CRU Strategies of PRC aluminum smelting business costs, the second quartile of the cost curve is between USD1,421 per tonne to USD1,557 per tonne.

China Aluminum Smelting Business Costs for 2009 (nominal USD per tonne)



Data: CRU Strategies

We believe our cost structure is competitive for the following reasons:

- The electricity consumption at our aluminum smelters was 13,727 kwh[2] in 2009 for each tonne of primary aluminum produced. Our electricity unit consumption compared favorably against the average electricity unit consumption for aluminum smelters operating in the PRC, which averaged 14,171 kwh, in 2009, as estimated by Sunlight Metal. According to Sunlight Metal, ten Chinese aluminum companies, including our Company, were able to achieve unit consumption of 13,900 kwh per tonne or below in 2009. In addition to our energy efficient operations, we believe that we are able to achieve a lower cost of electricity in our smelting operations at Yichang Plant as a result of the subsidies we receive from the Yichang government. The proximity of Yichang Plant to the Gezhouba hydroelectric power station has enabled us to construct and own two out of the three electricity lines that connect Yichang Plant to the power station. Liupanshui Plant is located in Guizhou Province, which we believe has one of the lowest costs of electricity in the PRC due to its rich coal resources. We believe that the above factors allow us to enjoy a secure and stable supply of electricity and cost efficiencies in terms of our electricity consumption.

- We have secured our alumina requirements for our existing production capacity until December 31, 2014 under four supply contracts with Chalco and Minmetals, the two largest alumina suppliers in the PRC. Each of these supply contracts set the price for our monthly purchases to a fixed percentage of the previous month's price of a three-month aluminum futures contract quoted on the SHFE. The volume-weighted average of these fixed percentages under the four supply contracts is approximately 17.1%.

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[1] Based on a report issued by CRU Strategies dated September 30, 2010, which we have commissioned. See "Appendix F — Industry Overview — Global Aluminum Industry Outlook". The "business costs" in relation to an aluminum smelter, refers to all costs incurred at the smelter and includes the additional costs associated with the transportation, sale and marketing of aluminum products. "Business costs" are not derived from our financial statements included in this offering document.

[2] The unit consumption of 13,727 kwh/tonne refers to the direct electricity consumed by our two smelting plants for smelting and for operating environmental systems and aluminum casting processes.

- The proximity of our plants to key transportation hubs, such as the ports in Yichang and Jiangyin, which are major shipping ports along the Yangtze River, as well as the major railway hub in the southwest region of the PRC, provides us with a convenient and cost-effective means of transporting our products to our customers, and for supplies to be delivered to us, and allows us to better manage our inventory and operate in a more cost-efficient manner.

- We believe our highly automated production processes and active management of our labor requirements enable us to derive a competitive advantage from our labor costs.

We have an integrated business model that allows us to participate in key stages of the aluminum industry value chain

We participate in key stages of the aluminum industry value chain from core inputs to the sale and distribution of our products, as we have secured the supply of alumina, one of our key raw materials, for an extended period of time, and we have our own production facilities for producing primary aluminum and fabricated aluminum products as well as our own marketing and trading operations.

We have also been granted the Option by our Key Shareholders to purchase the equity interest of Kaili Shuangkai, which will own the Aluminum Hydroxide Plant that it plans to construct. See "Business — Primary Aluminum — Production Process — Aluminum Hydroxide Plant" for details. Aluminum hydroxide is the key raw material used to produce alumina (see "Business — Primary Aluminum — Production Process"), which is the key raw material used to produce primary aluminum. In the event we exercise the Option, our operations would be further integrated upstream through the production of alumina from aluminum hydroxide. Our integrated business model allows us to operate more efficiently through better co-ordination and control over the aluminum supply chain. It enables us to synchronize supply with demand for our products, making us less vulnerable to uncertainty in our business and operations and mitigates the effects of cyclical fluctuations in the price, supply and demand for our products. If required and if cost-effective for our Group to do so, we are able to supply primary aluminum ingots to Jiangyin Fabrication Plant from our own smelting plants in Yichang and Liupanshui, which we currently source mainly from third parties. We are also able to extract value from various aspects of our operations, both upstream and downstream, through better management and control over our costs and through the margins we earn from the sale of our own primary aluminum, fabricated aluminum products and the aluminum related products of others.

We have an experienced management team with a strong operating track record

We have an experienced management team with in-depth knowledge of the aluminum industry and a long track record of successfully establishing, managing and operating smelting and fabrication plants, and trading in aluminum and aluminum products.

Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, one of our Executive Directors and the founder of our Group, has been in the aluminum business for over 30 years and has been conferred the title of being one of the 18 most influential persons in the non-ferrous metal industry in the PRC in 2005 by the China Non-Ferrous Metal News. Our Executive Directors, Mr. Zeng Chaoyi and Ms. Zeng Mingliu, also have at least 17 years of experience in the aluminum business. Many of our Executive Directors have strong operational knowledge of and experience in operating, our smelting and fabrication operations, as well as close working relationships with our customers and suppliers. Based on the experience of our management team in operating our primary aluminum smelting plants and our aluminum fabrication plant, we believe our management team has developed core competencies in establishing, managing and operating aluminum smelting and fabrication plants. We believe that our management team is well positioned to leverage on our existing business model efficiently and quickly for any future expansion plans that we may undertake. Under our management's leadership, our Group increased revenue by 29.2% from RMB3,300.8 million in 2007 to RMB4,263.4 million in 2009.

OUR BUSINESS STRATEGIES

Our objective is to enhance our leadership position as a leading privately-owned player in the PRC's aluminum market and expand our operations and sales domestically and overseas, while maintaining our commitment to quality, cost-competitiveness and research and development.

We intend to achieve this objective by:

Further vertical integration of our business

We plan to further develop our downstream fabrication capabilities to tap into the growing demand for more specialized fabricated aluminum products. We also seek to expand the range of our fabricated aluminum products and to capitalize on the strong demand for fabricated aluminum products in areas such as building and construction, transportation and consumer products industries. Where appropriate, we may also expand our sales and marketing network, by establishing more domestic and overseas trading offices or entering into distributorship arrangements, in respect of markets where we see growth potential.

We believe that further upstream integration to include the production of alumina, one of our key raw materials, could enable us to better control our costs, provide greater supply chain co-ordination, enable us to better compete with others and extract value from being able to produce alumina for our operations and to sell excess alumina not required for our operations. To this end, we may in the future, exercise our rights under the Option granted to us by our Key Shareholders to purchase the equity interest of Kaili Shuangkai, which plans to construct the Aluminum Hydroxide Plant. See "Business — Primary Aluminum — Production Process — Aluminum Hydroxide Plant". If we acquire the Aluminum Hydroxide Plant, we plan to expand our operations to provide us with the ability and capacity to process aluminum hydroxide into approximately 150,000 tonnes of alumina annually. The acquisition of the Aluminum Hydroxide Plant and the expansion of our operations to include the processing of aluminum hydroxide into alumina, is subject to receipt of all relevant government and other approvals, including the approval of our Shareholders, as may be required, under the then prevailing rules of the SGX-ST.

Increase processing and production capacity

We have commenced work as part of our plan to increase our aluminum fabrication production capacity at Jiangyin Fabrication Plant. Our plan involves increasing Jiangyin Fabrication Plant's existing production capacity of 50,000 tonnes annually, by (i) an additional 50,000 tonnes annually by the end of 2010 ("Expansion Phase 1") and (ii) by another additional 50,000 tonnes by the third quarter of 2011 ("Expansion Phase 2"). These expansion plans involve the construction of new facilities and the purchase or refinancing of the purchase of new production equipment. We estimate that Expansion Phase 1 will cost approximately RMB30.0 million to complete and will be funded from internal resources. As at the Latest Practicable Date, we have not incurred any expense towards Expansion Phase 1. We plan to use the production capacity from Expansion Phase 1 to produce aluminum plates, and for other aluminum products, depending on demand. We estimate that Expansion Phase 2 will cost RMB300.0 million to complete of which RMB270.0 million will be funded entirely from the proceeds of the Offering. As at the Latest Practicable Date, we have incurred approximately RMB30.0 million in expenses for Expansion Phase 2 which we have funded from internal resources. We plan to use the production capacity from Expansion Phase 2 to produce aluminum plates during its trial production stage, and aluminum foils, coils or sheets and other aluminum products depending on demand, when the production capacity is fully operational. We believe that the increased capacity at our aluminum fabrication plant will allow us to respond quickly to a growth in demand for fabricated aluminum products and to capitalize on opportunities to earn revenue from producing and selling higher margin products. See "Use of Proceeds". As the area of the land on which Jiangyin Fabrication Plant is located can be built-out so as to increase our aluminum fabrication production capacity to 200,000 tonnes annually, we may in the future consider further expansion of the production capacity of Jiangyin Fabrication Plant in tandem with an increase in demand for our fabricated aluminum products, subject to obtaining the necessary regulatory approvals and permits. We will also consider expanding our primary aluminum production capacity when a suitable opportunity arises and regulatory and economic conditions are conducive to do so. For instance, we may consider establishing a new smelting plant or expanding our existing smelting capacity in the PRC if we are able to obtain approval to do so under PRC and other applicable laws and regulations. In June 2010, we entered into preliminary discussions with the Jiamusi municipality in Heilongjiang Province in the PRC to invest and build an aluminum smelting plant in a new development zone in Jiamusi. See "Business — Primary Aluminum — Future Developments".

Alternatively, we may invest in other existing PRC smelting plants or in smelting operations overseas, if we are able to obtain the necessary regulatory and other approvals. Our investment in other existing PRC smelting plants may take the form of arrangements that are similar to the Contractual Arrangements as described under "The Corporate Reorganization and our Corporate Structure — The Contractual Arrangements". The factors we will take into consideration before expanding our primary aluminum production capacity include the growth potential of the market where we propose to invest, whether there is a sufficient and assured supply of electricity, alumina and other key raw materials at attractive prices, the availability of cost-efficient transportation services and the proximity to our potential customers.

Improve our cost competitiveness

We believe that a competitive cost structure is critical to our ability to successfully compete against other producers of primary aluminum and fabricated aluminum products. We aim to ensure that the supply of alumina and electricity, the main costs incurred in our primary aluminum production process, are secured over the mid to long term. In anticipation of the expiry of our existing supply contracts for alumina on December 31, 2014, we plan to enter into additional mid to long term contracts for the supply of alumina when suitable opportunities arise. We also intend to leverage on our position as a stable and large scale consumer of electricity to seek to maintain or reduce electricity costs through negotiations with PRC state and provincial government agencies and power companies responsible for power pricing. To achieve a lower cost of production, we may also invest in, acquire or construct ancillary businesses, such as electrical power stations and carbon anode plants when suitable opportunities arise.

Enhance research and development capabilities by continuing to invest in advanced technology

We believe that the availability of advanced processing technologies for our aluminum fabrication business will enable us to develop new products with higher technical content and value and allow us to secure higher margins for our products. To this end, we plan to continue our research and development efforts on improving manufacturing techniques, increasing product quality and reducing costs. We also plan to continue to leverage on our production expertise and collaboration with various leading universities to expand our product offerings, to enable us to provide a broader range of advanced technology products to our customers. In addition, we intend to continue to expand our in-house research and development department and efforts to cooperate with our key customers for the production of customized fabricated aluminum products that meet our customers' specifications. We plan to obtain additional recognition of, and renew qualifications for, quality assurance certifications from domestic and international organizations and qualify for tax rebates with respect to export of fabricated aluminum products with high technical content.

As technology plays a key role in the rate of energy consumption at our smelting facilities, which directly impacts our cost competitiveness, we plan to regularly review our production processes and the available technology in the market to determine if any improvements to efficiency and reduction in pollutive emissions can be made. As we add new technology and modernize existing production facilities, we aim to reduce our production costs by increasing production yields, reducing electricity consumption per unit at our smelting plants and lowering maintenance expenses.

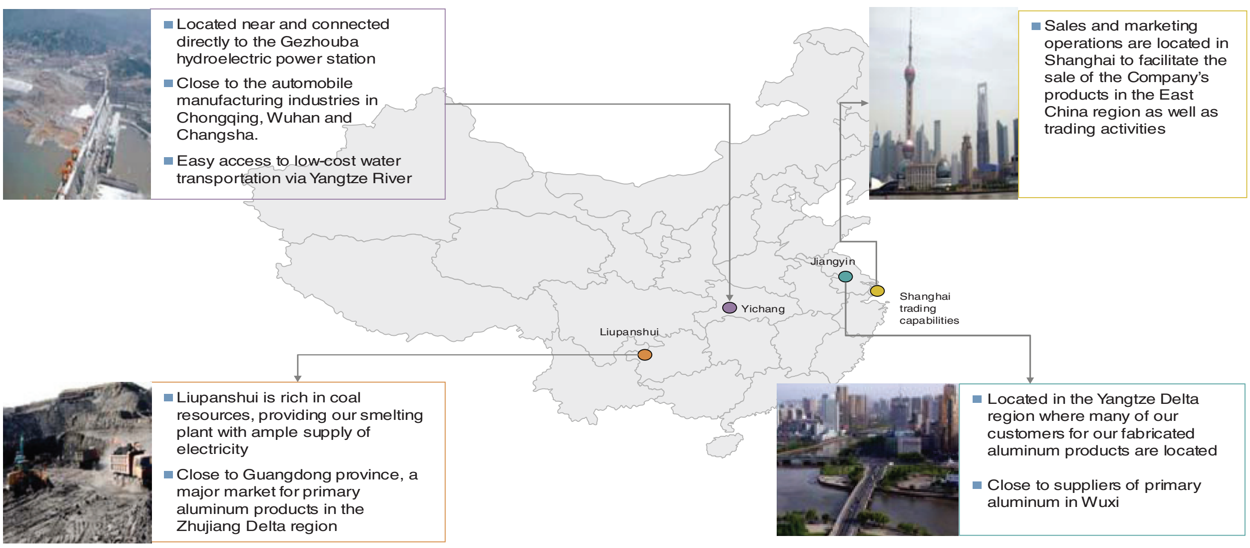
OUR GROUP'S OPERATIONS

Our Group's operations are divided into the following business segments:

- Primary Aluminum — the smelting and sale of primary aluminum in the form of ingots and plates;
- Aluminum Fabrication — the fabrication of primary aluminum into and sale of value-added products such as aluminum sheets, coils and foils; and
- Trading — trading in alumina and primary aluminum products sourced from third parties.

The following map shows the location and certain key features of our Group's principal operations:

Business operations



Primary Aluminum

We have two smelting plants, in Yichang and Liupanshui in the PRC, which have a current approved annual production capacity of 130,000 tonnes and 145,000 tonnes, respectively.

The primary aluminum produced at our aluminum smelting plants is in the form of ingots and plates. The ingots are produced to be of a purity of at least 99.7% with a weight range of between 22.0 kg to 25.0 kg. The aluminum plates are processed to a purity and dimensions in accordance with the specifications of our customers.

Production Facilities

The following table sets forth key production information relating to our aluminum smelting plants:

	Total Approved Capacity				Production Output				Utilization[1]			
	As at December 31,			For the three months ended March 31,[1]	For the year ended December 31,			For the three months ended March 31,	For the year ended December 31,			For the three months ended March 31,
	2007	2008	2009	2010	2007	2008	2009	2010	2007	2008	2009	2010
	(thousands of tonnes)				(thousands of tonnes)				(%)			
Yichang Plant	130.0	130.0	130.0	32.5	119.8	133.1	102.3	33.7	92.1	102.4[3]	78.7[2]	103.7
Liupanshui Plant	145.0	145.0	145.0	36.3	9.0	96.3	142.7	35.2	6.2	66.4[4]	98.4	97.1
Total	275.0	275.0	275.0	68.8	128.8	229.4	245.0	68.9				100.2

Notes:

(1) The utilization rate for our smelting plants in each year or relevant period was derived by dividing the actual production output of the relevant plant by the approved production capacity of the plant as at the end of the relevant year or for the relevant period and expressing the same as a percentage. The approved capacity for the three months ended March 31, 2010, was derived by taking the total approved capacity as at the end of December 31, 2009, and dividing it over four quarters.

(2) The utilization rate of Yichang Plant in 2009 was lower than that in 2008 as one out of two production lines of Yichang Plant was shut down for maintenance purposes from December 2008 to June 2009.

(3) Production output of Yichang Plant in 2008 exceeded the approved production capacity by 3,000 tonnes, resulting in a utilization rate of over 100%.

(4) Construction of Liupanshui Plant began in 2007 and reduction pots were added gradually. Production started on a trial basis before full production commenced in July 2008.

We generally undertake daily maintenance and repair work on our smelting production lines and periodic maintenance work of a minor nature that does not result in a shut down or material disruption of our production lines for a significant period. However, in December 2008, we shut down one out of two production lines of Yichang Plant for a period of six months to undertake maintenance and repair work primarily because we decided to manage the effects of the economic slowdown on our Group at the end of 2008, by reducing our output in view of declining aluminum prices.

Yichang Plant

Yichang Plant is situated in Yichang City, Hubei Province, the PRC, with a gross floor area of 246,518 square metres. The facility was built in two phases. The first phase of construction was completed and production commenced in July 2005 with a total of 104 reduction pots, having an aggregate production capacity of 70,000 tonnes of aluminum annually. The second phase of construction was completed and production commenced in February 2007, which added 104 reduction pots to the smelting plant, increasing the total production capacity to 130,000 tonnes of aluminum annually. Since its inception, Yichang Plant has been using "centre worked pre-baked" technology comprising automated 240kA "pre-baked" anode reduction potlines for the smelting of aluminum.

Until January 1, 2010, when our five-year supply of alumina under our contract with Chalco commenced, most of the alumina required by Yichang Plant for its smelting operations was purchased from third party suppliers under short-term contracts or on an ad-hoc basis and stockpiled. See "— Raw Materials and Electricity — Alumina".

Yichang Plant obtains its electricity supply from the Hubei Power Grid Company which sources its electricity mainly from the Gezhouba hydroelectric power station. Yichang Plant is connected to the Gezhouba hydroelectric power station by three electrical lines, two of which were built and are owned by our Group so as to facilitate uninterrupted electricity supply to Yichang Plant. See "— Raw Materials and Electricity — Electricity".

Yichang Plant is located approximately 12 km from the nearest port on the Yangtze River. The proximity to the port gives easy access to low-cost water transportation along the Yangtze River and reduces the cost and time for delivery of raw materials from our suppliers to Yichang Plant, and of primary aluminum products produced at Yichang Plant to our customers.

Liupanshui Plant

Our second smelting plant is situated in Liupanshui City, Guizhou Province, the PRC, with a gross floor area of 241,120 square metres. The production capacity of Liupanshui Plant reached its current level of 145,000 tonnes of aluminum annually in July 2008. The plant has 216 reduction pots, also utilizing "centre worked pre-baked" technology comprising automated 240kA "pre-baked" anode reduction potlines for the smelting of aluminum.

Similar to Yichang Plant, until October 1, 2009 when our five year supply of alumina under our contract with Minmetals commenced, all of the alumina required by Liupanshui Plant for its smelting operations was purchased from third party suppliers under short-term supply contracts on an ad-hoc basis and stockpiled. See "— Raw Materials and Electricity — Alumina".

Liupanshui Plant obtains its electricity supply from Guizhou Liupanshui Power Grid Station, which generates electricity using coal. We believe that since Guizhou province has significant coal reserves that can be used for generating electricity, the electricity tariffs charged in Guizhou by electricity suppliers are generally lower than provinces without significant resources of coal. See "— Raw Materials and Electricity — Electricity".

Liupanshui Plant is located near a major railway network for the southwest region of the PRC. The railway route runs through various major cities including Guangzhou, where most of the customers who purchase the products we produce at Liupanshui Plant are located. The plant's proximity to a major railway network provides us with convenient and easy access to transportation that facilitates the expeditious and cost efficient delivery of raw materials required for our plant and for the delivery of our products to our customers. Accordingly, most of the primary aluminum products produced at Liupanshui Plant are delivered by rail to our customers.

Production Process

Primary aluminum is made from alumina through a smelting process called the Hall-Herolut process or electrolytic reduction. The electrolytic process takes place in a reduction cell or "pot", which is a steel shell lined with carbon cathodes and refractory materials. In most plants, the pots are lined up in long rows, called "potlines". Powerful electric currents are passed through the pot to produce molten aluminum.

The molten aluminum is transferred to holding furnaces and then poured directly into moulds to produce ingots. The smelting process required to produce aluminum from the alumina is continuous and the potlines are generally intended to be kept in production 24 hours a day, 365 days a year, subject to maintenance shut-down.

There are two smelting technologies involved in the electrolytic process commonly used to produce primary aluminum:

- *The "Söderberg" or "Self-baking" technology*: This technology uses a continuously created anode made by addition of pitch to the top of the anode in the pot itself. The lost heat from the smelting operation is used to bake the pitch into carbon, which is required in order for the alumina to react.

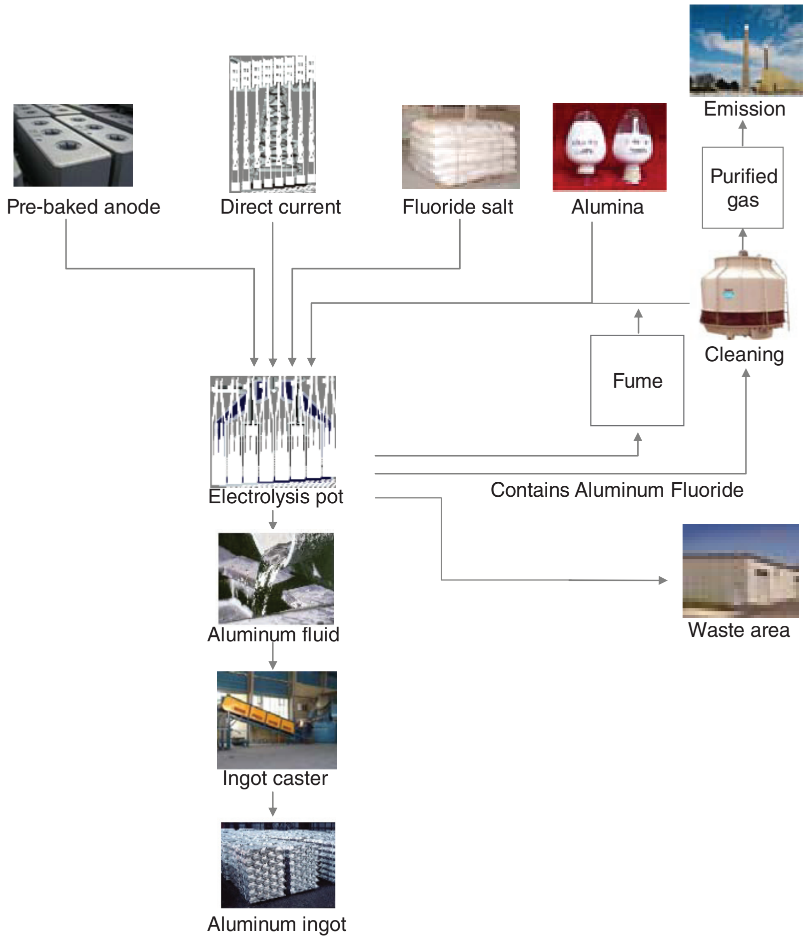
- *The "Pre-baked" Technology*: This technology is based on multiple carbon anodes in each pot which are pre-baked in a separate facility and attached to rods that suspend the carbon anodes in the pot. Yichang Plant and Liupanshui Plant use 240kA "pre-baked" technology. Compared to lower kiloampere technologies or the "Söderberg" technology for smelting of primary aluminum, the technology used at our plants is more energy-efficient, less pollutive and carbon anodes used in our production generally last for a longer period of time.

"Söderberg" or "self-baking" technology is being phased out in the PRC by the Chinese government, due to its higher energy consumption and pollutive emissions compared to "pre-baked" technology. Our facilities use a variant of the "pre-baked" technology called Centre Worked Pre-bake Technology ("CWPB"). This technology uses multiple point feeders and other computerised controls for precise alumina feeding. A key feature of CWPB plants is the enclosed nature of the process. CWPB is less pollutive than "Söderberg" technology, as less than 2.0% of the generated emissions escape the pots. The remaining emissions are collected inside the pot and carried away through pipes to scrubbing systems that remove particulates and gases before they are emitted.

The molten aluminum is siphoned off by vacuum and transported to a holding furnace. When the furnace is full and the temperature of the contents has been adjusted to the appropriate casting temperature, molten aluminum is allowed to flow to ingot casting machines. These are continuous chains attached to many identical steel moulds into which the molten aluminum is poured. Once the hot ingots have solidified, they are cooled down by a water-cooled trough before being packaged for delivery.

Process Diagram

The diagram below sets out the smelting process that takes place at our smelting plants:



Raw Materials and Electricity

Alumina and electricity are the two biggest cost components in the smelting process. We also use carbon anodes and other raw materials in the smelting process.

Alumina

Alumina is the main raw material in the production of primary aluminum and one of the main components in our production costs. In 2007, 2008 and 2009 and for the three months ended March 31, 2010 the cost of alumina consumed for our business was RMB890.8 million, RMB1,258.3 million, RMB812.7 million and RMB335.2 million, respectively. To ensure a continuous supply of alumina to our aluminum smelting plants, we have entered into four separate supply contracts, one with Minmetals and three with Chalco. Minmetals and Chalco are two of the largest alumina suppliers in the PRC. These supply contracts, as amended, took effect in October 2009 and January 2010 respectively, all with a term until December 31, 2014. The total amount of alumina to be supplied under the supply contracts is approximately 3.7 million tonnes, which we anticipate will be sufficient for our full production requirements based on the current production capacities of the Liupanshui Plant and Yichang Plant until the end of 2014. Please refer to "— Key Agreements" for details. Prior to October 1, 2009, when our five-year supply contract with Minmetals commenced, most of our alumina requirements were supplied under short-term supply contracts with third parties or purchased from third parties on an ad-hoc basis and stockpiled.

Aluminum Hydroxide Plant

Our Key Shareholders have granted us the Option to acquire all the Option Equity in Kaili Shuangkai, the entity that will own and construct the Aluminum Hydroxide Plant. Currently, Kaili Shuangkai is in the process of obtaining the relevant approvals in the PRC to commence construction of the Aluminum Hydroxide Plant. The Aluminum Hydroxide Plant is expected to have capacity to produce 300,000 tonnes of aluminum hydroxide annually.

If we exercise the Option, we intend to build the facilities required on our smelting plants to process the aluminum hydroxide into alumina. The facilities when completed would be designed to produce 150,000 tonnes of alumina annually. We have also been granted a first right to purchase aluminum hydroxide from the plant at market prices (which shall not be higher than the price we charge our customers) for so long as the Option remains unexercised. The Option may be exercised at any time during the five years from the Listing Date (the "Option Period"), and we will have the option to extend the Option Period for further periods of five years for as long as the Aluminum Hydroxide Plant is not completed and operational at the end of each five year period. The purchase price for the Option Equity is equal to the valuation conducted by a reputable independent valuer selected by the Company, as of a date being no later than a reference date determined by the Company which shall not be earlier than six months prior to the earlier of the completion date of the acquisition of the Option Equity or the date on which our shareholders have approved the acquisition, if such approval is required to acquire the Option Equity under the then prevailing rules of the SGX-ST.

Electricity

The aluminum smelting process is energy intensive and requires access to a substantial and continuous supply of electricity. In 2007, 2008 and 2009 and for the three months ended March 31, 2010, Yichang Plant and Liupanshui Plant incurred electricity costs of RMB677.0 million, RMB1,303.3 million, RMB1,246.4 million and RMB348.7 million, respectively, in aggregate. As such, the availability and cost of electricity are key factors in our primary aluminum production. We purchase electricity from regional power grids. Industrial users within each region are generally subject to a common electricity tariff schedule but rates vary across regions depending on negotiations (based on cost of production of electricity across regions).

Electricity is supplied to Yichang Plant by the Hubei Power Grid Company, which sources its electricity mainly from Gezhouba hydroelectric power station. Yichang Plant is connected to the Gezhouba hydroelectric power station by three electrical lines, two of which were built and are owned by our Group so as to facilitate uninterrupted electricity supply to Yichang Plant.

We believe that Yichang Plant currently enjoys a low cost of electricity for the following reasons:

(i) we currently receive subsidies of RMB0.005/kwh from the local government; and

(ii) it is located approximately 12 km from the Gezhouba hydroelectric power station, which we believe results in less energy being lost as electricity is transferred over a short distance directly to Yichang Plant without being routed through other users or connection points. As a result, we also increase our cost-efficiency and we generally have a stable supply of electricity.

Electricity is supplied to Liupanshui Plant by the Guizhou Liupanshui Power Grid Station, through two electrical lines. As Guizhou is an area that has an abundant supply of coal, we believe that the price of electricity enjoyed by Liupanshui Plant in Guizhou is generally lower compared to other regions in the PRC due to its rich coal resources.

Electricity consumption at our smelters decreased from 16,020 kwh in 2007 to 14,155 kwh in 2008, and further to 13,727 kwh[1] in 2009, for each tonne of primary aluminum produced. The decrease was primarily due to improved operational efficiency as we refined our production process after Liupanshui Plant commenced operation. Our electricity unit consumption compared favorably against the average electricity unit consumption for aluminum smelters operating in the PRC, which averaged 14,441 kwh/tonne, 14,323 kwh/tonne and 14,171 kwh/tonne, respectively, in 2007, 2008 and 2009, as estimated by Sunlight Metal. Both Yichang Plant and Liupanshui Plant are also equipped with transformers to convert the 220 KV alternating current to the required 240 kA direct current to operate the pre-bake anode potlines in these plants.

As part of the deregulation of the power industry in the PRC, the PRC government has encouraged power suppliers to form power alliances with large electricity consumers. To take advantage of this trend, on September 8, 2003 we entered into an agreement with China Changjiang Power Company to form a strategic alliance for a long term electricity supply to Yichang Plant. Under the agreement, China Changjiang Power Company has agreed to supply the electricity requirements of Yichang Plant for a period of ten years. The price of the electricity for the first five years is RMB 0.245/kWh (inclusive of value-added tax). For the remaining five years, the price will be renegotiated between the parties, taking into account the cost of aluminum of Yichang Plant and the electricity costs of the power company. The agreement is expected to come into effect after the receipt of approvals from the relevant PRC authorities. Our electricity is currently not supplied under this agreement.

We have entered into (i) a framework electricity contract (along with various other electricity users) in June 2010 with Hubei Power Grid Company (as electricity provider) to supply electricity to our Yichang Plant at RMB0.4728/kwh (inclusive of 17% VAT); and (ii) an electricity contract dated January 20, 2010 with Guizhou Liupanshui Power Grid Company to supply electricity to our Liupanshui Plant at RMB0.4247/kwh (inclusive of 17% VAT), for a year commencing from January 1, 2010. In addition, we currently receive a subsidy of RMB0.005/kwh from the local government for our electricity costs at Yichang Plant.

Carbon Anodes

Carbon anodes are also a key element of the smelting process. In 2007, 2008 and 2009 and for the three months ended March 31, 2010 our carbon anode cost for our smelting operations incurred was RMB211.7 million, RMB450.8 million, RMB275.1 million and RMB89.1 million. We obtain carbon anodes from third-party carbon anodes suppliers within the PRC generally on an ad-hoc basis. We do not have any long-term supply contracts with our carbon anodes suppliers.

Customers, Sales and Marketing, Pricing and Inventory

Customers, Sales and Marketing

Customers of our primary aluminum products consist primarily of (i) Chinese aluminum trading companies and (ii) Chinese producers of fabricated aluminum products that use our primary aluminum as raw materials for further processing. We also supply primary aluminum to our aluminum fabrication division, with its orders being prioritised before our other customers but subject to the same payment conditions. Most of our PRC customers are located in the PRC's southern and eastern regions.

Historically, the primary aluminum that we have exported is in the form of aluminum processed according to the requirements of our customers. During the economic crisis in 2008 and 2009, our exports declined substantially and we sold most of our primary aluminum domestically as primary aluminum spot prices were higher in the PRC than overseas as a result of measures taken by the Chinese government. In the future, if overseas demand for primary aluminum increases in tandem with an improving global economy we may increase our exports.

[1] The unit consumption of electricity refers to the direct electricity consumed by our two smelting plants for smelting and for operating environmental systems and aluminum casting processes.

The sales and marketing efforts of Yichang Changjiang and Liupanshui Shuangyuan are generally targeted at customers in geographical proximity to their respective aluminum smelting plants. Yichang Changjiang has its own sales team that markets and sells the primary aluminum products produced at Yichang Plant to customers located primarily in Chongqing, Wuhan, Changsha, Yueyang, Shanghai and Guangzhou. Liupanshui Shuangyuan markets and sells the primary aluminum products produced by Liupanshui Plant through our two trading companies FB Trading and Shanghai Shuangpai primarily to customers located in Guangzhou. We have also established a storage facility (with storage capacity leased from third parties) in Guangzhou to facilitate delivery of primary aluminum to and liaise with customers of Liupanshui Plant.

Pricing

We establish pricing guidelines for domestic sales of our primary aluminum products with reference to the primary aluminum spot prices in the PRC, such as the SHFE spot price, where relevant. With respect to our aluminum plates that are exported overseas, the pricing of such plates are with reference to the primary aluminum prices on the LME. We enjoyed VAT tax rebates in the amount of 11.0%, 13.0% and 13.0% for 2007, 2008 and 2009, respectively for plates that comply with the requirements of the PRC tax authorities. Generally, most of our sales are settled by advance payment in cash before delivery of our primary aluminum products to our customers. All payments by our domestic customers are made in RMB, while all payments by our overseas customers are in US dollars.

Delivery

Our primary aluminum products are transported to our customers by ship, rail or road. Yichang Plant is located approximately 12 km from the Yichang port on the Yangtze River, which provides a convenient and ready means to transport raw materials and end products at relatively low cost. The goods are then shipped to the ports of the major cities of Chongqing, Wuhan, Shanghai, Yueyang, Changsha and Guangzhou, where many of the customers of Yichang Plant have historically been located, and which are then collected at the respective ports by our customers. Delivery of our primary aluminum products by sea is generally more cost efficient than land transportation using trucks. Some of our customers also choose to take delivery of our primary aluminum products directly at Yichang Plant. Similarly, Liupanshui Plant is located near a major railway hub for the southwest region of the PRC, which provides a convenient and cost efficient method for transporting raw materials provided by our suppliers and our products to our customers. Delivery of our primary aluminum products by rail is generally cheaper than land transportation using trucks.

Inventory Management

We monitor and control our inventory levels of raw materials, work-in-progress and finished products to optimize our operations. Generally, our inventory of raw materials primarily comprises alumina and given the proximity of our production facilities to the suppliers' dispatching locations, our policy is to maintain low levels of inventory. Our inventory of finished products comprises primarily those awaiting delivery pursuant to customer orders.

Future Developments

In June 2010, we entered into discussions with the Jiamusi Municipality in Heilongjiang Province in the PRC to invest and build an aluminum smelting plant in a new development zone in Jiamusi. The discussions are at a preliminary stage, and we have not entered into any definitive agreements or obtained any approvals to proceed with the investment in Heilongjiang Province. We expect that if the plan to build and develop an aluminum smelting plant proceeds, the plant will have a production capacity of 100,000 tonnes of primary aluminum per annum. We expect that the estimated cost of construction will be approximately RMB700.0 million, and construction of the plant will take at least one year to complete after commencement of construction. Our estimated costs and timeframe for constructing the plant are mainly based on our intended investment scale and preliminary discussions with the Jiamusi municipality. As we have not undertaken detailed feasibility studies or procured quotes for construction costs for the plant, we cannot be certain that, if we proceed to carry out these plans, our actual costs and timeframe for constructing the plant will not materially differ from our estimated costs and timeframe.

We have not specifically earmarked any proceeds of the Offering to finance our plans to invest in and build an aluminum smelting plant in Jiamusi Municipality, as these plans are still at a preliminary stage, and whether these plans will materialize is uncertain. However, if these plans should proceed, we may utilize the portion of the Offering proceeds which have been identified for "strategic investments, acquisitions and general corporate purposes" as described in "Use of Proceeds", to partially or wholly finance the investment in and construction of the aluminum smelting plant in Jiamusi Municipality. We may also wholly or partially finance these plans through debt. The factors that we will take into account include the portion of the proceeds of the Offering earmarked for "strategic investments, acquisitions and general corporate purposes" that have not been utilized, our future plans and the availability and cost of borrowings. To the extent permitted by applicable law and subject to obtaining the relevant approvals, we plan to hold our investment in Jiamusi Municipality directly or by way of arrangements similar to the Contractual Arrangements. As our plans for the investment in and construction of an aluminum smelting plant at Jiamusi Municipality are currently at an early stage, we cannot assure you that these plans will materialise. See "Risk Factors — We may not be able to successfully implement our plans relating to the increase in the production capacity of Jiangyin Fabrication Plant and the development of an aluminum smelter in Heilongjiang Province or to achieve the benefits we expect from these plans". We will update our Shareholders via SGXNET on the progress of our plans to construct the aluminum smelting plant in Jiamusi Municipality, as and when necessary, and in the event that the proposed cost of construction varies by more than 20.0% from our original estimated cost of construction of approximately RMB700.0 million or where necessary pursuant to the Listing Manual, we will seek Shareholders' approval prior to the commencement of construction.

Aluminum Fabrication

We also produce fabricated aluminum products, principally aluminum sheets, coils and foils that are used in a wide variety of applications, such as solar electric foil, household foil and explosion proof foil, as well as customized fabricated products made according to specifications provided by our customers. Our revenue from the sale of fabricated aluminum products comprised 5.5%, 8.9%, 8.2% and 9.7% of our total revenue for 2007, 2008, 2009 and for the three months ended March 31, 2010, respectively.

Production Facilities

Jiangyin Fabrication Plant has a total gross area of approximately 264,968 square meters. The plant currently comprises two buildings for production and four buildings for ancillary purposes such as warehouses, an office building, staff quarters, an electricity transformer station and a staff canteen. The plant was to be built in two phases. The first phase was completed in July 2007, with a capacity of 50,000 tonnes of fabricated aluminum products annually. We are currently undertaking the next phase of expansion of the production capacity for Jiangyin Fabrication Plant. Our plan involves increasing Jiangyin Fabrication Plant's existing production capacity of 50,000 tonnes annually, by (i) an additional 50,000 tonnes annually by the end of 2010 Expansion Phase 1 and (ii) by an another additional 50,000 tonnes by the third quarter of 2011 Expansion Phase 2. These expansion plans involve the construction of new facilities and the purchase or refinancing of the purchase of new production equipment. We estimate that Expansion Phase 1 will cost approximately RMB30.0 million to complete and will be funded from internal resources. As at the Latest Practicable Date, we have not incurred any expense towards Expansion Phase 1. We plan to use the production capacity from Expansion Phase 1 to produce aluminum plates, and for other aluminum products, depending on demand. We estimate that Expansion Phase 2 will cost RMB300.0 million to complete of which RMB270.0 million will be funded entirely from the proceeds of the Offering. As at the Latest Practicable Date, we have incurred approximately RMB30.0 million in expenses for Expansion Phase 2 which we have funded from internal resources. We currently plan to use the production capacity from Expansion Phase 2 to produce aluminum plates, foils, coils or sheets and other aluminum products depending on demand, when the production capacity is fully operational. In anticipation of being able to use the production capacity for Expansion Phase 1 and Expansion Phase 2 to produce aluminum plates, we have begun producing aluminum plates on a trial basis at Jiangyin Fabrication Plant. The planned increase in production capacity at Jiangyin Fabrication Plant would allow us to produce a wider variety of products, such as sheets with a width of 1,650 mm.

Our existing floor area can be further built-out so as to increase our production capacity to a total of 200,000 tonnes of fabricated aluminum products annually, which we may consider doing in future if conditions are conducive and we anticipate an increase in demand for our fabricated aluminum products.

As at the Latest Practicable Date, Jiangyin Fabrication Plant has five furnace pots and five casting lines, one cold rolling mill, one foil rolling mill and other ancillary supporting equipment and facilities including two tension leveller, one skiving machine, one cutting machine, one thick foil cutting machine and six annealing furnaces. Our production lines can produce aluminum sheets, coils and foils.

The computerised control systems used in Jiangyin Fabrication Plant are imported mostly from England while our machinery is purchased locally from sino-foreign joint ventures. We continuously make improvements to our production lines in order to improve production efficiency. Our quality management system for Jiangyin Fabrication Plant obtained the accreditation of ISO9001: 2000 certification in November 2008.

Our production lines typically operate on a continuous basis, 24 hours a day, seven days a week, subject to temporary stoppages of certain sections of the lines for regular weekly inspections and monthly maintenance work. Since inception, Jiangyin Fabrication Plant has not experienced any disruption to its aluminum fabrication operations as a result of malfunctioning of production equipment. We undertake maintenance and repair work on our fabrication production line on a daily basis. Major maintenance is done for a week annually. We generally conduct major maintenance on a few machines at any one time to ensure that there would not be any major interruption to the production of our fabricated aluminum products.

Set out below is information relating to our aluminum fabrication plant capacity and utilization rate for the periods indicated.

	Total Plant Capacity				**Actual Production**				**Total Fabrication Utilization**[1]			
	As at December 31,			**As at March 31,**[1]	**For the year ended December 31**			**For the three months ended March 31,**	**For the year ended December 31,**			**For the three months ended March 31,**
	2007	**2008**	**2009**	**2010**	**2007**	**2008**	**2009**	**2010**	**2007**	**2008**	**2009**	**2010**
	('000 tonnes)				**('000 tonnes)**				**(%)**			
Plant												
Jiangyin Fabrication Plant	50.0	50.0	50.0	50.0	10.6	21.1	27.9	10.5	21.2[2]	42.2[2]	55.8	84.3

Notes:

(1) The utilization rate for Jiangyin Fabrication Plant was derived by dividing the actual production output of the plant by the capacity of the plant as at the end of the relevant year or the relevant period and expressing the same as a percentage. The capacity for the three months ended March 31, 2010, was derived by taking the total capacity as at the end of December 31, 2009, and dividing it over four quarters.

(2) Jiangyin Fabrication plant was constructed in 2007 and equipment and facilities were added gradually. Production started on a trial basis before full production commenced in August 2008.

Production Process

Construction

Our fabricated aluminum products are manufactured using a variety of alloy mixtures, a range of tempers (hardness), gauges (thickness) and widths. They are generally in the form of sheets (ranging from 0.2mm to 0.5mm in thickness, 500mm to 1200 mm in width), coils (thickness ranging from 0.2mm to 0.5mm) and foils (thickness ranging from 0.06mm to 0.2mm). These fabricated aluminum products are used in the production of consumer products, decoration items, bottle lids, air-conditioners, roofs, circuit boards and printing plates. We target manufacturers of fabricated aluminum products used in high-tech applications, such as electronic foils, solar electric foils, explosion-proof foils, capacitor aluminum foils and foil radiators.

We produce four main types of aluminum alloy products classified under the International Alloy Designation System which is a widely accepted naming scheme for wrought alloys. These products include (i) the "1xxx" series, comprising pure aluminum; (ii) the "3xxx" series, comprising aluminum alloyed with manganese; (iii) the "5xxx" series, comprising aluminum alloyed with magnesium and (iv) the "8xxx" series comprising aluminum alloyed with iron.

The following provides an overview of the major steps involved in our production process:

Smelting

Aluminum ingots are the main raw material in the manufacture of fabricated aluminum products. Aluminum ingots are smelted together in a furnace pot including small amounts of waste aluminum and specific amounts of other different metals such as iron and magnesium and alloy additives to form different aluminum alloys, according to the specifications of the customer. In accordance with the requirements of the relevant technology, the raw materials are added into the furnace respectively for various types of aluminum alloy products and heated up in the furnace using natural gas to approximately 730°C to 760°C. The molten aluminum is then further treated through stirring, refining, purifying and adjusting the alloy components to specific ratios before being fed into a holding furnace where gas desecration, metamorphism and filtration is carried out. Lastly, the molten aluminum is fed into a roller caster.

Casting

The molten aluminum is fed through a continuous injection nozzle between two water-cooled rotating rollers where it solidifies. The aluminum in solid form is then rolled by the roller caster into aluminum plates (ranging from 6.0 mm–10.0 mm in thickness, 800.0–1,380 mm in width) before they are wound up to coils (known as caster slabs) with a maximum weight of 11 tonnes.

Cold Rolling

The caster slabs are then further processed into aluminum sheets and coils through rolling in cold rolling mills. To facilitate the rolling process, engine oils are sprayed on the aluminum surface before it passes through the mill rolls. After the final rolling, the aluminum sheets and coils produced are sent to the finishing machine where it undergoes intermediate annealing, volume weight trimming, stretch bending, final annealing and cross-section cutting before the final products undergo quality inspection and are then sent for packaging. Aluminum sheets are packed ranging from 0.2 mm – 0.5 mm in thickness, 500 mm–1,200 mm in width, and aluminum coils are packed ranging from 0.2 mm–0.5 mm in thickness, maximum of 2,000 mm in diameter.

Foil slabs (ranging from 0.25 mm–0.35 mm in thickness) required for the production of aluminum foils are also produced by the cold rolling mills at this stage.

Foil Rolling

Foil slabs produced by the cold rolling mills are transferred to the foil rolling mills for further processing into aluminum foil. Foil slabs are reduced in thickness by rolling mills where the foil slabs are passed several times through foil rolling mill classic bar, doubleton roll process to the required specifications. To facilitate the rolling process, engine oils are sprayed on the aluminum surface before it passes through the mill rolls.

After the final rolling, the aluminum foil produced is then sent to the finishing machine where it undergoes a final annealing process. The foil is put through a foil separator which cuts the foil into the width and length as specified by the customers. It is then processed through a tension leveller and undergoes slitting,

Finally, the finished aluminum sheets, coils and foils undergo quality inspections and are packaged for warehousing and delivery.

Raw Materials and Energy

Our principal costs for producing aluminum fabricated products are primary aluminum ingots and energy costs.

Primary Aluminum Ingots

Primary aluminum ingots are the principal raw material for the production of our fabricated aluminum products. We generally source our requirements for primary aluminum ingots from third party suppliers in Wuxi on an ad-hoc basis, but may from time to time purchase from our Yichang Plant and our Liupanshui Plant as and when required. As Jiangyin Fabrication Plant is located near Wuxi, transportation costs, and hence the overall cost of the primary aluminum ingots, are generally lower if we purchase aluminum ingots from third party suppliers in Wuxi compared to purchasing and transporting aluminum ingots from our plants in Yichang and Liupanshui. We do not have any long-term supply agreements with third-party aluminum ingot suppliers. If required and if cost-effective to our Group to do so, we are able to supply primary aluminum ingots to Jiangyin Fabrication Plant from our own smelting plants in Yichang and Liupanshui, which will assure our aluminum fabrication operations a stable supply of primary aluminum ingots.

Electricity and Natural Gas

As part of the production process for our fabricated aluminum products, we require substantial energy supplies, especially electricity and natural gas, as well as ancillary materials, such as engine oil, to facilitate the rolling process during production. In 2007, 2008, 2009 and for the three months ended March 31, 2010, the energy costs incurred by Jiangyin Xinren which owns and operates the Jiangyin Fabrication Plant were RMB5.7 million, RMB20.8 million, RMB25.1 million and RMB6.9 million, respectively.

Pricing

We set and adjust prices for our products according to the prevailing market prices of aluminum and our own business strategies. For customers who do not supply us with aluminum ingots to process, we charge them a processing fee. Where we supply the aluminum ingots, we charge the customer for aluminum ingots at prevailing market price as well as a processing fee. The processing fee varies according to the level of technology required to process the primary aluminum ingots into the required sheets, coils and foils, and was generally in the range of RMB3,000 to RMB9,300 per tonne between 2007 to 2009. We enjoy a VAT tax rebate for exported products in the range of 13.0% to 15.0%.

There are three methods of payment under our sales contracts: (i) payment before delivery; (ii) payment on delivery; and (iii) fixed regular payments, where ten, 15 or 30 days' credit is provided. The last method of payment is usually offered to repeat customers that have been our customers for at least one year or that have previously made significant purchases from us. A typical concluded sales contract would include details such as product specifications, the quantity ordered, the expected date of delivery or period of delivery, the prevailing market price of primary aluminum ingots at the time of confirmation of order or delivery (as determined by us and our customers) plus our processing charges, which are calculated with reference to the type and quantity of the product required. All products manufactured by Jiangyin Fabrication Plant are marketed and sold under the "Xinren" brand name.

Delivery

We rely on land and sea transport for delivery of products to our customers or to shipping ports designated by our customers. Given the close proximity of Jiangyin Fabrication Plant to the port at Jiangyin, approximately 20 km from the plant, deliveries by sea generally result in a lower cost of transportation than delivery by trucks.

Inventory Management

We monitor and control our inventory levels of raw materials, work-in-progress and finished products to optimize our operations. Our inventory of raw materials primarily comprises primary aluminum ingots, and our policy is to store at least seven days' supply of primary aluminum ingots. Since most of our products are customized, our inventory of finished products as at each year end consists primarily of those products awaiting delivery pursuant to customer orders.

Trading

We trade in alumina and aluminum products, such as aluminum plates, bars and ingots sourced from third parties which we resell to domestic and overseas customers through our three trading and marketing companies, Shanghai Shuangpai, FB Trading. Our Company has also commenced trading activities on behalf of our Group in aluminum plates outside the PRC in May 2010. Our revenue from trading sales accounted for 29.9%, 9.1%, 17.6% and 17.2% of our total revenue for 2007, 2008, 2009 and for the three months ended March 31, 2010, respectively.

Historically, some of our trading sales represent sales of products purchased from, or sales of third party products to, companies that were previously owned by certain of our Controlling Shareholders and their associates. These companies were sold to third parties unrelated to the Zeng Family in December 2009. In the future, we may trade in alumina purchased under our five-year supply contract with Minmetals that is in excess of our production requirements, after taking into account prevailing prices of alumina and the amount of alumina we may choose to stockpile for future use. We set and adjust prices according to the type of products we sell. Our margin depends on our costs in sourcing the product from a third party and the prevailing market prices for aluminum. The products sold in our trading division are generally delivered by land or sea to our customers at their designated delivery points, or collected by our customers from our warehouse.

Customers

The majority of our trading are to customers within the PRC.

MAJOR CUSTOMERS AND SUPPLIERS

Customers

Our sales to the following customers accounted for 5.0% or more of our Group's total revenue:

		For the year ended December 31,			For the three months ended
		2007	2008	2009	March 31, 2010
		Percentage of total revenue			
Customers	**Sales**	(%)			
Hunan Shaodong Xinren Aluminum Co., Ltd[1] (湖南省邵东县新仁铝业有限责公司)	Aluminum ingots	8.6	4.3	1.3	0.0
Guizhou Liupanshui Shuangpai Aluminum Co., Ltd.[2] (贵州省六盘水双牌铝业有限责任公司)	Alumina	8.3	3.1	2.5	1.2
Yuet Hai Metal Trading Limited	Aluminum bars and plates	32.5	0.0	0.0	0.0
Foshan City Guangding Metals Trading Co., Ltd (佛山市广定金属贸易有限公司)	Aluminum ingots	4.9	4.5	5.4	3.5
Guang Dong Guang Hong Aluminum Co., Ltd (广东广弘铝业有限公司)	Aluminum ingots	0.0	8.9	5.6	4.1
Gerald Metals S.A.	Aluminum bars and plates	0.0	23.8	1.6	0.0
Shenzhen BeiFang Investment Co., Ltd. (深圳市北方投资有限公司)	Aluminum ingots	2.3	2.6	1.8	10.9
Guangdong Hua Yi Bai Trading Co., Ltd (广东华一百贸易有限公司)	Aluminum ingots	0.0	0.6	14.0	9.8
Xi'An Xiang Shu Investment and Development Co., Ltd. (西安橡树投资发展有限责任公司)	Aluminum ingots and alumina	0.0	0.0	6.3	6.2
Shenzhen City Zheng Shen Metal Co., Ltd (深圳市正申金属有限公司)	Aluminum ingots	1.4	4.8	9.8	6.9
Foshan City Nanhai District Jinyu Metal Materials Co., Ltd. (佛山市南海区金裕金属材料有限公司)	Aluminum ingots	0.0	1.4	6.0	9.3
Chalco and its related companies:					
• Chalco (中铝国际贸易有限公司)	Aluminum ingots	0.0	1.2	8.2	22.0
• Chalco (Qinghai subsidiary) (中铝青海西部国际贸易有限公司)	Alumina	0.0	0.7	0.0	0.0

Notes:

(1) Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, our Executive Director and his wife, Mdm. Deng Eying previously owned 70.0% and 30.0% of the equity interest in Hunan Shaodong respectively and they sold all their equity interest in Hunan Shaodong to third parties unrelated to the Zeng Family in December 2009.

(2) Our Executive Chairman, Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou previously owned 95.0% and 5.0% of the equity interest in Liupanshui Shuangpai, respectively and they sold their entire equity interest in the company to third parties unrelated to the Zeng Family in December 2009.

Save as disclosed, none of our Directors or substantial shareholders, has any interest, direct or indirect, in any of the major customers listed above.

Suppliers

Purchases from the following suppliers accounted for 5.0% or more of our Group's total cost of sales for the periods indicated below:

Suppliers	Purchases	For the year ended December 31, 2007	2008	2009	For the three months ended March 31, 2010
		Percentage of total cost of sales (%)			
Chipin Xinfa Huayu Alumina Co., Ltd. (茌平信发华宇氧化铝有限公司)	Alumina	9.3	7.5	0.9	2.5
Shandong Weiqiao Aluminum Company Limited (山东魏桥铝电有限公司)	Alumina	19.8	9.4	0.2	0.0
Guizhou Liupanshui Shuangpai Aluminum Co., Ltd.(1) (贵州省六盘水双牌铝业有限责任公司)	Primary aluminum bars, alumina, carbon, fluoride salts and cryolite	20.2	8.1	15.6	9.1
Hubei Power Grid Company (湖北省电力公司宜昌大用户管理所)	Electricity	23.8	22.9	16.7	17.2
Shanxi Tongchuan Aluminum Factory Co., Ltd. (山西铜川铝厂有限公司)	Alumina	0.0	0.0	6.0	0.0
Wuxi Xilu Aluminum Co., Ltd. (无锡锡鹿铝业有限公司)	Aluminum ingots	2.4	4.1	6.0	7.2
Minmetals and its related companies:					
• Minmetals Aluminum Co., Ltd. (五矿铝业有限公司)	Alumina	0.0	0.0	6.0	9.1
• China Minmetals Non-ferrous Metals Co., Ltd. (五矿有色金属股份有限公司)	Alumina	0.0	0.0	1.5	0.0
Guangxi Xinfa Aluminun Co., Ltd. (广西信发铝电有限公司)	Alumina	0.0	1.0	11.3	0.0
Guizhou Liupanshui Power Grid Station (贵州电网六盘水供电局)	Electricity	0.9	12.4	20.7	17.5
Chalco and its related companies:					
• Aluminum Corporation of China Limited (Guangxi branch) (中国铝业有限公司广西分公司)	Alumina	6.5	8.6	0.0	0.0
• Chalco (中铝国际贸易有限公司)	Alumina	3.0	1.5	7.5	8.3
• Aluminum Corporation of China Limited (Henan branch) (中国铝业股份有限公司河南分公司)	Alumina	5.6	0.7	0.0	11.4
• Aluminum Corporation of China Limited (Guizhou branch) (中国铝业有限公司贵州分公司)	Alumina	0.0	2.0	0.0	0.0
• Aluminum Corporation of China Limited (Zhong Zhou branch) (中国铝业有限公司中州分公司)	Alumina	0.0	0.9	0.0	0.0
• Chalco (Qinghai subsidiary) (中铝青海西部国际贸易有限公司)	Alumina	0.0	1.1	0.0	0.0
• Chalco Sales Co., Ltd. (Chongqing branch) (中铝重庆销售有限公司)	Alumina	0.0	0.0	0.4	18.5

Note:

(1) Our Executive Chairman, Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou previously owned 95.0% and 5.0% of the equity interest in Liupanshui Shuangpai respectively and they sold their entire equity interest in the company to third parties unrelated to the Zeng Family in December 2009.

Save as disclosed, none of our Directors or substantial shareholders, currently has any interest, direct or indirect, in any of the major suppliers listed above.

COMPETITION

Primary Aluminum

Our competitors include other domestic smelting plants and international producers that sell primary aluminum into the PRC.

We face competition from other large domestic aluminum smelting plants, including those that are state-owned. However, we believe that our competitive strengths, including our product quality and cost competitiveness, allow us to compete effectively in the aluminum industry. Due to the high levels of capital and technical know-how required in our industry and the need to secure access to low-cost energy supplies and raw materials, we believe there are significant barriers to entry to establish large scale primary aluminum smelting plants in the PRC and worldwide. Domestically, a more significant barrier to entry is the PRC government's industrial policy to consolidate the Chinese aluminum industry into one consisting of larger, less pollutive and more efficient producers. The PRC State Council issued a notice on September 26, 2009 that it will not approve any new aluminum smelting projects in principal for the following three years. Existing key aluminum smelting plants are required to reduce their direct current electricity consumption to 12,500 kilowatts or lower, and discharge of fluoride for per tonne of aluminum produced should also be significantly reduced. The PRC government plans to reduce primary aluminum smelting capacity using small pre-baked electrobaths by 800,000 tonnes by the end of 2010.

We also face competition from foreign primary aluminum producers which may have a more favorable cost advantage, greater production capacity and resources than we do.

Aluminum Fabrication

The aluminum fabrication industry in the PRC is characterised by a large number of manufacturers scattered across various regions of the country. However, due to the high levels of capital and technical know-how required in our industry and the need to secure access to low-cost energy supplies and raw materials, we believe that there are significant entry barriers to large scale fabricated aluminum products manufacturing in the PRC. We also believe that we have several advantages over our competitors including our focus on products with high technological content and reliable product quality. Our design and research department in Jiangyin Fabrication Plant has been designated as a high technology enterprise centre in Jiangsu province, which makes us eligible for government funding in 2007, 2008 and 2009 for product development and for certain tax incentives.

Trading

We face intense competition in the trading segment of our business. We compete with a wide variety of players, including trading companies and manufacturers of the products that we trade in, who are located within the PRC and overseas. We compete mainly on the basis of price, speed of delivery and product quality.

ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

Environmental Matters

We are subject to PRC national environmental laws and regulations and also environmental regulations promulgated by the local governments where we operate. These include regulations on waste discharge, land repair and emission disposals. We are required to obtain pollution discharge permits in order to discharge the waste arising in the course of production. Currently, Yichang Plant has a pollutant discharge permit valid until September 21, 2012 and Liupanshui Plant has a pollutant discharge permit valid until February 22, 2011. As at the Latest Practicable Date, save for the environmental protection certificates issued in respect of our business operations in Yichang Changjiang that may be defective and the environmental approval in respect of the construction of Liupanshui Plant which we have not obtained, we believe we are compliant with all relevant environmental PRC laws and regulations. Please see "Risk Factors — The environmental protection certificates issued in respect of our business operations in Yichang Changjiang may be defective" and "Risk Factors — We may not obtain the environmental approval in respect of the construction of Liupanshui Plant" for details.

Health and Safety Matters

We are subject to PRC laws and regulations relating to health and safety. Occupational health and safety is a key focus of our management. We have formulated management policies and adopted rules in accordance with applicable PRC laws and regulations such as our fire safety measure and guidelines on high risk operations.

We have procedures in place to ensure that our health and safety rules and requirements are adhered to. We also encourage our management to promote awareness of the importance of the health and safety in the workplace.

RESEARCH AND DEVELOPMENT

We believe that research and development is crucial in providing us with a competitive edge and increasing our operating efficiency and to produce higher end products that will contribute to higher profit margins. Accordingly, one of our business strategies is to enhance research and development capabilities by continuing to invest in advanced technology.

Research and development costs incurred for the past three years ended December 31, 2009 were not capitalised. This was mainly because the research and development costs incurred were immaterial, as evidenced by our Jiangyin Fabrication Plant's production which commenced on a trial basis from July 2007 to the first half of 2008, and subsequently, the production was also affected by the economic crisis in the first half of 2009. Our Company will consider capitalising its research and development costs incurred from 2010 onwards after taking into consideration the related costs and benefits of tracking and accounting for them.

Smelting and Sale of Primary Aluminum

Our focus on technology over the years has allowed us to expand our production capacity and reduce our production costs at our aluminum smelting plants in Yichang and Liupanshui. Notwithstanding that aluminum smelting is a developed industry, we constantly keep ourselves updated on new technological developments and apply them on-site, where relevant. We also hire consultants to advise us on any new technologies or improvements that can be made to our aluminum smelting plants.

We have a quality control department that is responsible for formulating and implementing the rules and procedures for quality inspection and testing. Throughout the production process, our quality control department conducts inspection, rectifies errors, provides feedback and analyzes data.

Fabricated Aluminum Products

Our research and development initiatives are to develop and introduce new products that cater to our customers' needs, to expand our product range, to keep abreast of the latest developments in technology and to improve our existing production capacity and existing products. We have a research and development department in Jiangyin Fabrication Plant dedicated to, among other things, improving our production process and the qualities of our fabricated aluminum products. The research and development department is currently headed by our production and deputy chief engineer, Mr. Huang Yuan Chun. As at the Latest Practicable Date, our research and development team comprised 35 persons.

Our design and research department in Jiangyin Fabrication Plant has been designated as a high research enterprise centre in Jiangsu Province, which makes us eligible for government funding every year for product development and an application has been made to the relevant PRC authorities for tax rebates of 40.0% on the taxes payable by Jiangyin Fabrication Plant on its chargeable income. We aim to obtain the approval by the end of the third quarter of 2010, although we cannot assure you that we will be able to do so by such time or at all. We were awarded government grants for our research and development in 2007 and 2008 and a special grant for the development of our solar electric foil in 2009. In addition, we collaborate with Southeast University of China in the research and development of new aluminum fabrication products. Under the collaboration, our Group provides the funding and owns the proprietary rights to the products developed by the university.

QUALITY CONTROL

Our quality control team monitors every stage of our production processes and ensures consistent product quality that meets our internal quality standards and policies, and our customers' requirements. The quality management system in Jiangyin Fabrication Plant obtained ISO9001: 2000 accreditation in November 2008.

INTELLECTUAL PROPERTY RIGHTS

We own several patents that relate to technology, know-how and products which we have developed for our business. Some of our patents have been registered in the PRC, while others are pending registration in the PRC. We also have been licenced intellectual property rights that relate to certain production processes from several universities in the PRC with whom we have research and development arrangements. These licences range for a period of ten to 15 years, and we have paid these universities one-off fees to use the licences on an exclusive basis. To protect our proprietary rights, we rely upon our proprietary intellectual property, and the confidentiality obligations imposed on certain of our employees and third parties.

We have been granted a non-exclusive, non-transferable and indivisible licence to use the trademark "Xinren" (the "Trademark") from Hunan Xinren Properties (the "Licensor") (which is 90.0% owned by our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and 10.0% owned by his wife, Mdm. Deng Eying), for a licence fee of S$1.00. The Licensor has the right to grant licences to third parties to use the Trademark provided that the Trademark is not used by third parties in a manner and/or in respect of products and services that are similar to, or compete with, our Group. The right to use the Trademark may be terminated in certain circumstances, including when the Zeng Family ceases to hold a direct and/or deemed interest of 15% or more of our issued share capital. See "Interested Person Transactions and Conflicts of Interests — Licence agreement granted by Hunan Xinren Properties for the use of trademarks" for details. In the event that we are unable to use the Trademark, this may have a material adverse effect on our business, financial conditions, results of operations and prospects. See "Risk Factors — We may not be able to adequately protect proprietary rights to our technology and brand name".

PROPERTIES

As of March 31, 2010, Yichang Plant, Liupanshui Plant and Jiangyin Fabrication Plant collectively had a gross land area of approximately 737,964 square meters under land use rights that are all owned by our Group. For details of the land use rights and building ownership certificates owned by us, please refer to "Appendix E — Certain Information relating to Our Land Use Rights and Building Ownership Certificates" in this offering document.

In Singapore, we lease an office unit at Raffles City Tower (with a floor area estimated at 247 square metres) from HSBC Institutional Trust Services (Singapore) Limited, as trustee manager of RCS Trust for a period of three years commencing from April 1, 2010, with an option to extend for a further two years. The rent is S$62,214.36 per quarter and the Company is required to pay an additional S$9,573.72 per quarter as service charge in respect of the unit.

In Shanghai, FB Trading leases office space with a floor area estimated at 56.2 square metres and 106.7 square metres from Shanghai Puying Property Management Ltd and Shanghai office of Yangzhou Municipal Government. The lease with Shanghai Puying Property Management Ltd is for a period of five years, commencing from August 22, 2006 and the monthly rent is RMB560.0. The lease with Shanghai office of Yangzhou Municipal Government, the lease is for one year and one month commencing from June 5, 2010 and the monthly rent is RMB11,494.0.

Shanghai Shuangpai also leases an office unit in Shanghai from Mr. Zeng Chaoyi and Ms. Li Yazhou, our Executive Chairman and our Executive Officer. The lease is for a period of two years commencing January 1, 2010. For details of the lease of Shanghai Shuangpai, please refer to "Interested Person Transactions and Conflicts of Interests — Lease Agreement with certain of our Controlling Shareholders" in this offering document.

EMPLOYEES

For each of 2007, 2008, 2009 and the three months ended March 31, 2010, we had a total of 1,642, 1,668, 1,801 and 1,813 employees, respectively. The increase in number of employees was primarily a result of the expansion of our primary aluminum and aluminum fabrication operations.

The table below sets forth the number of employees by function at the times indicated:

	As of December 31,			As of March 31,
By Function	**2007**	**2008**	**2009**	**2010**
Primary aluminum production	1,255	1,349	1,452	1,469
Aluminum fabrication	154	134	141	141
Research and development	11	17	23	35
Sales and marketing	42	35	40	44
Management and others	180	133	145	124
Total	1,642	1,668	1,801	1,813

All our employees are based in the PRC. Our employees at Yichang Plant, Liupanshui Plant and Jiangyin Fabrication Plant and our other PRC subsidiaries are not unionised. We have not experienced any strikes or other labor disturbances that have interfered with our operations, and we believe that our relationship with our employees is good.

The remuneration package of our employees includes salary, bonuses and allowances. Under PRC laws and regulations, both employers and employees have obligations to make contributions to social security funds based on a specified ratio during the term of employment. Under the Provisional Regulations on Collection and Payment of Social Insurance Premiums of the PRC (社会保险费征缴暂行条例), employers in the PRC are required to register with the local social insurance authorities, and make social security contributions, including pension funds, medical insurance (including maternity insurance), unemployment insurance and work-related injury insurance for their employees in the PRC. We have not paid certain past social security fund contributions for and on behalf of our employees of Yichang Changjiang, Liupanshui Shuangyuan and Jiangyin Xinren. We quantified and paid the amount of unpaid social security contributions and with respect to Yichang Changjiang and Jiangyin Xinren, we have received confirmation from the relevant local authorities that we will not be subject to any penalties or orders to rectify non-compliance with the social security contributions. We have also obtained confirmation from the relevant local authorities that as of January 14, 2010, we have not received any claim regarding non-compliance with the social security contributions for Liupanshui Shuangyuan. Our PRC counsel, Jingtian & Gongcheng has also advised us that in view of the confirmations received from the relevant authorities, the possibility of any penalties being imposed for previously having failed to pay the social security contributions, is remote in the immediate future. However, we cannot assure you that the amounts that we have quantified and paid may not be challenged as being insufficient, and that we continue to be in violation of PRC laws on social security contributions. Accordingly, as a matter of prudence, we have provided for an amount of RMB11.6 million in our financial statements for the shortfall, if any, in social security contributions. We cannot assure you that the amount we have provided is sufficient, or that the authorities will not proceed to claim against us or penalize us for late or non-payment of social security contributions in excess of the amounts we have provided in our financial statements. If such an event occurs, our business, financial condition, results of operations and prospects may be adversely affected.

Save as disclosed above, as at the Latest Practicable Date, we are not aware of any other employees' complaints or demands for payment of social security fund contributions, nor have we received any relevant legal documentation from the labor arbitration tribunals or the People's Courts regarding social security fund contributions disputes. Save for the social security contributions required to be made under PRC laws as described above, we have not set aside or accrued any amounts to be paid for pension, retirement or similar benefits.

INSURANCE

We maintain insurance for our property, plants, fixed assets and various other assets that we consider to be subject to significant operating risks. These policies cover the replacement cost or damage to buildings, machinery and equipment in the event of fire, flood and other natural calamities but does not cover losses from business interruption or loss or damage to inventory. In addition we do not maintain third party liability insurance. Our Directors consider that our Group's insurance coverage is sufficient and in line with normal commercial practice in the PRC.

LEGAL PROCEEDINGS

We are not engaged in any legal or arbitration proceedings (either as a plaintiff or defendant), including those that are pending or known to be contemplated, which may have or have had a material effect on our financial position or profitability in the past 12 months immediately preceding the date of the lodgement of this offering document with the Monetary Authority of Singapore.

AWARDS, CERTIFICATES AND MEMBERSHIPS

Our design and research department in Jiangyin Fabrication Plant has been designated as a high technology enterprise centre in Jiangyin, which makes us eligible for government funding for product development and for certain tax incentives. We have also received various awards, certificates and memberships for our products and our aluminum smelting and fabrication plants including:

Year	Award/Certificate/Membership	Awarding Unit	Term of Validity
May 2008	Certificate of Food and Drug Administration Registration	US Food and Drug Administration Authority	N.A.

Year	Award/Certificate/Membership	Awarding Unit	Term of Validity
July 2008	Certificate of “Reliable Enterprise in Quality of Jiangsu Province”	Brand Promoting Commission of Jiangsu province and Quality Supervision Managing Commission of Jiangsu Province	July 2008 to July 2011
August 2008	Advanced Unit of “Safe Production Month”	Safety Production Committee of Jiangyin People’s Government	N.A.
November 2008	Certificate of ISO9001: 2000 Quality Management System	NSF International Strategic Registrations	November 2008 to November 2011
December 2008	“Foreign Exchange Green Channel” Enterprise for 2009	State Administration of Foreign Exchange, Shanghai branch	N.A.
January 2009	Advanced Unit of “Safe Production” — Year 2008	Safety Production Committee of Jiangyin People’s Government	N.A.
June 2009	Membership	Shanghai Aluminum Trade Association	N.A.
2009	“AAA Credit Level” Certificate	Jiangsu Hengda Credit & Appraisal Co., Ltd.	N.A.

KEY AGREEMENTS

We have set out a summary of the material terms of the supply contracts for alumina we have entered into with Chalco and Minmetals below.

Chalco is the PRC’s largest alumina and primary aluminum producer and the world’s second largest alumina producer. It is a large PRC state-owned company which is listed on the New York Stock Exchange and the Hong Kong Stock Exchange. Aluminum Corporation of China is the controlling shareholder of the company. Minmetals is a large PRC state-owned company which has global operations dealing in the development, production and trading of metals and minerals.

Alumina Contracts signed with Chalco

(i) Yichang Changjiang

Under the contract dated September 23, 2009 between Chalco and Yichang Changjiang, Yichang Changjiang is required to purchase 200,000 tonnes of alumina from Chalco annually for five years commencing from January 1, 2010, amounting to a total of 1.0 million tonnes of alumina. The price for the alumina to be delivered each month is a percentage stipulated in the contract of the weighted average price quoted on the SHFE for three-month primary aluminum futures contracts in the month immediately preceding the month when the order is made. Yichang Changjiang is required to make payment before the 15th of each month for the alumina to be delivered for that particular month and Chalco is required to deliver the product only after it has received the relevant payment in full.

The alumina purchased under the contract is either collected by Yichang Changjiang at Chalco’s warehouses or ports designated by Chalco. Alternatively, at Yichang Changjiang’s request and expense, Chalco may arrange for the alumina to be transported by railway, where delivery is deemed to have occurred when Chalco delivers the alumina to the railway station designated by Yichang Changjiang and completes all delivery formalities.

Yichang Changjiang has the right to terminate the contract if Chalco fails within one month of being informed by Yichang Changjiang to remedy the following breaches: (i) Chalco fails to provide alumina; or (ii) the quality of the alumina provided is not in accordance with the requisite standards; or (iii) Chalco breaches the contract such that Yichang Changjiang is unable to fulfil its obligations under the contract. If the contract is terminated by Yichang Changjiang, Chalco is obliged to compensate Yichang Changjiang for all its direct losses, the costs incurred by Yichang Changjiang for performing the same contract with a third party, expected profits and all reasonable expenses.

Chalco has the right to terminate the contract if Yichang Changjiang fails, within one month of being informed by Chalco to remedy the following breaches, namely, Yichang Changjiang (i) fails to make payment; (ii) fails to take delivery of the alumina or accepts a smaller amount of alumina than contractually agreed; or (iii) breaches the contract such that Chalco is unable to fulfil its obligations under the contract. If the contract is terminated by Chalco, Yichang Changjiang is obliged to compensate Chalco for all its direct losses, the cost incurred by Chalco for performing the same contract with a third party, expected profits and all reasonable expenses.

Under the contract, Yichang Changjiang is not permitted to resell any alumina to any third parties, including its holding company, subsidiaries or affiliates. Chalco has the right to terminate the contract if Yichang Changjiang breaches the said provision.

(ii) Shanghai Shuangpai

(1) March 21, 2008 Contract

Under a contract dated March 21, 2008 between Chalco, China Aluminum International Trading Co., Ltd. ("Chalco Trading") and Shanghai Shuangpai (the "March Contract"), Shanghai Shuangpai is required to purchase 800,000 tonnes of alumina from Chalco during the period from March 1, 2008 until December 31, 2010. The price, payment and delivery terms for the alumina to be delivered each month and the key circumstances of breach by Chalco and Shanghai Shuangpai are similar to those under the supply contract between Chalco and Yichang Aluminum as set out above. However, due to the more favorable spot alumina prices during that period, Shanghai Shuangpai and Chalco entered into a supplemental agreement dated December 10, 2008 where Chalco agreed to reduce the amount of alumina to be delivered to Shanghai Shuangpai during the period from September 1, 2008 to June 30, 2009. On September 27, 2009, Chalco, Chalco Trading, China Aluminum Chongqing Sales Co., Ltd. and Shanghai Shuangpai entered into a second supplemental agreement to the March Contract under which Shanghai Shuangpai is required to purchase 622,659 tonnes of the undelivered alumina under the March Contract for five years commencing from January 1, 2010.

(2) September 27, 2009 Contract

Under a contract dated September 27, 2009 between Chalco and Shanghai Shuangpai, Shanghai Shuangpai is required to purchase 240,000 tonnes of alumina from Chalco annually for five years commencing from January 1, 2010, which amounts to a total of 1.2 million tonnes of alumina. The price, payment and delivery terms for the alumina to be delivered each month and the key circumstances of breach by Chalco and Shanghai Shuangpai are similar to those under the supply contract between Chalco and Yichang Aluminum as set out above. In addition, Chalco has a right to terminate the contract if Shanghai Shuangpai suspends or terminates the March Contract and any other supplemental agreements without the consent of Chalco.

Under the contract, Shanghai Shuangpai is not permitted to resell any alumina to any third parties, including its holding company, subsidiaries or affiliates. Chalco has the right to terminate the contract if Shanghai Shuangpai breaches this restriction. However, in practice, Chalco has delivered the alumina to Liupanshui Plant at the request of Shanghai Shuangpai. Chalco has also given a written clarification dated January 4, 2010, in relation to the contracts entered into with Shanghai Shuangpai, to the effect that Shanghai Shuangpai is allowed to resell alumina purchased under these contracts to designated parties, namely Liupanshui Shuangyuan, Yichang Changjiang and Liupanshui Shuangpai.

On June 24, 2010, Chalco and Shanghai Shuangpai entered into a supplemental contract to the contract dated September 27, 2009. Under the terms of the supplemental contract, the amount of alumina to be purchased by Shanghai Shuangpai every month has been amended such that in the second half of 2010 there will be no further purchases of alumina, in 2011 and 2012 Shanghai Shuangpai will purchase 10,000 tonnes of alumina each month (instead of 20,000 tones each month) and in 2013 and 2014, Shanghai Shuangpai will purchase 35,000 tonnes of alumina each month (instead of 20,000 tonnes each month). While the total purchase commitment of alumina by Shanghai Shuangpai has not changed, the reduction in volume of alumina purchased for the second half of 2010, and the full years of 2011 and 2012 will allow Shanghai Shuangpai to better manage its existing stockpile of alumina.

Alumina Contract between Minmetals and Shanghai Shuangpai

Under a contract dated August 7, 2009 between Minmetals and Shanghai Shuangpai, Minmetals is required to supply 945,000 tonnes of alumina to Shanghai Shuangpai for a period of five years and three months commencing from October 1, 2009. The price for the alumina to be delivered each month is a percentage stipulated in the contract of the weighted average price quoted on the SHFE for three months primary aluminum futures contracts in the month immediately preceding the month when the order is made. Shanghai Shuangpai is required to pay at least two-thirds of the purchase price within five business days after a payment notice is sent by Minmetals to Shanghai Shuangpai and the balance within ten days after the payment notice is sent by Minmetals. Delivery of the alumina would be made at the warehouses of Minmetals.

Minmetals is required to pay a sum amounting to a percentage of the total payment if it is unable to deliver the alumina ordered. Where the alumina delivered by Minmetals does not conform to the type, standard and quality as set out in the contract: (i) if the alumina can be used by Shanghai Shuangpai, the price will be determined according to the quality of the alumina; (ii) if the alumina cannot be used by Shanghai Shuangpai, Minmetals will be responsible for replacing the alumina and for costs associated therewith; or (iii) if Shanghai Shuangpai is unable to use the alumina and Minmetals is unable to replace the alumina, the alumina will be deemed undelivered.

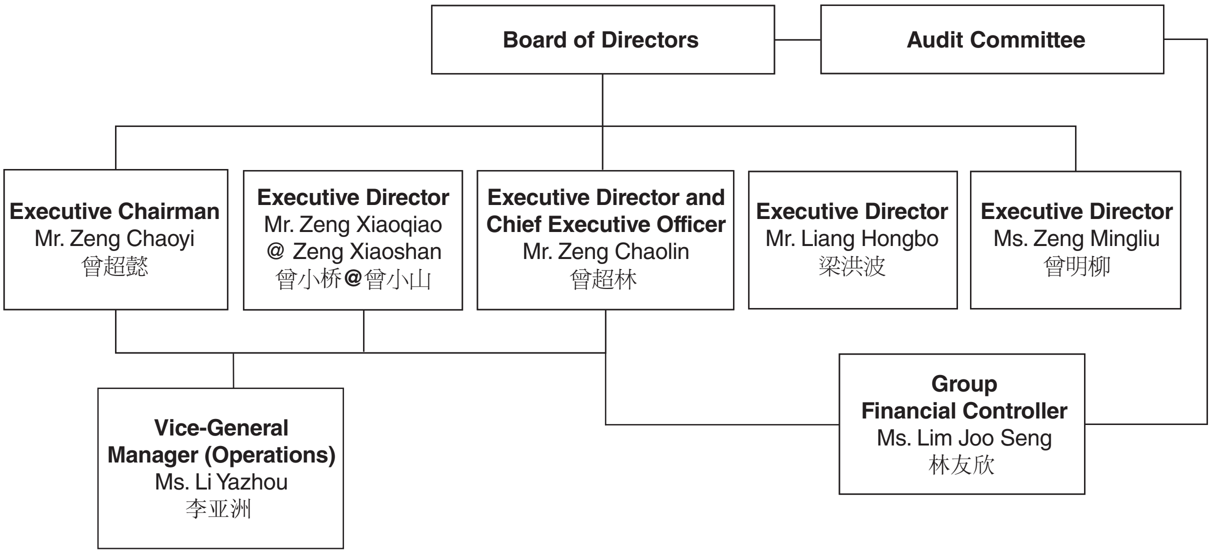
If delivery is delayed, Minmetals is required to pay a penalty amounting to a percentage of the price of the goods to be delivered for each day after the delivery date. A delay in the delivery of alumina for more than 30 days is deemed as non-delivery of alumina by Minmetals.

Shanghai Shuangpai is required to pay a sum amounting to a percentage of the total payment if it fails to make payment for the alumina ordered. A delay in payment for more than 30 days is deemed as a failure to by Shanghai Shuangpai to make payment. If Shanghai Shuangpai resells or assigns the goods to a third party without the prior consent of Minmetals, it is required to pay a percentage of the price of the goods being resold or assigned to Minmetals as a penalty. In this respect, the contract lists several companies, including Liupanshui Plant and Yichang Plant, which Shanghai Shuangpai can designate as parties under the contract to receive the alumina. Shanghai Shuangpai has been and will continue to designate Liupanshui Plant and Yichang Plant to receive all the alumina to be purchased under the contract.

MANAGEMENT

MANAGEMENT REPORTING STRUCTURE

The management reporting structure of our Company is diagrammatically represented below:



DIRECTORS

Our Board of Directors is entrusted with the responsibility for our overall management and direction.

The following table sets forth information regarding our Directors.

Name	Age	Address	Position	Date of Appointment as Director
Mr. Zeng Chaoyi 曾超懿	41	Room 27F-B, No. 360, South Pudong Road, Pudong New Area, Shanghai	Executive Chairman	August 29, 2006
Mr. Zeng Xiaoqiao @ Zeng Xiaoshan 曾小桥@曾小山	65	Room 27F-B, No. 360, South Pudong Road, Pudong New Area, Shanghai	Executive Director	April 26, 2010
Mr. Zeng Chaolin 曾超林	28	Qiaobian Town, Dianjun District, Yichang, Hubei	Executive Director and Chief Executive Officer	April 26, 2010
Mr. Liang Hongbo 梁洪波	34	Qiaobian Town, Dianjun District, Yichang, Hubei	Executive Director	April 26, 2010
Ms. Zeng Mingliu 曾明柳	39	No.1 Xinren Road, Huangtang Industrial Zone, Xuxiake Town, Jiangyin city	Executive Director	April 26, 2010

Name	Age	Address	Position	Date of Appointment as Director
Mr. Timothy Chen Teck Leng @ Chen Teck Leng 陈德仁	55	7 Goldhill Avenue, Goldhill Garden, Singapore 309005	Independent Director	October 18, 2010
Mr. Loh Weng Whye 罗永威	64	127 Dunbar Walk, Singapore 459433	Independent Director	October 18, 2010
Mr. Liu Jingan 刘静安	69	Jiulongbo District, Chongqing, China 401326	Independent Director	October 18, 2010

Save as disclosed in the section "Interested Person Transactions and Conflicts of Interests — Conflicts of Interests", none of our Directors is related to each other or to our Executive Officers and Substantial Shareholders of our Company. See "Share Capital and Shareholders".

Experience of our Board of Directors

Information on the business and working experience of our Directors is set out below:

Mr. Zeng Chaoyi (曾超懿) is our Executive Chairman. He is responsible for directing the strategic direction and growth of our Group. Mr. Zeng Chaoyi has over 17 years of experience in the aluminum industry. He began his career in 1993 as a general manager at Hunan Shaodong, a company established by his father, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, where he was responsible for the construction of the plants, projects, daily operations and management of the company until July 1997. From August 1997 to June 2000, he was appointed as general manager of Hunan Shuangpai, a company founded by his father, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, and was responsible for the construction of the plants, projects, daily operations and management of the company. From July 2000 to December 2009, he was the executive chairman of Liupanshui Shuangpai and was responsible for its establishment and operations. He has been the executive chairman of our consolidated entity, Liupanshui Shuangyuan since September 2007. In addition, he has been the executive director of our subsidiary trading companies, Shanghai Shuangpai and FB Trading since April 2002 and December 2008, respectively. Mr. Zeng Chaoyi received the titles of Shanghai Foreign Trade Advanced Individual (上海市外贸工作先进个人) in 2003 from Shanghai Foreign Trade and Economic Cooperation Committee National Venture Star in 2004 (全国创业之星) from China Rural Labor Resources Development Society, China Aid Foundation for Poverty Alleviation and China State Development Research Centre respectively. Mr. Zeng Chaoyi graduated with a Bachelor's degree in history from Xiang Tan University (湘潭大学) in June 1993.

Mr. Zeng Xiaoqiao @ Zeng Xiaoshan (曾小桥@曾小山) is our Executive Director and has been in the aluminum business for over 30 years. He is the founder of our Group which was founded in 2002. Apart from our Group, he founded several other aluminum companies, including Hunan Shaodong which was established in 1979 and ceased to be its executive chairman in December 2009. Hunan Shuangpai was established by Mr. Zeng Xiaoqiao @ Zeng Xiaoshan in 1998 and sold to unrelated parties in 2009. He is also the founder and executive chairman of the following PRC companies including (i) Hunan Xinren Properties; and (ii) Hunan Xinren Trading which ceased operations in December 2009. Mr. Zeng Xiaoqiao @ Zeng Xiaoshan was also a representative on (i) the 10th National People's Congress between 2003 and 2008; and (ii) the 11th People's Congress for the Hunan province (湖南省人民代表大会) since 2008. He has also been conferred several awards, including "China Township Entrepreneur" (中华人民共和国农业部第四届全国乡镇企业家) award in 2001 by Ministry of Agriculture, PRC, and the title of being one of the 18 most influential persons in the non-ferrous metal industry in the PRC (有色金属行业有影响力人物) award by the China Non-Ferrous Metal News in 2005. He was awarded the "Top Ten Economic Contributors in Shaoyang City" (邵阳十大贡献经济人物奖) in 2009 by the Publicity Committee of Shaoyang City.

Mr. Zeng Chaolin (曾超林) is our Executive Director and Chief Executive Officer. He is responsible for overseeing our Group's operations. Mr. Zeng Chaolin first joined Yichang Changjiang in January 2004 as a trainee general manager and was involved in the construction of the Yichang Plant. He was subsequently promoted to the position of general manager in September 2005 and was responsible for the management and operations of Yichang Changjiang. He has also been responsible for the operations of Jiangyin Xinren since November 2005. He was conferred the Yichang Economy Individual of the Year 2006 (2006年宜昌经济年度人物) award in 2007 by Yichang Development and Reform Committee, Yichang Economic Committee and Three Gorges News Society and the "Outstanding People's Entrepreneur for Enterprise Development and New Rural Development 2007" (企业发展与新农村建设2007百姓喜爱的优秀企业家) award in 2008 by Yichang Federation of Industry and Commerce. Mr. Zeng Chaolin graduated with a Bachelor's degree in International Trade from Hunan University in 2003.

Mr. Liang Hongbo (梁洪波) is our Executive Director. He began his career in Yichang Changjiang as the manager of the supply department in November 2002, responsible for the purchase and supply of materials for engineering projects. In August 2005, he was promoted to be assistant general manager of Yichang Changjiang and has since been responsible for the operations and capital management of Yichang Changjiang. Mr. Liang obtained his Master's degree in Industrial Economics at Capital University of Economics and Business in July 2000.

Ms. Zeng Mingliu (曾明柳) is our Executive Director and has over 17 years of experience in the aluminum business. She began her career in Hunan Shaodong, a company founded by her father Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, as a financial manager between September 1992 and August 1998. She became the assistant general manager of Hunan Shuangpai between September 1997 and September 2002 and was responsible for the financial and internal control affairs of the company. From the period of November 2002 until August 2005, Ms. Zeng Mingliu was the assistant general manager of Yichang Changjiang and was in charge of the financial and internal control functions of Yichang Changjiang. Since November 2005, she has been the assistant general manager of Jiangyin Xinren and is responsible for the financial functions of Jiangyin Xinren. Ms. Zeng Mingliu graduated with a diploma in accounting from Hunan province Shaoyang City Supply and Marketing School (湖南省邵阳市供销学校会计学) in 1992. She was conferred the "Jiangyin City Advanced Worker" (江阴市先进工作者) award in 2009 by Jiangyin People's Government and Jiangyin City Communist Party Committee and the "Jiangsu Outstanding Entrepreneur" (江苏省优秀企业家) award in 2010 by Jiangsu Brand Promotion Committee and Jiangsu Quality Development Committee.

Mr. Chen Timothy Teck Leng @ Chen Teck Leng (陈德仁) is our Lead Independent Director. Mr. Chen has more than two decades of management experience in international finance, insurance, banking and corporate advisory work. He started his career as a Loans Officer (Corporate Lending) in the Bank of America (Singapore) in 1981. Between 1982 and 1983, he was the Assistant Vice President (Corporate Lending) in Wells Fargo Bank (Singapore). In 1984, he joined Bank of Nova Scotia as the Accounts Manager (International Banking). From 1986 to 1999, he held the position of Senior Representative in Sun Life Assurance Company of Canada. From 1990 to 2000, he was the President of T&T Insurance Ltd. He was also the President of Grandview Financial Inc. from 1998 to 2001. Between 2000 and early 2005, he was the President and Chief Executive Officer of Sun Life Everbright Life Insurance Co., Ltd., a joint venture company of Sun Life Assurance Company of Canada and China Everbright Group. He has been director of Central Capital Assets Ltd since August 2005. Since 2006, he has been the Executive Director of Provident Capital Inc. He has also been the Independent Director and Chairman of the Audit Committee of Tianjin Zhongxin Pharmaceutical Group Corporation Ltd, a large inter-regional and inter-trade pharmaceutical group with investment holding functions listed on the SGX-ST, since 2007. In addition, since 2009, Mr. Chen has been the Independent Director and Chairman of the Audit Committee of Sunmart Holdings Limited, which is listed on the SGX-ST and principally engaged in the production and sale of a wide range of spray products. Mr. Chen is also an independent director of China Hu An Cable Holdings Ltd., a major cable manufacturer in the PRC and listed on the SGX-ST since October 2009. Mr. Chen graduated from the University of Tennessee with a BSC. (Business Administration) degree in 1979 and obtained a Master's degree in Business Administration awarded by the Ohio State University in 1981. He obtained his Certified Corporate Director designation (ICD.D) from the Canadian Institute of Corporate Directors in 2006.

Mr. Loh Weng Whye (罗永威) is our Independent Director. He is a veteran in infrastructure development and energy businesses in Singapore and the region, with four decades of experience in senior appointments with the civil service, government-linked companies and the private sector. While with the Public Utilities Board, Singapore from 1970 to 1994, he headed Power Generation Projects responsible for the management and commissioning of power projects worth more than S$3.0 billion. He was also the founding General Manager (Projects) of Tuas Power Ltd. between 1994 to 1997. Mr. Loh was formerly President of ST Energy Pte Ltd and SembCorp Energy Pte Ltd under Singapore Technologies Group from 1997 to 2001. As president of ST Energy Pte. Ltd. and Sembcorp Energy Pte. Ltd, Mr. Loh was involved in the financial aspects of the business. Between 2001 and 2006, he was appointed Adviser to Green Dot Capital Pte Ltd, an investment and holding company under Temasek Holdings. From 2007 to 2009, he was the Senior Adviser to YTL Power International Berhad in the S$3.8 billion acquisition of PowerSeraya Ltd. Currently, Mr. Loh sits on the boards of local and overseas corporations, including several SGX mainboard-listed companies such as Leeden Limited (as an independent director since February 2005 as well as an audit committee member), BH Global Marine Limited (as an independent director since August 2005 as well as an audit committee member) and China New Town Development Co Limited (as an independent director since September 2007 as well as an audit committee member). He has served on the mechanical engineering advisory/consultative panels of the National University of Singapore and Nanyang Technological University, the Examiner (Mechanical) of the Singapore Professional Engineers Board for many years. He graduated with a BEng.(Mech.) degree and a MSc.(Ind. Engg.) degree from the University of Singapore (now known as the National University of Singapore) in 1970 and 1979, respectively. In 1975, he was admitted as a member of the Institution of Engineers (MIES) and certified as a Professional Engineer (Er.) by the Singapore Professional Engineers Board in 1976. He was also admitted as a full member (MSID) of the Singapore Institute of Directors in November 2005, and was elected a Fellow (FIES) of the Institution of Engineers Singapore in 1995.

Mr. Liu Jingan (刘静安) is our Independent Director. He has over 40 years of experience in the light metals alloy industry and started his career as a technician in Northeast Light Alloy Processing Factory (东北轻合金加工厂) in 1964. In 1967, he joined Southwest Aluminum Processing Factory (西南铝加工厂三车间技术股) as Chief Technician Engineer and then to the position of Chief Engineer of the branch relating to aluminum processing production of Southwest Aluminum Processing Factory (西南铝加工厂) in 1982. He became the deputy chief engineer of Southwest Aluminum (Group) Co., Ltd. (西南铝业（集团）有限责任公司) and was its technical consultant since his retirement in 2001 until December 2009. Mr. Liu graduated from Central South University (中南大学) with an engineering degree in non-ferrous metals and alloy and heat processing in 1964. From October 1994 to October 1999, he was awarded the status of honorary professor by the Central South University of Technology. He is also active in many societies, and has been (i) a member of China Non-Ferrous Metals Alloy Processing Society (中国有色金属学会合金加工学术委员会) since 1995; and (ii) technical consultant to China Non-Ferrous Metals Processing Society (中国有色金属加工协会) since 1993. He has also been conferred several awards, including (i) China Non-Ferrous Metals Industry Science and Technology Awards for research and development of Vehicle Large Aluminum Alloy Profiles Technology and Development (1st standard) in 2005 and Vehicle Large Aluminum Frames flat container and special research and development of mold (2nd standard) in 2006; (ii) Beijing Science and Technology Award for Metal extrusion theory and fundamental research and application of new technology development (2nd standard) in 2006; and (iii) PRC Ministry of Education, Sciences and Technology Progress Award for research and development and application of special large extrusion die (1st standard) in 2009.

Present and past principal directorships of our Directors

Other than for our Company, the present and past directorships held by our Directors in the last five years preceding the date of this offering document are set out in "Appendix G — List of Past and Present Directorships".

Interests in Shares

Save as discussed otherwise, our Directors do not have any interests (direct or deemed) in our Shares. For further details as to our Directors' interests in our Shares, see "Share Capital and Shareholders — Current shareholders".

Term of office

Our Directors do not currently have a fixed term of office. Each Director is required to retire from office once every three years and for this purpose, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) is required to retire from office by rotation. A retiring Director is eligible for re-election.

The Directors who are required to retire each year are those, subject to retirement by rotation, who have been longest in office since their last re-election or appointment.

EMPLOYMENT TERMS

Our key management are appointed pursuant to employment letters, which generally stipulate remuneration terms, entitlement to leave and other benefits consistent with our Group's prevailing policies. Employees are generally bound by confidentiality obligations and key management employees are required to observe a 12-month restriction on soliciting clients or employees of our Group. Typically, the notice period for termination of employment of key management is six months, given either by the employee or us. We may also terminate the employment of key management by giving six months salary in lieu of notice as well as terminate the employment of key management for cause, without notice.

Save as disclosed above, there are no existing or proposed service contracts entered into or to be entered into by our Company or any of our subsidiaries with any of our Directors or Executive Officers which provide for compensation in the form of stock options, or pensions, retirement or other similar benefits, or other benefits, upon the termination of the employment.

CORPORATE GOVERNANCE

Our Directors recognize the importance of corporate governance and the maintenance of high standards of accountability to our shareholders. Our Board has established three committees, the Audit Committee, the Nominating Committee and the Remuneration Committee.

Corporate Social Responsibility

We have adopted a policy of corporate social responsibility and our aim is to promote the operation and development of our business in a socially responsible manner based on economic, social and environmental sustainability. In particular, our focus is on the following areas:

Energy and production efficiency

We plan to continue to improve the efficiency of our production methods and to find ways to decrease our energy usage. We regularly review and plan to continue to review our production processes and the available technologies in the market to determine if we are compliant with prevailing energy consumption and to determine if any improvements to efficiency and energy savings can be made.

Environmental conservation

Caring for the environment is important to us. We aim to comply with environmental standards, rules and regulations to which we are subject. Additionally, we regularly review and plan to continue to review our production processes and the available technologies in the market to determine if any improvements can be made to reduce pollutive emissions in the course of our production.

Recycling

Where practicable and cost efficient, we will recycle water and waste metal used in our production processes. Additionally, carbon anodes used in our production which we no longer require, may be sold off for use by others.

Social Responsibility

The welfare of our employees and family is important to us. We have planned and will continue to plan social and leisure activities for our employees and their families, to foster a sense of belonging to our Group and to promote work-life balance. We also seek opportunities to contribute to the community in which our plants and operations are located, and may consider investing in infrastructure such as roads, and schools, to benefit the residents in the community.

The Board of Directors of our Company has established a corporate social responsibility policy which will include the review of the following areas of our Group's activities:

(a) to review and recommend our Group's policy with regards to corporate social responsibility issues;

(b) to review our Group's environmental policies and standards;

(c) to review the social impact of our Group's business practices in the communities that it operates in;

(d) to review and recommend policies and practices with regard to key stakeholders (suppliers, customers and employees); and

(e) to review and recommend policies and practices with regard to regulators. In August 2010, the SGX-ST issued a policy statement on sustainability reporting as well as a guide to sustainability reporting by companies listed on the SGX-ST. Although sustainability reporting is currently voluntary for companies listed on the SGX-ST, nevertheless we plan to report on our corporate social responsibility practices annually in our annual report.

Audit Committee

Our internal policy requires the Audit Committee to have at least three members, all of whom have to be non-executive and the majority, including the Chairman, have to be independent. Under our Audit Committee's terms of reference, the Audit Committee should have broad business experience, knowledge of the operations, finance and auditing procedures of our Group with at least two members having accounting or related financial management expertise or experience. The Audit Committee comprises of Mr. Chen Timothy Teck Leng @ Chen Teck Leng, Mr. Loh Weng Whye and Mr. Liu Jingan. The Chairman of the Audit Committee is Mr. Chen Timothy Teck Leng @ Chen Teck Leng. The Audit Committee is required to meet at least four times a year to perform functions including but not limited to:

(a) review all of our Group's financial statements and any public financial reporting with our management and external auditors for submission to the Board;

(b) review together with external auditors, their audit plan, audit report, management letter and the responses which the external auditors have received from our management or difficulties which they have encountered with our management in the course of their audit;

(c) review with external and internal auditors the adequacy and effectiveness of our Group's internal control system;

(d) review with internal auditors, the programme, scope and results of the internal audit and our management's response to their findings to ensure that appropriate follow-up measures are taken;

(e) review with external auditors the impact of any new or proposed changes in accounting principles or regulatory requirements on the financial statements of our Group;

(f) review interested person transactions for potential conflicts of interest as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place (see the "Interested Person Transactions and Conflicts of Interests — Review Procedures for Future Interested Person Transactions");

(g) assess the suitability of an accounting firm as external auditors and recommend to our Board the appointment or re-appointment of such external auditors for the coming year, approve their compensation as negotiated by our management and to review and approve their discharge;

(h) review filings with the SGX-ST or other regulatory bodies which contain our Group's financial statements and ensure proper disclosure;

(i) reviewing the Contractual Arrangements including Yichang Resolutions and Liupanshui Resolutions to ensure that the resolutions are passed in accordance with the instructions of the Voting Committees established by the Relevant Company (See "The Corporate Reorganization and Our Corporate Structure — The Contractual Arrangements — The Management Consultancy Services Agreement");

(j) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any law, rule and regulation which has or is likely to have a material impact on our Group's operating results and/or financial position;

(k) periodically review the status of the collection of RMB397.0 million due (as of March 31, 2010) from Liupanshui Shuangpai and Hunan Shaodong which were previously owned by members of the Zeng Family by no later than December 31, 2010, and take appropriate steps for its recovery;

(l) review and decide on all matters relating to the enforcement of the pledge under the Equity Interest Pledge Agreements;

(m) reviewing the quarterly management accounts of Yichang Changjiang and Liupanshui Shuangyuan;

(n) review the internal controls audit until such time the Audit Committee is satisfied that our Company's internal controls are robust and effective enough to mitigate our Company's internal control weaknesses, and prior to the decommissioning of the annual audit to report to the SGX-ST on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal controls audit; and

(o) report to the Board of our Company the work performed by the Audit Committee in carrying out its functions.

Apart from the duties listed above, the Audit Committee is required to discuss matters which may involve any suspected fraud or irregularity, or suspected infringement of any law, rule or regulation which has or is likely to have a material impact on our operating results or financial position with external auditors and report such matters to the Board at an appropriate time.

Nominating Committee

Our internal policy requires the Nominating Committee to have at least three members, of whom the majority have to be independent, including the Chairman. Our Nominating Committee comprises Mr. Loh Weng Whye, Mr. Liu Jingan and Mr. Chen Timothy Teck Leng @ Chen Teck Leng. The Chairman of the Nominating Committee is Mr. Loh Weng Whye. The Nominating Committee is responsible for:

(a) reviewing and recommending candidates for appointments to our Board and Board committees (excluding the appointment of existing members of our Board to a Board committee);

(b) reviewing and recommending nomination for re-appointment or re-election or renewal of appointment of our Directors; and

(c) reviewing and recommending candidates to be our nominees on the boards and board committees of the listed companies and entities within our Group.

Each member of the Nominating Committee is required to abstain from voting, approving or making a recommendation on any resolutions of the Nominating Committee in which he has a conflict of interest in the subject matter under consideration.

Remuneration Committee

Our internal policy requires the Remuneration Committee to have at least three members, all of whom have to be non-executive and a majority of whom have to be independent, including the Chairman. The Remuneration Committee comprises Mr. Liu Jingan, Mr. Loh Weng Whye and Mr. Chen Timothy Teck Leng @ Chen Teck Leng. The Chairman of the Remuneration Committee is Mr. Liu Jingan. Our Remuneration Committee is responsible for the performance of the following duties and responsibilities:

(a) review and approve our Group's policy for determining the remuneration of our executives including that of our chief executive officer and other key management executives;

(b) review the on-going appropriateness and relevance of our executive remuneration policy and other benefit programmes;

(c) consider, review and approve and/or vary (if necessary) the entire specific remuneration package and service contract terms for each member of key management (including salaries, allowances, bonuses, payments, options, benefits in kind, retirement rights, severance packages and service contracts) having regard to the executive remuneration policy for each of the companies within our Group;

(d) consider and approve termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to each member of key management;

(e) to determine, review and approve the design of all option plans, stock plans and/or other equity based plans that our Group proposes to implement, to determine each year whether awards will be made under such plans, to review and approve each award as well as the total proposed awards under each plan in accordance with the rules governing each plan and to review, approve and keep under review performance hurdles and/or fulfilment of performance hurdles under such plans;

(f) approve the remuneration framework (including directors' fees) for our non-executive Directors on the relevant boards of directors within our Group;

(g) approve the appointment of key management positions and review succession plans for key positions within our Group; and

(h) oversee the development of key executives and talented executives within our Group.

All decisions at any meeting of the Remuneration Committee shall be decided by a majority of votes of the members present and voting and such decision shall at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration. The quorum for any meeting of the Remuneration Committee shall be the majority of the members of the Remuneration Committee at the time of the meeting.

EXECUTIVE OFFICERS

Our Executive Officers, together with our Executive Directors, are responsible for our day-to-day management and operations. The following table sets forth information regarding our Executive Officers.

Name	Age	Address	Position
Ms. Li Yazhou 李亚洲	34	Room 27F-B, No. 360, South Pudong Road, Pudong New Area, Shanghai	Vice-General Manager (Operations)
Ms. Lim Joo Seng 林友欣	36	Room 27F-B, No. 360, South Pudong Road, Pudong New Area, Shanghai	Group Financial Controller

Experience of our Executive Officers

Information on the business and working experience of our other Executive Officers is set out below:

Ms. Li Yazhou (李亚洲) is our Vice-General Manager (Operations). She is responsible for assisting the CEO on the day-to-day operations of our Group. She has over ten years of experience in the aluminum business, having began her career as a financial assistant in Hunan Shaodong, a company founded by her father-in-law, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, between September 1995 to July 1998. She was the general administrator of Hunan Shuangpai, another company founded by her father-in-law, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, between August 1998 to June 2000. From July 2000 until December 2009, she was the executive director of Liupanshui Shuangpai and was responsible for the company's day-to-day operations. She is also an executive director of several of our subsidiaries Shanghai Shuangpai (since April 2002), Liupanshui Shuangyuan since 2007 and FB Trading since 2008. Ms. Li graduated from Shao Yang College (邵阳学院) in June 1995 as an English Major. She was conferred the "Guizhou province Outstanding Female Entrepreneur" award (贵州优秀女企业家) in 2007 by Guizhou Province Women's Federation, Guizhou Federation of Industry and Commerce, Guizhou Small Medium Enterprises Union and Guizhou Communist Youth League and "National Venture Star" award (创业之星) in 2008 by China Rural Labor Resources Development Society, China Aid Foundation for Poverty Alleviation and China State Development Research Centre.

Ms. Lim Joo Seng (林友欣) is our Group Financial Controller and was appointed in February 2010. She is responsible for overseeing the financial and management accounting matters of our Group. She began her professional career as a tax assistant in Sekhar & Tan in Malaysia in April 1999. From May 2000 until December 2003, she held the position of senior associate at Deloitte Touche Tohmatsu, (Deloitte & Touche) in Malaysia. Between January 2004 and January 2005, she was the finance manager of Eversafe Engineering Sdn. Bhd. She joined Deloitte Touche Tohmatsu in Shanghai as a senior associate in February 2005 and promoted to manager in December 2005. She left Deloitte Touche Tohmatsu in February 2010. Ms. Lim has been a member of CPA Australia and the Malaysian Institute of Accountants since 2003. Ms. Lim graduated with a Bachelor of Commerce degree from Macquarie University in 1998.

Ms. Lim Joo Seng, as our Group Financial Controller, is responsible for overseeing the finance functions in Yichang Changjiang and Liupanshui Shuangyuan. Ms. Lim has experience in preparing accounts based on International Financial Reporting Standards, which is significantly similar to the Singapore Financial Reporting Standards. As part of her duties, she will review the monthly bank reconciliation of all the entities within our Group (including Yichang Changjiang and Liupanshui Shuangyuan) and will report to our Board promptly upon identifying any material discrepancies or amounts that cannot be reconciled. Our Executive Director and Chief Executive Officer, Mr. Zeng Chaolin, will take into due consideration, the recommendation of our Group Financial Controller when determining the remuneration of the finance chiefs of Yichang Changjiang and Liupanshui Shuangyuan.

The Audit Committee notes that Ms. Lim Joo Seng has more than 10 years experience in finance and accounting, and her most recent experience is as audit manager of Deloitte Touche Tohmatsu CPA Ltd. in Shanghai. Ms. Lim has been working with our Company since February 2010, and has been heavily involved in the preparation of the prospectus for our Company's initial public offering, including collection and analysis of financial information, the preparation of the financial statements for inclusion in the prospectus, as well as understanding and providing information on our Group's interested person transactions. Our Audit Committee has also, in the course of preparing for the listing of our Company on SGX-ST, observed and noted Ms. Lim Joo Seng's responses to questions posed to her at various meetings and discussions. Based on the responses provided by her to such questions, our Audit Committee is of the view that she has demonstrated her understanding of the business of, and familiarity with the finance and accounting functions of our Group. Ms. Lim also confirms she is familiar with the finance and accounting functions of our Group.

Present and past principal directorships of our Executive Officers

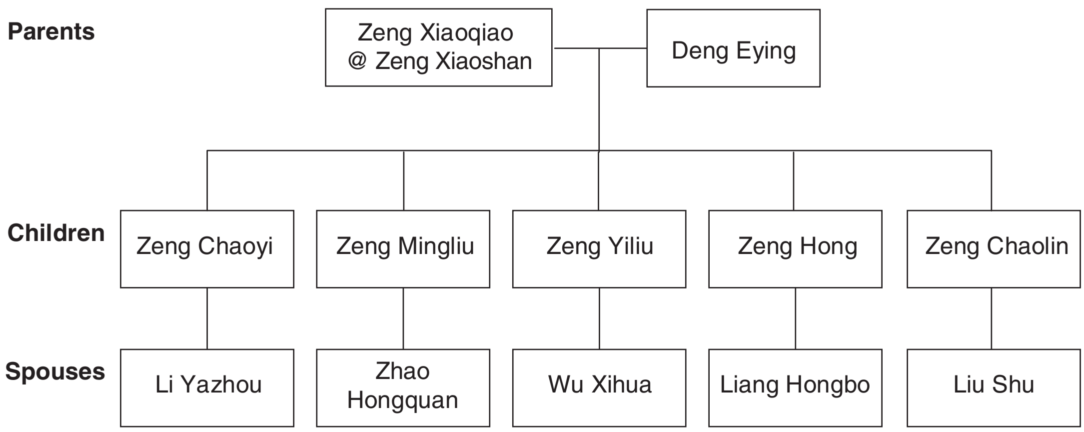
The present principal and past directorships held by our Executive Officers in the five years preceding the date of this offering document are set out in Appendix G — List of Past and Present Directorships.

FAMILY RELATIONSHIPS; OTHER ARRANGEMENTS OR UNDERSTANDING

Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, the founder of our Group and an Executive Director and Shareholder, is the father of Mr. Zeng Chaoyi, Mr. Zeng Chaolin and Ms. Zeng Mingliu, our Executive Directors and Shareholders and Ms. Zeng Hong, our Shareholder. He is the father-in-law of Mr. Liang Hongbo, our Executive Director who is married to Ms. Zeng Hong, our Shareholder; and Ms. Li Yazhou, our Executive Officer who is married to Mr. Zeng Chaoyi, our Executive Chairman and Shareholder. Mr. Zeng Xiaoqiao @ Zeng Xiaoshan is the husband of Mdm. Deng Eying, our Shareholder. Mr. Zeng Chaoyi, Mr. Zeng Chaolin, Ms. Zeng Mingliu, our Executive Directors and Shareholders and Ms. Zeng Hong, our Shareholder, are siblings. Their mother is Mdm. Deng Eying, our Shareholder; their brothers-in-law are Mr. Liang Hongbo, our Executive Director and their sister-in-law is Ms. Li Yazhou, our Executive Officer. See "Share Capital and Shareholders" for further details of the shareholding of these persons in our Company. Save as aforesaid, none of our Directors or Executive Officers has any arrangement or understanding with any of our substantial shareholders, customers or suppliers or other person pursuant to which such Director or Executive Officer was appointed as a Director or as an Executive Officer.

The relationship between our Executive Directors, Executive Officers and other Zeng Family members are set out in the diagram below:

Zeng Family



SERVICE AGREEMENTS

There are no existing or proposed service agreements entered into or to be entered into by our Directors and us or any of our subsidiaries that provides for benefits upon termination of employment.

On September 23, 2010, we entered into service agreements with our Executive Directors and Executive Officers, namely, Mr. Zeng Chaoyi, Mr. Zeng Chaolin, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, Mr. Liang Hongbo, Ms. Zeng Mingliu and Ms. Li Yazhou. Each service agreement shall be of a term of five years, which shall be renewable automatically every five years (or such shorter periods as the parties may agree), such renewal being subject to the confirmation of our Board at least three months before the renewal date, or the service agreement is terminated by either party giving the other six months' notice in writing or by our Company for cause in the event of certain stipulated events relating to the Executive Director, or as the case may be, the Executive Officer occurring, or by our Company giving the relevant Executive Director or Executive Officer six months salary in lieu of notice. The service agreements also impose confidentiality and non-compete obligations on the relevant Executive Directors or as the case may be, the Executive Officers.

Under the service agreements, Mr. Zeng Chaoyi, Mr. Zeng Chaolin, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, Mr. Liang Hongbo, Ms. Zeng Mingliu and Ms. Li Yazhou will be paid an annual salary (inclusive of a right to receive a year-end bonus equivalent to two months' salary) of S$476,000, S$416,500, S$357,000, S$357,000, S$357,000 and S$297,500 respectively. The Executive Directors will also be entitled to participate in a profit sharing scheme established by our Company where a portion of our Group's audited consolidated profit before tax in a financial year will be set aside and paid to Executive Directors as a bonus as follows:

- where our Group's audited consolidated profit before tax in a financial year is greater than RMB700.0 million but less than or equal to RMB1,000.0 million, the amount to be set aside for the profit sharing scheme shall be 1.0% of such profit before tax;

- where our Group's audited consolidated profit before tax in a financial year is greater than RMB1,000.0 million but less than or equal to RMB2,000.0 million, the amount to be set aside for the profit sharing scheme shall be 1.5% of such profit before tax; and

- where our Group's audited consolidated profit before tax in a financial year is greater than RMB2,000.0 million or more, the amount to be set aside for the profit sharing scheme shall be 2.0% of such profit before tax.

The Executive Directors are entitled to participate in the profit sharing scheme. The Remuneration Committee has the responsibility of administering the profit sharing scheme, including determining the amounts and the Executive Directors to be given a bonus from the amounts set aside under the profit sharing scheme.

Had the service agreements been in place for 2009, the aggregate remuneration payable to these Executive Directors and Executive Officer would have been RMB10.6 million instead of RMB1.5 million, and the profit before tax of our Group would have been approximately RMB393.1 million, instead of RMB402.2 million.

COMPENSATION

The compensation(1) paid or payable to our Directors and Executive Officers for services rendered to us in all capacities on an aggregate basis and in remuneration bands(2) in 2008 and 2009 (being the last two most recent completed financial years) and the current financial year ending December 31, 2010 are as follows:

	Year ended December 31,		
	2008	**2009**	**2010 (Estimated)(1)**
Directors			
Mr. Zeng Xiaoqiao @ Zeng Xiaoshan	A	A	B
Mr. Zeng Chaoyi	A	A	B
Mr. Zeng Chaolin	A	A	B
Mr. Liang Hongbo	A	A	B
Ms. Zeng Mingliu	A	A	B
Mr. Chen Timothy Teck Leng @ Chen Teck Leng	—(3)	—(3)	A
Mr. Loh Weng Whye	—(3)	—(3)	A
Mr. Liu Jingan	—(3)	—(3)	A
Executive Officers			
Ms. Li Yazhou	A	A	B
Ms. Lim Joo Seng	—(3)	—(3)	A

Notes:

(1) Compensation includes benefits in kind and any deferred compensation accrued for the financial year in question and payable at a later date. The estimated amount of compensation payable in 2010 excludes any bonus or participation in any profit-sharing scheme or any other profit-linked agreement or arrangement. As at the date of this offering document, our Company does not have in place any formal bonus or profit-sharing scheme or any other profit-linked agreement or arrangement with any of our employees other than as set out in the service agreements as described above in "Service Agreements" and bonus is expected to be paid on a discretionary basis.

(2) Band A means between S$0 and S$250,000.
Band B means between S$250,001 and S$500,000.

(3) Not under employment/appointment during the financial year.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTERESTS

For purposes of this section, the following definitions will apply:

(1) "our Group" means:

(a) our Company;

(b) our consolidated entities;

(c) a subsidiary of our Company that is not listed on the SGX-ST or any approved exchange; or

(d) an associated company of our Company that is not listed on the SGX-ST or any approved exchange and which our Group and our interested person(s) have control.

(2) "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual.

(3) "interested person" means:

(a) a director, chief executive officer, or controlling shareholder of our Company; or

(b) an associate of any such director, chief executive officer, or controlling shareholder.

In general, transactions between our Group and any of our interested persons would constitute interested person transactions for the purposes of Chapter 9 of the Listing Manual.

Details of the present and ongoing transactions as well as past transactions between our Group and our interested persons which are material in the context of the Offering are set out below. The following table sets out the details of the companies who are considered to be interested persons, including their current shareholders and their business activities.

Name of interested company	**Shareholders**	**Percentage of equity interest**	**Business activities**
Hunan Shaodong Xinren Aluminum Company Co., Ltd.[1]	Third parties unrelated to the Zeng Family	100.0%	Fabrication of primary aluminum into and sale of value-added products such as aluminum sheets, coils and foils Purchase and sale of alumina and primary aluminum
Hunan Shuangpai Aluminum Factory Co., Ltd.[2]	Third parties unrelated to the Zeng Family	100.0%	Production and sale of electrolytic aluminum, aluminum rod and foil Sale of aluminum products
Hunan Xingong Coking Co., Ltd.	Zeng Xiaoqiao @ Zeng Xiaoshan Zeng Tieqiao Third parties unrelated to the Zeng Family	52.0% 30.0% 18.0%	Production and sale of coke and coke chemicals

Name of interested company	Shareholders	Percentage of equity interest	Business activities
Hunan Xinren Investment Co., Ltd.	Zeng Xiaoqiao @ Zeng Xiaoshan Deng Eying	50.0% 50.0%	Property and tourism business Investment in food and hospitality businesses
Hunan Xinren Properties Co., Ltd.	Zeng Xiaoqiao @ Zeng Xiaoshan Deng Eying	90.0% 10.0%	Property investment
Hunan Xinren Trading Materials Co., Ltd.	Zeng Xiaoqiao @ Zeng Xiaoshan Deng Eying	55.0% 45.0%	Distribution and sale of primary aluminum, alumina, fluoride salts, copper and steel
Jiangyin Xiangzhu Trading Co., Ltd.	Zeng Mingliu Zhao Hongquan	99.4% 0.6%	Trading of textiles, knitting and textile materials, daily products, stationery, sports supplies, handiworks, etc.
Kaili Shuangkai Chemical Co., Ltd.	Zeng Chaoyi Zeng Xiaoqiao @ Zeng Xiaoshan Zeng Chaolin	40.0% 30.0% 30.0%	Production of aluminum hydroxide
Liupanshui Shuangpai Aluminum Co., Ltd.(3)	Third parties unrelated to the Zeng Family	100.0%	Production and sale of aluminum Fabrication of carbon and aluminum products
Shuicheng Hongquan Chemical Co., Ltd.	Zeng Mingliu Zhao Hongquan	96.4% 3.6%	Production and sale of fuel, coal, asphalt, etc.
Wuxi Fuming Trading Co., Ltd.	Zeng Mingliu Yan Honglian	90.0% 10.0%	Trading of electrical appliances, machinery and equipment, construction and renovation materials, etc.
Yichang Peach Blossom Garden Port Co., Ltd.	Zeng Yiliu	100.0%	Management of docks and other ports Cargo handling, storage management
Yichang Renze Investment Co., Ltd.	Zeng Yiliu Zeng Yijing	95.0% 5.0%	Trade investment
Yichang Yansheng Investment Co., Ltd.	Zeng Hong Liang Hongbo	99.0% 1.0%	Trade investment

Notes:

(1) Our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and his wife, Mdm. Deng Eying previously owned 70.0% and 30.0% of the equity interest in Hunan Shaodong respectively and they sold all their equity interest in Hunan Shaodong to third parties unrelated to the Zeng Family in December 2009.

(2) Our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan previously owned 100.0% equity interest in Hunan Shuangpai and he sold his entire equity interest in Hunan Shuangpai to third parties unrelated to the Zeng Family in December 2009.

(3) Our Executive Chairman, Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou previously owned 95.0% and 5.0% of the equity interest in Liupanshui Shuangpai, respectively and they sold their entire equity interest in the company to third parties unrelated to the Zeng Family in December 2009.

We have entered into certain other transactions with our interested persons which are material in the context of the Offering, as further disclosed in this section and the sections entitled "Management's

Discussion and Analysis of Financial Condition and Results of Operations — Borrowings", "The Corporate Reorganization and our Corporate Structure", and "Plan of Distribution" of this offering document. Save as disclosed in these sections, there are no interested person transactions that are material in the context of the Offering for the last three financial years ended December 31, 2007, 2008 and 2009 and for the period from January 1, 2010 until the Latest Practicable Date. Save as otherwise provided in this section, investors, upon purchase of the Offering Shares, are deemed to have specifically approved these transactions with our interested persons and as such these transactions are not subject to Rules 905 and 906 of the Listing Manual to the extent that there are no subsequent changes to the terms of the agreements in relation to each of these transactions.

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction which value is less than S$100,000 is not considered material in the context of the Offering and is not taken into account for the purposes of aggregation in this section.

PAST INTERESTED PERSON TRANSACTIONS

In addition to the transactions described under "The Corporate Reorganization and Our Corporate Structure", the details of the past transactions between our Group and interested persons which are material in the context of the Offering, for the past three financial years ended December 31, 2007, 2008 and 2009 and for the period from January 1, 2010 until the Latest Practicable Date are set out below.

The total value of sales to interested persons as a percentage of the total sales of the Yichang Plant and Liupanshui Plant was 16.4%, 6.9% and 3.0% for 2007, 2008 and 2009, respectively, which indicates a general reduction in sales to interested persons over the same period.

The trading purchases from companies that were previously owned by certain of our Controlling Shareholders and their associates represent 20.3%, 3.4% and 4.5% of our Group's total cost of sales for 2007, 2008 and 2009, respectively.

(A) Transactions with Yichang Changjiang

(i) Sales to interested persons

(1) Sale of primary aluminum ingots to Hunan Xinren Trading

As of the Latest Practicable Date, our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and his wife, Mdm. Deng Eying own 55.0% and 45.0% of the equity interest in Hunan Xinren Trading, respectively. Hunan Xinren Trading had ceased operations in December 2009. In 2007, 2008 and 2009, Yichang Changjiang sold primary aluminum ingots that it produced to Hunan Xinren Trading.

The value of the aluminum ingots sold to Hunan Xinren Trading for each of the periods indicated below are as follows:

	Year Ended December 31,			Period from January 1, 2010 until the Latest Practicable Date
	2007	**2008**	**2009**	
Value of Sales (RMB in millions)	65.5	47.4	19.9	—

The sale prices in respect of the above sales were agreed on an arm's length basis as they were determined with reference to the spot prices of primary aluminum on the Shanghai Yangtze Non-ferrous Metals Market and the Guangdong Non-ferrous Metals Market. In addition, these sales were transacted on similar commercial terms that Yichang Changjiang would have transacted with unrelated third parties for primary aluminum ingots. Accordingly, our Directors are of the opinion that the transaction was carried on an arm's length basis and on normal commercial terms. We ceased contracting such sales with Hunan Xinren Trading in 2008. All payments with respect to the sales were settled as of November 30, 2009.

(2) *Sale of primary aluminum ingots to Hunan Shaodong*

In 2007, 2008 and 2009, Yichang Changjiang sold primary aluminum ingots it produced to Hunan Shaodong. Our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and his wife, Mdm. Deng Eying previously owned 70.0% and 30.0% of the equity interest in Hunan Shaodong, respectively and they sold all their equity interest in Hunan Shaodong to third parties unrelated to the Zeng Family in December 2009.

The value of the sales to Hunan Shaodong for each of the periods indicated below are as follows:

	Year Ended December 31,			**Period from January 1, 2010 until the Latest Practicable Date**
	2007	**2008**	**2009**	
Value of Sales (RMB in millions)	283.1	143.0	49.1	—

The sale prices in respect of the above sales were agreed on an arm's length basis as they were determined with reference to the spot prices of primary aluminum on the Shanghai Yangtze Non-ferrous Metals Market and Guangdong Non-ferrous Metals Market. In addition, these sales were transacted on similar terms that Yichang Changjiang would have transacted with unrelated third parties. Accordingly, our Directors are of the opinion that the transactions were carried on an arm's length basis and on normal commercial terms. All amounts due to our Company have been settled as of December 31, 2009.

(3) *Sale of alumina to Hunan Shuangpai*

As a one-off transaction, Yichang Changjiang sold its excess alumina to Hunan Shuangpai in 2008. Hunan Shuangpai was previously wholly-owned by our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and he sold his entire equity interest in Hunan Shuangpai to third parties unrelated to the Zeng Family in December 2009. The sale of alumina to Hunan Shuangpai was carried out on an arm's length basis and the value of the alumina sold was RMB10.4 million in 2008. The price of the alumina sold was determined with reference to prevailing market prices (i.e. prices of other alumina suppliers) and these sales were transacted on similar commercial terms that Yichang Changjiang would have transacted on with unrelated third parties for alumina. Accordingly, our Directors are of the opinion that the transaction was carried on an arm's length basis and on normal commercial terms. All amounts due to our Company under the transaction have been settled as of August 31, 2008.

(ii) Purchases from interested parties

Purchase of carbon anodes from Liupanshui Shuangpai

Yichang Changjiang purchased carbon anodes from Liupanshui Shuangpai for a value of RMB9.2 million in 2007 in a one-off transaction. The purchase was carried out on an arm's length basis as the prices of the carbon anodes were determined with reference to prevailing market prices (i.e. prices of other carbon suppliers). Accordingly, our Directors are of the opinion that the transaction was carried on an arm's length basis and on normal commercial terms. All amounts due to Liupanshui Shuangpai have been settled as of August 31, 2007.

Our Executive Chairman, Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou previously owned 95.0% and 5.0% of the equity interest in Liupanshui Shuangpai, respectively and in December 2009, they sold their entire equity interest in Liupanshui Shuangpai to third parties unrelated to the Zeng Family.

(iii) Advances to and payments on behalf of interested persons

During the three years ended December 31, 2009, Yichang Changjiang extended advances to our Executive Director and Chief Executive Officer, Mr. Zeng Chaolin and certain associates of our Executive Directors and Executive Officers. The value of the advances and payments on behalf of these persons for each of the periods indicated is set out in the table below.

	Year Ended December 31,			Period from January 1, 2010 till Latest Practicable Date
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Kaili Shuangkai[(1)]	1.0	14.0	16.5	—
Shuicheng Hongquan[(2)]	—	0.3	—	—
Hunan Xinren Investment[(3)]	—	34.0	6.0	—
Jiangyin Xiangzhu[(4)]	—	—	1.5	1.5
Hunan Xinren Properties[(5)]	—	—	17.5	—
Mr. Zeng Chaolin[(6)]	6.2	—	—	3.0
Hunan Xinren Trading[(7)]	—	142.0	12.8	—
Hunan Shaodong[(8)]	158.4	—	—	—
Yichang Peach Blossom[(9)]	—	—	—	0.1
Ms. Zeng Hong[(10)]	—	—	—	1.8
Mr. Liang Hongbo[(11)]	—	—	—	0.1

The above advances and payments were interest-free, unsecured and repayable on demand. Accordingly, these loans and advances were not made at arm's length and were not extended on normal commercial terms. We have since ceased such arrangements with the aforementioned persons and we do not intend to make any such advances and payments in the future. Details of the above advances and payments are described below.

(1) Advances to Kaili Shuangkai

As at the Latest Practicable Date, our Executive Chairman, Mr. Zeng Chaoyi, our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and our Executive Director and Chief Executive Officer, Mr. Zeng Chaolin own 40.0%, 30.0% and 30.0% of the equity interest in Kaili Shuangkai, respectively. Several advances were made to Kaili Shuangkai to build an aluminum hydroxide plant. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB31.5 million. All of the advances have been settled as of December 31, 2009, by way of set off against the consideration paid by Xinren International for the acquisition of Jiangyin Xinren, Shanghai Shuangpai and FB Trading from members of the Zeng Family. See "The Corporate Reorganization and our Corporate Structure".

(2) Advance to Shuicheng Hongquan

As at the Latest Practicable Date, our Executive Director, Ms. Zeng Mingliu and her husband, Mr. Zhao Hongquan, own 96.4% and 3.6%, respectively of the equity interest in Shuicheng

Hongquan. An advance was made to Shuicheng Hongquan for working capital purposes. As only one advance was made during the period from January 1, 2007 to the Latest Practicable Date, the largest amount outstanding during that period was RMB0.3 million. The advances have been settled as of December 31, 2009, by way of set off against the consideration paid by Xinren International for the acquisition of Jiangyin Xinren, Shanghai Shuangpai and FB Trading from members of the Zeng Family. See “The Corporate Reorganization and our Corporate Structure”.

(3) *Advances to Hunan Xinren Investment*

As at the Latest Practicable Date, our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and his wife, Mdm. Deng Eying own 50.0% and 50.0% respectively of the equity interest in Hunan Xinren Investment. Several advances were made to Hunan Xinren Investment for working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB34.0 million. All of the advances have been settled as of December 31, 2009, by way of set off against the consideration paid by Xinren International for the acquisition of Jiangyin Xinren, Shanghai Shuangpai and FB Trading from members of the Zeng Family. See “The Corporate Reorganization and our Corporate Structure”.

(4) *Advance to Jiangyin Xiangzhu*

As at the Latest Practicable Date, our Executive Director, Ms. Zeng Mingliu and her husband, Mr. Zhao Hongquan respectively own 99.4% and 0.6% of the equity interest in Jiangyin Xiangzhu. An advance of RMB1.5 million was made to Jiangyin Xiangzhu for working capital purposes. As only one advance was made during 2007, 2008, 2009 and the period from January 1, 2010 to the Latest Practicable Date, the largest amount outstanding during that period was RMB1.5 million. The advance has been settled as of August 31, 2010.

(5) *Advance to Hunan Xinren Properties*

As at the Latest Practicable Date, our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and his wife, Mdm. Deng Eying respectively own 90.0% and 10.0% of the equity interest in Hunan Xinren Properties. Several advances were made to Hunan Xinren Properties for working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB17.5 million. All of the advances have been settled as of December 31, 2009, by way of set off against the consideration paid by Xinren International for the acquisition of Jiangyin Xinren, Shanghai Shuangpai and FB Trading from these individuals. See “The Corporate Reorganization and our Corporate Structure”.

(6) *Advances to Mr. Zeng Chaolin*

Several advances were made to our Executive Director and Chief Executive Officer, Mr. Zeng Chaolin for personal purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB6.0 million. All amounts owing to Yichang Changjiang were settled as of August 31, 2010.

(7) *Advances to Hunan Xinren Trading*

Several advances were made from time to time to Hunan Xinren Trading for working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB129.0 million. The advances were fully settled as of December 31, 2009.

(8) Advances to Hunan Shaodong

Several advances were made by Yichang Changjiang to Hunan Shaodong for working capital purposes from time to time. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB156.4 million. The advances were fully settled as of December 31, 2009. Our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and his wife, Mdm. Deng Eying previously owned 70.0% and 30.0% of the equity interest in Hunan Shaodong, respectively and they sold all their equity interest in Hunan Shaodong to third parties unrelated to the Zeng Family in December 2009.

(9) Advances to Yichang Peach Blossom

As at the Latest Practicable Date, Ms. Zeng Yiliu, who is the sister of our Executive Directors, Mr. Zeng Chaoyi, Ms. Zeng Mingliu and Mr. Zeng Chaolin, and the daughter of our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, owns 100.0% of the equity interest in Yichang Peach Blossom. An advance of RMB0.1 million was made to Yichang Peach Blossom for working capital purpose. As only one advance was made during the period from January 1, 2007 to the Latest Practicable Date, the largest amount outstanding during that period was RMB0.1 million. The advance was fully settled as of August 31, 2010.

(10) Advances to Ms Zeng Hong

Several advances were made to our Shareholder, Ms. Zeng Hong, for personal purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB1.8 million. The advances were fully settled as of August 31, 2010.

(11) Advances to Mr. Liang Hongbo

Several advances were made to our Executive Director, Mr. Liang Hongbo, for personal purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB0.1 million. The advances were fully settled as of August 31, 2010.

(iv) Payments and advances from interested persons

During the three years ended December 31, 2009 and the period from January 1, 2010 to the Latest Practicable Date, Yichang Changjiang received advances from associates of our Executive Directors and payments were made on behalf of Yichang Changjiang by associates of our Executive Directors. The value of the advances and payments made by these persons for each of the periods indicated is set out in the table below.

	Year Ended December 31,			Period from January 1, 2010 until the Latest Practicable Date
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Yichang Renze Investment Co., Ltd.[(1)]	155.6	—	—	—
Ms. Liu Shu[(2)]	—	0.8	2.8	—
Hunan Shaodong[(3)]	—	156.0	177.1	—
Hunan Shuangpai[(4)]	—	—	44.8	—
Hunan Xinren Properties[(5)]	—	—	—	16.7
Yichang Peach Blossom[(6)]	4.8	—	—	—
Mr. Zeng Chaolin[(7)]	—	6.3	3.3	—
Yichang Yansheng Investment Co., Ltd.[(8)]	—	—	26.0	—

These advances and payments were interest-free, unsecured and repayable on demand. Accordingly, these advances and payments were not made on an arm's length and were not extended on normal commercial terms. We have since ceased such arrangements with the aforementioned persons and we do not intend to enter into similar arrangements in the future. Details of the above advances and payments are described below:

(1) Advance by Yichang Renze Investment Co., Ltd. ("Yichang Renze")

As at the Latest Practicable Date, Ms. Zeng Yiliu, sister of our Executive Directors, Mr. Zeng Chaoyi, Ms. Zeng Mingliu and Mr. Zeng Chaolin, and daughter of our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, and Ms. Zeng Yijing, an unrelated third party own 95.0% and 5.0% of the equity interest in Yichang Renze respectively. Several advances were made to Yichang Changjiang by Yichang Renze for working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB145.6 million. The advances were fully repaid as of December 31, 2007.

(2) Advances by Ms. Liu Shu

Ms. Liu Shu is the wife of our Executive Director and Chief Executive Officer, Mr. Zeng Chaolin. She made several payments on behalf of Yichang Changjiang in relation to expenses of Yichang Changjiang in 2008 and 2009. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB2.8 million. The payments were fully settled as of December 31, 2009.

(3) Advance by Hunan Shaodong

Several advances were made from time to time by Hunan Shaodong to Yichang Changjiang for working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB215.4 million. The advances were fully settled as of December 31, 2009.

(4) Advances by Hunan Shuangpai

Several payments were made on behalf of Yichang Changjiang by Hunan Shuangpai for operating expenses in 2009. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB20.2 million. The payments were fully settled as of December 31, 2009.

(5) Advances by Hunan Xinren Properties

Several advances were made by Hunan Xinren Properties to Yichang Changjiang for working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB12.5 million. The advances were fully settled as of August 31, 2010.

(6) Advances by Yichang Peach Blossom

An advance of RMB4.8 million was made by Yichang Peach Blossom for working capital purposes. As only one advance was made during the period from January 1, 2007 to the Latest Practicable Date, the largest amount outstanding during that period was RMB2.5 million. The advance was fully settled as of December 31, 2008.

(7) Advances by Mr. Zeng Chaolin

Several advances were made by our Executive Director and Chief Executive Officer, Mr. Zeng Chaolin to Yichang Changjiang for working capital purposes. The largest amount outstanding during 2007, 2008, 2009 and the period from January 1, 2010 to the Latest Practicable Date was RMB5.2 million. The advances were fully settled as of August 31, 2010.

(8) Advances by Yichang Yansheng Investment Co., Ltd. ("Yichang Yansheng")

As at the Latest Practicable Date, our Executive Director, Mr. Liang Hongbo and his wife, Ms. Zeng Hong, a Shareholder, who is the sister of our Executive Directors, Ms. Zeng Mingliu, Mr. Zeng Chaolin and Mr. Zeng Chaoyi, daughter of our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan respectively own 1.0% and 99.0% of the equity interest in Yichang Yansheng. Advances were made by Yichang Yansheng to Yichang Changjiang for working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB26.0 million. The advances were fully settled as of August 31, 2010.

(v) Personal guarantees provided by interested persons

Our Executive Director and Chief Executive Officer, Mr. Zeng Chaolin, and our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, has provided personal guarantees to secure credit facilities for Yichang Changjiang from various financial institutions. The total principal amounts outstanding under the banking facilities secured by these guarantees for each of the period covered below are as follows:

	Year Ended December 31,			Period from January 1, 2010 till the Latest Practicable Date
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Shanghai Shuangpai	50.0	50.0	—	—
Mr. Zeng Xiaoqiao @ Zeng Xiaoshan.	20.0	—	—	—
Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Mr. Zeng Chaolin	—	—	50.0	—

Our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Shanghai Shuangpai provided a joint and several guarantee to secure a bank loan for Yichang Changjiang. The interest rates for the facility range from 5.8% to 8.2% above the relevant bank's prime lending rates. The largest aggregate principal outstanding amount secured by the guarantees during 2007, 2008, 2009 and the period from January 1, 2010 to the Latest Practicable Date was RMB100.0 million. The credit facility in which the guarantees were provided by Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Shanghai Shuangpai were entered into on an arm's length basis. The credit facility was repaid in July 2009.

Our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan provided a personal guarantee to secure a bank loan for Yichang Changjiang. The interest rates for the facility range from 6.1% to 6.8% above the relevant bank's prime lending rates. The largest aggregate principal outstanding amount secured by the guarantee during 2007, 2008, 2009 and the period from January 1, 2010 to the Latest Practicable Date was RMB40.0 million. The credit facility in which the guarantee was provided by Mr. Zeng Xiaoqiao @ Zeng Xiaoshan was entered into on an arm's length basis. The credit facility was repaid in March 2008.

Our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, and our Executive Director and Chief Executive Officer, Mr. Zeng Chaolin, provided joint and several guarantees to secure loan facilities for Yichang Changjiang. The interest rates for the facility range are approximately 8.2% above the relevant bank's prime lending rates. The largest aggregate principal outstanding amount secured by the guarantees during the period from January 1, 2007 to the Latest Practicable Date was RMB50.0 million. The credit facilities in which the guarantees were provided by Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Mr. Zeng Chaolin were entered into on an arm's length basis. The credit facility was repaid in March 2010.

(B) Transactions with Jiangyin Xinren

(i) Sales to interested persons

(1) Sale of aluminum coil to Hunan Shaodong

In 2008 and 2009, Jiangyin Xinren sold aluminum coils to Hunan Shaodong for RMB0.4 million and RMB0.01 million, respectively. The sale was carried out in the ordinary course of business on arm's length basis. The price of the aluminum coils was determined based on the prevailing market prices of primary aluminum quoted on the Shanghai Yangtze Non-ferrous Metals Market plus a processing fee. In addition, the processing fee charged is similar to the fee charged to unrelated third parties for similar products. Accordingly, our Directors are of the opinion that the transaction was carried out on an arm's length basis and on normal commercial terms. All amounts due to Jiangyin Xinren under the transaction have been paid as at December 2008. Our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and his wife, Mdm. Deng Eying previously owned 70.0% and 30.0% of the equity interest in Hunan Shaodong, respectively and they sold all their equity interest in Hunan Shaodong to third parties unrelated to the Zeng Family in December 2009.

(2) Sale of aluminum coils to Hunan Xinren Trading

In 2009, Jiangyin Xinren entered into a one-off transaction to sell aluminum coils to Hunan Xinren Trading for RMB10.2 million. The sale was carried out in the ordinary course of business on an arm's length basis. The price of the aluminum coils was determined based on the prevailing market prices of primary aluminum quoted on Shanghai Yangtze Non-ferrous Metals Market plus a processing fee. In addition, the processing fee charged is similar to the fee charged to unrelated third parties for similar products. Accordingly, our Directors are of the opinion that the transaction was carried on an arm's length basis and on normal commercial terms. All amounts due to Jiangyin Xinren under the transaction have been paid as of October 31, 2009.

(ii) Purchases from interested persons

(1) Purchase of aluminum packaging material from Hunan Shaodong

During the three years ended December 31, 2009, Jiangyin Xinren purchased aluminum packaging material from Hunan Shaodong. The value of these purchases for each of the periods indicated below are as follows:

	Year Ended December 31,			Period from January 1, 2010 till the Latest Practicable Date
	2007	**2008**	**2009**	
Value of Purchases (RMB in millions)	0.6	0.02	7.6	—

The above purchases were carried out on an arm's length basis as the prices quoted by Hunan Shaodong were based on prevailing market prices determined with reference to the spot price of primary aluminum ingots on Shanghai Yangtze Non-ferrous Metals Market and an additional processing fee. All amounts due to Hunan Shaodong have been paid as of September 30, 2009. Our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and his wife, Mdm. Deng Eying previously owned 70.0% and 30.0% of the equity interest in Hunan Shaodong, respectively and they sold all their equity interest in Hunan Shaodong to third parties unrelated to the Zeng Family in December 2009.

(iii) Payments and advances made to interested persons

During the three years ended December 31, 2009 and the period from January 1, 2010 to the Latest Practicable Date, Jiangyin Xinren made advances to and payments on behalf of associates of our Executive Directors and Executive Officers. The value of these payments and advances for each of the periods indicated below are as follows:

	Year Ended December 31,			Period from January 1, 2010 till the Latest Practicable Date
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Shuicheng Hongquan(1)	—	0.1	0.5	—
Hunan Xinren Investment(2)	0.02	—	56.6	—
Hunan Xinren Properties(3).	21.2	22.6	71.8	41.1
Wuxi Fuming(4).	—	—	0.5	—
Hunan Xingong Coking(5).	—	—	—	20.0
Hunan Xinren Trading(6)	27.0	—	—	—
Hunan Shaodong(7).	—	—	21.3	—
Liupanshui Shuangpai(8)	19.5	—	—	—
Jiangyin Xiangzhu(9)	—	—	—	6.4
Ms. Zeng Mingliu(10)	—	—	—	0.4

These advances and payments were interest-free, unsecured and repayable on demand. Accordingly, these loans and advances were not made at arm's length and were not extended on normal commercial terms. We have since ceased such arrangements with the aforementioned persons and we do not intend to enter into similar arrangements in the future. Details of the above advances and payments are described below:

(1) Payments on behalf of Shuicheng Hongquan

Several payments were made on behalf of Shuicheng Hongquan by Jiangyin Xinren for its operating expenses and working capital. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB0.6 million. The payments were fully settled as of December 31, 2009.

(2) Payments on behalf of Hunan Xinren Investment

Several payments were made on behalf of Hunan Xinren Investment by Jiangyin Xinren for its operating expenses. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB56.5 million. The payments were fully settled as of December 31, 2009.

(3) Advances to Hunan Xinren Properties

Several advances were made to Hunan Xinren Properties by Jiangyin Xinren for its working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB115.6 million. The advances were fully settled as of August 31, 2010.

(4) Advances to Wuxi Fuming

As at the Latest Practicable Date, our Executive Director, Ms. Zeng Mingliu and an unrelated third party, Ms. Yan Hong Lian own 90.0% and 10.0% of the equity interest in Wuxi Fuming respectively. Several advances were made to Wuxi Fuming by Jiangyin Xinren for its working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB30.0 million. The advances were fully settled as of December 31, 2009.

(5) Advances to Hunan Xingong Coking

Several advances were made to Hunan Xingong Coking by Jiangyin Xinren for its working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB20.0 million. The advances were fully settled as of August 31, 2010. As at the Latest Practicable Date, our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and his brother, Mr. Zeng Tieqiao own 52.0% and 30.0% of the equity interest in Hunan Xingong Coking respectively. The remaining 18.0% equity interest are owned by third parties unrelated to the Zeng Family.

(6) Advances to Hunan Xinren Trading

Several advances were made to Hunan Xinren Trading by Jiangyin Xinren for its working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB9.9 million. The advances were fully settled as of December 31, 2009.

(7) Advances to Hunan Shaodong

Several payments were made to Hunan Shaodong by Jiangyin Xinren for its operating expenses. The largest amount outstanding during period from January 1, 2007 to the Latest Practicable Date was RMB5.1 million. The payments were fully settled as of December 31, 2009.

(8) Payments on behalf of Liupanshui Shuangpai

Several payments were made on behalf of Liupanshui Shuangpai by Jiangyin Xinren for its operating expenses. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB17.6 million. The payments were fully settled as of December 31, 2008.

(9) Advances to Jiangyin Xiangzhu

Several advances were made to Jiangyin Xiangzhu for its working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB18.5 million. All amounts owing by Jiangying Xinren were settled as of August 31, 2010.

(10) Advances to Ms. Zeng Mingliu

Several advances were made to our Executive Director, Ms. Zeng Mingliu for personal purposes. The largest amounts outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB23.2 million. All amounts owing were fully settled as of August 31, 2010.

(iv) Payments and advances from interested persons

During the three years ended December 31, 2009, payments were made on behalf of Jiangyin Xinren by associates of our Executive Directors and Executive Officers. The value of the payments for each of the periods indicated below are as follows:

	Year Ended December 31,			Period from January 1, 2010 till the Latest Practicable Date
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Hunan Xinren Investment[(1)]	—	0.1	—	—
Hunan Shaodong[(2)].	27.1	12.9	—	—
Hunan Xingong Coking[(3)].	5.0	—	—	—
Jiangyin Xiangzhu[(4)]	—	—	14.8	—

These advances and payments on Jiangyin Xinren's behalf were interest-free, unsecured and repayable on demand. Accordingly, these advances and payments were not made at arm's length and were not extended on normal commercial terms. We have since ceased such arrangements with the aforementioned persons and we do not intend for Jiangyin Xinren to obtain such advances or have these persons make payments on behalf of Jiangyin Xinren in the future.

(1) Payments by Hunan Xinren Investment

Several payments were made on behalf of Jiangyin Xinren by Hunan Xinren Investment for its operating expenses. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB0.1 million. The payments were fully repaid as of August 31, 2008.

(2) Payments by Hunan Shaodong

Several payments were made on behalf of Jiangyin Xinren by Hunan Shaodong for its operating expenses. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB7.9 million. The payments were fully settled as of December 31, 2009.

(3) Advances by Hunan Xingong Coking

An advance was made to Jiangyin Xinren by Hunan Xingong Coking for its working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB5.0 million. The advance was fully repaid as of December 31, 2008.

(4) Advances by Jiangyin Xiangzhu

Several advances were made by Jiangyin Xiangzhu for working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB12.6 million. The advances were fully settled as of December 31, 2009.

(v) Guarantees provided by interested persons to secure credit facilities for Jiangyin Xinren

Our Executive Director and Chief Executive Officer, Mr. Zeng Chaolin, and our Executive Directors, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Ms. Zeng Mingliu, and their associated companies have provided guarantees to secure credit facilities for Jiangyin Xinren from various financial institutions. The total principal amounts outstanding under the banking facilities secured by these guarantees for each of the period covered below are as follows:

	Year Ended December 31,			Period from January 1, 2010 till the Latest Practicable Date
	2007	2008	2009	
	RMB (million)	RMB (million)	RMB (million)	RMB (million)
Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, Ms. Zeng Mingliu, Mr. Zeng Chaolin and Yichang Changjiang	150.0	175.0	120.0	—
Hunan Shaodong	50.0	50.0	—	—

Our Executive Directors, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, Ms. Zeng Mingliu, our Executive Director and Chief Executive Officer, Mr. Zeng Chaolin and Yichang Changjiang provided joint and several guarantees to secure loan facilities for Jiangyin Xinren. The interest rates for the facilities range from 6.3% to 6.6% above the relevant bank's prime lending rates. The largest aggregate principal outstanding amount secured by the guarantees during the period from January 1, 2007 to the Latest Practicable Date was RMB175.0 million. The credit facilities in which the guarantees were provided by Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, Ms. Zeng Mingliu, Mr. Zeng Chaolin and Yichang Changjiang were entered into on an arm's length basis. The credit facility was repaid in April 2010.

Hunan Shaodong provided guarantees to secure loan facilities for Jiangyin Xinren. The interest rates for the facilities range from 6.1% to 7.3% above the relevant bank's prime lending rates. The largest aggregate principal outstanding amount secured by the guarantees during 2007, 2008, 2009 and the period from January 1, 2010 to the Latest Practicable Date was RMB50.0 million. The credit facilities in which the guarantees were provided by Hunan Shaodong were entered into on an arm's length basis. The credit facility was repaid in April 2009.

(C) Transactions with Liupanshui Shuangyuan

(i) Sales to interested persons

(1) Sale of primary aluminum ingots to Hunan Shaodong

During the three years ended December 31, 2009, Liupanshui Shuangyuan sold primary aluminum ingots it produced to Hunan Shaodong. The value of these sales for each of the periods indicated below are as follows:

	Year Ended December 31,			Period from January 1, 2010 until the Latest Practicable Date
	2007	2008	2009	
Value of Sales (RMB in millions) . .	—	32.0	5.7	—

The sale prices in respect of the above transactions were agreed on an arm's length basis and determined with reference to the spot prices of primary aluminum on the Guangdong Non-ferrous Metals Markets. In addition, these sales were transacted on similar terms that Liupanshui Shuangyuan would have transacted with unrelated third parties for primary aluminum ingots. Accordingly, our Directors are of the opinion that these transactions were entered into on an arm's length basis and on normal commercial terms. All amounts due to Liupanshui Shuangyuan under the transaction have been fully settled as of December 31, 2009. Our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and his wife, Mdm. Deng Eying previously owned 70.0% and 30.0% of the equity interest in Hunan Shaodong, respectively and they sold all their equity interest in Hunan Shaodong to third parties unrelated to the Zeng Family in December 2009.

(2) Sale of primary aluminum bars and other raw materials to Liupanshui Shuangpai

In 2009, Liupanshui Shuangyuan entered into a one-off transaction to sell primary aluminum bars and other raw materials to Liupanshui Shuangpai for RMB20.6 million. The purchase price was agreed on an arm's length basis and determined with reference to the spot prices of primary aluminum on the Guangdong Non-ferrous Metals Markets. In addition, this sale was transacted on similar terms that Liupanshui Shuangyuan would have transacted with unrelated third parties for primary aluminum ingots and bars. Accordingly, our Directors are of the opinion that the transaction was carried out on an arm's length basis and on normal commercial terms. All amounts due to Liupanshui Shuangyuan have been fully settled as of December 31, 2009. Our Executive Chairman, Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou previously owned 95.0% and 5.0% of the equity interest in Liupanshui Shuangpai, respectively and in December 2009, they sold their entire equity interest in Liupanshui Shuangpai to third parties unrelated to the Zeng Family.

(ii) Purchases from interested persons

(1) Purchase of aluminum plates and coils from Hunan Shaodong

In 2007 and 2008, Liupanshui Shuangyuan purchased aluminum plates and coils from Hunan Shaodong. These aluminum plates and coils were used by Liupanshui Shuangyuan for the construction of its reduction cells. We did not make such purchases from Hunan Shaodong in 2009. The value of these purchases for each of the periods indicated below are as follows:

	Year Ended December 31,			Period from January 1, 2010 until the Latest Practicable Date
	2007	**2008**	**2009**	
Value of Purchases (RMB in millions)	31.6	4.6	—	—

The prices in respect of the above purchases were agreed on an arm's length basis and based on prevailing market prices determined with reference to the spot prices of primary aluminum on the Guangdong Non-ferrous Metals Markets. In addition, these purchases were transacted on similar terms that Liupanshui Shuangyuan would have transacted with unrelated third parties for similar lower grade aluminum plates and coils. Accordingly, our Directors are of the view that the purchases were carried out on an arm's length basis and on normal commercial terms. All amounts payable by Liupanshui Shuangyuan have been fully settled as of December 31, 2009.

(2) Purchase of alumina, aluminum bars and carbon anodes from Liupanshui Shuangpai

During the three years ended December 31, 2009, Liupanshui Shuangyuan purchased alumina, aluminum bars and carbon anodes from Liupanshui Shuangpai. The value of these purchases for each of the periods indicated below are as follows:

	Year Ended December 31,			Period from January 1, 2010 until the Latest Practicable Date
	2007	**2008**	**2009**	
Value of Purchases (RMB in millions)	88.5	192.5	37.6	—

The prices in respect of the above purchases were agreed on an arm's length basis and based on prevailing market prices determined with reference to (i) prevailing market prices (i.e. prices of other alumina suppliers) with respect to alumina; (ii) prevailing market prices (i.e. prices of other carbon suppliers) with respect to carbon anodes; and (iii) prevailing market prices determined with reference to the spot prices of primary aluminum on the Guangdong Non-ferrous Metals Markets with respect to aluminum bars. In addition, these purchases were transacted on similar terms that Liupanshui Shuangyuan would have transacted with unrelated third parties for alumina, aluminum bars and carbon anodes. Accordingly, our Directors are of the opinion that these transactions were carried out on an arm's length basis and on normal commercial terms. All amounts payable by Liupanshui Shuangyuan have been fully settled as of December 31, 2009. Our Executive Chairman, Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou previously owned 95.0% and 5.0% of the equity interest in Liupanshui Shuangpai, respectively and in December 2009, they sold their entire equity interest in Liupanshui Shuangpai to third parties unrelated to the Zeng Family.

(iii) Payments on behalf of and advances to interested persons

During the three years ended December 31, 2009 and the period from January 1, 2010 to the Latest Practicable Date, Liupanshui Shuangyuan made advances to, and payments on behalf of, our Executive Directors and Executive Officers and their associates. The value of these payments and advances for each of the periods indicated are as follows:

	Year Ended December 31,			Period from January 1, 2010 until the Latest Practicable Date
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Kaili Shuangkai[(1)]	0.4	0.05	—	—
Shuicheng Hongquan[(2)]	—	0.1	—	—
Ms. Li Yazhou[(3)]	0.4	—	—	5.5
Mr. Zeng Chaoyi[(4)]	79.0	—	—	0.5

These advances and payments were interest-free, unsecured and repayable on demand. Accordingly, these advances and payments were not made at arm's length and were not extended on normal commercial terms. We have since ceased such arrangements with the aforementioned persons and we do not intend to make any such advances or payments on their behalf in the future.

(1) Payments on behalf of Kaili Shuangkai

Several payments were made on behalf of Kaili Shuangkai by Liupanshui Shuangyuan for its operating expenses. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB0.5 million. The payments were fully settled as of December 31, 2009.

(2) Advances to Shuicheng Hongquan

An advance was made to Shuicheng Hongquan for working capital purposes by Liupanshui Shuangyuan. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB0.1 million. The advance was fully settled as of December 31, 2009.

(3) Advances to Ms. Li Yazhou

A personal advance was made to our Executive Officer, Ms. Li Yazhou by Liupanshui Shuangyuan. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB5.5 million. The advance was fully settled as of August 31, 2010.

(4) Advances to Mr. Zeng Chaoyi

Several personal advances were made to our Executive Chairman, Mr. Zeng Chaoyi by Liupanshui Shuangyuan. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB79.0 million. The advances were fully repaid as of August 31, 2010.

(iv) Payments and advances from interested persons

	Year Ended December 31,			**Period from January 1, 2010 till the Latest Practicable Date**
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Liupanshui Shuangpai	207.0	185.0	159.3	—

Several payments were made on behalf of Liupanshui Shuangyuan for operating expenses by Liupanshui Shuangpai. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB300.8 million. The payments were fully settled as of December 31, 2009.

These advances to and payments made on behalf of, Liupanshui Shuangyuan were interest-free, unsecured and repayable on demand. Accordingly, these advances and payments were not made at arm's length and were not extended on normal commercial terms. Our Executive Chairman, Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou previously owned 95.0% and 5.0% of the equity interest in Liupanshui Shuangpai, respectively and in December 2009, they sold their entire equity interest in Liupanshui Shuangpai to third parties unrelated to the Zeng Family.

(v) Transfer of land use grant contract from interested persons

The land upon which Liupanshui Plant is situated was granted to Liupanshui Shuangpai by the Shuicheng County Land Resources Bureau on December 5, 2006. By way of a verbal agreement between Liupanshui Shuangpai and Liupanshui Shuangyuan on September 13, 2007, the land use right and obligations under the land grant agreement granted to Liupanshui Shuangpai was transferred to Liupanshui Shuangyuan. The transfer was formally registered with the Shuicheng County Land Resources Bureau on April 15, 2010.

The transfer was made for no consideration. Accordingly, the transfer was not made at arm's length and not on normal commercial terms.

(D) Transactions with Shanghai Shuangpai

(i) Sales to interested persons

(1) Sale of alumina to Hunan Shuangpai

During the three years ended December 31 2009, Shanghai Shuangpai sold alumina that it purchased from third parties to Hunan Shuangpai. The value of these sales for each of the periods indicated below are as follows:

	Year Ended December 31,			Period from January 1, 2010 until the Latest Practicable Date
	2007	**2008**	**2009**	
Value of Sales (RMB in millions) . .	63.2	26.6	2.8	—

The sale prices in respect of the above transactions were agreed on an arm's length basis and determined with reference to the cost of alumina purchased plus a service fee. Sale prices of transactions that Shanghai Shuangpai would have with unrelated third parties would be determined with reference to the prevailing market prices of alumina (i.e. prices of other alumina suppliers) plus a service fee. Shanghai Shuangpai and FB Trading purchase alumina from unrelated third parties at prevailing market prices and onsell the same to Liupanshui Shuangpai at cost plus a fee for administrative costs and time. Accordingly, our Directors are of the opinion that the transactions were not carried out on an arm's length basis and not on normal commercial terms. All amounts due to Shanghai Shuangpai under these transactions have been paid as of August 31, 2009.

(2) Sale of alumina to Liupanshui Shuangpai

During the three years ended December 31, 2009, Shanghai Shuangpai sold alumina that it purchased from unrelated third parties to Liupanshui Shuangpai. The value of these sales for each of the periods indicated below are as follows:

	Year Ended December 31,			Period from January 1, 2010 until the Latest Practicable Date
	2007	**2008**	**2009**	
Value of Sales (RMB in millions) . .	269.2	125.1	106.7	—

The prices for the above transactions were agreed on an arm's length basis and determined with reference to the cost of alumina purchased plus a service fee. Sale prices of transactions that Shanghai Shuangpai would have with unrelated third parties would be determined with reference to the prevailing market prices of alumina (i.e. prices of other alumina suppliers) plus a service fee. Accordingly, our Directors are of the opinion that the transaction was not carried out on an arm's length basis and not on normal commercial terms. Our Executive Chairman, Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou previously owned 95.0% and 5.0% of the equity interest in Liupanshui Shuangpai, respectively and in December 2009, they sold their entire equity interest in Liupanshui Shuangpai to third parties unrelated to the Zeng Family.

(ii) Purchases from interested persons

(1) Purchase of primary aluminum ingots and bars from Liupanshui Shuangpai

During the three years ended December 31, 2009, Shanghai Shuangpai purchased primary aluminum ingots and bars from Liupanshui Shuangpai on an arm's length basis for trading purposes. The value of these purchases for each of the periods indicated below are as follows:

	Year Ended December 31,			Period from January 1, 2010 till the Latest Practicable Date
	2007	**2008**	**2009**	
Value of Purchases (RMB in millions)	562.3	128.3	131.7	—

The prices in respect of the above purchases were agreed on an arm's length basis and based on prevailing market prices determined with reference to the spot prices of primary aluminum on the Shanghai Yangtze Non-ferrous Metals Market and Guangdong Non-ferrous Metals Market. Accordingly, our Directors are of the opinion that the transactions were carried out on an arm's length basis and on normal commercial terms. All amounts payable by Shanghai Shuangpai under the transaction have been settled as of December 31, 2009. Our Executive Chairman, Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou previously owned 95.0% and 5.0% of the equity interest in Liupanshui Shuangpai, respectively and in December 2009, they sold their entire equity interest in Liupanshui Shuangpai to third parties unrelated to the Zeng Family.

(2) Purchase of primary aluminum plates and coils from Hunan Shaodong

In 2007, Shanghai Shuangpai purchased primary aluminum plates and coils from Hunan Shaodong for RMB1.8 million in a one-off transaction. The price was agreed on an arm's length basis and based on prevailing market prices determined with reference to the spot prices of primary aluminum on the Shanghai Yangtze Non-ferrous Metals Market and Guangdong Non-ferrous Metals Market.

Accordingly, our Directors are of the opinion that the transaction was carried out on an arm's length basis and on normal commercial terms. All amounts payable by Shanghai Shuangpai under the transaction have been paid as of February 28, 2007.

(iii) Payments on behalf of and advances to interested persons

During the three years ended December 31, 2009 and the period from January 1, 2010 to the Latest Practicable Date, Shanghai Shuangpai made advances to, and payments on behalf of, our Executive Directors and Executive Officers and their associates. The value of these payments and advances for each of the periods indicated are as follows:

	Year Ended December 31,			Period from January 1, 2010 until the Latest Practicable Date
	2007	2008	2009	
	RMB (million)	RMB (million)	RMB (million)	RMB (million)
Mr. Zeng Chaoyi[(1)]	76.2	8.6	43.3	6.4
Ms. Li Yazhou[(2)]	3.1	11.9	11.1	3.6
Ms. Zeng Yiliu[(3)]	—	—	0.2	—
Ms. Zeng Mingliu[(4)]	—	—	2.6	—
Ms. Zeng Hong[(5)]	—	—	0.5	—
Hunan Shaodong[(6)]	11.0	—	—	—
Mr. Zeng Xiaoqiao @ Zeng Xiaoshan.	—	—	—	0.3

(1) *Advance to Mr. Zeng Chaoyi*

Several advances were made to our Executive Director and Executive Chairman, Mr. Zeng Chaoyi for personal purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB75.8 million. The advances were fully settled as of August 31, 2010.

(2) *Advance to Ms. Li Yazhou*

Several advances were made to our Executive Officer, Ms. Li Yazhou for personal purposes. The advances were settled as of December 31, 2009. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB15.0 million. The advances were fully settled as of August 31, 2010.

(3) *Advances to Ms. Zeng Yiliu*

Several advances were made to Ms. Zeng Yiliu, who is the sister of our Executive Directors, Ms. Zeng Mingliu, Mr. Zeng Chaolin and Mr. Zeng Chaoyi, daughter of our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan for personal purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB2.1 million. The advances were fully settled as of December 31, 2009.

(4) *Advance to Ms. Zeng Mingliu*

Several advances were made to our Executive Director, Ms. Zeng Mingliu for personal purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB2.6 million. The advances were settled as of December 31, 2009.

(5) *Advances to Ms. Zeng Hong*

Several advances were made to Ms. Zeng Hong, a Shareholder, who is the sister of our Executive Directors, Ms. Zeng Mingliu, Mr. Zeng Chaolin and Mr. Zeng Chaoyi, daughter of our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and wife of our Executive Director, Mr. Liang Hongbo for personal purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB0.5 million. The advances were fully settled as of December 31, 2009.

(6) Advances to Hunan Shaodong

Several advances were made to Hunan Shaodong by Shanghai Shuangpai for its working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB11.0 million. The advances were fully settled as of December 31, 2009.

(7) Advances to Mr. Zeng Xiaoqiao @ Zeng Xiaoshan

Several advances were made to our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan for personal purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB0.3 million. The advances were fully settled as of August 31, 2010.

(iv) Payments and advances from interested persons

During the three years ended December 31, 2009, advances were made to and payments were made on behalf of Shanghai Shuangpai by the associates of our Executive Directors and Executive Officers. The value of these advances and payments for each of the periods indicated below are as follows:

	Year Ended December 31,			Period from January 1, 2010 till the Latest Practicable Date
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Kaili Shuangkai	6.0	—	—	—
Ms. Zeng Yiliu	—	10.0	—	—

These advances and payments were interest-free, unsecured and repayable on demand. Accordingly, these advances and payments were not made at arm's length and were not extended on normal commercial terms. We have since ceased such arrangements with the associates of our Directors and Executive Officers and we do not intend to enter into such similar transactions in the future. Details of these advances and payments are set out below:

(1) Advances from Kaili Shuangkai

Several advances were made to Shanghai Shuangpai by Kaili Shuangkai for working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB6.0 million. The advances were fully settled as of December 31, 2009.

(2) Payments by Ms. Zeng Yiliu

Several payments were made on behalf of Shanghai Shuangpai by Ms. Zeng Yiliu, who is the sister of our Executive Directors, Ms. Zeng Mingliu, Mr. Zeng Chaolin and Mr. Zeng Chaoyi, daughter of our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan for operating expenses of Liupanshui Shuangyuan. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB10.0 million. The payments were fully settled as of December 31, 2009.

(v) Personal guarantees, corporate guarantees and mortgages provided by interested persons to secure credit facilities for Shanghai Shuangpai

(1) Corporate Guarantee by Yichang Changjiang and Mortgage on Property of Mr. Zeng Chaoyi and Mr. Zeng Xiaoqiao @ Zeng Xiaoshan

Yichang Changjiang provided a corporate guarantee and our Executive Chairman, Mr. Zeng Chaoyi and our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan provided their property as security over a loan granted to Shanghai Shuangpai. The total principal amounts outstanding under the banking facility secured by the guarantee for each of the periods covered below are as follows:

	Year Ended December 31,			Period from January 1, 2010 till the Latest Practicable Date
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Total principal amount outstanding. . .	26.5	—	—	—

The interest rates for the facility is approximately 6.5% above the relevant bank's prime lending rates. The largest aggregate principal outstanding amount secured by the guarantee and mortgage during 2007, 2008, 2009 and the period from January 1, 2010 to the Latest Practicable Date was RMB55.0 million. The credit facility in which the guarantee and mortgage were provided by Yichang Changjiang, Mr. Zeng Chaoyi and Mr. Zeng Xiaoqiao @ Zeng Xiaoshan were entered into on an arm's length basis. The facility was repaid in January 2008.

(2) Joint and Several Guarantee by Yichang Changjiang and Mr. Zeng Chaoyi and Mortgage on Property of Mr. Zeng Chaoyi and Mr. Zeng Xiaoqiao @ Zeng Xiaoshan

Yichang Changjiang and our Executive Chairman, Mr. Zeng Chaoyi provided a joint and several guarantee with respect to a bank loan granted to Shanghai Shuangpai. The loan was also secured by a housing property of our Executive Director, Mr. Zeng Chaoyi and our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan. The total principal amounts outstanding under the banking facility secured by the guarantee for each of the periods covered below are as follows:

	Year Ended December 31,			Period from January 1, 2010 till the Latest Practicable Date
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Total principal amount outstanding. . .	—	80.0	—	—

The interest rates for the facility is approximately 5.9% above the relevant bank's prime lending rates. The largest aggregate principal outstanding amount secured by the guarantee and mortgage during the period from January 1, 2007 to the Latest Practicable Date was RMB160.0 million. The credit facility in which the guarantee and the mortgage were provided by Yichang Changjiang, Mr. Zeng Chaoyi and Mr. Zeng Xiaoqiao @ Zeng Xiaoshan were entered into on an arm's length basis. The facility was repaid in January 2009.

(3) Joint and Several Guarantee by Yichang Changjiang, Liupanshui Shuangyuan, Liupanshui Shuangpai, Mr. Zeng Chaoyi and Ms. Li Yazhou and Mortgage on Property of Mr. Zeng Chaoyi and Ms. Li Yazhou

Yichang Changjiang, Liupanshui Shuangyuan, Liupanshui Shuangpai, our Executive Chairman, Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou provided a joint and several guarantee with respect to a bank loan granted to Shanghai Shuangpai. The loan was also secured by a housing property of Mr. Zeng Chaoyi and Ms. Li Yazhou. The total principal amounts outstanding under the banking facility secured by the guarantee for each of the periods covered below are as follows:

	Year Ended December 31,			**Period from January 1, 2010 till the Latest Practicable Date**
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Total principal amount outstanding. . .	—	—	30.0	—

The interest rates for the facility is approximately 5.6% above the relevant bank's prime lending rates. The largest aggregate principal outstanding amount secured by the guarantee and mortgage during the period from January 1, 2007 to the Latest Practicable Date was RMB30.0 million. The credit facility in which the guarantee and the mortgage were provided by Yichang Changjiang, Liupanshui Shuangyuan, Liupanshui Shuangpai, Mr. Zeng Chaoyi and Ms. Li Yazhou and mortgage on property of Mr. Zeng Chaoyi and Ms. Li Yazhou were entered into on an arm's length basis. The credit facility was repaid in March 2010.

(E) Transactions with FB Trading

(i) Sales and purchases with Liupanshui Shuangpai

FB Trading sold alumina to Liupanshui Shuangpai and purchased primary aluminum ingots and bars from Liupanshui Shuangpai in the ordinary course of business. The value of these sales and purchases for each of the periods indicated below are as follows:

	Year Ended December 31,			**Period from January 1, 2010 until the Latest Practicable Date**
	2007	**2008**	**2009**	
Value of Sales (RMB in millions)	8.0	—	—	—
Value of Purchases (RMB in millions).	41.5	—	35.9	—

The prices for the above transactions were agreed on an arm's length basis and determined with reference to the cost of alumina purchased plus a service fee. Sale prices of transactions that FB Trading would have with unrelated third parties would be determined with reference to the prevailing market prices of alumina (i.e. prices of other alumina suppliers) plus a service fee. Accordingly, our Directors are of the opinion that the transaction was not carried out on an arm's length basis and not on normal commercial terms. Our Executive Chairman, Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou previously owned 95.0% and 5.0% of the equity interest in Liupanshui Shuangpai, respectively and in December 2009, they sold their entire equity interest in Liupanshui Shuangpai to third parties unrelated to the Zeng Family.

(ii) Advances made to interested persons

During the three years ended December 31, 2009, we made advances to associates of our Executive Directors and Executive Officers.

The value of these advances for each of the periods indicated below are as follows:

	Year Ended December 31,			Period from January 1, 2010 till the Latest Practicable Date
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Kaili Shuangkai	60.0	—	—	—
Yichang Renze	1.5	—	—	—
Ms. Li Yazhou	0.3	—	—	—
Mr. Zeng Chaoyi	—	—	2.2	0.4

These advances were interest-free, unsecured and repayable on demand and were not made at arm's length. Accordingly, these advances were not made on an arm's length basis or on normal commercial terms. We have since ceased such transactions with the associates of our Directors and Executive Officers and do not intend to enter into such transactions in the future.

(1) Advances to Kaili Shuangkai

Several advances were made to Kaili Shuangkai for purposes of building an aluminum hydroxide plant. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB60.0 million. The advances were fully settled as of December 31, 2009.

(2) Advances to Yichang Renze

Several advances were made to Yichang Renze for working capital purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB1.5 million. The advances were fully settled as of December 31, 2009.

(3) Advance to Ms. Li Yazhou

Several advances were made to our Executive Officer, Ms. Li Yazhou for personal purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB0.3 million. The advances were settled as of December 31, 2009.

(4) Advance to Mr. Zeng Chaoyi

Several advances were made to our Executive Director, Mr. Zeng Chaoyi, in 2009 for personal purposes. The largest amount outstanding during the period from January 1, 2007 to the Latest Practicable Date was RMB2.0 million. The advances were fully settled as of August 31, 2010.

(iii) Guarantees provided by interested persons to secure credit facilities for FB Trading

Our Executive Chairman, Mr. Zeng Chaoyi, and our Executive Officer, Ms. Li Yazhou, provided a joint and several guarantee with respect to a bank loan granted to FB Trading. The total principal amounts outstanding under the banking facility secured by the guarantee for each of the periods covered below are as follows:

	Year Ended December 31,			Period from January 1, 2010 till the Latest Practicable Date
	2007	2008	2009	
	RMB (million)	RMB (million)	RMB (million)	RMB (million)
Total principal amount outstanding. . .	—	15.0	15.0	—

The interest rates for the facility range from 5.7% to 5.8% above the relevant bank's prime lending rates. The largest aggregate principal outstanding amount secured by the guarantee during 2007, 2008, 2009 and the period from January 1, 2010 to the Latest Practicable Date was RMB30.0 million. The credit facility in which the guarantee was provided by Mr. Zeng Chaoyi and Ms. Li Yazhou was entered into on an arm's length basis. The credit facility was repaid in June 2010.

PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

(A) Lease Agreement with certain of our Controlling Shareholders

In January 2010, our subsidiary, Shanghai Shuangpai, entered into a lease agreement with Mr. Zeng Chaoyi, our Executive Chairman and Ms. Li Yazhou, our Executive Officer, to lease an office space of approximately 380 square metres in New Shanghai International Tower, Shanghai, the PRC (the "Pudong Lease") which is owned by them. The Pudong Lease is for a term of two years commencing from January 1, 2010 and expiring on December 31, 2011. The monthly rental (including related and common operating expenses) for the premises is RMB150,000.

The rent payable by Shanghai Shuangpai pursuant to the Pudong Lease was arrived at on an arm's length basis. Having considered the prevailing rental rates for office space of similar floor area and location, our Directors and Audit Committee are of the view that the above transaction was made on an arm's length basis and is not prejudicial to the interests of our Company and the minority Shareholders. We expect to continue with the Pudong Lease, where necessary and deemed appropriate, subject to the review of the Audit Committee in accordance with the requirements of Chapter 9 of the Listing Manual to ensure that the Pudong Lease is entered into on an arm's length basis. See "— Guidelines and Review Procedures for Interested Person Transactions".

(B) Contractual Arrangements

Two separate exclusive purchase agreements were entered into as part of the Contractual Arrangements. An exclusive purchase agreement was entered into between our Company, Yichang Changjiang and each of the Yichang Shareholders, pursuant to which our Company or any of our wholly-owned subsidiaries will acquire such maximum percentage of the equity interest in Yichang Changjiang, up to 100% of the equity interest in Yichang Changjiang, as is from time to time permitted by PRC laws and policies, subject to the fulfilment of the certain conditions precedent, namely (i) the acquisition of Yichang Changjiang by our Company or any of its wholly-owned subsidiaries is permitted by and does not violate then applicable laws and regulations or policies; (ii) all necessary approvals, consents and authorizations for the acquisition of Yichang Changjiang by our Company or any of its wholly-owned subsidiaries having been obtained from the relevant regulatory, governmental or other authorities and any other third party (including shareholders of our Company, if required); and (iii) the purchase price being the lowest amount permitted under then applicable rules and regulations in the PRC and elsewhere provided that such purchase price does not exceed the Yichang Purchase Price. If our Company acquires part and not all of the equity interest of Yichang Changjiang when permitted by the relevant PRC laws and policies, the purchase price for such portion of the equity interest in Yichang Changjiang shall be such percentage of the Yichang Purchase Price that corresponds to the percentage of the equity interest of Yichang Changjiang that is being acquired by our Company.

The other exclusive purchase agreement was entered into between our Company, Liupanshui Shuangyuan and each of the Liupanshui Shareholders, pursuant to which our Company or any of its wholly-owned subsidiaries will acquire such maximum percentage of the equity interest in Liupanshui Shuangyuan, up to 100% of the equity interest in Liupanshui Shuangyuan, as is from time to time permitted by PRC laws and policies, subject to the fulfilment of the certain conditions precedent, namely (i) the acquisition of Liupanshui Shuangyuan by our Company or any of our subsidiaries is permitted by and does not violate then applicable laws and regulations or policies; (ii) all necessary approvals, consents and authorizations for the acquisition of Liupanshui Shuangyuan by our Company or any of its subsidiaries having been obtained from the relevant regulatory, governmental or other authorities and any other third party (including shareholders of our Company, if required); and (iii) the purchase price being the lowest amount permitted under then applicable rules and regulations in the PRC and elsewhere provided that such purchase price it does not exceed Liupanshui Purchase Price. If our Company acquires part and not all of the equity interest of Liupanshui Shuangyuan when permitted by the relevant PRC laws and policies, the purchase price for such portion of the equity interest in Liupanshui Shuangyuan shall be such percentage of the Liupanshui Purchase Price that corresponds to the percentage of the equity interest of Liupanshui Shuangyuan that is being acquired by our Company,

None of the Yichang Shareholders or Liupanshui Shareholders obtained or received any financial or economic benefit under the Contractual Arrangements despite holding equity in Yichang Changjiang and Liupanshui Shuangyuan respectively. As described above, the Contractual Arrangements ensure that the financial and economic benefits derived by Yichang Changjiang and Liupanshui Shuangyuan flow to us and not the Yichang Shareholders and Liupanshui Shareholders respectively.

Our Directors and Audit Committee are of the view that although the Contractual Arrangements are not carried out on an arm's length basis, they are not prejudicial to our Company and our minority Shareholders. We expect to continue with the above arrangements after our listing on the SGX-ST. Such arrangements will be subject to review by our Audit Committees in accordance with Chapter 9 of the Listing Manual. See "— Review Procedures for Future Interested Person Transactions".

(C) Guarantees given by our Directors, Executive Officers and Related Companies

(i) Personal guarantees and mortgages provided by interested persons to secure credit facilities for Jiangyin Xinren

(1) Pledge of equity interest of Hunan Xinren Properties to Shanghai Shuangpai and Yichang Changjiang

Each of our Executive Chairman, Mr. Zeng Chaoyi and our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan have provided our Company with two separate undertakings dated May 10, 2010, to ensure that the amounts of RMB283.3 million and RMB113.7 million due from Liupanshui Shuangpai and Hunan Shaodong to Shanghai Shuangpai and Yichang Changjiang respectively (as of March 31, 2010), which were previously owned by members of the Zeng Family are collected and paid by no later than December 31, 2010, and failing which, they will themselves pay the outstanding balance of such amounts forthwith upon demand by our Company. The amounts owing from Liupanshui Shuangpai and Hunan Shaodong are trade payables that will be settled according to repayment schedules, entered into with Shanghai Shuangpai and Yichang Changjiang respectively. The original amount owing from Liupanshui Shuangpai to Shanghai Shuangpai was RMB332,297,972 (of which RMB231,151,000 has been repaid as of September 30, 2010) and the original amount owing from Hunan Shaodong to Yichang Changjiang was RMB147,736,020 (of which RMB94,000,000 has been repaid as of September 30, 2010).

With respect to the final tranche payments of RMB101,146,972 and,RMB53,736,020 (collectively, the "Final Tranche Payments") to be made by owners of Liupanshui Shuangpai and Hunan Shaodong to Shanghai Shuangpai and Yichang Changjiang respectively by December 31, 2010, our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and his wife, Mdm. Deng Eying have pledged all of their equity interest in Hunan Xinren Properties to Shanghai Shuangpai and Yichang Changjiang as security for repayment of the Final Tranche Payments on September 20, 2010 (the "Pledges"). The Pledges will be discharged once all outstanding amounts due from Liupanshui Shuangpai and Hunan Shaodong are fully paid. In the event Mr. Zeng Chaoyi and Mr. Zeng Xiaoqiao @ Zeng Xiaoshan fail to pay the outstanding balances pursuant to the undertakings, Yichang Changjiang and Shanghai Shuangpai will then enforce the Pledges.

(2) Property to be mortgaged by Hunan Xinren Properties and Undertaking by Hunan Xinren Properties and the Zeng Family Shareholders

On September 26, 2010, the Zeng Family Shareholders have undertaken to us that they will procure that Hunan Xinren Properties (which is 90.0% owned by our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and 10.0% owned by his wife, Mdm. Deng Eying) will and Hunan Xinren Properties has undertaken to us that it will, provide support to our Group, as and when required, for a period of 12 months from September 30, 2010 (the "Relevant Period"), being the date our Group's financial statements as of and for the three months ended March 31, 2010, were approved by our Board, by way of the creation of security over one of the properties that Hunan Xinren Properties owns, namely, Changsha Hao Tian Building on 396 Bayi Road, Furong District, Changsha City, Hunan (the "Property"), to secure banking facilities of up to RMB300.0 million (the "Jiangyin Loan") that may be granted by Shanghai Pudong Development Bank to Jiangyin Xinren. The property is valued at RMB760,092,311.70 as at August 12, 2010 and is free from all encumbrances. The availability of the Jiangyin Loan is subject to further approvals from and due diligence and certain other conditions of Shanghai Pudong Development Bank. Final approval for the loan facility has not been obtained and we have not entered into formal documentation in respect of the loan as it is a standby facility and we do not need to drawdown on the facility at present. If we enter into formal documentation in respect of the loan, we would have to pay a commitment fee for the duration of the loan. The Zeng Family Shareholders and Hunan Xinren Properties have also undertaken to us that in the event that the Property is sold as may be required by law or for any other reason, the sale proceeds in an amount not exceeding RMB300.0 million will be placed into an escrow account for use to support our Group during the Relevant Period. In the event that the Jiangyin Loan is not granted by Shanghai Pudong Development Bank to Jiangyin Xinren for any reason, the Zeng Family Shareholders and Hunan Xinren Properties have also undertaken that they will procure that the Property is sold, and that the proceeds in an amount not exceeding RMB300.0 million will be placed into an escrow account for use to support our Group during the Relevant Period.

In the event any of the Pledges are enforced by Yichang Changjiang or as the case may be, Shanghai Shuangpai, or if there is a change of control in Hunan Xinren Properties for any other reason, each of our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and his wife, Mdm. Deng Eying undertakes that the proceeds from the sale of the equity interest of Hunan Xinren Properties will be used in the following priority: first, for repayment of all outstanding amounts due from Liupanshui Shuangpai and Hunan Shaodong to Shanghai Shuangpai and Yichang Changjiang respectively; and upon such repayments being made, an amount not exceeding

RMB300.0 million to be placed into an escrow account for use to support our Group. The remaining proceeds (if any) will be paid to Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and his wife, Mdm. Deng Eying, the original shareholders of Hunan Xinren Properties.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Net Current Liabilities”.

(ii) Mortgage provided by interested persons to secure credit facilities for FB Trading

Our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan mortgaged his personal property to secure a facility granted to FB Trading. The total principal amounts outstanding under the banking facility secured by the property for each of the periods covered below are as follows:

	Year Ended December 31,			**Period from January 1, 2010 till the Latest Practicable Date**
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Total principal amount outstanding. . .	—	—	8.8	12.6

The interest rates for the facility are approximately 6.1% above the relevant bank’s prime lending rates. The largest aggregate principal outstanding amount secured by property during the period from January 1, 2007 to the Latest Practicable Date was RMB23.8 million. The credit facility in which the mortgage was provided was entered into on an arm’s length basis.

We intend to discharge the guarantees and mortgages provided by our Executive Directors and Executive Officers following our listing on the Main Board of the SGX-ST. Our Directors and Audit Committee are of the view that the terms of the above credit facilities are on an arm’s length basis on normal commercial terms and are not prejudicial to our Company and our minority Shareholders as the considerations for such credit facilities were consistent with the provisions of such credit facilities in the industry.

(iii) Personal Guarantees and mortgages provided by interested persons to secure credit facilities for Shanghai Shuangpai

(1) Joint and Several Guarantee by Liupanshui Shuangyuan, Liupanshui Shuangpai, Yichang Changjiang, Mr. Zeng Chaoyi and FB Trading and mortgage provided by Mr. Zeng Chaoyi and Ms. Li Yazhou for Shanghai Shuangpai

Liupanshui Shuangyuan, Liupanshui Shuangpai, Yichang Changjiang, our Executive Chairman, Mr. Zeng Chaoyi and FB Trading have provided a joint and several guarantee to secure a credit facility for Shanghai Shuangpai from a bank. In addition, our Executive Chairman, Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou also provided property as security over the credit facility. The total principal amounts outstanding under the banking facility secured by the guarantee for each of the periods covered below are as follows:

	Year Ended December 31,			**Period from January 1, 2010 till the Latest Practicable Date**
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Total principal amount outstanding. . .	60.0	60.0	—	30.0

The interest rates for the facility range from 7.3% to 7.8% above the relevant bank's prime lending rates. The largest aggregate principal outstanding amount secured by the guarantees during 2007, 2008, 2009 and the period from January 1, 2010 to the Latest Practicable Date was RMB60.0 million. The credit facility in which the guarantees and mortgage were provided by Liupanshui Shuangyuan, Liupanshui Shuangpai, Yichang Changjiang, our Executive Chairman, Mr. Zeng Chaoyi, our Executive Officer, Ms. Li Yazhou and FB Trading were entered into on an arm's length basis. The facility will be repaid in January 2011.

(2) Joint and Several Guarantee by Liupanshui Shuangyuan, Mr. Zeng Chaoyi and Ms. Li Yazhou and Mortgage on Property of Mr. Zeng Chaoyi and Ms. Li Yazhou

Liupanshui Shuangyuan, our Executive Chairman, Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou provided a joint and several guarantee with respect to a bank loan granted to Shanghai Shuangpai. The loan was also secured by a housing property of Mr. Zeng Chaoyi and Ms. Li Yazhou. The total principal amounts outstanding under the banking facility secured by the guarantee for each of the periods covered below are as follows:

	Year Ended December 31,			Period from January 1, 2010 till the Latest Practicable Date
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Total principal amount outstanding. . .	—	—	40.0	40.0

The interest rates for the facility is approximately 10.0% above the relevant bank's prime lending rates. The largest aggregate principal outstanding amount secured by the guarantee and mortgage during the period from January 1, 2007 to the Latest Practicable Date was RMB40.0 million. The credit facility in which the guarantee and the mortgage were provided by Liupanshui Shuangyuan, Mr. Zeng Chaoyi and Ms. Li Yazhou were entered into on an arm's length basis. The credit facility will be repaid in March 2011.

(iv) Personal Guarantees provided by Mr. Zeng Chaoyi and Ms. Li Yazhou to secure credit facilities for Liupanshui Shuangyuan

Our Executive Chairman, Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou provided a joint and several guarantee with respect to a bank loan granted to Liupanshui Shuangyuan. The total principal amounts outstanding under the banking facility secured by the guarantee for each of the periods covered below are as follows:

	Year Ended December 31,			Period from January 1, 2010 till Latest Practicable Date
	2007	**2008**	**2009**	
	RMB (million)	**RMB (million)**	**RMB (million)**	**RMB (million)**
Total principal amount outstanding. . .	—	—	20.0	20.0

The facility has a fixed interest rate of approximately 8.0%. The largest aggregate principal outstanding amount secured by the guarantee during 2007, 2008, 2009 and the period from January 1, 2010 to the Latest Practicable Date was RMB20.0 million. The credit facility in which the guarantee was provided by Mr. Zeng Chaoyi and Ms. Li Yazhou was entered into on an arm's length basis. The credit facility will be repaid in November 2010.

(D) Undertaking from Mr. Zeng Chaoyi and Mr. Zeng Xiaoqiao @ Zeng Xiaoshan

Each of Our Executive Chairman, Mr. Zeng Chaoyi and our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan have provided our Company with two separate undertakings dated May 10, 2010, to ensure that the amount of RMB283.3 million and RMB113.7 million due from Liupanshui Shuangpai and Hunan Shaodong respectively (as at March 31, 2010), which were previously owned by members of the Zeng Family is collected and paid by no later than December 31, 2010, and failing which, they will themselves pay the outstanding balance of such amount forthwith upon demand by our Company. The amounts owing from Liupanshui Shuangpai and Hunan Shaodong are trade payables that will be settled according to repayment schedules, entered into with Yichang Changjiang and Shanghai Shuangpai respectively. The issue of the August Notice may affect the ability of Liupanshui Shuangpai to pay the outstanding amount. For more information, see “Risk Factors — Regulatory issues and changes in law may have an adverse impact on our business, such as an increase in costs or limit our liability to expand our business”.

OTHER INTERESTED PERSON TRANSACTIONS

In addition to the transactions which our Group had entered into with interested persons, as disclosed above and in “— Potential Conflicts of Interests”, we had also entered into the interested person transactions described below.

(A) Licence agreement granted by Hunan Xinren Properties for the use of trademarks

Hunan Xinren Properties (which is 90.0% owned by our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and 10.0% owned by his wife, Mdm. Deng Eying) has entered into the licence agreement with our Company on September 23, 2010, to grant us the licence to use, the Trademark in our business for a license fee of S$1.00. The licence may be terminated forthwith, inter alia, by Hunan Xinren Properties by giving three months’ notice when the Zeng Family Shareholders and their associates holds less than an aggregate of 15.0% direct and deemed interest in the issued and paid-up share capital of our Company, or if we or our sub-licencees change our respective names or part thereof, such that each of us or our sub-licencees no longer incorporates the Trademark as part of our names. We may terminate the licence by giving three months’ notice if Zeng Family Shareholders and their associates holds less than an aggregate of 15.0% direct and deemed interest in the issued and paid-up share capital of our Company or if each of us or our sub-licencees no longer incorporate the Trademark as part of our names. The terms of the above licence agreement are on an arm’s length basis, following negotiation between us and Hunan Xinren Properties, each party having considered the benefits of the agreement to itself. Pursuant to a trademark transfer agreement dated February 24, 2010, Hunan Shaodong transferred the Trademark to Hunan Xinren Properties for a consideration of RMB200,000. The Trademark transfer was approved by and registered with the relevant PRC government authorities on June 13, 2010. The Trademark is valid from October 7, 2005 to October 6, 2015.

(B) Option granted by the Key Shareholders in respect of the Aluminum Hydroxide Plant

Our Key Shareholders have granted us the Option to acquire all the Option Equity in Kaili Shuangkai that will own the Aluminum Hydroxide Plant. Currently, Kaili Shuangkai is in the process of obtaining the relevant approvals in the PRC to commence construction of the Aluminum Hydroxide Plant. The Aluminum Hydroxide Plant is expected to produce 300,000 tonnes of aluminum hydroxide annually. If we exercise the Option, we intend to build the facilities required on our smelting plants to process the aluminum hydroxide into alumina. The facilities when completed would be able to produce 150,000 tonnes of alumina annually. We have also been granted a first right to purchase aluminum hydroxide from the plant at market prices (which shall not be higher than the price we charge our customers) for as long as the Option remains unexercised. The Option may be exercised at any time during the Option Period, and we will have the option to extend the Option Period further periods of five years for as long as the Aluminum Hydroxide Plant is not completed and operational at the end of each five year period. The purchase price for the Option Equity is equal to the valuation conducted by a reputable independent valuer selected by our Company, as of a date being no later than a reference date determined by the Company which shall not be earlier than six months prior to the earlier of the completion date of the acquisition of the Option Equity or the date on which our shareholders of our Company have approved the acquisition, if such approval is required under the then prevailing rules of the SGX-ST in order for our Company to acquire the Option Equity.

The terms of the above Option are on an arm's length basis, following negotiation between us and our Key Shareholders, each party having considered the benefits of the agreement to itself.

GUIDELINES AND REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

After the Listing, all future interested person transactions will be conducted in accordance with the guidelines and procedures as described under "— Guidelines and Review Procedures for Interested Person Transactions".

Review by Audit Committee

The Audit Committee is responsible for reviewing and approving all interested persons transactions to ensure that they are on arm's length basis; that is, the transactions with the interested person are transacted on terms and prices not more favorable to the interested person than if they were transacted with a third party and that our Company has not been disadvantaged in any other way. Our Company will be required to prepare relevant information to assist the Audit Committee in its review. Before any agreement or arrangement that is not in the ordinary course of business of our Group is transacted, prior approval must be obtained from the Audit Committee. In the event that a member of the Audit Committee is interested in any of the interested person transactions, he will abstain from reviewing that particular transaction. Any decision to proceed with such agreement or arrangement will be recorded for review by the Audit Committee.

Review Procedures

All future transactions with interested persons (as defined in the Listing Manual) are required to comply with the requirements of the Listing Manual. As required by the Listing Manual, our Company has adopted a set of new Articles of Association that requires a director to abstain from voting in any contract or arrangement in which he has a personal material interest.

Interested Person Transactions and Conflicts of Interests

In addition, our Directors will be required to ensure that all future business dealings between us and our interested persons will be at arm's length by undertaking, among others, the procedures set out below.

When purchasing from an interested person, our Directors must take into account, where available, the prices and terms of at least two other comparable offers from third parties, contemporaneous in time. The purchase price must not be higher than the more competitive price of these two other quotations. In determining the most competitive price, all pertinent factors, including but not limited to quality, delivery time and track record will be taken into consideration. When selling to an interested person, our Directors must take into account, where available, the prices and terms of at least two other successful sales to third parties, contemporaneous in time. The sale price must not be lower than the higher sale price of these two other sale transactions to ensure that the transactions are not carried out on terms prejudicial to the interests of our Group.

The considerations above will allow for variation from the prices and terms of the comparable offers or sales provided the volume of trade, creditworthiness of the buyer, differences in service, reliability or other relevant factors justify the variation and provided the contemporaneous comparable offer or sale incorporates modifications that account for volatility of the market for the goods and services in question.

The above procedures do not constitute a shareholders' mandate as we will comply with the provisions of the Listing Manual in respect of all future interested person transactions and, if required under the Listing Manual, we will seek our Shareholders' approval (where necessary) for such transactions.

Our Board of Directors will be required to ensure compliance with all disclosure requirements on related party transactions, including those of prevailing legislation, the Listing Manual and applicable accounting standards. In addition, these transactions will also require shareholders' approval if the Listing Manual so requires.

Review Procedures for Contractual Arrangements

As part of the review process conducted by the auditors of our Group and the Audit Committee on the Contractual Arrangements, our Independent Directors will review the Contractual Arrangements annually and confirm in the Company's annual reports that:

(1) the transactions carried out during the year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, and have been conducted such that the revenue generated by Yichang Changjiang and Liupanshui Shuangyuan less relevant costs and expenses (incurred in accordance with a budget to be approved by the Relevant Company) has been received by the Relevant Company;

(2) no dividends or other distributions have been made by Yichang Changjiang and Liupanshui Shuangyuan to holders of its equity interest; and

(3) any new contracts entered into or renewed between Yichang Changjiang and Liupanshui Shuangyuan, on the one hand, and any Relevant Company, on the other hand, during the relevant financial period are fair and reasonable so far as our Group is concerned and in the interests of our Group's shareholders as a whole.

The auditors of our Group will carry out as part of the agreed upon procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will include in their report to the Audit Committee for the purpose of the annual statutory audit of our Group, prior to finalization of the annual report of our Group, on the appropriateness of computation on the management service fee charged based on the stipulated formula in the Contractual Arrangements and that no dividends or other distributions have been made by Yichang Changjiang and Liupanshui Shuangyuan to the holders of its equity interest.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

All future interested person transactions will be reviewed and approved in accordance with the threshold limits set out under Chapter 9 of the Listing Manual, to ensure that they are carried out on normal commercial terms and are not prejudicial to our interests and the interests of our minority shareholders. In the event that such interested person transactions require the approval of our Board and the Audit Committee, relevant information will be submitted to the Board or the Audit Committee for review. In the event that such interested person transactions require the approval of shareholders, additional information may be required to be presented to shareholders and an independent financial adviser may be appointed for an opinion.

In the review of all future interested person transactions the following procedures will be applied:

(i) transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of our Company's net tangible assets will be subject to review by the Audit Committee at quarterly intervals;

(ii) transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of our Company's net tangible assets will be subject to the review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on arm's length commercial terms and are consistent with similar types of transactions made with non-interested parties; and

(iii) transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of our Company's net tangible assets will be reviewed and approved by the Audit Committee, prior to such transactions being entered into, which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

Additionally, a register will be maintained to record all interested person transactions (incorporating the basis, amount and nature, on which they are entered into). The Audit Committee will review all interested person transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with. We will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

The annual internal audit plan will incorporate a review of all interested person transactions entered into. The Audit Committee will review internal audit reports to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, the Audit Committee will also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between us and our interested persons are conducted on arm's length commercial terms.

Transactions falling within the above categories, if any, will be reviewed quarterly by the Audit Committee to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by our Audit Committee. The Audit Committee will also ensure that all disclosure, approval and other requirements on interested person transaction, including those required by prevailing legislation, the SGX-ST Listing Manual and relevant accounting standards, are complied with.

In the event that a member of the Audit Committee is interested in any interested person transaction, he will abstain from reviewing that particular transaction. We will also disclose the aggregate value of interested party transactions conducted during the current financial year in our annual report.

POTENTIAL CONFLICTS OF INTERESTS

We summarize below the potential conflicts of interests which may arise from the interests of our controlling shareholder, our Directors and their respective associates in any entity carrying on the same business as us.

Contractual Arrangements

Our Executive Chairman Mr. Zeng Chaoyi and our Executive Officer, Ms. Li Yazhou own 90% and 10% of the equity interest in Liupanshui Shuangyuan. Our Executive Director and Chief Executive Officer, Mr. Zeng Chaolin, our Executive Directors, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Ms. Zeng Mingliu and their associates, Ms. Zeng Hong and Ms. Zeng Yiliu and Mdm. Deng Eying own 49.5%, 16.5%, 6.5%,5.5%, 5.5% and 16.5% of the equity interest in Yichang Changjiang respectively. Liupanshui Shuangyuan may compete with Yichang Changjiang for sales of primary aluminum ingots and plates.

As members of the Zeng Family are the ultimate beneficial owners of the equity interest of Liupanshui Shuangyuan and Yichang Changjiang, and our Executive Directors and some of our Executive Officers are also members of the Zeng Family, if there is any conflict arising requiring the relevant members of the Zeng Family to vote in these two capacities, we cannot assure you that the relevant members of the Zeng Family will act in the best interests of our Group or that such conflict will be resolved in our Group's favour, or that the relevant members of the Zeng Family would not violate their fiduciary duties in their capacity as the Company's directors by diverting our Group's business opportunities to others.

However, pursuant to Powers of Attorney provided to the Relevant Company by each of the Liupanshui Shareholders and Yichang Shareholders, irrevocably authorizing a person designated by the Relevant Company, inter alia, to (i) exercise all rights of shareholders and voting rights in Yichang Changjiang, or as the case may be, Liupanshui Shuangyuan; and (ii) appoint the legal representatives, directors, supervisors, general manager and other management level personnel of Yichang Changjiang, or as the case may be, Liupanshui Shuangyuan, Yichang Changjiang and Liupanshui Shuangyuan are deemed to be our subsidiaries under the SFA and Singapore Companies Act but not under PRC laws and regulations. See "The Corporate Reorganization and Our Corporate Structure — The Contractual Arrangements" for further information on the Powers of Attorney. As we have management control and are able to exercise the voting rights of the entire equity interest in Yichang Changjiang and Liupanshui Shuangyuan as a result of the Powers of Attorney, our Directors are of the view that there is no conflict of interests between Yichang Changjiang and Liupanshui Shuangyuan.

Deeds of Undertaking

On September 23, 2010, our Executive Chairman, Mr. Zeng Chaoyi, our Executive Director and Chief Executive Officer, Mr. Zeng Chaolin, each of our Executive Directors, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, Ms. Zeng Mingliu and Mr. Liang Hongbo and our Executive Officer, Ms. Li Yazhou and the other members of the Zeng Family, Ms. Zeng Hong, Ms. Zeng Yiliu and Mdm. Deng Eying entered into deeds of undertaking in favour of our Company (the "Deeds of Undertaking"), whereby each member of the Zeng Family has undertaken to our Company that so long as each of them becomes and/or remains a director or executive officer of our Group and/or any of our subsidiaries and/or a shareholder with an interest of 15% or more (whether direct or indirect) in the voting Shares of our Company (the "Undertaking Period"), he or she shall not do or permit any of the following:

- directly or indirectly carry on or be engaged or interested in any capacity in any other business, trade or occupation whatsoever, except in a business, trade or occupation which does not compete with any business carried on or proposed to be carried on by our Group or except as set out in this offering document or disclosed or declared in writing to our Group prior to the date hereof;

- either solely or jointly with or on behalf of any person, firm or corporation directly or indirectly carry on or be engaged or interested in any business competing with any business carried on or proposed to be carried on by our Group;

- be directly or indirectly engaged or concerned in the conduct of any business competing directly with our Group;

- carry on for his or her own account either alone or in partnership (or be concerned as a director in any company engaged in) any business competing directly with the business carried on or proposed to be carried on by our Group;

- assist any person, firm or company with technical advice in relation to any business competing directly with the business carried on or proposed to be carried on by our Group;

- otherwise be interested, directly or indirectly, in any business competing directly with the business carried on or proposed to be carried on by our Group;

- either on his or her own account or for any person, firm, company or organization solicit or entice or endeavour to solicit or entice away from our Group, or directly or indirectly employ, any person who has at any time during the preceding 18 months of the Undertaking Period been a director, manager, servant or consultant whether or not such person would permit any breach of his or her contract of employment by reason of leaving the service of our Group; or

- either on his or her own account or for any person, firm, company or organization solicit business from any person, firm, company or organization which at any time during the preceding two years of the Undertaking Period has been a customer of our Group.

SHARE CAPITAL AND SHAREHOLDERS

Share capital of our Company

Our Company (Registration No. 200612545H) was incorporated in Singapore on August 29, 2006 under the Singapore Companies Act as a private company limited by shares under the name Costar International Pte. Ltd. On March 5, 2010, we changed our name to Sunrich Aluminium Pte. Ltd. On September 20, 2010 we changed our name to XinRen Aluminum Holdings Pte. Ltd. We were converted to a public company in October 2010 and changed our name to XinRen Aluminum Holdings Limited. As of the date of incorporation and as of the Latest Practicable Date, our issued and paid-up share capital was S$1,000,000 comprising 1,000,000 Shares. As of the date of this offering document, our issued and paid-up ordinary share capital is S$1,000,000 comprising 900,000,000 Shares.

Pursuant to a written resolution dated October 18, 2010 (the "Resolution"), our shareholders approved, among other things, the following:

(a) the Sub-Division and the issue of New Shares pursuant to the Offering, such New Shares when fully paid will rank *pari passu* with our existing issued Shares;

(b) the adoption of a new set of Articles of Association;

(c) the listing and quotation of all our Shares on the Official List of the SGX-ST;

(d) that pursuant to Section 161 of the Singapore Companies Act, authority be given to the Directors to:

    (i) allot and issue 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 from time to time thereafter to such persons and on such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit; and (notwithstanding the authority conferred by the Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while such authority remains in force, provided always that:

    (A) save and except as set out in sub-paragraph (B) below, the aggregate number of Shares to be issued pursuant to such authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to the Resolution) shall not exceed 50.0% of the issued share capital of our Company, of which the aggregate number of Shares to be issued other than on a pro rata basis to the then existing shareholders (including shares to be issued in pursuance of Instruments made or granted pursuant to the Resolution) shall not exceed 20.0% of the issued share capital of our Company (the percentage of issued share capital being based on the issued share capital at the time such authority is given after adjusting for new Shares arising from the conversion of any convertible securities or employee share options in issue at the time such authority is given and any subsequent consolidation or subdivision of shares); and

    (B) the 50.0% limit in sub-paragraph (A) above may be increased to 100.0% if the aggregate number of Shares to be issued pursuant to the Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to the Resolution) on a pro rata basis to the then existing shareholders of our Company by way of a renounceable issue does not exceed 100.0% (or such other limit permitted by the SGX-ST from time to time) of the number of shares in the issued share capital of our Company (excluding treasury shares), and in determining whether or not such 100.0% limit has been reached, all shares to be issued pursuant to such authority shall be taken into account (unless the SGX-ST's prevailing regulations and requirements otherwise provide);

(C) unless revoked or varied by our Company in general meeting and that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

For the purposes of the Resolutions and pursuant to Rules 806(3) and 806(4) of the Listing Manual, "issued share capital" shall mean the enlarged issued and paid-up share capital of our Company after the Offering, after adjusting for (i) the New Shares; (ii) new Shares arising from the conversion or exercise of convertible securities; (iii) new Shares arising from the exercise of share options or the vesting of share awards outstanding or subsisting at the time such authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and (iv) any subsequent consolidation or sub-division of Shares; and

(e) that without prejudice to the generality of, and pursuant and subject to the approval of the general mandate to issue shares and/or convertible securities set out in paragraph (d) above, authority be given to our Directors to issue shares other than on a pro-rata basis to the then existing shareholders of our Company, at a discount not exceeding 20.0% to the weighted average price of the shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day), at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit, provided that:

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

(B) unless revoked or varied by our Company in general meeting, the authority conferred by the Resolutions shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is earlier.

Details of the changes in our issued and paid-up capital from the date of our incorporation and up to the date of this offering document are as follows:

Purpose of issue	**Number of Shares**	**Resultant issued share capital**
		(S$)
Number of Shares issued and fully paid as of August 29, 2006 following incorporation of our Company	1,000,000	1,000,000
Number of Shares issued and fully paid as of the Latest Practicable Date	1,000,000	1,000,000

Note:

(1) Please refer to "Our History and Corporate Reorganization", for further details.

There has not been any public takeover by a third party in respect of our shares or by our Company in respect of the shares of another company or the units of a business trust which has occurred between the beginning of the most recent completed financial year and the Latest Practicable Date.

Current shareholders

The table below sets out the names of each substantial shareholder of our Company, which means a shareholder who is known by us to beneficially own 5.0% or more of our issued Shares, each Director or Executive Officer of our Company who has an interest in our Shares and the number and percentage of Shares in which each of them has an interest (whether direct or deemed) immediately before and immediately after the completion of this Offering.

Our Shares do not carry different voting rights from the Offering Shares. As of the Latest Practicable Date, our issued and paid-up ordinary share capital was S$1,000,000 comprising 1,000,000 Shares. The shareholdings of our Directors and substantial shareholders before the Offering and immediately after the completion of the Offering are, set out in the table below:

	Before Offering (as of the date of registration of this Offering document with the Authority)				After Offering(10) (Assuming the Over-allotment Option is not Exercised)				After Offering(10) (Assuming the Over-allotment Option is Fully Exercised)			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors												
Mr. Zeng Xiaoqiao @ Zeng Xiaoshan(1)	—	—	774,000,000	86.0	—	—	774,000,000	70.5	—	—	744,000,000	67.8
Mr. Zeng Chaoyi(2)	—	—	774,000,000	86.0	—	—	774,000,000	70.5	—	—	744,000,000	67.8
Mr. Zeng Chaolin(3)	—	—	774,000,000	86.0	—	—	774,000,000	70.5	—	—	744,000,000	67.8
Ms. Zeng Mingliu(4)	—	—	774,000,000	86.0	—	—	774,000,000	70.5	—	—	744,000,000	67.8
Mr. Liang Hongbo(5)	—	—	774,000,000	86.0	—	—	774,000,000	70.5	—	—	744,000,000	67.8
Mr. Chen Timothy Teck Leng @ Chen Teck Leng	—	—	—	—	—	—	—	—	—	—	—	—
Mr. Loh Weng Whye	—	—	—	—	—	—	—	—	—	—	—	—
Mr. Liu Jingan	—	—	—	—	—	—	—	—	—	—	—	—
Substantial shareholders												
Sunshine International Global Capital Ltd.(2)	351,000,000	39.0	—	—	351,000,000	32.0	—	—	336,000,000	30.6	—	—
Jiacai International Ltd.(3)	342,000,000	38.0	—	—	342,000,000	31.1	—	—	327,000,000	29.8	—	—
Farina Investments Ltd.(6)	58,500,000	6.5	—	—	58,500,000	5.3	—	—	58,500,000	5.3	—	—
Shenchang International Ltd.(7)	67,500,000	7.5	—	—	67,500,000	6.1	—	—	67,500,000	6.1	—	—
Hanwen International Group Ltd.(1)	9,000,000	1.0	—	—	9,000,000	0.8	—	—	9,000,000	0.8	—	—
Shunqi International Ltd.(8)	36,000,000	4.0	—	—	36,000,000	3.3	—	—	36,000,000	3.3	—	—
Jintudi Group Ltd.(4)	18,000,000	2.0	—	—	18,000,000	1.6	—	—	18,000,000	1.6	—	—
Yansheng Ltd.(5)	18,000,000	2.0	—	—	18,000,000	1.6	—	—	18,000,000	1.6	—	—
Mdm. Deng Eying(8)	—	—	774,000,000	86.0	—	—	774,000,000	70.5	—	—	744,000,000	67.8
Ms. Zeng Yiliu(9)	—	—	774,000,000	86.0	—	—	774,000,000	70.5	—	—	744,000,000	67.8
Ms. Zeng Hong(5)	—	—	774,000,000	86.0	—	—	774,000,000	70.5	—	—	744,000,000	67.8
Ms. Li Yazhou(2)	—	—	774,000,000	86.0	—	—	774,000,000	70.5	—	—	744,000,000	67.8
Others												
Public	—	—	—	—	198,000,000	18.0	—	—	228,000,000	20.8	—	—
Total	900,000,000	100.0*			1,098,000,000	100.0*			1,098,000,000	100.0*		

* Total may not add up to 100.0% due to rounding

Notes:

(1) Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, our founder and Executive Director, owns 100.0% and is the sole director of Hanwen International Group Ltd. which owns 1.0% of the Shares immediately before the Offering. Mr. Zeng Xiaoqiao @ Zeng Xiaoshan is the father of Mr. Zeng Chaoyi, Mr. Zeng Chaolin, Ms. Zeng Mingliu, and Ms. Zeng Hong, and the husband of Mdm. 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., and Shunqi International Ltd., respectively.

(2) Mr. Zeng Chaoyi, our Executive Chairman, owns 100.0% and is the sole director of Sunshine International Global Capital Ltd. which owns 39.0% of the Shares immediately before the Offering. Mr. Zeng Chaoyi, is the son of Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Mdm. Deng Eying, and is the brother of Mr. Zeng Chaolin, Ms. Zeng Mingliu, and Ms. Zeng Hong, and he and his wife, Ms. Li Yazhou, our Executive Officer 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., and Yansheng Ltd., respectively.

(3) Mr. Zeng Chaolin, our Executive Director and Chief Executive Officer, owns 100.0% and is the sole director of Jiacai International Ltd. which owns 38.0% of the Shares immediately before the Offering. Mr. Zeng Chaolin, is the son of Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Ms. Deng Eying, and is the brother of Mr. Zeng Chaoyi, Ms. Zeng Mingliu, and Ms. 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., and Yansheng Ltd., respectively.

(4) Ms. Zeng Mingliu, our Executive Director, owns 100.0% and is the sole director of Jintudi Group Ltd. which owns 2.0% of the Shares immediately before the Offering. Ms. Zeng Mingliu, is the daughter of Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Ms. Deng Eying, and is the sister of Mr. Zeng Chaoyi, Mr. Zeng Chaolin, and Ms. 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., Jiacai International Ltd., and Yansheng Ltd., respectively.

(5) Mr. Liang Hongbo, our Executive Director is the husband of Ms. Zeng Hong. Ms. Zeng Hong owns 100.0% and is the sole director of Yansheng Ltd. which owns 2.0% of the Shares immediately before the Offering. Ms. Zeng Hong, is the daughter of Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Mdm. Deng Eying, and is the sister of Mr. Zeng Chaoyi, and Mr. Zeng Chaolin, and she and her husband Mr. Liang 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., and Jintudi Group Ltd. respectively.

(6) Farina Investments Ltd. is wholly-owned by ICH Hanrui Investments Ltd. The director of Farina Investments Ltd. is Mr. Lua Poh Huat. The shareholders and directors of ICH Hanrui Investments Ltd. are ICH Group Limited, Mr. Lua Poh Huat and Mr. Toe Teow Heng. The directors of ICH Hanrui Investments Ltd. are Mr. Lua Poh Huat and Mr. Toe Teow Heng.

(7) The shareholders of Shenchang International Ltd. are ICH Hanrui Investments Ltd., Zhao Ming Li, Gemini Asia Growth II Inc. and Zymmetry Investments Inc. The director of Shenchang International Ltd is Mr. Zhao Ming Li.

(8) Mdm. Deng Eying owns 100.0% and is the sole director of Shunqi International Ltd. which owns 4.0% of the Shares immediately before the Offering. Mdm. Deng Eying is the mother of Mr. Zeng Chaoyi, Mr. Zeng Chaolin, Ms. Zeng Mingliu, and Ms. Zeng Hong, and the wife of Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, 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. and Hanwen International Group Ltd., respectively.

(9) Ms. Zeng Yiliu is the daughter of Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Ms. Deng Eying, and is the sister of Mr. Zeng Chaoyi, Mr. Zeng Chaolin, and Ms. 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.

(10) The Over-allotment Option comprises a total of 30,000,000 Shares which is described in the section “Plan of Distribution” below.

Significant changes in percentage of ownership

Save as discussed in “Our History and Corporate Reorganization” there were no significant changes in the percentage ownership of our Company held by our Directors and substantial shareholder since the date of incorporation and up to the Latest Practicable Date.

Change in control of the Company

To our knowledge, our Company will not be owned or controlled by any corporation (other than as disclosed herein) immediately after the completion of the Offering. Other than as described herein, our Company is not indirectly or directly owned or controlled, whether severally or jointly, by any government or other natural or legal person.

We are not currently aware of any arrangements, the operation of which may at a subsequent date result in a change of control of our Company.

TAXATION

SINGAPORE TAXATION

The comments below are of a general nature and, a summary of certain Singapore tax consequences of the acquisition, ownership and disposal of our Shares. It is not intended to be and does not constitute legal or tax advice. This summary is based upon tax laws, regulations, rulings and decisions, or in the interpretation thereof, now in effect, all of which are subject to changes. Such changes may be retrospective. While the comments are considered to be a correct interpretation of existing laws in force as of the Latest Practicable Date, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur.

The discussion below is not intended to constitute a complete analysis of all of the Singapore tax consequences relating to the acquisition, ownership and disposal of our Shares by any person. Each prospective investor in our Shares should therefore consult its own tax advisers concerning the tax consequences of an investment in our Shares. The following discussion has been prepared on the basis that our Company is tax resident in Singapore.

Income tax

Corporate income tax

Singapore tax resident corporate taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore and on income derived from sources outside Singapore (i.e. foreign-sourced income) that is received or deemed to have been received in Singapore by the operation of law, subject to certain exceptions.

Foreign-sourced income in the form of dividends, branch profits and service income received or deemed to have been received in Singapore by Singapore tax resident corporate taxpayers is exempt from Singapore income tax if the following conditions are met:

- the income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;
- at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax in the jurisdiction from which the income is received is at least 15.0%; and
- the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign-sourced income.

A special concession has been granted to exempt from Singapore income tax all foreign-sourced income earned on or before January 21, 2009 and received in Singapore during the one-year period from January 22, 2009 to January 21, 2010.

Non-Singapore tax resident corporate taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign-sourced income that is received or deemed to have been received in Singapore, subject to certain exceptions.

Individual income tax

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accruing in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed to have been received by a Singapore tax resident individual is exempt from income tax in

Singapore, except where such income is received through a partnership in Singapore. Foreign-sourced income received or deemed to have been received by a non-Singapore tax resident individual is exempt from income tax in Singapore.

Certain Singapore-sourced investment income received by individuals is also exempt from income tax in Singapore.

Tax residency

A company is regarded as tax resident in Singapore if the control and management of its business is exercised in Singapore. Normally, control and management of the company is vested in its board of directors and the place of residence of the company is where its directors meet to make strategic business decisions.

An individual is regarded as tax resident in Singapore if the individual is physically present in Singapore or exercises an employment in Singapore (other than as a director of a company) for 183 days or more in the calendar year preceding the year of assessment, or if the individual ordinarily resides in Singapore.

Rates of tax

The corporate tax rate in Singapore is 17.0% with effect from the year of assessment 2010 (i.e. in respect of income earned during the financial year or other basis period ended in 2009), with partial tax exemptions granted on the first S$300,000 of chargeable income.

Singapore tax-resident individuals are subject to tax on their taxable income based on progressive tax rates, currently ranging from 0.0% to 20.0%. Non-Singapore tax resident individuals are generally taxed at the tax rate of 20.0% on their taxable income, except that Singapore employment income is taxed at a flat rate of 15.0% or at resident rates, whichever yields a higher tax.

Dividend distributions

Singapore adopts a one-tier corporate tax system. Any dividends paid by Singapore tax resident companies are exempt from Singapore income tax in the hands of their shareholders.

As a Singapore tax resident, the dividends payable by our Company will be one-tier tax-exempt dividends and will be exempt from Singapore income tax in the hands of our shareholders, regardless of their legal form or tax residence status. There will be no tax credits attached to these dividends.

There is no withholding tax on payment of dividends to non-resident shareholders.

Gains on disposal of our Shares

Singapore currently does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterization of whether a gain is income or capital in nature. Gains arising from the disposal of our Shares may be construed to be income in nature and subject to Singapore income tax, especially if they arise from or are otherwise connected with the activities of a trade or business in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if our Shares were purchased with the intention or purpose of making a profit by sale and not with the intention to be held for long-term investment purposes.

For shareholders who are subject to the income tax treatment provided for under Section 34A of the Income Tax Act (Chapter 134 of Singapore) in relation to the adoption of Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("FRS 39") for accounting purposes, they may be required to recognize gains or losses (not being gains or losses in the nature of capital) even though no sale or disposal of our Shares is made. Shareholders who may be subject to such provisions should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, ownership and disposal of our Shares.

Stamp duty

There is no stamp duty payable on the subscription and issuance of our Shares.

Stamp duty is payable on an instrument of transfer of the ordinary shares of a company at the rate of S$0.20 for every S$100 or any part thereof, computed on the consideration for, or market value of the shares, whichever is higher. Stamp duty is payable by the purchaser of the shares, unless there is an agreement to the contrary.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require an instrument of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore. The above Stamp duty is not applicable to electronic transfers of our Shares through the CDP.

Goods and services tax ("GST")

The sale of our Shares by a GST-registered investor belonging in Singapore through an SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Any GST incurred by the GST-registered investor in making such an exempt supply is not recoverable from the Comptroller of GST, unless certain conditions in the GST legislation are satisfied.

Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore or through an overseas exchange, the sale should generally, be considered a taxable supply subject to GST at zero-rate. Any GST incurred by the GST-registered investor in making such a taxable supply in the course of or furtherance of a business carried on by such an investor may generally be recoverable from the Comptroller of GST, subject to the provisions of the GST legislation.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the current standard rate of 7.0%. Similar services rendered to an investor belonging outside Singapore should generally, subject to satisfaction of certain conditions, be subject to GST at zero-rate, provided that the investor is outside Singapore when the services are performed and the services provided do not directly benefit any Singapore persons.

Estate duty

Singapore estate duty has been abolished with effect from February 15, 2008.

PLAN OF DISTRIBUTION

The Offering

Our Company is making an offering of 198,000,000 Offering Shares for purchase at the Offering Price, consisting of the Placement and the Public Offer. 186,000,000 Offering Shares are being offered under the Placement and 12,000,000 Offering Shares are being offered under the Public Offer. The Offering Shares may be re-allocated between the Placement and the Public Offer at the sole discretion of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters.

We, the Vendors and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters have entered into a placement agreement dated October 19, 2010 (the "Placement Agreement") pursuant to which we have agreed to sell, and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters have severally agreed to purchase, subject to certain conditions, 186,000,000 Offering Shares.

	Number of Offering Shares
DBS	167,400,000
The Royal Bank of Scotland N.V., Singapore Branch	18,600,000
Total	186,000,000

We, the Vendors and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters have also entered into an offer agreement dated October 19, 2010 (the "Offer Agreement") for the sale of 12,000,000 Offering Shares to the public in Singapore. Subject to the terms and conditions in the Offer Agreement, and concurrently with the sale of 186,000,000 Offering Shares pursuant to the Placement Agreement, we have agreed to appoint the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters to procure purchasers, and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters have agreed to procure purchasers or, failing which, to purchase, subject to certain conditions, 12,000,000 Offering Shares.

	Number of Offering Shares
DBS	10,800,000
The Royal Bank of Scotland N.V., Singapore Branch	1,200,000
Total	12,000,000

The Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters have agreed to purchase the Offering Shares at the Offering Price. The Offering Price was determined after a bookbuilding process and agreed among us and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters.

The Placement Agreement may be terminated at any time prior to delivery of the Offering Shares pursuant to the terms of the Placement Agreement, upon the occurrence of certain events, including, among other things, certain force majeure events. The closing of the Offering is conditional upon certain events, including the fulfilment, or waiver by the SGX-ST, of all conditions contained in the letter of eligibility from the SGX-ST for the listing and quotation of all our issued Shares (including the Offering Shares and the Additional Shares) on the Official List of the SGX-ST.

The completion of the Placement and the Public Offer are each conditional upon the completion of the other.

The Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters are offering the Offering Shares, subject to prior sale, when, as and if sold to and accepted by them, subject to certain conditions precedent including the receipt by the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters of officer's certificates and legal opinions. The Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters reserve the right to withdraw, cancel or modify such offers and to reject orders in whole or in part.

The Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters may make sub-placement arrangements in respect of their obligations under the Placement Agreement and under the Offer Agreement, upon such terms and conditions as they deem fit.

We have agreed to indemnify the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters against certain liabilities and to contribute to payments the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters may be required to make in respect of those liabilities.

In connection with this Offering, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters (or their respective affiliates) may, for their own accounts, enter into swaps or other derivative transactions relating to the Shares at the same time as the Offering or in secondary market transactions. As a result of such transactions (including hedging of such transactions), the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters (or their respective affiliates) may hold long or short positions in such Shares or derivatives. These transactions may comprise a substantial portion of the Offering.

Expenses and commission

We will pay the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, as compensation for their services in connection with the Offering, an aggregate underwriting and selling commission amounting to 2.5% of the total gross proceeds of the Offering; and may pay an additional underwriting commission to the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters or any of them at such time as we may in our sole discretion determine of up to 0.75% of the total gross proceeds of the Offering.

Assuming the Over-allotment Option is exercised in full, the Vendors will pay the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, as compensation for their services in connection with the Over-allotment Option, an aggregate underwriting and selling commission and brokerage fee amounting to 2.5% of the total gross proceeds of the Over-allotment Option and may pay an additional commission to the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters or any of them, at such time as the Vendors in their sole discretion may determine, of up to 0.75% of the total gross proceeds of the Over-allotment Option.

We estimate that the aggregate expenses of the Offering, not including the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters commission and underwriting fees, are S$9.9 million. These expenses are payable by us. Purchasers of our Offering Shares, other than those in the Public Offer, will be required to pay to the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters a brokerage fee of 1.0% of the Offering Price, stamp taxes and other similar charges in accordance with the laws and practices of the country of purchase, at the time of settlement.

No existing public market

Prior to the Offering, there has been no trading market for our Shares. The Offering Price was fixed by agreement among us and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters. Among the factors considered in determining the Offering Price of our Shares was the prevailing market conditions, current market valuations of publicly traded companies that we and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters believe to be reasonably comparable to our Group, an assessment of our recent historical performance, estimates of our business potential and earnings prospects, the current state of our development and the current state of our industry and the economy as a whole.

Over-allotment Option

The Vendors have granted to DBS as Stabilizing Manager, on behalf of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, an Over-allotment Option pursuant to which the Vendors may sell up to an aggregate of 30,000,000 Shares.

Name of Vendor	Number of Shares offered in the Over-allotment
Sunshine Global International Capital Ltd.	15,000,000
Jiacai International Ltd.	15,000,000
	30,000,000

The Over-allotment Option is exercisable in full or in part by the Stabilizing Manager on one or more occasions but no later than the earliest of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilizing Manager or its appointed agent(s) has bought, on the SGX-ST, an aggregate of 30,000,000 Shares, representing not more than 15.2% of the total Offering Shares, to undertake stabilising actions, or (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price, to purchase up to an aggregate of 30,000,000 Shares (representing not more than 15.2% of the total Offering Shares) at the Offering Price. The Vendors will pay the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters a commission in respect of these Shares. The exercise of the Over-allotment Option will not affect the total number of issued and existing shares.

Share lending and borrowing agreement

DBS, as the Stabilizing Manager, has entered into a share lending and borrowing agreement with the Vendors to borrow up to 30,000,000 Shares, which will be borrowed before the Listing Date, to cover over-allotments, if any. Any Shares that may be borrowed by the Stabilizing Manager under the share lending and borrowing agreement will be returned by the Stabilizing Manager to the Vendors either through the purchase of Shares in the open market by the Stabilizing Manager in the conduct of stabilization activities or through exercise of the Over-allotment Option by the Stabilizing Manager on behalf of itself and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters. The share lending and borrowing agreement includes a right for the Vendors to recall such number of Shares which are equivalent to the Shares (if any) lent under such share lending and borrowing agreement by giving seven days' prior written notice to DBS as Stabilizing Manager.

Shares are not being registered under the US Securities Act

The Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, directly or through their affiliates, propose to offer the Offering Shares in transactions not requiring registration under the US Securities Act or applicable state securities laws. The Joint Global Co-ordinator, Joint Bookrunners, Joint Issue Managers and Joint Underwriters will not offer or sell the Shares except in offshore transactions in reliance on Regulation S under the Securities Act and in accordance with applicable foreign laws.

Shares may not be offered, transferred or resold within the United States except under an exemption from the registration requirements of the US Securities Act or under a registration statement declared effective under the US Securities Act and in accordance with the restrictions under "Transfer Restrictions".

Each purchaser of the Offering Shares will be deemed to have made the acknowledgements, representations and agreements as described under "Transfer Restrictions".

Lock-up

Our Company has agreed with the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters that, from the date of the Offer Agreement until the date falling 180 days from the Listing Date, we will not, subject to certain exceptions, without the prior written consent of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, (i) issue, offer, sell, contract to sell or grant any option to purchase, grant security over, encumber or otherwise dispose of, directly or indirectly, any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase Shares); (ii) enter into a transaction (including a derivative transaction) which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) of any Shares; (iii) deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase Shares) in any depository receipt facilities (which for the avoidance of doubt shall exclude the CDP in connection with the Offering); or (iv) publicly announce any intention to do any of the above.

The Zeng Family Shareholders and the Zeng Family Companies (other than the Vendors), who together will own 7.4% of the issued share capital of our Company immediately following the close of the Offering (assuming that the Over-allotment Option has not been exercised) have agreed with the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters that, from the date of the Placement Agreement until the date falling 180 days from the Listing Date, such Shareholder will not, without the prior written consent of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, (i) offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, directly or indirectly, any of his or her Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase Shares); (ii) enter into a transaction (including a derivative transaction) which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) of such Shares; (iii) deposit Shares (or any securities convertible or exchangeable for Shares) in any depository receipt facilities; or (iv) publicly announce any intention to do any of the above.

The Vendors, Farina and Shenchang, who will own 63.1%, 5.3% and 6.1% of the issued share capital of our Company immediately following the close of the Offering (assuming that the Over-allotment Option has not been exercised), have agreed with the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters that, from the date of the Placement Agreement until the date falling 180 days from the Listing Date, such Shareholders will not, without the prior written consent of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, (i) offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, directly or indirectly, any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase Shares); (ii) enter into a transaction (including a derivative transaction) which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) of such Shares; (iii) deposit Shares (or any securities convertible or exchangeable for Shares) in any depository receipt facilities; or (iv) publicly announce any intention to do any of the above.

ICH Hanrui, the sole shareholder of Farina, has agreed to give a moratorium undertaking to the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters in respect of its entire shareholding in Farina and such undertaking shall be in effect from the date of the Placement Agreement until the date falling 180 days from the Listing Date. Further, each of ICH Hanrui, Zhao Ming Li, Gemini Asia Growth II Inc. and Zymmetry Investments Inc. has also agreed to give a moratorium undertaking in respect of their respective shareholdings in Shenchang, and such undertaking shall be in effect from the date of the Placement Agreement until the date falling 180 days from the Listing Date.

These restrictions do not, however, apply (in the case of the Vendors) in respect of (i) the Additional Shares that are sold pursuant to the Over-allotment Option granted by the Vendors to the Stabilizing Manager on behalf of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, and (ii) the transfer of Shares by the Vendors as contemplated under the Share Lending Agreement, provided that these lock-up restrictions will apply to the Shares returned to the Vendors pursuant to the Share Lending Agreement and in the case of any person who is a shareholder bound by the above restrictions which is a body corporate, the transfer of Shares by it to any of its wholly-owned subsidiaries (provided that each such subsidiary has executed and delivered to the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters a similar undertaking to the reasonable satisfaction of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters to the effect of the restrictions described above, to remain in effect for the remainder of the relevant lock-up period).

Price stabilization

In connection with the Offering, DBS, the Stabilizing Manager (or persons acting on behalf of DBS), on behalf of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, may over-allot Shares or effect transactions that may stabilize or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. Such transactions consist of bids or purchases in the secondary market, during a specified period of time, to peg, fix or maintain the price of the Shares. If the Stabilizing Manager creates a short position in the Shares in connection with the Offering, that is, if it sells more than 198,000,000 Offering Shares, the Stabilizing Manager may reduce that short position by purchasing Shares in the open market. The Stabilizing Manager may also elect to reduce any short position by exercising all or part of the Over-allotment Option described above. Purchases of a security to stabilize the price or to reduce a short position may cause the price of the security to be higher than it might be in the absence of these purchases. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. However, there is no assurance that DBS, as Stabilizing Manager (or persons acting on behalf of DBS) will undertake any such stabilization actions. The number of Shares that DBS may buy to undertake stabilizing actions shall not exceed an aggregate of 30,000,000 Shares, representing not more than 15.2% of the total Offering Shares. Such transactions may commence on or after the Listing Date and, if commenced, may be discontinued at any time and shall not be effected after the earliest of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilizing Manager or its appointed agent(s) has bought, on the SGX-ST, an aggregate of 30,000,000 Shares, representing not more than 15.2% of the total Offering Shares, to undertake stabilizing actions or (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price.

None of us, the Vendors or the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Shares. In addition, none of us, the Vendors or the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters makes any representation that the Stabilizing Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Selling restrictions

United States

The Offering Shares have not been and will not be registered under the US Securities Act and may only be offered, sold and delivered outside the United States in accordance with Regulation S.

Hong Kong

The Offering Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than to "professional investors" as defined in the Securities and Futures Ordinance, or in circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of the Laws of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No person has issued or had in its possession for the purposes of issue, and will issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Offering Shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offering Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong and any rules made thereunder.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of any Offering Shares contemplated by this offering document may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Offering Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) by the underwriter to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offering Shares shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this section, the expression an "offer to the public" in relation to any Offering Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offering Shares to be offered so as to enable an investor to decide to purchase any Offering Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

The Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters have represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the "FSMA") received by it in connection with the issue or sale of any Offering Shares in circumstances in which section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offering Shares in, from or otherwise involving the United Kingdom.

Australia

This document does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("Australian Corporations Act") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This document has not been lodged with the Australian Securities and Investments Commission ("ASIC") and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Offering Shares under this offering document may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Offering Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

Any offer of Offering Shares for on-sale that is received in Australia within 12 months after their issue by the Company, or within 12 months after their sale by the Vendors (or the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters) under the Offering, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring Offering Shares should observe such Australian on-sale restrictions.

United Arab Emirates

This document and the information contained herein does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates ("UAE") and accordingly should not be construed as such. The Offering Shares are only being offered to a limited number of sophisticated investors in the UAE who are willing and able to conduct an independent investigation of the risks involved in an investment in such Offering Shares, upon their specific request. The Offering Shares have not been approved or licensed or registered with the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the UAE and no transaction will be concluded in the UAE. This document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

Dubai International Financial Centre

This document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this offering document nor taken steps to verify the information set out in it, and has no responsibility for it. The securities to which this offering document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Offering Shares offered should conduct their own due diligence on the Offering Shares. If you do not understand the contents of this offering document you should consult an authorized financial adviser.

Japan

The Offering Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the "FIEL"). Accordingly, no Offering Shares have been, directly or indirectly, offered or sold and shall not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means a person resident in Japan, including any corporation or other entity organized under the laws of Japan) to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and other relevant laws and regulations of Japan.

General

Buyers of Offering Shares under the Placement may be required to pay stamp taxes and or other charges in accordance with the laws and practice of the country of purchase in addition to the Offering Price on the cover of this offering document.

No action has been or will be taken in any jurisdiction that would permit a public offer of the Offering Shares being offered outside of Singapore, or the possession, circulation or distribution of this offering document or any other material relating to us or the Offering Shares, in any jurisdiction where action for the purpose is required. Accordingly, the Offering Shares may not be offered or sold, directly or indirectly, and neither this offering document nor any other offering material or advertisements in connection with the Offering Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

It is expected that delivery of the Offering Shares offered in the Offering will be made through the facilities of the CDP (scripless system) on or about October 27, 2010.

Other relationships

The Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters and certain of their affiliates may have performed, or may in the future perform, commercial banking, investment banking and other advisory services for us and our affiliates from time to time for which they received, or may in the future receive, customary fees and expenses. The Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters may, from time to time, trade in our securities, engage in transactions with, and perform services for us and our affiliates in the ordinary course of their business.

Persons intending to purchase and/or subscribe for the Offering Shares

As of the date of registration of the offering document with the Authority, we are not aware of any person who intends to purchase more than 5.0% of the Offering Shares pursuant to the Offering.

TRANSFER RESTRICTIONS

United States

Each person who purchases Shares outside the United States in reliance on Regulation S under the US Securities Act prior to the expiration of the distribution compliance period, by its acceptance of this offering document and of Shares, will be deemed to have acknowledged, represented to and agreed with our Company, the Vendors and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters as follows (terms used herein that are defined in Regulation S are used herein as defined therein):

(1) Such purchaser of Shares is, or at the time of its acquisition of Shares will be, the beneficial owner of the Shares purchased by it.

(2) At the time of its acquisition of Shares, such purchaser is not resident in the United States.

(3) With respect to sales of Shares, either:

(a) at the time the buy order for the Shares was originated, the purchaser was outside the United States or the purchaser of Shares and any person acting on its behalf reasonably believed that the purchaser was outside the United States; or

(b) the transaction in the Shares was executed in, on or through the facilities of a designated offshore securities market as defined in Regulation S (including, for the avoidance of doubt, a bona fide sale on the SGX-ST).

(4) Such purchaser of Shares is not an affiliate of our Company or acting on our behalf or on behalf of any such affiliate.

(5) Neither the purchaser of Shares, any of its affiliates nor any person acting on its or their behalf, has made, and the purchase of Shares is not the result of, any "directed selling efforts" (as defined in Regulation S) in the United States with respect to the Shares.

(6) The proposed transfer of the Shares is not part of a plan or scheme to evade the registration requirements of the US Securities Act.

(7) None of our Company, the Vendor, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters or any of our or their affiliates or agents participated in the sale of the Shares.

(8) The purchaser is aware that the Offering Shares may not be offered, sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S.

(9) Each purchaser of Shares agrees that our Company, the Vendors, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, their respective affiliates and their respective agents may rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

(10) In addition, each prospective purchaser of Shares, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with our Company, the Vendors and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters as follows:

(a) that none of our Company, the Vendors, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters or any person representing our Company, the Vendor or the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint

Underwriters has made any representation or provided any information to it with respect to our Company, the Vendors or the Offering or sale of the Shares, other than the information contained or incorporated by reference in this offering document, which document has been delivered to it and upon which it is relying in making its investment decision with respect to the Shares; and it has had access to such financial and other information concerning our Company and the Shares as it has deemed necessary in connection with its decision to purchase the Shares.

(b) that our Company, the Vendors and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters and others will rely upon the truth and accuracy of the acknowledgments, representations and agreements contained under this section of this offering document entitled "Transfer Restrictions", and such prospective purchaser agrees that, if any of the acknowledgments, representations or agreements deemed to have been made by it through its purchase of the Shares are no longer accurate, it shall promptly notify our Company, the Vendors and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters; and if it is acquiring any Shares as fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

Japan

The Offering Shares have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (the "FIEL"). Any offering of Offering Shares in Japan will be made as a "Solicitation Only for Qualified Institutional Investors" as provided in Article 23-13, Paragraph 1 of the FIEL. Shareholders acquiring any Offering Shares through such offering (the "Acquired Shares") agree that they will not assign any Acquired Shares unless such assignment is of all of the Acquired Shares acquired by such Shareholders and is made only to Qualified Institutional Investors as provided in Article 2, Paragraph 3, Item (1) of the FIEL.

CLEARANCE AND SETTLEMENT

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of our Shares on the Main Board of the SGX-ST. For the purpose of trading on the SGX-ST, a board lot for our Shares will comprise 1,000 Shares. Upon listing and quotation on the SGX-ST, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

The CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organization. The CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book — entry changes in the securities accounts maintained by such accountholders with the CDP.

Our Shares will be registered in the name of the CDP or its nominees and held by the CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with the CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by the CDP, rather than the CDP itself, will be treated, under the Singapore Companies Act and our Articles of Association, as members of our Company in respect of the number of our Shares credited to their respective securities accounts.

Persons holding our Shares in a securities account with the CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with our Articles of Association. A fee of S$10.0 for each withdrawal of 1,000 Shares or less and a fee of S$25.0 for each withdrawal of more than 1,000 Shares will be payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S$2.0 (or such other amount as our Directors may decide) will be payable to our share registrar for each share certificate issued, and stamp duty of S$10.0 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares, or S$0.20 per S$100.0 or part thereof of the last-transacted price where our Shares are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with the CDP their share certificates together with the duly executed and stamped instruments of transfer in favor of the CDP, and have their respective securities accounts credited with the number of our Shares deposited before they can effect the desired trades. A fee of S$20.0 is payable upon the deposit of each instrument of transfer with the CDP. The above fee may be subject to such changes as may be in accordance with the CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of our Shares sold and the buyer's securities account being credited with the number of our Shares acquired. No transfer stamp duty is currently payable for the transfer of our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S$600.0 per transaction. The clearing fee, instrument of transfer deposit fees and share withdrawal fee are subject to GST of 7.0% (or such other rate prevailing from time to time). Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement in the CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following day. The CDP holds securities on behalf of investors in securities accounts. An investor may open a direct securities account with the CDP or a securities sub-account with a depository agent. A depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon for us and the Vendors by Allen & Overy LLP with respect to matters of Singapore law, US federal securities and English law. Certain matters as to PRC law will be passed upon for us and the Vendors by Jingtian & Gongcheng. In rendering its opinion, Allen & Overy LLP may rely as to all matters of PRC law on Jingtian & Gongcheng.

Certain legal matters in connection with this Offering will be passed upon for the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters by O'Melveny & Myers LLP with respect to matters of US federal securities and English law and by WongPartnership LLP with respect to matters of Singapore law. Certain matters as to PRC law will be passed upon for Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters by Commerce & Finance Law Offices. In rendering its legal opinion, each of WongPartnership LLP and O'Melveny & Myers LLP may rely as to all matters of PRC law on Commerce & Finance Law Offices.

Each of Allen & Overy LLP, WongPartnership LLP, O'Melveny & Myers LLP and Commerce & Finance Law Offices does not make, or purports to make, any statement in this offering document and is not aware of any statement in this offering document which purports to be based on a statement made by each of them, and it makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this offering document.

INDEPENDENT AUDITORS

The combined financial statements of the Company as of December 31, 2007, 2008 and 2009 and for each of the years in the three-year period then ended, included in this offering document have been audited by Ernst & Young LLP, independent auditors as stated in their report appearing in this offering document.

With respect to the unaudited interim condensed combined financial statements as at and for the three-month periods ended March 31, 2010, included in this offering document, the independent auditors, Ernst & Young LLP, have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in this offering document states that they did not audit and they do not express an opinion on that interim condensed combined financial statements. Accordingly, the degree of reliance on their reports on such information should be restricted in the light of the limited nature of the procedures applied.

EXPERTS

Sunlight Metal Consulting (Beijing) Co., Ltd. and CRU Strategies Limited were responsible for preparing the sections on the aluminum industry in the PRC and in the international markets respectively in "Appendix F — Industry Overview". See "General and Statutory Information — Consents".

GENERAL AND STATUTORY INFORMATION

Information on Directors and Executive Officers

1. As of the date of this offering document, none of our Directors, Executive Officers or Controlling Shareholders has:

   (a) at any time during the last ten years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

   (b) at any time during the last ten years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

   (c) any unsatisfied judgment against him;

   (d) ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty, which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

   (e) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

   (f) at any time during the last ten years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

   (g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

   (h) ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

   (i) ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;

   (j) ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

      (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and

(k) been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

2. Our lead independent director Mr. Chen Timothy Teck Leng @ Chen Teck Leng, is also the lead independent director of New Century Shipbuilding Limited ("NCS"). In July 2010, after a review by the MAS and the SGX-ST, NCS was issued a supervisory warning by the MAS for failure to comply with applicable laws and regulatory requirements at all times, in respect of the omission of information in NCS' prospectus dated April 30, 2010 ("NCS' prospectus") relating to arbitration proceedings involving an NCS subsidiary and a customer, and a false and misleading statement in NCS' prospectus that NCS was not engaged in any legal or arbitration proceedings (either as plaintiff or defendant), including those that are pending or known to be contemplated which might have or have had a material effect on NCS' financial position or profitability in the past 12 months immediately preceding the date of lodgement of the NCS' prospectus with the MAS. The supervisory warning was made against NCS and certain directors of NCS, but not against Mr. Chen Timothy Teck Leng @ Chen Teck Leng.

3. Save for the Over-allotment Option, as of the Latest Practicable Date, no option to subscribe for Shares in, or debentures of, our Company or our subsidiaries has been granted to, or was exercised by, any Director or Executive Officer within the two financial years preceding the date of this offering document.

4. Save for the Over-allotment Option, as of the Latest Practicable Date, no person has been, or has the right to be, given an option to subscribe for or purchase any securities of our Company or any of our subsidiaries.

Subsidiaries, Certain Associated Companies and Consolidated entities

5. The details of our Group's subsidiaries and certain of our associated companies and consolidated entities are set out in the section "The Corporate Reorganization and our Corporate Structure".

Share Capital

6. As of the date of this offering document, there is only one class of Shares in the capital of our Company. The rights and privileges attached to our Shares are stated in the Memorandum of Association and Articles of Association of our Company. There are no founder, management or deferred shares. Substantial shareholders of our Company are not entitled to any different voting rights from the other shareholders.

7. Except as disclosed in "Share Capital and Shareholders" and below, there were no changes in the issued and paid-up capital of the Company and its subsidiaries (not including transfers) within the three years preceding the Latest Practicable Date.

FB Trading

Issue of Shares

Date of Issue	Initial paid-up capital/Increase in paid-up capital	Issue price	Purpose of issue	Resultant paid-up capital
May 31, 2007	RMB25,000,000	RMB25,000,000	Working capital	RMB30,000,000

Yichang Xinren

Issue of Shares

Date of Issue	Initial paid-up capital/Increase in paid-up capital	Issue price	Purpose of issue	Resultant paid-up capital
July 13, 2010	RMB500,000	RMB500,000	Working capital	RMB500,000

Shuicheng Xinren

Issue of Shares

Date of Issue	Initial paid-up capital/Increase in paid-up capital	Issue price	Purpose of issue	Resultant paid-up capital
July 23, 2010	RMB500,000	RMB500,000	Working capital	RMB500,000

Liupanshui Shuangyuan

Issue of Shares

Date of Issue	Initial paid-up capital/Increase in paid-up capital	Issue price	Purpose of issue	Resultant paid-up capital
September 13, 2007	RMB200,000,000	RMB200,000,000	Working capital	RMB200,000,000

Yichang Changjiang

Issue of Shares

Date of Issue	Initial paid-up capital/Increase in paid-up capital	Issue price	Purpose of issue	Resultant paid-up capital
April 13, 2007	RMB42,420,000	RMB42,420,000	Working capital	RMB242,420,000

Working Capital

8. Except as disclosed under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Borrowings", we have, as of the Latest Practicable Date, no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading credits) or acceptances credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

9. Our Directors are of the opinion that, as of the date of lodgement of this offering document, after taking into consideration our present cash position, we have adequate working capital to meet our present requirements.

Material Contracts

10. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our subsidiaries within the two years preceding the date of lodgement of this offering document and are or may be material:

    (1) Management Consultancy Services Agreement dated September 22, 2010. Please refer to "The Corporate Reorganization and Our Corporate Structure — The Contractual Arrangements".

    (2) Equity Interest Pledge Agreements dated September 20, 2010. Please refer to "The Corporate Reorganization and Our Corporate Structure — The Contractual Arrangements".

    (3) Exclusive Purchase Agreements dated September 22, 2010. Please refer to "The Corporate Reorganization and Our Corporate Structure — The Contractual Arrangements".

    (4) Power of Attorney dated September 22, 2010. Please refer to "The Corporate Reorganization and Our Corporate Structure — The Contractual Arrangements".

    (5) Assignment Agreements dated September 22, 2010. Please refer to "The Corporate Reorganization and Our Corporate Structure — The Contractual Arrangements".

    (6) Deeds of Undertaking dated September 23, 2010 entered into by our Executive Chairman, Mr. Zeng Chaoyi, our Executive Director and Chief Executive Officer, Mr. Zeng Chaolin, each of our Executive Directors, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, Ms. Zeng Mingliu and Mr. Liang Hongbo and our Executive Officer Ms. Li Yazhou and the other members of the Zeng Family, Ms. Zeng Hong, Ms. Zeng Yiliu, and Mdm. Deng Eying in favour of our Company. Please refer to "Interested Person Transactions and Conflict of Interests — Potential Conflict of Interests — Deeds of Undertaking"

    (7) Undertakings dated May 10, 2010 from each of our Executive Chairman, Mr. Zeng Chaoyi, and our Executive Director, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan. Please refer to "Interested Person Transactions and Conflict of Interests — Present and Ongoing Interested Person Transactions — Guarantees given by our Directors, Executive Officers and Related Companies — Personal guarantees and mortgages provided by interested persons to secure credit facilities for Jiangyin Xinren — Pledge of equity interest of Hunan Xinren Properties to Shanghai Shuangpai and Yichang Changjiang".

    (8) Letter of Undertaking dated September 26, 2010 entered into by Hunan Xinren Properties and the Zeng Family Shareholders. Please refer to "Interested Person Transactions and Conflict of Interests — Present and Ongoing Interested Person Transactions — Guarantees given by our Directors, Executive Officers and Related Companies — Personal guarantees and mortgages provided by interested persons to secure credit facilities for Jiangyin Xinren — Property to be mortgaged by Hunan Xinren Properties and Undertaking by Hunan Xinren Properties and the Zeng Family Shareholders".

(9) Equity Pledge Agreements dated September 23, 2010. Please refer to "Interested Person Transactions and Conflicts of Interests — Present and Ongoing Interested Person Transactions — Guarantees given by our Directors, Executive Officers and Related Companies — Personal guarantees and mortgages provided by interested persons to secure credit facilities for Jiangyin Xinren — Pledge of equity interest from Hunan Xinren Properties to Shanghai Shuangpai and Yichang Changjiang".

(10) Trademark Licence Agreement dated September 23, 2010. Please refer to "Business — Intellectual Property Rights".

(11) Option dated September 23, 2010. Please refer to "Business — Primary Aluminum — Production Process — Aluminum Hydroxide Plant".

Miscellaneous

11. No expert is employed on a contingent basis by our Company or any of our subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company including an interest in the success of the Offering.

12. Except as disclosed in "Interested Person Transactions and Conflicts of Interests" and "Plan of Distribution — Other relationships", our Company does not have any material relationship with the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, or any other financial adviser in relation to the Offering.

13. Save as disclosed under "Appendix H — Combined Financial Statements for the Years Ended December 31, 2007, 2008 and 2009 — Subsequent events", "Appendix I — Unaudited Interim Condensed Financial Statements As At And For The Three-Months Period Ended March 31, 2010 — Subsequent events,", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Risk Factors", "Appendix F — Industry Overview" and "Business", our Directors are not aware of any event which has occurred since December 31, 2009 and up to the Latest Practicable Date, which may have a material effect on the financial position and results of our Group.

14. Except as disclosed under "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Appendix F — Industry Overview" and "Business", and barring any unforeseen circumstances, our Directors are not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material and adverse effect on our revenue, profitability, liquidity or capital resources, or that would cause our financial information disclosed in this offering document to be not necessarily indicative of our future operating results or financial condition.

15. Save as set out in Appendix E — Certain Information Relating to our Land Use Rights and Building Ownership Certificates), none of the real properties owned by our Company and our subsidiaries are encumbered. Details of the encumbered properties, are set out in Appendix E.

Consents

16. The Royal Bank of Scotland N.V., Singapore Branch, named as a Joint Global Co-ordinator, Joint Bookrunner, Joint Issue Manager and Joint Underwriter has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of, and all references to, its name and references thereto in the form and context in which it appears in the Prospectus, and to act in such capacity in relation to this Prospectus.

17. DBS, named as a Joint Global Co-ordinator, Joint Bookrunner, Joint Issue Manager, Joint Underwriter and the Receiving Banker has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of, and all references to, its name and references thereto in the form and context in which it appears in the Prospectus, and to act in such capacity in relation to this Prospectus.

18. CRU Strategies Limited, named as an Industry Consultant, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name and the statements in the sections “Industry Overview — Global Aluminum Industry Outlook” included in Appendix F of this Prospectus and all references to, in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

19. Sunlight Metal Consulting (Beijing) Co., Ltd., named as an Industry Consultant, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name and the statements in the section “Industry Overview — The PRC Aluminum Industry” included in Appendix F of this Prospectus and all references to, in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

20. Jingtian & Gongcheng, named as Legal Adviser to our Company and to the Vendors as to PRC Law, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of, and all references to, its name and references thereto in the form and context in which it appears in the Prospectus, and to act in such capacity in relation to this Prospectus.

21. Ernst & Young LLP has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of, and all references to (i) its name, (ii) the independent auditors’ report in relation to the audited combined financial statements of the Company and its subsidiaries for the years ended December 31, 2007, 2008 and 2009, and (iii) the independent auditors’ review report in relation to the unaudited interim condensed combined financial statements of the Company and its subsidiaries as at and for the three months period ended March 31, 2010, in the form and context in which they are included in this Prospectus. A written consent given under the Securities and Futures Act of Singapore is different from a consent filed with the US Securities and Exchange Commission under Section 7 of the US Securities Act, which is applicable only to transactions involving securities registered under the US Securities Act. As our Shares in the Offering have not been and will not be registered under the US Securities Act, Ernst & Young LLP has not filed a consent under Section 7 of the US Securities Act.

Documents Available for Inspection

22. Copies of the following documents may be inspected at 250 North Bridge Road, #15-01 Raffles City Tower, Singapore 179101 during normal business hours for a period of six months from the date of this offering document:

    (a) the Memorandum and Articles of Association of our Company;

    (b) the material contracts referred to in paragraph 10 above;

    (c) the service agreements of the Directors;

    (d) the letters of consent referred to in paragraphs 16 to 21 above;

    (e) the reports referred to in paragraphs 18 and 19 above; and

    (f) the combined financial statements of our Company and our subsidiaries for the years ended December 31, 2007, 2008 and 2009 our unaudited interim condensed combined financial statements of our Company and our subsidiaries as at and for the three months period ended March 31, 2010, and in each case together with the related notes thereto.

DEFINED TERMS AND ABBREVIATIONS

"ACRA" — Accounting and Corporate Regulatory Authority of Singapore

"Act" or "Singapore Companies Act" — The Companies Act, Chapter 50, of Singapore (as amended and supplemented from time to time)

"Additional Shares" — An aggregate of 30,000,000 Shares that the Stabilizing Manager may, pursuant to the Over-allotment Option, purchase from the Vendors

"Aluminum Hydroxide Plant" — The aluminum hydroxide plant currently being built in Kaili City, Guizhou Province in the PRC by Kaili Shuangkai

"Application Forms" — The printed application forms to be used for the purpose of the Public Offer and which forms part of this offering document

"Application List" — The list of applications for purchase of the Offering Shares

"Articles of Association" — Articles of association of our Company

"associate(s)" —

(a) in relation to any director, chief executive officer, controlling or substantial shareholder (being an individual) means:

  (i) his immediate family;

  (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

  (iii) any corporation in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and

(b) in relation to a substantial or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more

"associated company" — In relation to an entity, means:

(a) any corporation, other than a subsidiary of the entity, in which:

  (i) the entity or one or more of its subsidiaries or subsidiary entities has;

  (ii) the entity, one or more of its subsidiaries and one or more of its subsidiary entities together have;

  (iii) the entity and one or more of its subsidiaries together have;

  (iv) the entity and one or more of its subsidiary entities together have; or

  (v) one or more of the subsidiaries of the entity and one or more of the subsidiary entities of the entity together have, a direct interest in voting shares of not less than 20.0% but not more than 50.0% of the total votes attached to all voting shares in the corporation; or

(b) any corporation, other than a subsidiary of the entity or a corporation which is an associate company of the entity by virtue of paragraph (a), the policies of which:

(i) the entity or one or more of its subsidiaries or subsidiary entities;

(ii) the entity together with one or more of its subsidiaries and one or more of its subsidiary entities;

(iii) the entity together with one or more of its subsidiaries;

(iv) the entity together with one or more of its subsidiary entities; or

(v) one or more of the subsidiaries of the entity together with one or more of the subsidiary entities of the entity,

is or are able to control or influence materially

"ATM"	Automated teller machine of a Participating Bank
"ATM Application"	Applications for Offering Shares made through the ATMs of any of the Participating Banks in accordance with the terms and conditions as set out in "Appendix J — Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore"
"Audit Committee"	The audit committee of our Company
"Authority" or "MAS"	The Monetary Authority of Singapore
"Board" or "Board of Directors"	Our Company's board of Directors
"CDP"	The Central Depository (Pte) Limited
"Chalco"	China Aluminum Co., Ltd.
"Closing Date"	The closing date of the Offering
"Code of Corporate Governance"	The Singapore Code of Corporate Governance 2005
"Company" or "our Company"	XinRen Aluminum Limited (formerly known as Costar International Pte. Ltd.), a company incorporated in Singapore on August 29, 2006
"Contractual Arrangements"	The contractual arrangements including the Management Consultancy Service Agreements, the Equity Interest Pledge Agreements, the Exclusive Purchase Agreements, the Powers of Attorney and the Assignment Deeds as described in the section "The Corporate Reorganization and our Corporate Structure — The Contractual Arrangements"

"Controlling Shareholder"	In relation to a corporation, means a person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the corporation; or (b) in fact exercises control over the corporation
"Corporate Reorganization"	The corporate reorganization of our Group undertaken as described under "The Corporate Reorganization and Our Corporate Structure — The Corporate Reorganization"
"CPF"	The Central Provident Fund
"CRU Strategies"	CRU Strategies Limited
"DBS"	a Singapore incorporated company that is regulated by the Authority whose primary business is the provision of financial services
"Directors"	Our Company's directors
"EPS"	Earnings per Share
"Equity Interest Pledge Agreements"	The equity interest pledge agreements entered into between Xinren International or as the case may be Yichang Xinren and Shuicheng Xinren and the Yichang Shareholders and Liupanshui Shareholders respectively as described in the section "The Corporate Reorganization and our Corporate Structure — The Contractual Arrangements"
"Exclusive Purchase Agreements"	The exclusive purchase agreements entered into by the Company in relation to the acquisition of up to 100.0% of the equity interest in Yichang Changjiang and Liupanshui Shuangyuan respectively as described in the section "The Corporate Reorganization and our Corporate Structure — The Contractual Arrangements"
"Executive Directors"	Our Company's executive Directors as at the date of this offering document
"Executive Officers"	Our Company's executive officers as at the date of this offering document
"Farina"	Farina Investments Ltd.
"FB Trading"	Shanghai Fengbo International Trading Co., Ltd., a company established in the PRC on August 31, 2006
"Gross Revenue"	The total amount payable by all tenants/licencees pursuant to a lease or license which includes, rents, fees payable under a lease or licence agreement, and service charges and carpark and other income
"GST"	Singapore goods and services tax
"Hanwen"	Hanwen International Group Ltd., a company incorporated in the British Virgin Islands
"Harvestlink"	Harvestlink Investment Limited, a company incorporated in the British Virgin Islands on December 18, 2006
"Hunan Shaodong"	Hunan Shaodong Xinren Aluminum Co., Ltd.

"Hunan Shuangpai"	Hunan Shuangpai Aluminum Factory Co., Ltd.
"Hunan Xingong Coking"	Hunan Xingong Coking Co., Ltd.
"Hunan Xinren Investment"	Hunan Xinren Investment Co., Ltd.
"Hunan Xinren Properties"	Hunan Xinren Properties Co., Ltd.
"Hunan Xinren Trading"	Hunan Xinren Trading Materials Co., Ltd.
"Independent Directors"	Our Company's independent Directors
"ICH Hanrui"	ICH Hanrui Investments Ltd.
"Jiangyin Fabrication Plant"	Our aluminum fabrication plant located in Jiangyin City, Jiangsu Province
"Jiangyin Loan"	The proposed banking facility of up to RMB300.0 million to Jiangyin Xinren by Shanghai Pudong Development Bank
"Jiangyin Xinren"	Jiangyin Xinren Technology Co., Ltd., a company established in the PRC on November 2, 2005
"Jiangyin Xiangzhu"	Jiangyin Xiangzhu Trading Co., Ltd.
"Kaili Shuangkai"	Kaili Shuangkai Chemical Co., Ltd., a company incorporated in the PRC owned by the Key Shareholders
"Key Shareholders"	Collectively, Mr. Zeng Chaoyi, Mr. Zeng Chaolin and Mr. Zeng Xiaoqiao @ Zeng Xiaoshan
"Latest Practicable Date"	September 17, 2010, being the latest practicable date prior to the lodgement of this offering document with the Authority
"Licence Agreement"	The licence agreement entered into between our Company and Hunan Xinren Properties as described in the section "Interested Person Transactions and Conflicts of Interests — Other Interested Person Transactions"
"Listing Date"	Commencement of dealing in the Shares
"Listing Manual"	Listing manual of the SGX-ST
"Liupanshui Plant"	Our aluminum smelting plant located in Liupanshui City, Guizhou Province
"Liupanshui Shareholders"	Mr. Zeng Chaoyi and Ms. Li Yazhou
"Liupanshui Shuangpai"	Guizhou Liupanshui Shuangpai Aluminum Co., Ltd.
"Liupanshui Shuangyuan"	Guizhou Liupanshui Shuangyuan Aluminum Co., Ltd., a company established in the PRC on September 13, 2007
"LME"	London Metals Exchange
"Management Consultancy Services Agreements"	The management consultancy services agreements entered into by Xinren International or as the case may be Yichang Xinren and Shuicheng Xinren and each of Yichang Changjiang and Liupanshui Shuangyuan respectively as described in the section "The Corporate Reorganization and our Corporate Structure — The Contractual Arrangements"

"Market Day"	A day on which the SGX-ST is open for trading in securities
"Memorandum"	Memorandum of association of our Company
"Minmetals"	Minmetals Aluminum Co., Ltd.
"New Catalogue"	Foreign investment guidance catalogue promulgated by the National Development and Reform Commission and the Ministry of Commerce on October 31, 2007, which became effective on December 1, 2007
"New Shares"	198,000,000 Shares offered by the Company
"Nominating Committee"	The nominating committee of our Company
"Non-Executive Directors"	Our Company's non-executive Directors
"NTA"	Net tangible assets
"Offer Agreement"	The offer agreement made between our Company, the Vendors and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, and Certain other parties thereto dated October 19, 2010 in relation to the Public Offer
"Offering"	The Placement and the Public Offer
"Offering Shares"	New Shares
"Option"	The call option granted by the Key Shareholders to the Company to acquire all the Option Equity
"Option Equity"	The equity interest of Kaili Shuangkai
"Over-allotment Option"	The over-allotment option granted to the Stabilizing Manager on behalf of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters by the Vendors, exercisable in whole or in part by the Stabilizing Manager on one or more occasions from the Listing Date on the SGX-ST until the earlier of (i) 30 days from the Listing Date, or (ii) the date when the Stabilizing Manager or its appointed agent(s) has bought, on the SGX-ST, an aggregate of 30,000,000 Shares, representing not more than 15.2% of the total Offering Shares, to undertake stabilizing actions, or (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price, to purchase up to an aggregate of 30,000,000 Shares (representing not more than 15.2% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any
"Participating Banks"	DBS, Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited
"Placement"	The international placement of 186,000,000 Offering Shares to investors, including institutional and other investors in Singapore
"Placement Agreement"	The placement agreement dated October 19, 2010 entered into between our Company, the Vendors, and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, and Certain other parties thereto in relation to the Placement

"Powers of Attorney"	The powers of attorney provided to Xinren International or as the case may be, Yichang Xinren and Shuicheng Xinren by each of the Yichang Shareholders and Liupanshui Shareholders respectively as described in the section "The Corporate Reorganization and our Corporate Structure — The Contractual Arrangements"
"PRC" or "China"	The People's Republic of China, excluding Hong Kong Special Administrative Regions ("SAR"), Macau SAR and Taiwan for the purposes of this offering document
"Property"	Changsha Hao Tian Building on 396 Bayi Road, Furong District, Changsha City, Hunan, the PRC
"Prospectus"	This offering document dated October 19, 2010
"Public Offer"	An offering of 12,000,000 Offering Shares to the public in Singapore
"RBS"	The Royal Bank of Scotland N.V., Singapore Branch
"Record Date"	The date as at the close of business on which the shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
"Receiving Banker"	DBS
"Regulation S"	Regulation S under the US Securities Act
"RMB" or "Renminbi"	The lawful currency of the People's Republic of China
"S$," "Singapore dollars" or "Singapore cents"	The lawful currency of the Republic of Singapore
"SAFE"	State Administration of Foreign Exchange of the PRC
"Securities and Futures Act" or "SFA"	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
"Securities account"	Securities account maintained by a Depositor with CDP
"SFRS"	Singapore Financial Reporting Standards
"SHFE"	Shanghai Futures Exchange
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Shanghai Shuangpai"	Shanghai Shuangpai Aluminum Co., Ltd., a company established in the PRC on April 10, 2002
"Shares"	Ordinary shares in the capital of our Company
"Shareholders"	Shareholders holding ordinary shares in the capital of our Company
"Shenchang"	Shenchang International Ltd.
"Shuicheng Hongquan"	Shuicheng Hongquan Chemical Co., Ltd.
"Shuicheng Xinren"	Shuicheng Xinren Trading Co., Ltd.
"Stabilizing Manager"	DBS

"Sub-Division"	The sub-division of 1,000,000 ordinary shares, representing 100.0% of our issued share capital as at October 18, 2010, into 900,000,000 Shares
"Substantial Shareholder"	A person who has an interest or interests in one or more voting Shares in our Company, and the total votes attached to those Shares is not less than 5.0% of the total votes attached to all the Shares in our Company
"Sunlight Metal"	Sunlight Metal Consulting (Beijing) Co., Ltd.
"Trademark"	The trademark "Xinren" licensed to the Company under the Licence Agreement
"USD", "USD", "United States dollar", "US dollar", "US cent"	The lawful currency of the United States of America
"US" or "USA"	United States of America
"US GAAP"	Generally accepted accounting principles in the United States
"US Securities Act"	The United States Securities Act of 1933, as amended
"Vendors"	Sunshine International Global Capital Ltd. and Jiacai International Ltd.
"Wuxi Fuming"	Wuxi Fuming Trading Co., Ltd.
"Xinren International"	Jiangyin Xinren International Trading Co., Ltd., a foreign investment enterprise set up on April 4, 2005
"Yichang Changjiang"	Yichang Changjiang Aluminum Co., Ltd., a company established in the PRC on September 25, 2002
"Yichang Peach Blossom"	Yichang Peach Blossom Port Co. Ltd.
"Yichang Plant"	Our aluminum smelting plant located in Yichang City, Hubei Province
"Yichang Shareholders"	Mr. Zeng Chaolin, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, Mdm. Deng Eying, Ms. Zeng Mingliu, Ms. Zeng Yiliu and Ms. Zeng Hong
"Yichang Xinren"	Yichang Xinren Trading Co., Ltd.
"Zeng Family"	Collectively, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, Mr. Zeng Chaoyi, Mr. Zeng Chaolin, Ms. Zeng Mingliu, Ms. Zeng Hong, Ms. Zeng Yiliu, Mr. Liang Hongbo, Mdm. Deng Eying and Ms. Li Yazhou
"Zeng Family Companies"	Collectively, Hanwen International Group Ltd., Sunshine International Capital Global Ltd., Jiacai International Ltd., Jintudi Group Ltd., Yansheng Ltd., and Shunqi International Ltd.
"Zeng Family Shareholders"	Collectively, Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, Mr. Zeng Chaoyi, Mr. Zeng Chaolin, Ms. Zeng Mingliu, Ms. Zeng Hong, and Mdm. Deng Eying

APPENDIX A — FOREIGN EXCHANGE RATES AND EXCHANGE CONTROLS

EXCHANGE RATES

The table below sets forth, for the periods indicated, certain information concerning the exchange rates between the RMB and the Singapore dollar (based on rates quoted by Bloomberg L.P.) and between the RMB and the US dollar, rounded to two decimal places.

	RMB per Singapore dollar				RMB per US dollar			
	At Period End	Average	Low	High	At Period End	Average	Low	High
2007	5.07	5.05	4.94	5.17	7.30	7.61	7.30	7.82
2008.	4.76	4.92	4.46	5.18	6.83	6.95	6.81	7.30
2009	4.86	4.70	4.40	4.95	6.83	6.83	6.82	6.85
August	4.74	4.74	4.71	4.77	6.83	6.83	6.83	6.84
September	4.84	4.80	4.73	4.84	6.83	6.83	6.83	6.83
October	4.88	4.88	4.82	4.91	6.83	6.83	6.82	6.83
November.	4.93	4.92	4.88	4.95	6.83	6.83	6.83	6.83
December.	4.86	4.87	4.85	4.91	6.83	6.83	6.83	6.83
January	4.85	4.89	4.85	4.92	6.83	6.83	6.83	6.83
February	4.85	4.83	4.79	4.87	6.83	6.83	6.83	6.83
March	4.88	4.88	4.85	4.90	6.83	6.83	6.83	6.83
April	4.98	4.94	4.87	4.99	6.83	6.83	6.82	6.83
May.	4.88	4.67	4.60	4.73	6.83	6.82	6.82	6.83
June	4.85	4.88	4.82	4.94	6.78	6.82	6.78	6.83
July	4.98	4.92	4.87	4.99	6.77	6.78	6.77	6.78
August	5.02	5.01	4.96	5.03	6.81	6.79	6.77	6.81

Source: Bloomberg L.P.

Bloomberg L.P. has not provided its consent, for purposes of Section 249 of the Securities and Futures Act, to the inclusion of the information extracted from the relevant report issued by it and is therefore not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendors and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters have taken reasonable actions to ensure that the information from the relevant report issued by Bloomberg L.P. has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly from such report, neither we, the Vendors, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters nor any other party has conducted an independent review of the information contained in these reports or verified the accuracy of the contents of the relevant information.

As of the Latest Practicable Date, the closing exchange rates for S$/RMB and USD/RMB were S$1 = RMB5.03 and USD1 = RMB6.73, respectively.

EXCHANGE CONTROLS

The discussion below is not intended to constitute a complete analysis of all exchange control consequences relating to our operations or business in the countries which we operate, Singapore and the PRC. Prospective purchasers of our Shares should consult their own legal advisers concerning the exchange control consequences of their particular situations. This description is based on laws, regulations and interpretations now in effect and available as of the date of this offering document. These laws, regulations and interpretations may change at any time and any change may be retroactive. These laws and regulations are also subject to various interpretations, and the relevant authorities or the courts can later disagree with the explanations or conclusions set out below.

Singapore

There are no exchange controls in Singapore.

The PRC

Prior to December 31, 1993, enterprises in the PRC requiring foreign currency were required to obtain approval from the State Planning Committee and the Ministry of Foreign Trade and Economic Cooperation before converting Renminbi into foreign currency, and such conversion had to be effected at the official rate prescribed by the SAFE. Renminbi reserved by foreign investment enterprises could also be converted into foreign currency at swap centers with prior examination and verification by SAFE. The exchange rates used by swap centers were largely determined by the supply of and demand for foreign currencies and Renminbi.

On December 28, 1993, the People's Bank of China announced that the dual exchange rate system for Renminbi against foreign currencies would be abolished with effect from January 1, 1994 and be replaced by the unified exchange rate system. Under this unified system, the RMB exchange rate against the United States dollar is published daily by the People's Bank of China. The daily exchange rate is set by reference to the Renminbi/United States dollar trading price on the previous day on the "inter-bank foreign exchange market".

On April 1, 1996, the Foreign Exchange Control Regulations of China (as amended on January 14, 1997) came into effect. On June 20, 1996, the People's Bank of China issued the Announcement on the Implementation of Sale and Purchase of Foreign Exchange for the Foreign Investment Enterprises allowing foreign investment enterprises to settle their foreign exchange related transactions at designated banks or at swap centers from July 1, 1996. On June 20, 1996, the Regulations on Sale and Purchase of and Payment in Foreign Exchange were promulgated by the People's Bank of China and came into effect on July 1, 1996.

On October 25, 1998, the People's Bank of China and SAFE issued a Joint Announcement on Abolishment of Foreign Exchange Swap Business stating that, from December 1, 1998, foreign exchange transactions for foreign investment enterprises could only be conducted at designated banks. In addition, some of the swap centers were abolished, while others linked to the China Foreign Exchange Trading Centre (the "CFETC") by the computerized network were merged with the CFETC and subcentres to the CFETC.

On October 21, 2005, SAFE promulgated the (Notice of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Companies) (the "SAFE Notice No. 75") (国家外汇管理局关于境内居民通过境外特殊目的的公司融资及反程投资外汇管理有关问题的通知). This SAFE Notice No. 75 came into effect on November 1, 2005. The SAFE Notice No. 75 states that before a special purpose vehicle ("SPV") is set up, the domestic resident must apply for such vehicle to be registered with the local foreign exchange authority for an "overseas investment foreign exchange registration"; and every PRC domestic resident of a SPV who has completed the overseas investment foreign exchange registration must make an application to local foreign exchange authority to amend the registration particulars upon (i) the injection of any PRC domestic assets or the equity interest of any PRC domestic company owned by the PRC domestic resident into a SPV, and (ii) the implementation of any overseas equity fund-raising by a SPV following an injection of PRC domestic assets or the equity interest of a PRC domestic company.

The SAFE Notice No. 75 further states that registration is required for modification or record with the local foreign exchange authority within 30 days from the date of any increase/decrease of capital, share transfer, merger/splitting, long term equity or debt finance, granting of foreign-related security or other material changes to the capital structure of the special purpose vehicle ("Material Issues"). The SPV is not allowed to receive distributed dividends, profits and other payments from its PRC subsidiary unless and until the aforesaid registration is satisfied in accordance with SAFE Notice No. 75. The SAFE Notice No. 75 also requires PRC residents to repatriate, within 180 days, distributed dividends or profits which the PRC residents receive from the SPV and/or income derived from changes in the capital of the SPV.

If any breaches of SAFE Notice No. 75 result in foreign exchange evasion or other violations of foreign exchange administration, penalties can be imposed by SAFE in accordance with the PRC Rules of Foreign Exchange Administration and other relevant regulations. Failure to conduct the above supplemental registration, registration for modification or record of the Material Issues with the local foreign exchange authority could adversely affect our ability to remit our profits, to effect liquidation, share transfer and reduction of registered capital, and the relevant PRC residents could be punished for foreign exchange evasion. Those who commit an act of foreign exchange evasion shall be ordered by the foreign exchange authority to repatriate the evaded foreign exchange back into the PRC within a timeframe stipulated by the foreign exchange authority; the repatriated funds shall be "compulsorily" converted to Renminbi; and a fine of an amount between 30% of the evaded foreign exchange and five times of the evaded foreign exchange shall be imposed; and if such act constitutes a crime, the person/entity in question shall be investigated for criminal responsibilities.

In summary, the present position under the PRC law relating to foreign exchange control, taking into account the promulgation of the recent regulations and to the extent the existing provisions stipulated in previous regulations do not contradict these new regulations, is as follows:

- The previous dual exchange rate system for Renminbi was abolished and a unified floating exchange rate system based largely on supply and demand was introduced. The People's Bank of China, having regard to the trading prices between Renminbi and major foreign currencies on the inter-bank foreign exchange market, publishes on each bank business day the exchange rates against major foreign currencies.

- PRC enterprises were generally required to sell their foreign exchange earnings to designated banks unless specifically approved otherwise and purchase foreign exchange at designated banks for current account transactions. However, after the Notice on Further Policy and Related Issues Concerning Current Transaction Foreign Exchange Accounts of Domestic Entities was promulgated by the SAFE on September 9, 2002, PRC enterprises with foreign exchange accounts are entitled to reserve their foreign exchange earnings in their foreign exchange accounts and pay for current transactions with the foreign exchanges in such accounts to the extent that its foreign exchange earnings in the accounts do not exceed the maximum limit as approved by the relevant foreign exchange control authorities.

- Foreign investment enterprises may have their own foreign currency accounts and are permitted to retain a certain percentage of their recurrent exchange earnings.

- Foreign investment enterprises which require foreign exchange for their ordinary trading activities such as trade services and payment of interest on foreign debts may purchase foreign exchange from designated foreign exchange banks if the application is supported by proper payment notices or supporting documents.

- Foreign investment enterprises may require foreign exchange for the payment of dividends that are payable in foreign currencies under applicable regulations, such as distributing profits to their foreign investors. They can withdraw funds in their foreign exchange bank accounts kept with designated foreign exchange banks, subject to the due payment of tax on such dividends. Where the amount of the funds in foreign exchange is insufficient, the enterprise may, upon the presentation of the resolutions of the directors on the profit distribution plan of the particular enterprise and other relevant documents, purchase foreign exchange from designated foreign exchange banks.

- Foreign investment enterprises may apply to the People's Bank of China or other designated foreign exchange banks to remit the profits out of the PRC to the foreign parties to equity or cooperative joint ventures or the foreign investors in wholly foreign-owned enterprises if the requirements provided by the PRC laws, rules and regulations are met.

Except as disclosed in this offering document, we have not experienced any legal, financial or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances.

We are not aware of any legal restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances provided our subsidiaries have complied with applicable law, have passed the relevant shareholder and/or board resolutions, and have paid the relevant taxes, such as income and withholding taxes, and other than as disclosed in this offering document including this Appendix A, in the sections "Dividend", "Appendix D — Description of Relevant Laws and Regulations", "Risk Factors — Risks relating to our Business Activities in the PRC" and "Risk Factors — Risk relating to ownership of the Shares".

APPENDIX B — DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the more important rights and privileges of shareholders conferred by the laws of Singapore and our Articles of Association. These statements summarize the material provisions of our Articles of Association but are qualified in their entirety by reference to our Articles of Association and the laws of Singapore. (See "General and Statutory Information — Documents Available for Inspection".)

The section below describes, among other things, a summary of the main provisions in our Articles of Association which relate to our Directors' borrowing powers and remuneration, Directors' retirement and restrictions on voting powers of Directors in interested transactions. It also describes shareholders' voting rights, restrictions on the transferability of shareholdings and shareholders' rights to share in any surplus in the event of liquidation and provides certain information about our share capital.

Our Shares

Our Articles of Association provide that we may issue shares of different classes with such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as our Board of Directors may determine.

As at the Latest Practicable Date, the total issued and paid-up capital of our Company is S$1,000,000 comprising 1,000,000 Shares. As of the date of this offering document, the total and paid-up capital of our Company is S$1,000,000 comprising 900,000,000 Shares. All of our Shares are in registered form. We may, subject to the provisions of the Singapore Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Singapore Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

New Shares

New Shares may only be issued with the prior approval in a general meeting of our shareholders. Our shareholders have given our Directors authority to allot and issue shares and/or convertible securities in our Company. Where the maximum number of Shares to be issued upon conversion is determinable at the time of the issue of such convertible securities (whether by way of rights, bonus or otherwise) which may be issued at any time and from time to time thereafter to such persons and on such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of Shares and/or convertible securities to be issued shall not exceed 50.0% of the issued share capital of our Company, of which the aggregate number of Shares and/or convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed 20.0% of the issued share capital of our Company, and provided that the aggregate number of Shares to be issued on a pro rata basis to existing shareholders of our Company by way of a renounceable issue does not exceed 100.0% (or such other limit permitted by the SGX-ST from time to time) (the percentage of issued share capital being based on the issued share capital at the time such authority is given after adjusting for new Shares arising from the conversion of any convertible securities or employee share options in issue at the time such authority is given and any subsequent consolidation or subdivision of shares). Unless revoked or varied by us in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of our Company or the expiration of the period within which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

Subject to the foregoing, the provisions of the Act and any special rights attached to any class of shares currently issued, our Directors control the allotment and issue of all new Shares and may impose such rights and restrictions as they think fit.

Shareholders

Only persons who are registered in our register of shareholders and, in cases in which the person so registered is the CDP, the persons named as the depositors in the depository register maintained by the CDP for our Shares, are recognized as shareholders.

For the purpose of determining the number of votes which a shareholder who is an account-holder directly with the CDP or a depository agent, or his proxy, may cast at any general meeting on a poll, the reference to Shares held or represented shall, in relation to Shares of that shareholder, be the number of shares entered against his name in the register maintained with the CDP 48 hours before the time of the relevant general meetings as supplied by the CDP to us.

We will not, except as required by law, recognize any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of the Share or of the person whose name is entered in the depository register for the Share.

We may close the register of shareholders for any time or times if we provide the SGX-ST with at least 10 clear Market Days' notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. We would typically close the register to determine shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

Our Directors may decline to register any transfer of Shares which are not fully paid or Shares over which we have a lien. Our Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. Shares may be transferred by a duly signed instrument of transfer in any form approved by any stock exchange on which we are listed. There is no restriction on the transfer of fully paid Shares except where required by law or the listing rules or bye-laws of any stock exchange on which we are listed. A shareholder may transfer any Shares held through the SGX-ST book entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

We will replace lost or destroyed share certificates if we are properly notified and if the applicant pays a fee which will not exceed S$2.00 and furnishes any evidence and indemnity that our Board of Directors may require.

Voting Rights of Shareholders

Except as otherwise provided in our Articles of Association, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association:

- on a show of hands, every shareholder present in person or by proxy shall have one vote (provided that in the case of a shareholder who is represented by two proxies, only one of the two proxies as determined by that shareholder or, failing such determination, by the chairman of the meeting (or by a person authorized by the chairman) in his sole discretion shall be entitled to vote on a show of hands); and

- on a poll, every shareholder present in person or by proxy shall have one vote for each Share which he holds or represents.

- A poll may be demanded in certain circumstances, including:

- by the chairman of the meeting;

- by not less than five shareholders having the right to vote at the meeting; or
- by any shareholder present in person or by proxy and representing not less than 10.0% of the total voting rights of all shareholders having the right to attend and vote at the meeting.

A poll demanded on the choice of the chairman or on the question of adjournment shall be taken immediately.

A shareholder is entitled to attend, speak and vote at any general meeting.

Shareholders may exercise their voting rights in person or by proxy. Proxies need not be a shareholder. A person who holds shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by the CDP 48 hours before the general meeting.

General Meetings of Shareholders

Subject to the provisions of the Singapore Companies Act and except as otherwise provided in our Articles of Association, we are required to hold an annual general meeting every year. Our Directors may convene an extraordinary general meeting whenever it thinks fit and must do so if shareholders representing not less than 10.0% of the total voting rights of all shareholders request in writing that such a meeting be held. In addition, two or more shareholders holding not less than 10.0% of our issued share capital may call a meeting. Unless otherwise required by law or by our Articles of Association, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, such as the voluntary winding up of our Company, amendments to our Memorandum and Articles of Association, a change of our corporate name and a reduction in our share capital.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to every shareholder holding Shares conferring the right to attend and vote at the meeting and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Limitations on Rights to Hold or Exercise Voting Rights Attached to Shares

Singapore law and our Articles of Association do not impose any limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights attached to our Shares.

Bonus and Rights Issue

Our Board of Directors may, with the approval of our shareholders at a general meeting, capitalize any reserves or profits (including profit or monies carried and standing to any reserve) and distribute the same as bonus shares credited as paid-up to our shareholders in proportion to their shareholdings. Our Board of Directors may also issue rights to take up additional ordinary shares to shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue.

Take-overs

The Singapore Companies Act, the Securities and Futures Act and the Singapore Code on Take-overs and Mergers regulate the acquisition of ordinary shares of public companies and contain certain provisions that may delay, deter or prevent a future takeover or change in control of our Company. Any person acquiring an interest resulting in him – either on his own or together with parties acting in concert with him – carrying 30.0% or more of our voting shares, or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of our voting shares, any acquisition by him (or parties acting in concert with him) of more than 1.0% of our voting shares in any six-month period, must, except with the consent of the Securities Industry Council, extend a takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Take-overs and Mergers.

"Parties acting in concert" comprise individuals or companies who, pursuant to an arrangement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They are as follows:

- a company and its related and associated companies and companies whose associated companies include any of these companies;

- a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);

- a company and its pension funds and employee share schemes;

- a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis;

- a financial or other professional adviser and its clients in respect of shares held by the adviser and persons controlling, controlled by or under the same control as the adviser and all the funds managed by the adviser on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10.0% or more of the client's equity share capital;

- directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;

- partners; and

- an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions.

A mandatory offer for consideration other than cash must, subject to certain exceptions, be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the six months preceding the acquisition of shares that triggered the mandatory offer obligation.

Under the Singapore Code on Take-overs and Mergers, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer.

Liquidation or Other Return of Capital

If our Company liquidates or in the event of any other return of capital, the assets of the Company available for distribution shall be paid out to our shareholders according to their respective rights and interests in our Company (which would normally be in proportion to their shareholdings for each class of Shares).

Indemnity

As permitted by Singapore law, our Articles of Association provide that, subject to the Singapore Companies Act, our Directors and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgment is given in his favor or if the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in which he is acquitted or in connection with any application for relief which is granted to him by the court.

Directors and officers are not entitled to be indemnified by us against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the Company.

Substantial Shareholdings

Under the Singapore Companies Act, a person has a substantial shareholding in our Holding Company if he has an interest (or interests) in one or more voting shares in our Holding Company and the total votes attached to that share or those shares is not less than 5.0% of the aggregate of the total votes attached to all voting shares in our Company. The Singapore Companies Act and the Securities and Futures Act require such substantial shareholders to give notice to us and the SGX-ST, including full particulars of their interest and the circumstances by which they have acquired such interest, within two Singapore business days of their becoming our substantial shareholders, being aware of any change in the percentage level of their interest and ceasing to be substantial shareholders.

"Percentage level", in relation to a substantial shareholder, means the percentage figure ascertained by expressing the total votes attached to all the voting shares in our Company in which the substantial shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares in our Company, and, if it is not a whole number, rounding that figure down to the next whole number.

The Securities and Futures (Amendment) Act 2009 (the "Amendment Act") was gazetted on February 23, 2009 and will, *inter alia*, migrate the substantial shareholder disclosure requirements to the Securities and Futures Act. The amendments affecting substantial shareholder disclosure requirements have yet to take effect. Once these amendments take effect, a substantial shareholder of our Company will no longer be required to notify the SGX-ST of his interests, or changes in his interests, in voting shares of our Company. Instead, a substantial shareholder need only give notice to our Holding Company and we will in turn announce or otherwise disseminate the information stated in the notice to the SGX-ST as soon as practicable and in any case, no later than the end of the Singapore business day following the day on which we received the notice.

While the definition of an "interest" in our voting shares for the purposes of substantial shareholder disclosure requirements under the Securities and Futures Act is similar to that under the Singapore Companies Act, the Securities and Futures Act provides that a person who has authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of, a voting share is regarded as having an interest in such share, even if such authority is, or is capable of being made, subject to restraint or restriction in respect of particular voting shares. In addition, the deadline for a substantial shareholder to make disclosure to our Holding Company under the Securities and Futures Act will be changed to two Singapore business days after he becomes aware:

- that he is or (if he had ceased to be one) had been a substantial shareholder;
- of any change in the percentage level in his interest; or
- that he had ceased to be a substantial shareholder,

there being a conclusive presumption of a person being "aware" of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Singapore Companies Act, which gives the Singapore courts a general power to make any order, upon application by any shareholder of our Company, as they think fit to remedy any of the following situations:

- our affairs being conducted or the powers of our Directors being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our shareholders; or
- we take an action, or threaten to take an action, or our shareholders pass a resolution, or threaten to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our shareholders, including the applicant.
- Singapore courts have wide discretion as to the relief they may grant and that relief is in no way limited to the relief listed in the Singapore Companies Act. Without prejudice to the foregoing, Singapore courts may among other things:
    - direct or prohibit any act or cancel or vary any transaction or resolution;
    - regulate our affairs in the future;
    - authorize civil proceedings to be brought in the name of, or on behalf of, our Company by a person or persons and on such terms as the court may direct;
    - provide for the purchase of a minority shareholder's Shares by our other shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital; or
    - provide that our Company be wound up.

APPENDIX C — SUMMARY OF THE CONSTITUTION OF OUR COMPANY

REGISTRATION NUMBER

We are registered with the Accounting and Corporate Regulatory Authority (ACRA) under the registration number 200612545H.

SUMMARY OF OUR ARTICLES OF ASSOCIATION

Directors

(a) Ability of interested directors to vote

A Director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal whatsoever in which he has any direct or indirect personal material interest, and he shall not be counted in the quorum present at a meeting in relation to any resolution on which he is debarred from voting.

(b) Remuneration

Fees payable to Non-Executive Directors shall be a fixed sum (not being a commission on or a percentage of our profits or turnover) as shall from time to time be determined by us in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who performs services outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise, as the Directors may determine.

The remuneration of a Chief Executive Officer shall be fixed by the Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover. The Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

(c) Borrowing

Our Directors may exercise all the powers of our Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

(d) Retirement Age Limit

There is no retirement age limit for Directors under our Articles of Association. Section 153 of the Singapore Companies Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of the Company or authorized to continue in office as a director of the Company by way of an ordinary resolution passed at an annual general meeting of the Company.

(e) Shareholding Qualification

There is no shareholding qualification for Directors in our Articles of Association.

Share rights and restrictions

We currently have one class of shares, namely, ordinary shares. Only persons who are registered on our register of shareholders are recognized as our shareholders. In cases where the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares are recognized as our shareholders.

Dividends and distribution

We may, by ordinary resolution of our shareholders, declare dividends at a General Meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of profits available for distribution. We may capitalize any sum standing to the credit of any of our reserve accounts and apply it to pay dividends, if such dividends are satisfied by the issue of shares to our shareholders. All dividends are paid pro-rata among our shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights or terms attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of our Company. Any dividend unclaimed after a period of six years after having been declared may be forfeited and shall revert to us but the Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

The Directors may retain any dividends or other monies payable on or in respect of a share on which we have a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Voting rights

A holder of our ordinary Shares is entitled to attend and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a General Meeting as a shareholder if his name appears on the depository register maintained by CDP at least 48 hours before the general meeting. Except as otherwise provided in our Articles of Association, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association, on a show of hands, every shareholder present in person and by proxy shall have one vote, and on a poll, every shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. Provided that no poll shall be demanded on the choice of a chairman or on a question of adjournment. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by a shareholder or shareholders representing not less than 10.0% of the total voting rights of all shareholders having the right to vote at the meeting or by not less than five shareholders having the right to vote at the meeting. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

Change in capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require shareholders to pass an ordinary resolution. General meetings at which ordinary resolutions are proposed to be passed shall be called by at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us or (as the case may be) CDP with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. The reduction of our share capital is subject to the conditions prescribed by law.

Variation of rights of existing shares or classes of shares

Subject to the Singapore Companies Act, whenever the share capital of our Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the total voting rights of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of our Articles of Association relating to our general meetings and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of at least three-quarters of the total voting rights of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

The relevant Article does not impose more significant conditions than the Singapore Companies Act in this regard.

Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Articles of Association on the rights of our shareholders who are regarded as non-residents of Singapore, to hold or vote on their Shares.

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APPENDIX D — DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

PRC legal system

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, circulars and directives. Decided court cases do not constitute binding precedents.

The National People's Congress of the PRC ("NPC") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the state. The NPC has the power to amend the PRC Constitution and to enact and amend primary laws governing the state organs, civil and criminal matters. The Standing Committee of the NPC is empowered to interpret, enact and amend laws other than those required to be enacted by the NPC.

The PRC State Council is the highest organ of state administration and has the power to enact administrative rules and regulations. Ministries and commissions under the PRC State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. Administrative rules, regulations, directives and orders promulgated by the PRC State Council and its ministries and commissions must not be in conflict with the PRC Constitution or the national laws and, in the event that any conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders. The PRC State Council also has the power to annul such directives, orders and regulations issued by its ministries and commissions.

At the regional level, the people's congresses of provinces and municipalities and their standing committees may enact local rules and regulations and the people's government may promulgate administrative rules and directives applicable to their own administrative area. These local laws and regulations may not be in conflict with the PRC Constitution, any national laws or any administrative rules and regulations promulgated by the PRC State Council. Rules, regulations or directives may be enacted or issued at the provincial level or municipal level or by the PRC State Council or its ministries and commissions in the first instance for trial purposes. After a certain period of implementation of such local laws and regulations, the PRC State Council may submit legislative proposal to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The power to interpret laws is vested by the PRC Constitution in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (全国人民代表大会常务委员会关于加强法律解释工作的决议) passed on June 10, 1981, the Supreme People's Court has the power to issue general interpretations on the application of laws in judicial proceedings in addition to its power to issue specific interpretations in specific cases. The PRC State Council and its ministries and commissions are also vested with the power to issue interpretations of the rules and regulations promulgated by itself. At the regional level, the power to issue interpretations of regional laws is vested in the regional legislative and administration organs which promulgate such laws. All such interpretations carry the force of law.

Judicial system

The People's Courts are the judicial organs of the PRC. Under the PRC Constitution (中华人民共和国宪法) and the Law of Organization of the People's Courts of the People's Republic of China (中华人民共和国人民法院组织法), the People's Courts comprise the Supreme People's Court, the local people's courts, military courts and other special People's Courts. The local people's courts are divided into three levels, namely, the basic People's Courts, intermediate People's Courts and higher People's Courts. The basic People's Courts are divided into civil, criminal, administrative and economic divisions. The intermediate People's Courts have divisions similar to those of the basic People's Courts and, where the circumstances so warrant, may have other special divisions (such as intellectual property divisions). The judicial functions of People's Courts at lower levels are subject to supervision of People's Courts at higher levels. The People's procuratorates also have the right to exercise legal supervision over the proceedings of People's Courts of the same or lower levels. The Supreme People's Court is the highest judicial organ of the PRC. It supervises the administration of justice by the People's Courts of all levels.

The People's Court adopts a two-tier appeal system. At first instance a party may, before a judgment or order takes effect, appeal against the judgment or order of a Local People's Court to the People's Court of the next higher level. Judgments or orders at the second instance of the same level of the People's Court or at the next higher level of the People's Court are final and binding. Judgments or orders of the first instance of the Supreme People's Court are also final and binding. If, however, the Supreme People's Court or a People's Court of a higher level finds an error in a final and binding judgment of any People's Court of a lower level which has taken effect, or the presiding judge of a People's Court finds an error in a final and binding judgment which has taken effect in a court over which he presides, a retrial of the case may be ordered according to the judicial supervision procedures.

The PRC civil procedures are governed by the Civil Procedure Law of the People's Republic of China (中华人民共和国民事诉讼法) (the "Civil Procedure Law") adopted on April 9, 1991 and amended on October 28, 2007. The Civil Procedure Law governs the institution of a civil action, the jurisdiction of the People's Courts, the procedures for the conduct of a civil action, trial procedures and procedures for the enforcement of a civil judgment or order. All parties to a civil action conducted within the territory of the PRC must comply with the Civil Procedure Law. A civil case is generally heard by a court located in the defendant's country of domicile. The jurisdiction may also be selected by express agreement of the contractual parties provided that the jurisdiction of the People's Court so selected is connected with the dispute, that is to say, the plaintiff or the defendant is located or domiciled, or the contract was executed or performed in the jurisdiction selected, or the subject-matter of the proceedings is located in the jurisdiction selected. In respect of litigation, a foreign national or foreign enterprise is accorded the same rights and subject to the same obligations as a citizen or legal person of the PRC. If any party to a civil action refuses to comply with a judgment or order made by a People's Court or an award made by an arbitration body in the PRC, the aggrieved party may apply to the People's Court to enforce the judgment, order or award. There are time limits on the right to apply for such enforcement. Where at least one of the parties to the dispute is an individual, the time limit is one year. If both parties to the dispute are legal persons or other entities, the time limit is six months. According to the amendment dated October 28, 2007, the time limit for application of enforcement by both individuals and entities will be standardised to two years with effect from April 1, 2008.

A party seeking to enforce a judgment or order of a People's Court against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or order. A foreign judgment or ruling may also be recognized and enforced according to PRC enforcement procedures by the people's courts in accordance with the principle of reciprocity or if there exists an international or bilateral treaty with or acceded to by the foreign country that provides for such recognition and enforcement, unless the People's Court considers that the recognition or enforcement of the judgment or ruling will violate fundamental legal principles of the PRC or its sovereignty, security or social or public interest.

Arbitration and enforcement of arbitral awards

The Arbitration Law of the PRC (中华人民共和国仲裁法) (the "Arbitration Law") was promulgated by the Standing Committee of the NPC on August 31, 1994 and came into effect on September 1, 1995 and was revised on August 27, 2009. It is applicable to, among other matters, trade disputes involving foreign parties where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the

Arbitration Law and the PRC Civil Procedure Law. Where the parties have by an agreement provided arbitration as a method for dispute resolution, the parties are not permitted to institute legal proceedings in a People's Court.

Under the Arbitration Law, an arbitral award is final and binding on the parties and if a party fails to comply with an award, the other party may apply to the People's Court for enforcement. A People's Court may refuse to enforce an arbitral award made by an arbitration committee if there were mistakes, an absence of material evidence or irregularities over the arbitration proceedings, or the jurisdiction or constitution of the arbitration committee.

A party seeking to enforce an arbitral award of a foreign affairs arbitration body of the PRC against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

In respect of contractual and non-contractual commercial-law-related disputes which are recognized as such for the purposes of PRC Law, the PRC has acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Award ("New York Convention") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made by a state which is a party to the New York Convention shall be recognized and enforced by other parties to the New York Convention subject to their right to refuse enforcement under certain circumstances including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC at the time of the accession of the PRC that (1) the PRC would only recognize and enforce foreign arbitral awards on the principle of reciprocity and (2) the PRC would only apply the New York Convention in disputes considered under PRC Law to be arising from contractual and non-contractual mercantile legal relations.

Foreign exchange control

Major reforms have been introduced on the foreign exchange control system of the PRC since 1993.

The People's Bank of China, with the authorization of the PRC State Council, issued on December 28, 1993 the Notice on the Further Reform of the Foreign Exchange Control System (中国人民银行关于进一步改革外汇管理体制的通知) and on March 26, 1994 the Provisional Regulations on the Settlement, Sale and Payment of Foreign Exchange (结汇、售汇及付汇管理暂行规定) which came into effect on April 1, 1994 respectively. On January 29, 1996, the PRC State Council promulgated the PRC Foreign Exchange Administration Regulations (中华人民共和国外汇管理条例) which took effect on April 1, 1996 and revised on January 14, 1997 and August 1, 2008. On June 20, 1996, the PBOC issued the Administration Regulations on the Settlement, Sale and Payment of Foreign Exchange (结汇、售汇及付汇管理规定), which took effect on July 1, 1996. On October 25, 1998, the People's Bank of China and the State Administration for Foreign Exchange issued a Joint Announcement on Abolishment of Foreign Exchange Swap Business which stated that from December 1, 1998, all foreign exchange transactions for FIEs may only be conducted through authorized banks.

These regulations contain detailed provisions regulating the holding, sale and purchase of foreign exchange by individuals, enterprises, economic bodies and social organizations in the PRC.

On July 21, 2005, the Public Announcement of the PBOC on Reforming the RMB Exchange Rate Regime ("the Announcement") (完善人民币汇率形成机制改革有关事宜公告) was promulgated by PBOC. Under the new regulations, the previous dual exchange rate system for Renminbi was abolished and a unified floating exchange rate system based largely on supply and demand with reference to a basket of currencies was introduced, giving more flexibility as compared to the former system in which the RMB was pegged to the US dollar. The People's Bank of China, having regard to the trading prices between Renminbi and major foreign currencies on the inter-bank foreign exchange market, publishes on each bank business day the Renminbi exchange rates against major foreign currencies. In general, all organizations and individuals within the PRC, including foreign investment enterprises, are required to remit their foreign exchange earnings to the PRC. In relation to PRC enterprises, their recurrent foreign exchange earnings are generally required to be sold to designated banks unless specifically approved otherwise. Foreign investment enterprises (including sino-foreign equity joint ventures, sino-foreign co-operative joint ventures and wholly foreign owned enterprises), on the other hand, are permitted to retain certain percentage of their recurrent foreign exchange earnings and the sums retained may be deposited into foreign exchange bank accounts maintained with designated banks. Capital foreign exchange earnings must be deposited into foreign exchange bank accounts maintained with designated banks and can generally be retained in such accounts.

In accordance with the New Foreign Exchange Administration Regulations of PRC promulgated on August 5, 2008, all organizations and individuals, including FIEs, within the PRC can remit their foreign exchange earnings back to the PRC or deposit them abroad. The terms and conditions for such remittance/deposit are prescribed by the SAFE or its delegated authorities in accordance with the PRC's international balance of payments and foreign exchange managements needs. Unless otherwise provided by the state, the foreign exchange earnings of PRC enterprises under current accounts can be retained or exchanged through financial institutions that have foreign exchange settlement, sale and payment operations subject to approval from the SAFE or its delegated authorities.

At present, control on the purchase of foreign exchange is being relaxed. Enterprises which require foreign exchange for their current activities such as trading activities and payment of staff remuneration may purchase foreign exchange from designated banks, subject to the production of relevant supporting documents without the need for any prior approvals of the State Administration of Foreign Exchange.

In addition, where an enterprise requires any foreign exchange for the payment of dividends that are payable in foreign currencies under applicable regulations, such as the distribution of profits by a foreign investment enterprise to its foreign investment party, then, subject to the due payment of tax on such dividends the amount required may be withdrawn from funds in foreign exchange accounts maintained with designated banks, and where the amount of the funds in foreign exchange is insufficient, the enterprise may purchase additional foreign exchange from designated banks upon the presentation of the resolutions of the board of directors on the profit distribution plan of that enterprise.

Despite the relaxation of foreign exchange control over current account transaction, the approval or registration procedure of the foreign exchange administration authority is still required before a PRC enterprise may borrow a loan in foreign currency or provide any foreign exchange guarantee or make any investment outside of the PRC or to engage in the business of distribution and trading for securities and derivative products outside the PRC. Further, the approval from the relevant authorities may be required before registration can be made effective with SAFE (or its designated authorities).

When conducting actual foreign exchange transactions, the designated banks may, based on the exchange rate published by the People's Bank of China and subject to certain limits, freely determine the applicable exchange rate.

The China Foreign Exchange Trading Centre ("CFETC") was formally established and came into operation in April 1994. CFETC has set up a computerised network with sub-centres in several major cities, thereby forming an interbank market in which designated PRC banks can trade in foreign exchange and settle their foreign currency obligations. Prior to December 1, 1998, enterprises with foreign investment may at their own choice enter into exchange transactions through Swap Centre or through designated PRC banks. From December 1, 1998 onwards, exchange transactions will have to be conducted through designated banks. Swap Centres became restricted to conducting foreign exchange transactions between authorized banks and inter-bank lending between PRC banks.

Shareholder loans denominated in foreign currencies

Any shareholder may extend a foreign currency-denominated loan to a foreign-invested enterprise if the applicable statutory test is satisfied. Under the test, the sum of the amount of foreign currency-denominated loans (including long-, medium- and short-term loans) and the amount of Renminbi-denominated loans that are guaranteed by foreign institutions must not exceed the difference between the amount of total investment and the amount of registered capital. The amount of investment and the amount of registered capital of a foreign-invested enterprise is each subject to approval by the relevant regulatory authority. If the statutory test is not satisfied, the enterprise may not borrow any additional foreign currency-denominated loans from its shareholders. The enterprise, however, may retain the amount of the loan up to a period of six months, during which it could submit supplementary applications to the regulatory authority for the requisite approval. If the approval is not obtained within this period, the foreign exchange authorities may instruct the relevant bank to return the loan to the shareholder.

In extending foreign-currency loans to a foreign-invested enterprise, shareholders must register such loans with the relevant foreign exchange authority and comply with the stipulated settlement procedures. Within 15 days of the signing of the loan contract, the enterprise, as borrower, must submit the said contract to the local foreign exchange agency and complete other registration procedures in order to procure a registration certificate for the loan. The borrowed amount must be wired to the enterprise's account designated for foreign loan transactions. The account may only be opened in one of the designated foreign exchange banks approved by SAFE with the presentation of the registration certificate.

With the approval of the foreign exchange administrative authority, an enterprise may fulfil its repayment obligations under the loan contract by remitting the required amount (including principal and interest) outside of the PRC through its foreign loan account.

Company Law

The establishment and operation of corporate entities in the PRC is governed by the PRC Company Law (中华人民共和国公司法), which was promulgated by the Standing Committee of the NPC on December 29, 1993 and became effective on July 1, 1994. The Law was subsequently amended on December 25, 1999, August 28, 2004 and October 27, 2005.

The newly amended Company Law of PRC ("Company Law") on October 27, 2005 became effective as of January 1, 2006.

The Company Law generally governs two types of companies: limited liabilities companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of a company to its debtors is limited to the value of assets owned by the company. Liabilities of shareholders of a limited liability company are limited to the contributions which they have made. A joint stock limited company is a company with a registered share capital divided into shares of equal par value, and liabilities of its shareholders are limited to the amount of capital they are legally obliged to contribute for the shares for which they have subscribed. According to the latest revised PRC Company Law, the principle of "piercing the corporate veil" is adopted and the creditors are allowed, under certain circumstances, to have access to recourse against the assets of the shareholders of a limited liability company or a joint stock limited company for repayment of the debt of the company.

The latest revised PRC Company Law has adopted provisions with respect to one-person limited liability companies, which legitimate the incorporation of one-shareholder limited liability companies in addition to wholly State-owned enterprises. However, if the shareholder of a one-person limited liability company is unable to prove that the property of its invested company is independent from its own property, the shareholder shall bear joint and several liabilities for the debts of such one-person limited liability company.

Wholly foreign-owned enterprise

Wholly foreign-owned enterprises are governed by the Law of the People's Republic of China Concerning Enterprises with Sole Foreign Investments (中华人民共和国外资企业法), which was promulgated on April 12, 1986 and subsequently amended on October 31, 2000, and its Implementation Regulations which were promulgated on December 12, 1990 and subsequently mended on April 12, 2001 (collectively the "Foreign Enterprises Law").

(a) Procedures for establishment of a wholly foreign-owned enterprise

The establishment of a wholly foreign-owned enterprise will have to be approved by MOC (or its delegated authorities). If two or more foreign investors jointly apply for the establishment of a wholly foreign-owned enterprise, a copy of the contract between the parties must also be submitted to MOFCOM (or its delegated authorities) for its approval and record. A wholly foreign-owned enterprise must also obtain a business licence from SAIC (or its delegated authorities) before it can commence business.

(b) Nature

A wholly foreign-owned enterprise is a limited liability company under the Foreign Enterprise Law. It is a legal person which may independently assume civil obligations, enjoy civil rights and has the right to own, use and dispose of property. It is required to have a registered capital contributed by the foreign investor(s). The liability of the foreign investor(s) is limited to the amount of registered capital contributed. A foreign investor may make its contributions by instalments and the registered capital must be contributed within the period as approved by MOFCOM (or its delegated authorities) in accordance with relevant regulations.

(c) Profit distribution

The Foreign Enterprise Law provides that after payment of taxes, a wholly foreign-owned enterprise must make contributions to a reserve fund and an employee bonus and welfare fund. The allocation ratio for the employee bonus and welfare fund may be determined by the enterprise. However, at least 10% of the after tax profits must be allocated to the reserve fund. If the cumulative total of allocated reserve funds reaches 50% of an enterprise's registered capital, the enterprise will not be required to make any additional contribution. The enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made up.

Subject to compliance with relevant exchange rules and regulations, a wholly foreign-owned enterprise may remit its profits outside the PRC.

Sino-foreign Equity

The Sino-foreign Equity Law provides that a Sino-foreign equity joint venture is a limited liability company under the Sino-foreign Equity Law. It is a legal person which may independently assume civil obligations, enjoy civil rights and has the right to own, use and dispose of property. It is required to have a registered capital contributed by the Chinese and foreign investors. The liability of the Chinese and foreign investors are limited to the amount of registered capital contributed. Chinese and foreign investors may make their contributions by instalments and the registered capital must be contributed within the period as stated in the Sino-foreign equity joint venture contract.

It is provided that after payment of taxes, a Sino-foreign equity joint venture must make contributions to a reserve fund, an employee bonus and welfare fund and a development fund ("Three Funds"). The allocation ratio for the Three Funds may be determined by the Sino-foreign equity joint venture. The reserve fund may be used by a Sino-foreign equity joint venture to make up its losses and with the consent of the examination and approval authority, can also be used to expand its production operations and to increase its capital. The employee bonus and welfare fund can only be used for the collective benefit and facilities of the employees of the Sino-foreign equity joint venture. The development fund is non-distributable and its usage is similar to that of the reserve fund. A Sino-foreign equity joint venture is prohibited from distributing dividends unless the losses (if any) of previous years have been made up.

Dividend distribution and remittance

Distribution of dividends is principally governed by the PRC Law on Foreign-invested Enterprises (中华人民共和国外资企业法), which was last amended on October 31, 2000, and the implementation rules promulgated thereunder. Under the applicable regulations, a foreign-invested enterprise may only distribute dividends out of the portion of income in excess of (a) the amount of income taxes payable, (b) the respective amounts to be set aside for the reserve fund and the workers' bonus and benefit fund and (c) the amount to be retained to compensate for any previous financial losses not yet compensated for. The amount to be set aside for the reserve funds must not be less than 10% of the enterprise's after-tax profit. The undistributed profits during the previous accounting years can be distributed together with the profits available for distribution during this accounting year.

Upon the payment in foreign currencies of any liabilities on its current accounts, a foreign-invested enterprise may distribute and remit its after-tax profit as dividends outside of the PRC through its foreign exchange account in one of the designated banks, so long as such distribution is supported by a resolution of its board of directors and other related documents. No prior approval from the foreign exchange department is needed.

Under PRC law, a foreign-invested enterprise is required to distribute dividends among its shareholders in accordance with their shares of equity interest in the enterprise.

Return Investment via Overseas Special Purpose Companies

The PRC has also established a system to regulate return investment via overseas special purpose companies. According to the Notice of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Companies (国家外汇管理局关于境内居民通过境外特殊目的公司融资及返程投资外汇管理有关问题的通知) which became effective on November 1, 2005, a domestic resident shall, before establishing or controlling an overseas special purpose company (the "SPC"), bring the prescriptive materials to the local branch of SAFE (the "SAFE Branch") to apply for going through the procedures for foreign exchange registration of overseas investments, SAFE Branch shall, after examining and checking the materials to be inerrant, affix the special seal for foreign exchange business for capital account transactions on the "Certificate of Foreign Exchange Registration of Overseas Investments" or the "Form of Foreign Exchange Registration of Overseas Investments of the Domestic Individual Resident". Where a domestic resident contributes the assets or stock rights of a domestic enterprise it owns into a SPC, or engages in stock right financing abroad after contributing assets or stock rights into a SPC, it shall go through the procedures for modification of foreign exchange registration of overseas investments with regard to the net asset equities of the SPC it holds. After a SPC accomplishes overseas financing, the domestic resident may, according to the plan on use of funds as stated in the business plans or the prospectus, transfer the funds which ought to be arranged for use inside PRC into PRC. A domestic resident may, after accomplishing the procedures for foreign exchange registration of overseas investments or for modification thereof in accordance with the legal provisions, pay the profits, dividends, liquidation expenses, stock right assignment expenses, capital decrease expenses, etc. to the SPC. Where a SPC meets with a major capital modification event such as capital increase or decrease, stock right assignment or exchange, merger or division, investment with long-term stock rights or credits, provision of guaranty to a foreign party, etc., and is not involved in return investment (the "Major Events"), the domestic resident shall, within 30 days as of the major event, apply to the SAFE Branch for going through the procedures for modification or filing of the foreign exchange registration of the overseas investments.

PRC Labor Contract Law

The PRC Labor Contract Law, which became effective on January 1, 2008, imposes certain requirements in respect of human resources management, including, among other things, signing of labour contracts with employees, terminating labour contracts, paying remuneration and compensation and making social insurance contributions. In addition, the PRC Labor Contract Law requires employers to provide remuneration packages which are not lower than the relevant local minimum standards.

The PRC Employment Promotion Law, which became effective on January 1, 2008, requires that individuals have equal employment opportunities in their hiring and employment terms, with no discrimination on the basis of ethnicity, race, gender, religious belief, communicable disease or rural residence. Enterprises are also required to provide employees with vocational training. Administrative authorities at the county level or above are responsible for implementing policies to promote employment.

The Regulation on Work-Related Injury Insurance, which became effective on January 1, 2004, requires employers to pay work-related injury insurance fees for their employees. Under the Interim Measures Concerning the Maternity Insurance of Enterprises Employees, which became effective on January 1, 1995, employers must pay maternity insurance fees for their employees.

Under the Interim Regulations Concerning the Levy of Social Insurance Fees, which became effective on January 22, 1999 and the Interim Measures Concerning the Administration of the Registration of Social Insurance, which were adopted on March 19, 1999, employers in the PRC must apply for social insurance registration with the local social insurance authorities and make contributions to the basic pension insurance fund, basic medical insurance fund and unemployment insurance fund for their employees.

PRC Taxation

Enterprise Income Tax

PRC enterprise income tax is calculated based on taxable income determined under PRC accounting principles. In accordance with the “Provisional Regulations of China on Enterprises Income Tax” and the “Income Tax Law of China for Enterprises with Foreign Investment and Foreign Enterprises”, each of which has been abolished since January 1, 2008, both domestic enterprises and foreign investment enterprises, or FIEs, incorporated in the PRC are generally subject to an enterprise income tax rate of 33%. The PRC government at the central level or its local agencies provides preferential tax treatment, in the form of reduced tax rates or tax holidays, to certain qualified enterprises.

On March 16, 2007, the National People’s Congress, the PRC legislature, enacted the Enterprise Income Tax Law, or the EIT Law, which became effective on January 1, 2008. Under the EIT Law, foreign invested enterprises, or FIEs, and domestic companies are subject to a uniform income tax rate of 25%. The EIT Law provides a five-year transition period starting from its effective date for those enterprises which were established before the promulgation date of the EIT Law and which were entitled to a preferential lower income tax rate under the then effective tax laws or regulations. According to a new notice regarding the implementation of preferential income tax treatments during the transition period issued by the PRC State Council dated December 26, 2007, the income tax rate of the enterprises which have been entitled to a income tax rate of 15% will be increased to 18% for year 2008, 20.0% for 2009, 22% for 2010, 24% for 2011 and 25% for and after 2012. For those enterprises which are enjoying tax holidays, such tax holidays may continue until their expiration in accordance with the original tax regulations, but where the tax holiday has not yet started because of losses, such tax holiday shall be deemed to commence from the first effective year of the EIT Law.

While the EIT Law equalizes the income tax rates for FIEs and domestic companies, preferential tax treatment will continue to be given to companies in certain encouraged sectors and to entities classified as high-technology companies supported by the PRC government, whether FIEs or domestic companies. According to the EIT Law, entities that qualify as "high-technology companies especially supported by the PRC government" will benefit from a tax rate of 15% as compared to the uniform tax rate of 25%. However, according to the Implementation Rules of the Enterprise Income Tax Law, or the Implementation Rules, enacted by the PRC State Council dated December 6, 2007 and effective January 1, 2008, there are a number of requirements for a company to qualify as a "high-technology company especially supported by the PRC government", including those relating to business scope, and the new accreditation rules of the "high-technology company especially supported by the PRC government", or the New Accreditation Rules, are yet to be promulgated by relevant authorities.

According to the EIT Law and the Implementation Rules, dividends payable to foreign investors will be subject to the PRC withholding tax at the rate of 10% unless the foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement.

Value added tax

The Provisional Regulations of the People's Republic of China Concerning Value Added Tax (中华人民共和国增值税暂行条例) promulgated by the PRC State Council came into effect on January 1, 1994, which was amended on November 10, 2008. Under these regulations and the Implementing Rules of the Provisional Regulations of the People's Republic of China Concerning Value Added Tax (中华人民共和国增值税暂行条例实施细则), value added tax is imposed on goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC.

Business tax

The Provisional Regulations of the PRC concerning Business Tax were adopted by the PRC State Council on December 13, 1993 and revised on November 5, 2008. Under these regulations and the newly amended Implementing Rules of the Provisional Regulations of the PRC Concerning Business Tax, business that provide services (except entertainment business), assign intangible assets or sell immovable property became liable to business tax at a rate ranging from three to five per cent of the charges of the services provided, intangible assets assigned or immovable property sold, as the case may be. The formula for calculation of the amount of tax payable is set forth below:

Amount of tax payable = amount of business income x tax rate

The amount of tax payable shall be calculated in RMB. Taxpayers that settle their amounts of business income in foreign exchange shall convert the amounts into RMB at the foreign exchange market rate.

PRC LAWS AND REGULATIONS RELATED TO ALUMINUM INDUSTRY

Overview

Producers of primary aluminum and aluminum fabrication products are subject to laws and regulations governing the production and sale of primary aluminum and aluminum fabrication products which include among others, the Conditions for Entry into the Aluminum Industry (铝行业进入条件) (the "Regulation on Entry Conditions"); the Standardization Law of the PRC （中华人民共和国标准化法） (the "Standardization Law"); the Environmental Protection Law of the PRC（中华人民共和国环境保护法）; and the Energy Saving Law of the PRC （中华人民共和国节约能源法）(the "Energy Saving

Law"). A summary of the important provisions of the aforesaid laws and regulations relating to the aluminum industry is set out below.

Entry Conditions

The Regulation on Entry Conditions was promulgated by the National Development and Reform Commission of the PRC （中华人民共和国国家发展和改革委员）and came into force on October 29, 2007. The Regulation on Entry Conditions applies to all enterprises involved in aluminum smelting and aluminum processing in the PRC (except Hong Kong, Macau and Taiwan). It sets out certain conditions that must be satisfied by any enterprise desiring to enter into the aluminum industry, including among others, conditions with respect to the enterprise's scale of operations, technical processes, facilities, consumption and comprehensive usage of energy and resources, environmental protection and safe production.

Aluminum Smelting

On October 29, 2007, the PRC National Development and Reform Commission (NDRC) announced that the Chinese government would place further restrictions on the aluminum industry in the PRC, by introducing new requirements for minimum capacity, location and energy consumption, so as to ensure sustainable growth in the sector. The NDRC also imposed a requirement for cash contribution of a minimum of 35% of a plant's total investment for mining, smelting or recycling projects. New or upgraded electrolytic aluminum projects (which include primary aluminum production) are restricted to a maximum of 14,300 kwh for every tonne of aluminum produced. The new restrictions also prohibit the construction of new aluminum smelting facilities within one kilometre of conservation areas, medium and large-sized cities and suburbs, residential areas and hospitals, as well as pharmaceutical, electronics and food factories. The Chinese government has also disclosed its intention to introduce new environmental impact standards, and in the past few years have carried out a nationwide survey of smelters environmental compliance. Any smelters that meet production standards previously released in March 2007, will be showcased and re-examined by regulatory authorities and experts, including the China Non-ferrous Metals Industry Association (CNMIA).In addition, the recent measures also require existing key aluminum smelting plants to reduce their current electricity consumption to 12,500 kilowatts or lower and to reduce gas emissions levels.

In February 2010, the PRC State Council issued a Notice (《国务院关于进一步加强淘汰落后产能工作的通知》) to continue to eliminate outdated production capacity in major industrial sectors, including non-ferrous metals industry, to reduce pollution, save energy, and upgrade industry. In this Notice, the PRC State Council set a concrete target concerning non-ferrous metals that small pre-baked electrobaths of 100KA or below 100KA in aluminum smelting manufacture should be eliminated by the end of 2011.

On August 5, 2010, the Ministry of Industry and Information Technology of the PRC issued a further notice included a list of 17 primary aluminum smelters that are deemed to be outdated and that are required to be shut down by September 2010. Failure to do so may lead to revocation of such smelters' business licenses and waste discharge permits and strict restrictions on land use approval and electricity use.

Aluminum Fabrication Products

The production of aluminum fabrication products is a form of aluminum-processing. In accordance with the Regulation on Entry Conditions, newly built-aluminum processing projects must be principally engaged in the production of the following products: aluminum planks, aluminum strips, aluminum foils, extruded aluminum or industrial profiles. The annual production capacity of multiple product comprehensive aluminum-processing projects should be 100,000 tonnes or more, and the annual production capacity for single product projects must reach the following amounts: 50,000 tonnes per year for the production of aluminum planks and 30,000 tonnes per year for the production of aluminum foils. With respect to production techniques, newly built aluminum processing projects must employ continuous processing techniques such as continuous roll-casting and hot rolling. Such techniques embody high levels of efficiency and automation, advanced technology, good product quality and high comprehensive yield rates.

With respect to the production capacity and technical processes, the Regulation on Entry Conditions is only applicable to newly-built and renovated aluminum processing projects that came into operation after the promulgation of the Regulation on Entry Conditions on October 29, 2007.

From October 29, 2007 to the Latest Practicable Date, we have not implemented any projects involving newly-built or renovated plants that are subject to the Regulation on Entry Conditions. We have confirmed that any such projects in future will be completed subject to Regulation on Entry Conditions.

Production Standardization

The Standardization Law, which came into effect on April 1, 1989, establishes the legal framework upon which national standards developed and applied to various businesses and industries in the PRC. The production, sale or import of any product that does not conform to compulsory standards shall be handled by the relevant administrative authorities in accordance with the Standardization Law. Where the Standardization Law is silent on such handling, the local Administration of Industry and Commerce may confiscate the products and any illegal income derived therefrom and impose a fine. In circumstances where serious consequences are incurred and criminal offense is constituted, the liabilities for responsible personnel may be investigated and established in accordance with law.

According to the Standardization law, the main standards in relation to the production of primary aluminum and aluminum fabricated products are as follow:

(i) GB/T 1196-2208 primary aluminum ingots (re-melting)

(ii) GB/T 3880-2006 aluminum and aluminum alloyed plates and materials for industrial use

(iii) GB/T 3198-2003 aluminum and aluminum alloyed foils

Pricing

The PRC government does not impose any limitations with respect to the pricing of primary aluminum and aluminum fabricated products. Thus, primary aluminum and aluminum fabricated products are free to set prices for their products. All raw materials, supplemental materials and other supplies that we purchase are based on market prices, except for electricity, which is regulated by the NDRC and State Electricity Regulatory Commission ("SERC") of the PRC.

Environmental Protection Regulations

In accordance with the Environmental Protection Law of the PRC adopted by the Standing Committee of the NPC on December 26, 1989, the Administration Supervisory Department of Environmental Protection of the PRC State Council is responsible for the overall supervision and control of environmental protection in the PRC. It formulates national standards for the discharging of water materials, environmental protection and monitors the PRC's environmental protection system. The provincial and municipal governments of provinces, autonomous regions and municipalities may also set their own guidelines for the discharge of pollutants within their own provinces or districts in the event that the national guidelines are inadequate.

A company or enterprise which causes environmental pollution and discharges other polluting materials which endanger the public should implement environmental protection methods and procedures into their business operations. This may be achieved by setting up a system of accountability within the Company's business structure for environmental protection; adopting effective procedures to prevent environmental hazards such as waste gases, water and residues, dust powder, radioactive materials and noise arising from production, construction and other activities from polluting and endangering the environment. The environmental protection system and procedures should be implemented simultaneously with the commencement of and during the operation of construction, production and other activities undertaken by the Company. Any company or enterprise which discharges environmental pollutants should report and register such discharge with the Administration Supervisory Department of Environmental Protection and pay any fines imposed for the discharge. A fee may also be imposed on the Company for the cost of any work required to restore the environment to its original state. Companies which have cause severe pollution to the environment are required to restore the environment or remedy the effects of the pollution within a prescribed time limit.

If a company fails to report and/or register the environmental pollution caused by it, it will receive a warning or be penalised. Companies which fail to restore the environment or remedy the effects of the pollution within the prescribed time will be penalised or have their business licences terminated. Companies or enterprises which have polluted and endangered the environment must bear the responsibility for remedying the danger and effects of the pollution, as well as to compensate the any losses or damages suffered as a result of such environmental pollution.

According to the Environmental Protection Law and other relevant laws and regulations, the construction, renovation and extension of all aluminum smelting and aluminum processing projects must strictly conform to all aspects of the environmental impact assessment system. Production and sales activities may only be conducted after the relevant project has been inspected and approved and the requisite Permit for the Discharge of Pollutions has been issued.

In addition, in the production and operating process, aluminum smelting and aluminum-processing enterprises must comply with the laws and regulations related to environmental protection: the Law of the PRC on the Prevention and Control of Atmospheric Pollution (中华人民共和国大气污染防治法); the Law of the PRC on the Prevention and Control of Water Pollution (中华人民共和国水污染防治法); the Law of the PRC on the Prevention and Control of Pollution from Solid Wastes (中华人民共和国固体废物污染环境防治法); the Law of the PRC on Prevention and Control of Pollution from Environmental Noise (中华人民共和国环境噪声污染防治法); the Water Law of the PRC (中华人民共和国水法); and the Provisional Measures on Administration of License for the Discharge of Water Pollutants (水污染排放许可证管理暂行办法).

In accordance with the requirements of relevant laws and regulations on environment protection, we have adopted advanced technologies and equipment to prevent and reduce pollution. All of our construction and extension projects comply with the relevant environmental impact assessment procedures for construction projects and have undergone inspection and have been approved by the relevant environmental protection authorities. We have reported to and registered with the relevant environmental protection administration departments for pollutants discharge and have obtained the Permit for the Discharge of Pollutants.

Energy Saving

The Energy Saving Law was revised on October 27, 2007 and came into effect on April 1, 2008. The Energy Saving Law implements an energy saving appraisal and examination system with respect to fixed asset investment projects in the PRC. In cases where a particular project fails to comply with the compulsory energy saving standards, the authorities in charge of the examination and approval or verification of projects shall not approve or certify the construction; the construction unit shall not begin construction on the project; or if completed, the completed construction project shall be prohibited from commencing production or use. This Energy Saving Law also implements a compulsory retirement system for superseded or outdated products, facilities and production techniques that consume excessive amounts of energy.

According to relevant laws and regulations, aluminum smelting materials for aluminum processing materials for newly built aluminum processing projects must have a combined energy consumption of less than 350 kg/tonne coal equivalents respectively, and combined energy consumptions of less than 1,150 kwh per tonne respectively. Combined energy consumptions in aluminum processing materials of existing projects must not exceed 410 kg/tonne coal equivalents and combined electricity consumptions must be less than 1,250 kwh per tonne respectively. Existing enterprises must achieve the energy consumption levels of a newly incorporate enterprise by the end of the Eleventh Five-Year Plan (i.e. 2010) through technology reform.

Regulations Concerning Exports of Primary Aluminum and Aluminum Fabricated Products and Taxes

There are no governmental restrictions on the exports of primary aluminum or aluminum fabrication products.

According to the Notice on the Adjustment of Provisional Duty on Certain Import and Export Products (关于调整部份商品进出口暂定税率的通知) promulgated by the Customs Tariff Commission of the PRC State Council (中华人民共和国国务院关税税则委员会) in 2006, exports of non-ferrous metal raw products, including primary aluminum, have been subject to customs duty at the rate of 15% since November 1, 2006.

TAXATION

The summary below of certain taxes in Singapore and the PRC, that may be applicable to our operations in these countries are of a general nature. The summary is based on laws, regulations, interpretations, rulings and decisions in effect as at the Latest Practicable Date. These laws, regulations, interpretations, rulings and decisions, however, may change at any time, and any change could be retrospective. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the comments herein.

The summary is not intended to constitute a complete analysis of the taxes mentioned nor of all the taxes that may be applicable to our operations in each of the countries. It is not intended to be and does not constitute legal or tax advice.

Singapore

Income tax

Singapore income tax is imposed on income accruing in or derived from Singapore, and on income derived from sources outside Singapore (i.e. foreign-sourced income) that is received or deemed to have been received in Singapore by the operation of law, subject to certain exceptions.

Foreign-sourced income in the form of dividends, branch profits and service income received or deemed to have been received in Singapore is exempt from Singapore income tax if certain conditions are met. A special concession has been granted to exempt from Singapore income tax all foreign-sourced income earned on or before January 21, 2009 and received in Singapore during the one-year period from January 22, 2009 to January 21, 2010.

Singapore income tax is only imposed on income. Singapore does not impose tax on capital gains. Therefore, gains of a capital nature are not taxed. However, gains on disposal of investments may be construed to be income in nature and subject to Singapore income tax. Generally, gains on disposal of investments may be considered income in nature, if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore.

In ascertaining the amount of income chargeable with income tax, all outgoings and expenses wholly and exclusively incurred in the production of the income, unless specifically prohibited by law, are allowed to be deducted. Capital allowances are granted on capital expenditure incurred on the provision of machinery or plant for the purpose of a trade, profession or business. Capital expenditure incurred on land and buildings is not eligible for any allowance unless the buildings are used for certain qualifying purposes in which case, the capital expenditure incurred on the buildings may be entitled to industrial building allowances.

Trade losses and capital allowances of a company that cannot be utilized in a particular tax year can be carried forward indefinitely for set-off against the taxable income of subsequent years subject to there being no substantial change in the shareholders of the company as at the relevant comparison dates. For carrying forward of unutilized capital allowances, there is an additional requirement that the company must continue to carry on the same trade that gave rise to the capital allowances.

Carry-back of trade losses and capital allowances, subject to a specified cap on the amount, to one or three years is allowed if certain conditions are met.

Singapore operates a group relief system which allows the current year's unutilized trade losses, capital allowances and donations of a Singapore tax resident company to be transferred to, and utilized against the assessable income of, another Singapore tax resident company provided that the two companies are members of a group. Two Singapore companies are members of the same group if at least 75.0% of the number of issued ordinary shares in one company is beneficially owned by the other, or at least 75.0% of the number of issued ordinary shares in each of the two companies is beneficially owned by a third Singapore company.

A company or a property trust which is carrying on a business of making investments (which includes the business of letting immovable properties) is subject to more restrictive rules in the determination of its income. These rules include not being able to carry forward or carry back trade losses and capital allowances and to transfer its current year's unutilized trade losses and capital allowances to another company within the same group.

The prevailing corporate tax rate in Singapore is 17%. Corporate tax exemption will apply to the first S$300,000 of a company's chargeable income as follows:–

(i) 75% of up to the first S$10,000 of a company's chargeable income; and

(ii) 50% of up to the next S$290,000 of a company's chargeable income.

In addition, certain companies will, subject to certain conditions, be eligible for full tax exemption on their normal chargeable income of up to S$100,000 a year and partial tax exemption of 50% of up to the next $200,000 of normal chargeable income for each of the company's first three years of assessment falling in or after year of assessment 2008. The conditions which a new company must satisfy in order to claim this exemption for a year of assessment include (a) it must be incorporated in Singapore; (b) it must be tax resident in Singapore for that year of assessment; and (c) it must have no more than 20 shareholders all of whom are individuals or at least one of whom is an individual holding at least 10% of the total number of issued ordinary shares of the company throughout the basis period for that year of assessment. The remaining chargeable income (after the tax exemption) will be taxed at the applicable corporate tax rate.

Payment of dividends

Singapore adopts a one-tier corporate tax system. Under the one-tier corporate tax system, the tax paid by Singapore tax resident companies is a final tax. Any dividends paid by Singapore tax resident companies are exempt from Singapore income tax in the hands of their shareholders. No withholding tax is imposed on the payment of dividends to non-resident shareholders.

Withholding tax on payments made to non-residents

Certain payments to persons who are not known to be tax resident in Singapore to the payer are subject to withholding tax. Such payments include interest, royalties, technical or management service fees and rent for the use of any movable property. The payer has the obligation to withhold tax at the applicable tax rate from these payments.

Stamp duty

Stamp duty is chargeable on certain documents relating to immovable property and shares or any interest thereof. These documents include a lease, sale and purchase, gift or mortgage of the immovable property and shares.

A contract, agreement or instrument relating to the conveyance, assignment or transfer of shares or interest thereof is subject to stamp duty at the rate of S$2.0 for every S$1,000 or any part thereof, computed on the consideration or market value of the shares, whichever is the higher. The purchaser of the shares would be liable for the stamp duty.

A contract, agreement or instrument relating to the conveyance, assignment or transfer of any immovable property is subject to stamp duty at the following rates based on the sale consideration or the market value of the property, whichever is the higher:

- S$1.0 for every S$100 or part thereof on the first S$180,000;
- S$2.0 for every S$100 or part thereof on the next S$180,000; and
- S$3.0 for every S$100 or part thereof on the remaining sale consideration or market value, as the case may be.

In general, stamp duty is payable on instruments executed in Singapore or if executed outside Singapore, and relates to any property situated in Singapore, which are received in Singapore. Whilst stamp duty relief and remission are available in limited circumstances, such relief and remission are not automatic and must be applied for under the relevant provisions of the Stamp Duties Act (Chapter 312 of Singapore).

Goods and services tax ("GST")

GST is a consumption tax levied on the importation of goods, as well as most supplies of goods and services in Singapore. GST on importation is collected by the Singapore Customs while GST on local supplies of goods and services is collected by GST-registered persons. The prevailing standard GST rate is 7.0%. Certain supplies are exempt from GST. Broadly, these include sales and leases of residential properties and the provision of certain financial services. GST incurred on expenses for making exempt supplies is generally not recoverable (subject to certain exceptions). Export of goods and provision of international services are generally zero-rated (i.e. subject to GST at 0.0%). GST on expenses incurred for making zero-rated supplies is generally recoverable (subject to conditions).

The PRC

Corporate income tax ("CIT")

The new Corporate Income Tax Law of China ("new CIT Law") was promulgated by the National People's Congress on March 16, 2007 and became effective on January 1, 2008. Under the new CIT Law, enterprises and other organizations which generate income in the PRC are required to pay CIT in the PRC.

The new CIT Law provides a unified tax rate of 25.0% for all China resident enterprises, including domestic enterprises and foreign invested enterprises.

Withholding tax ("WHT")

Pursuant to the new CIT Law and its implementation rules, foreign enterprises, which have no establishment or place in the PRC but derive dividend, interest, rental, royalty or other income (including capital gains) from sources in the PRC will be subject to Chinese WHT at 5.0%.

Investors who do not reside in the PRC but reside in countries that have entered into tax treaties with the PRC may be entitled to a reduction of the WHT rate imposed on the payment of dividend, interest, royalties and capital gains.

Dividend payment by Chinese companies

According to Circular Caishui [2008] No. 1, Project Companies which declare dividend for 2008 or any subsequent years to foreign shareholders which do not have a permanent establishment in the PRC, and are not deemed a tax resident enterprise in the PRC, are required to withhold and pay Chinese WHT on behalf of such shareholders at a rate of 10.0%. This rate may be reduced under applicable tax treaties.

Interest and royalty payments by Chinese companies

Interest payable by Project Companies on foreign shareholder loans (assuming the lenders do not have a permanent establishment in the PRC, are not banks or financial institutions, and are not deemed a tax resident enterprise in the PRC) and royalty payable by Project Companies to overseas companies (assuming the licensors do not have a permanent establishment in the PRC and are not deemed a tax resident enterprise in the PRC) are both subject to Chinese WHT at a rate of 10.0%. This rate may be reduced under applicable tax treaties.

Gains on disposal of interests in Chinese companies

Capital gains realized by foreign investors on the sales of the equity interest in the Project Companies are subject to Chinese WHT at a rate of 10.0%. This rate may be reduced under applicable tax treaties.

ENVIRONMENTAL PROTECTION

General Regulations

Pursuant to the "Environmental Protection Law of the People's Republic of China" (中华人民共和国环境保护法), promulgated by the Standing Committee of the National People's Congress and effective on December 26, 1989, the State Administration for Environmental Protection is empowered to formulate national environmental quality standards. The environmental protection administration of the people's governments at the county level and above are responsible for monitoring, on a unified basis, the environmental protection work within their jurisdictions. For items which are not governed by any national pollutant discharge standards, the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government may formulate local standards; for items which are governed by national pollutant discharge standards, the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government may formulate stricter local standards. Local pollutant discharge standards shall be filed with State Administration for Environmental Protection for the records.

According to the "Law on the Prevention and Control of Water Pollution of the People's Republic of China" (中华人民共和国水污染防治法) amended on February 28, 2008 and with effect from June 1, 2008, construction projects or other water facilities which are newly constructed, reconstructed and expanded, and which discharge pollutants into the water directly or indirectly, should conduct an environmental impact assessment in accordance with relevant laws. Enterprises which discharge industrial sewage directly or indirectly into water system should obtain pollutant discharge permits. Enterprises which discharge pollutants directly or indirectly into the water system should report to and register with the environmental protection administrative department in charge which is above county level in relation to the facilities which they own for discharging and treating water pollutants, as well as the types, quantities and concentrations of water pollutants discharged under normal operating conditions. These enterprises are also required to provide relevant technical information about how to prevent and control water pollution. Enterprises which discharge pollutants directly into the water should pay pollutant discharge fees according to the types and quantities of their water pollutants and the levy standard.

The "Law on Prevention and Control of Air Pollution of the People's Republic of China" (中华人民共和国大气污染防治法) which was amended on April 29, 2000 and took effect from September 1, 2000 requires newly constructed, expanded or reconstructed projects which discharge pollutants into the atmosphere to comply with certain regulations relating to environmental protection. Units that discharge pollutants into the atmosphere should report to the local environmental protection administrative department in charge in relation to the facilities which they own for the discharge and treatment of pollutants, as well as the types, quantities and concentrations of the pollutants discharged under normal operating conditions. They are also required to provide relevant technical information about how to prevent and control atmospheric pollution. The PRC government has implemented a system on levying fees for discharging pollutants into the atmosphere based on the type and quantity of pollutants discharged. The standards on levying pollution discharge fees that the government put in place have been based on the requirements for strengthening the prevention and control of atmospheric pollution as well as the national economic and technological conditions.

According to the "Law on Prevention and Control of Environmental Pollution Caused by Solid Waste of the People's Republic of China" (中华人民共和国固体废物污染环境防治法) amended on December 29, 2004 and with effect from April 1, 2005, enterprises producing industrial solid wastes should form and improve an accountability system in preventing and controlling environmental pollution, and adopt measures to prevent and control such wastes from polluting the environment. The State has implemented a reporting and registration system for industrial solid pollutants. In accordance with the relevant requirements, units producing industrial solid pollutants must provide relevant information to the local environmental protection administrative department in charge which is above county level, where such information includes the type, quantity, flow, storage and treatment of the industrial solid wastes.

Under the "Law on Prevention and Control of Environmental Noise Pollution of the People's Republic of China" (中华人民共和国环境噪声污染防治法), effective from March 1, 1997, industrial enterprises producing environmental noise pollution as a result of using their fixed facilities in industrial production must report to the local environmental protection administrative department in charge in relation to their facilities that produce noise pollution by category, quantity, and noise pollution level under normal operating conditions as well as the conditions of their noise pollution preventive facilities. They should also provide technical information about how to prevent and control noise pollution. Units producing environmental noise pollution should adopt remedial measures and pay discharge fees for exceeding the standards according to the PRC regulations.

Environmental Impact Assessment

Pursuant to the "Administrative Regulations for the Environmental Protection of Construction Projects" (建设项目环境保护管理条例) promulgated by the State Council on November 29, 1998 and took effect on the same day, and the "Administrative Measures for the Examination and Approval of Environmental Protection Facilities of Construction Projects" (建设项目竣工环境保护验收管理办法) promulgated by State Administration for Environmental Protection on December 27, 2001 with its effect from February 1, 2002, and the "Environmental Impact Assessment Law of the People's Republic of China" (中华人民共和国环境影响评价法) promulgated by the Standing Committee of the National People's Congress on October 28, 2002 and took effect on September 1, 2003, enterprises are required to engage institutions with corresponding environmental impact assessment qualifications to provide environmental impact assessment services and reports for submission to the competent environmental protection approval administration. Construction work may only be commenced after such an assessment is submitted to and approved by the environmental protection administrative authority. The construction of pollution prevention and control facilities in a construction project must be designed, constructed and commenced simultaneously with the main facility.

The Rule on Classification for Environmental Impact Assessment of Construction Projects (建设项目环境影响评价文件分级审批规定), promulgated by the Ministry of Environment, and effective on March 1, 2009, further classified the construction projects whose environmental impact assessment shall be submitted to and approved by the Ministry of Environment and its local counterparts at provincial level. For those approvals made by lower environmental authorities on the construction projects which shall be submitted for approval from a higher competent environmental authority, the higher competent authority may revoke the approval made by such lower authority.

Local Regulation

According to "the Environmental Protection Regulations of Guizhou Province" (贵州省环境保护条例), promulgated by Standing Committee of the People's Congress of Guizhou Province on March 26, 2009 and became effective on June 1, 2009, the people's government of Guizhou Province is responsible for the environmental protection of Guizhou Province, and the environmental protection administration of the people's governments at the county and provincial level are responsible for monitoring, on a unified basis, the environmental protection work within their jurisdictions. It also formulates the local standards on the administration of environmental protection within Guizhou Province according to the practical situation.

The Environmental Protection Regulation of Hubei Province (湖北省环境保护条例), promulgated by Standing Committee of the People's Congress of Hubei Province on 1994 and amended on December 2, 1997, installed the similar environmental impact assessment scheme for the construction and production of the construction projects at the provincial level. For those construction projects which may have an impact on the environment, assessment shall be submitted to competent authorities for approval before the commencement of construction, and assessment shall be submitted to competent authorities for approval after such construction is completed before any production is commenced.

Land Use Rights

We own the following land use rights:

Location	Permitted Usage	Registered Owner	Construction Area (sq.m.)	Tenure	Encumbrance
Baimaxi Village, Qiaobian Town, Yichang	Industrial	Yichang Changjiang	246,518.06 sq.m.	April 9, 2004 to October 9, 2053	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Qiaobian Village, Dianjun District	Industrial	Yichang Changjiang	14,427.57 sq.m.	December 23, 2004 to March 2, 2057	—
East part of North Jinfeng Road, Huangtang, Xuxiake Town	Industrial	Jiangyin Xinren	14,639.0 sq.m.	February 8, 2007 to August 17, 2056	Mortgaged to Jiangyin Branch of China Agricultural Bank of China Limited
No.1 Xinren Road, Huangtang, Xuxiake Town	Industrial	Jiangyin Xinren	97,206.9 sq.m.	November 26, 2007 to January 14, 2057	Mortgaged to Jiangyin Branch of China Agricultural Bank of China Limited
No.1 Xinren Road, Huangtang, Xuxiake Town	Industrial	Jiangyin Xinren	153,123.0 sq.m.	February 6, 2009 to December 29, 2058	Mortgaged to Jiangyin Branch of China Agricultural Bank of China Limited

Land Grant Agreement

We have also signed a land grant agreement and are in the process of obtaining the land use right for the following:

Location	Permitted Usage	Registered Owner	Construction Area (sq.m.)	Tenure	Encumbrance
Wenge Village, Dongdi Town and Baini Village, Lanba Town	Industrial	Liupanshui Shuangyuan	194,500.0 sq.m.	50 years	—

Building Ownership Certificates

We own the following buildings:

Location	Permitted Usage	Registered Owner	Construction Area (sq.m.)	Issuance Date	Encumbrance
Qiaobian Town	Alumina warehouse	Yichang Changjiang	2,201.27 sq.m.	January 16, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Qiaobian Town	Alumina warehouse	Yichang Changjiang	2,004.71 sq.m.	January 16, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Qiaobian Town	Canteen	Yichang Changjiang	955.65 sq.m.	January 16, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Qiaobian Town	Foundry Shop	Yichang Changjiang	2,943.48 sq.m.	January 16, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Qiaobian Town	Power supply room for offices	Yichang Changjiang	687.97 sq.m.	January 16, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Qiaobian Town	Workshops	Yichang Changjiang	37,692.19 sq.m.	January 16, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Qiaobian Town	Integrated warehouse	Yichang Changjiang	5,860.26 sq.m.	January 16, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Qiaobian Town	Controlling house	Yichang Changjiang	805.92 sq.m.	January 16, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Qiaobian Town	Power supply room for workshops	Yichang Changjiang	191.79 sq.m.	January 16, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.

Location	Permitted Usage	Registered Owner	Construction Area (sq.m.)	Issuance Date	Encumbrance
Qiaobian Town	Laboratory	Yichang Changjiang	707.60 sq.m.	January 16, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Qiaobian Town	Air compressor room	Yichang Changjiang	1,590.62 sq.m.	January 16, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Qiaobian Town	Residence	Yichang Changjiang	4,839.72 sq.m.	January 17, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Qiaobian Town	Residence	Yichang Changjiang	3,499.77 sq.m.	January 17, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Qiaobian Town	Office building	Yichang Changjiang	1,787.18 sq.m.	January 16, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Qiaobian Town	Garage	Yichang Changjiang	111.95 sq.m.	January 16, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Qiaobian Town	Machine workshop	Yichang Changjiang	4,385.53 sq.m.	January 17, 2007	Mortgaged to Yichang Branch, Bank of Communications Co., Ltd.
Xuxiake Town	Non-residential	Jiangyin Xinren	22,380.29 sq.m.	March 16, 2010	Mortgaged to Jiangyin Branch of China Agricultural Bank of China Limited
Xuxiake Town	Non-residential	Jiangyin Xinren	28,539.41 sq.m.	March 16, 2010	Mortgaged to Jiangyin Branch of China Agricultural Bank of China Limited

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APPENDIX F — INDUSTRY OVERVIEW

The following information and data presented in the sections "The PRC Aluminum Industry" and "Global Aluminum Industry Outlook", including the analysis of the various sectors of the aluminum industry, has been commissioned by the Company to be provided by each of Sunlight Metal and CRU Strategies respectively, for the purposes of incorporation into this offering document. Sunlight Metal and CRU Strategies have advised that the statistical and graphical information contained herein is drawn from its database and other sources. In connection therewith, Sunlight Metal and CRU Strategies have advised that: (i) certain information in Sunlight Metal and CRU Strategies' databases are derived from estimates or subjective judgments; (ii) the information in the databases of other commodities data collection agencies may differ from the information in the databases of Sunlight Metal and CRU Strategies; (iii) whilst Sunlight Metal and CRU Strategies have taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors; (iv) Sunlight Metal and CRU Strategies, their respective agents, officers and employees do not accept liability (save for statutory liabilities under Sections 253 and 254 of the Securities and Futures Act) for any loss suffered in consequence of reliance on such information or in any other manner; and (v) the provision of such data, graphs and tables does not obviate the need to make appropriate further inquiries. While we believe that the information and data are reliable, we cannot ensure the accuracy of the information or data, and neither our Company, the Vendors, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, or any of their affiliates or advisers have independently verified this information or data. You should not assume that the information and data contained in this section is accurate as of any date other than the date of this offering document, except as otherwise indicated. You should also be aware that since the date of this offering document, there may have been changes in the aluminum industry and the various sectors therein which could affect the accuracy or completeness of the information in this section.

GLOBAL ALUMINUM INDUSTRY OUTLOOK

Overview

The aluminum industry is the world's second largest metals industry, after steel. The global consumption of primary aluminum in 2009 was estimated by CRU Strategies to be approximately 34.3 million tonnes. Primary aluminum is aluminum made from alumina (which is made from bauxite). One tonne of aluminum will require approximately 2 tonnes of alumina which in turn require 4 tonnes of bauxite. In addition, the world consumption of secondary aluminum (made from scrap) was estimated to be approximately 13 million tonnes in 2009 by CRU Strategies. The total value of primary aluminum produced in 2009 was $64.1 billion. Primary and secondary aluminum is further transformed into various fabricated products, for example rolled sheet, coil and plate, extruded bars and sections, wire-rod, castings and forgings, before final use in manufacturing.

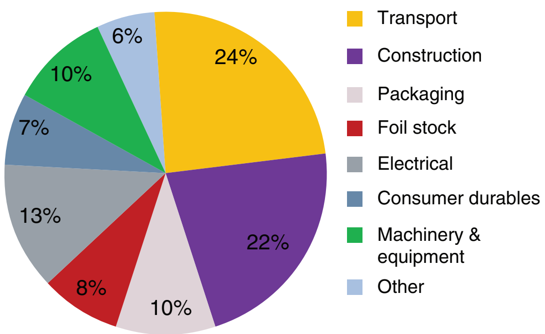
Aluminum is an abundant element in nature, but its principal commercial ore is bauxite. Bauxite is largely found in tropical areas of the world, with the main global reserves located in Guinea (West Africa), Australia, Brazil, India and Jamaica. China is a big bauxite producer currently, though on an apparently small reserve base. Mining is a simple operation, and the cost of bauxite forms only a small proportion of the total cost of producing primary aluminum. From bauxite, aluminum is produced in two stages. First, bauxite is processed in an alumina refinery to produce alumina (Al_2O_3), an oxide of aluminum. Secondly, alumina is processed into aluminum in an electrolytic smelter. The main costs of converting bauxite into alumina are electricity costs (in the form of process steam and fuel for calcination), labour and caustic soda. For the conversion of alumina into aluminum, the main costs are electricity costs, labour and carbon products (coke and pitch). Electricity costs are the largest cause for variation in production costs between smelters. The relative costs of production and freight tend to favour the processing of alumina close to the source of bauxite ores, and the processing of aluminum close to a source of low cost electricity. In the last decade, China broke these industry norms by building up its domestic smelting capacity despite not having a particular energy cost advantage, as a result of strong domestic demand and growth potential.

There are two smelting technologies involved in the electrolytic process commonly used to produce primary aluminum: the "Søderberg" or "Self-baking" technology and the "Pre-baked" technology. "Søderberg" or "self-baking" technology has been phased out in the PRC by the Chinese government, due to its higher electricity consumption and pollutive emissions compared to "pre-baked" technology, with all such capacity permanently closed since 2008. In the USA all Søderberg smelters in are now either closed permanently or idled; in Canada there are still three operational Søderberg potlines (Kitmat, Shawinigan falls and Baie Comeau); and in Western Europe the vast majority of the Søderberg capacity is closed, aside from two smelters. The main remaining Søderberg smelters are in the CIS and Brazil.

The applications of aluminum took off very rapidly during the Second World War, due to increased military use. Civil applications then grew rapidly between 1945 and 1970, by which time the uses of aluminum were very broad based. Currently, the main uses include transport (in road vehicles, aircraft, railcars and marine uses), construction (windows, doors, cladding, facades), in packaging (drinks cans, aluminum foil), electrical (cable and wire), consumer durables, and in general engineering.

CRU | STRATEGIES

Aluminum has a broad range of end-uses



2009 global primary aluminum fabricated products by end-use

Data: CRU Strategies

Transport sector is the single largest market for primary aluminum products – representing significant proportions of castings, FRPs and extrusions.

Construction is the next largest sector for aluminum – and is very important for extrusion demand.

Virtually all packaging demand is in the form of sheet, as is of course, foil stock.

Most wire and cable goes into the electrical sector.

Aluminum demand

Primary aluminum consumption is cyclical, driven by changes in industrial production ("IP") and GDP. Aluminum consumption is also impacted by inventory building and the reduction thereof throughout the manufacturing value chain. Over the last ten years, worldwide consumption of primary aluminum has grown at an average annual growth rate of 3.7%, fuelled by the strong demand from emerging markets, especially from China, India, Russia and Brazil. However as a result of the global financial crisis, global consumption of primary aluminum fell in 2009 by 8.4%. The turnaround in global primary aluminum demand was fuelled particularly by re-stocking in China, including the build-up of 590,000 tonnes of off-warrant stocks by the State Reserve Bureau ("SRB").

Historically the global demand for aluminum has grown in excess of global GDP. The chart below shows the sensitivity of metals consumption to world GDP growth from 1990 to 2009. It illustrates that aluminum was more sensitive to changes in the world GDP growth than nickel, copper and zinc.

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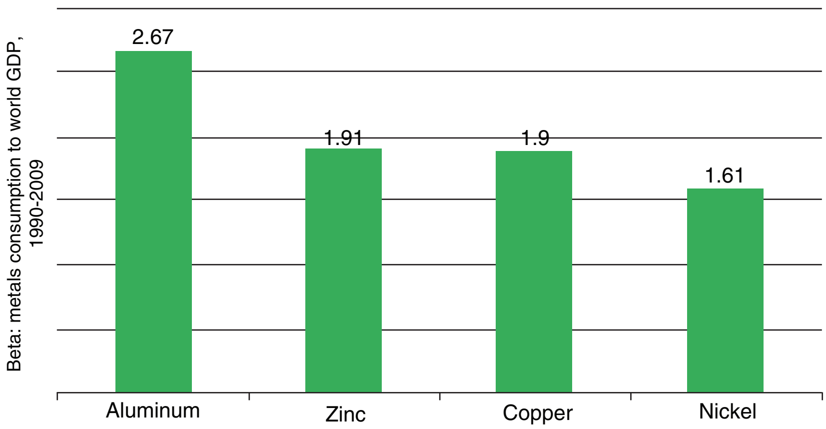
Metals consumption sensitivity to world GDP



Data: CRU Strategies.

The following table shows the macro-economic outlook for the world economies for the years 2005-2012:

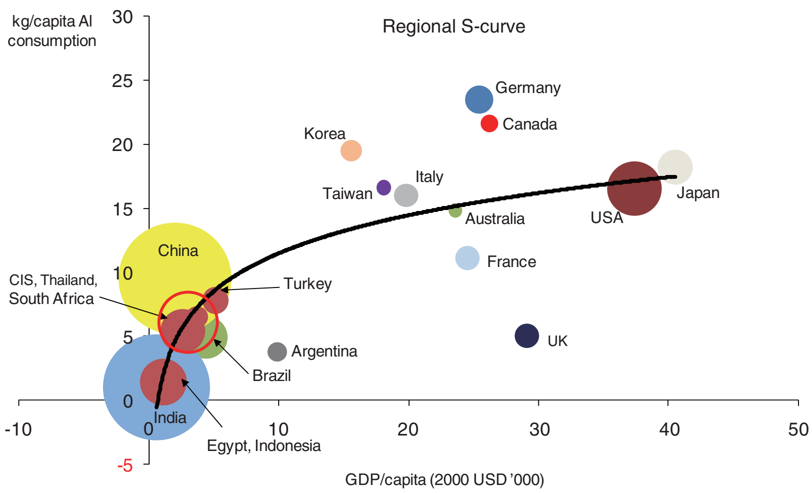
Macro-economic outlook, GDP and IP, 2005-2012

	2005	2006	2007	2008	2009	2010	2011	2012
World economic growth (percentage change in real GDP/GNP year-on-year)								
USA	3.1	2.7	2.1	0.4	-2.4	3.0	3.5	3.4
China	11.3	12.7	14.2	9.6	8.7	10.1	8.7	9.2
Asia	5.4	6.5	6.5	3.5	0.8	6.3	5.4	5.9
G-7	2.3	2.6	2.2	0.1	-3.5	2.4	2.6	2.8
Developing economies	7.4	8.3	8.9	6.4	2.5	6.8	6.8	7.1
World	**3.5**	**4.2**	**3.9**	**1.8**	**-2.1**	**3.5**	**3.7**	**4.0**
Industrial production (percentage change year-on-year)								
USA	3.3	2.3	1.5	-2.2	-9.7	5.0	4.8	6.5
China	16.0	16.2	17.4	12.8	12.2	15.8	11.3	12.2
OECD	2.1	3.5	2.8	-1.9	-12.3	6.9	5.0	5.2
World	**3.7**	**5.1**	**4.9**	**0.5**	**-7.9**	**8.9**	**6.4**	**6.8**

Data: CRU Strategies

The chart below summarises the relation between per capita consumption of aluminum and GDP per capita in countries at different stages of economic development. As illustrated in the chart, countries currently with lower levels of GDP per capita (bottom left-hand quadrant) generally, on a per capita basis, consume lower levels of aluminum in comparison to countries with higher levels of GDP per capita (top right-hand quadrant). As the GDP per capita of countries in the lower left quadrant, such as China, India and Brazil increases, the amount of aluminum on a per capita basis they consume is expected to increase toward the level shown by the countries in the upper right quadrant. With still relatively low GDP per capita compared to the US and Japan, aluminum demand in these developing countries, particularly China, is expected to have significant further structural growth.

China, Brazil and India to drive long term aluminum demand



Data: CRU Strategies.

The improvement in aluminum demand in China continues to look promising. Demand at the end of 2009 continued to improve robustly in volume terms compared to the 12.6 million tonnes consumed in 2008, reaching 13.9 million tonnes. Aluminum demand in China benefitted from the strong performance of the automotive sector, combined with government stimulus measures which proved to be more effective and more immediate than many of the programmes announced by developed countries. Vehicle production in China increased by 45.1% year-on-year in 2009, and both private and government fixed investment increased by 22.0% and 14.4%, respectively, in 2009. In 2010, the Chinese government is set to keep in place the bulk of measures aimed at stimulating domestic consumer demand, including those relating to sales of vehicles and appliances. In addition, with the labor market also improving as firms plan to expand employment, consumer spending growth is projected to accelerate. Although investment growth is likely to slow and the measures to stimulate real estate activity will be withdrawn, primarily to avoid asset bubbles, investment percentage growth should still remain in double-digit territory. Thus, with industrial production forecast to grow by over 15.8% in 2010, demand growth will remain strong in China. Global demand for aluminum is expected to recover in 2010, growing by 16%, largely due to the continued expansion in China, which is expected to grow at 19.9%, as well as recovery in the rest of the world (excluding China) that is expected to grow at 13.4%. Even in the slower recovering regions of the world, the impact of China's economic recovery will have some positive effect on such countries' economic expansion through their trade with China. The aluminum market is set to continue to grow, albeit at a slower pace, over the remainder of the forecast period out to 2012.

The following table shows a geographic breakdown of aluminum consumption for the years 2005-2012:

Global aluminum consumption by major region, 2005-2012 ('000 tonnes)

	2005	2006	2007	2008	2009	2010	2011	2012	CAGR 2009-12
Asia	14,350	16,275	19,759	20,163	21,039	24,971	27,356	29,918	12.5%
North America	7,164	7,190	6,483	5,991	4,546	5,132	5,514	5,872	8.9%
Europe	8,503	8,949	9,449	8,812	6,466	7,234	7,549	7,961	7.2%
Africa	426	495	519	573	497	565	613	655	9.6%
Rest of World	1,542	1,589	1,776	1,881	1,744	1,894	2,016	2,140	7.1%
World	**31,986**	**34,498**	**37,986**	**37,420**	**34,292**	**39,796**	**43,048**	**46,547**	**10.7%**
Year-on-year% change	5.1%	7.9%	10.1%	-1.5%	-8.4%	16.0%	8.2%	8.1%	

Data: CRU Strategies

Aluminum supply

Until 1974, aluminum production took place primarily in the main aluminum consuming countries of Western Europe, the United States, Japan and the current Commonwealth of Independent States. Between 1974 and 1989, the importance of these areas as the origins of production declined as new smelters were built in countries with low-cost electricity — in Latin America, Australia, the Middle East and Canada. From 1989 to the current day these trends continued, but the Middle East and Southern Africa surpassed Australia and Latin America as fast-growing producers. The biggest change in the aluminum production over the last 10 to 15 years has been the rapid emergence of China as a producer. China is currently the single largest producing country in the world based on annual aluminum production. While China relies primarily on thermal coal and therefore does not benefit from low power costs, it has been able to increase its production to feed its rapidly growing domestic market due to its low capital, labour and realization costs.

Chinese primary aluminum production in 2009 is estimated to be 13.6 million tonnes, up slightly from the 2008 production levels, and accounted for 36% of global production. It is also estimated that China imported 1.5 million tonnes of aluminum in 2009. This is partially explained by buyers taking advantage of an arbitrage opportunity between the LME and SHFE prices as well as stock replenishment. Going forward, we expect China to be at most a small net importer. This is due to the expected high growth in demand and the high cost of thermal coal which local smelters predominantly use constraining production growth.

After the slump in consumption that took place in the fourth quarter of 2008 and first half of 2009, aluminum producers tried to stem rising market surpluses by curtailing smelting capacity. Between October 2008 and August 2009, aluminum producers around the world announced production curtailments for a total of 7.1 million tonnes per year of smelting capacity, of which around 53% was located in China.

With LME cash prices moving higher in 2010, some producers were tempted to restart capacity. However after a spate of restarts firstly in China and then in the rest of the world, producers became more cautious about restarting more capacity as metal prices remained volatile. Our forecast includes unallocated closures of 710,000 tpy for 2010.

Smelters are ramping up in the Middle East in 2010 and in India in 2011, but producers outside of China are only likely to restart capacity once aluminum prices is more solid. China will represent the main contributor to capacity growth over the forecast period, but with the aluminum market oversupplied in the short term, investment in new smelting capacity is likely to slow. The long time to market for smelting projects outside of China are likely to prompt some production restarts outside of China in the medium term.

Energy bottlenecks and high power prices are also likely to play a role in determining production levels over the forecast period. Chinese producers have seen their power costs rise on the back of the cancellation of some discounts that were initially given by the central and local governments to weather the downturn. Additionally, due to the heavy reliance that the Chinese power industry has on coal power generations any bottleneck in the coal supply infrastructure (mainly railway capacity) might end up creating power shortages. Outside of China, South African aluminum smelters are likely to face huge challenges as the economy continues to grow while power generation capacity remains limited. However, all factors combined, global aluminum production is forecast to return to growth in 2010 after the self-imposed cuts in 2008 and 2009. Production will surpass 2008 production levels in 2010, and continue to grow reaching 47.4m tonnes in 2012.

The following table shows a geographic breakdown of aluminum capacity and production for the years 2005-2012:

Global capacity and production by major region, 2005-2012 ('000 tonnes)

	2005	2006	2007	2008	2009	2010	2011	2012	CAGR 2009-12
Capacity									
Asia	13,899	15,429	18,098	21,077	24,305	28,742	33,109	36,356	14.4%
North America	6,734	6,733	6,684	6,756	6,745	6,782	6,601	6,411	-1.7%
Europe	9,158	9,277	9,515	10,099	10,286	10,312	10,319	10,512	0.7%
Africa	2,073	2,113	2,150	2,158	2,165	2,177	2,181	2,181	0.2%
Rest of World	4,704	4,837	4,928	5,089	5,117	5,107	5,130	5,429	2.0%
World	**36,568**	**38,389**	**41,375**	**45,178**	**48,618**	**53,120**	**57,339**	**60,889**	**7.8%**
Year-on-year% change	6.7%	5.0%	7.8%	9.2%	7.6%	9.3%	7.9%	6.2%	
Production									
Asia	11,213	13,082	16,572	17,920	18,368	23,387	26,033	28,489	15.8%
North America	5,382	5,333	5,642	5,783	4,759	4,702	4,543	4,496	-1.9%
Europe	8,980	8,866	9,217	9,757	8,144	8,295	8,117	8,244	0.4%
Africa	1,753	1,864	1,815	1,715	1,681	1,713	1,552	1,588	-1.9%
Rest of World	4,643	4,768	4,871	4,956	4,718	4,389	4,212	4,577	-1.0%
World	**31,970**	**33,913**	**38,117**	**40,131**	**37,669**	**42,485**	**44,456**	**47,393**	**8.0%**
Year-on-year% change	7.0%	6.1%	12.4%	5.3%	-6.1%	12.8%	4.6%	6.6%	

Data: CRU Strategies

Alumina

Stronger demand for alumina mainly from smelter restarts in China and an unprecedented level of curtailments in refining capacity helped the global market return to balance during the course of 2009. Alumina supply in 2010 will be greater than demand, with the market surplus further increasing over 2011-12. Over the short-term, there remain a number of uncertainties around the re-activation of idled capacity and the commissioning of new smelting capacity in China and other parts of the world.

However with average refinery utilization rates at 78.5% in 2009 and forecast at 82.6% in 2010, any sustained increases in demand will be comfortably accommodated by the overhang of idled capacity.

Alumina is priced in one of two main ways. It is either sold on a spot basis, at a fixed price for a specified period (usually one year), or it is sold on the basis of a formula related to the LME metal price. The simplest type of formula is a straightforward percentage of LME metal price. The usual range historically has been 12.5-13.0% FOB. Spot prices are the most volatile of the alumina prices, as it is in the spot market that imbalances in supply and demand are felt.

In China, there are three reference prices for alumina: the import price, for example the alumina FOB Australia price, the Chalco alumina price, and the non-Chalco alumina price. The Chalco alumina price and the Non-Chalco alumina price are more commonly used in China. Most of the alumina in China is sold on spot or short-term contract terms. A short-term contract price is based on the SHFE 3-months aluminum price.

Aluminum smelters outside China invariably buy alumina on medium or long term contracts, to ensure a regular supply of alumina, and to ensure a constant supply of material of the same specification. Long-term (3-5 years) contracts would assist a smelter to get more certainty over its costs, with alumina priced at a percentage of the LME or perhaps the SHFE aluminum price. The benefit of pricing on an LME or SHFE basis is that the risk of volatility in the metal price is shared with the supplier of alumina. Long-term contracts also give the smelter greater security of supply of alumina, which would be valuable in view of the net import status of China for bauxite and alumina.

The following table shows the world alumina demand, capacity, and production for the years 2005-2012:

World alumina demand, capacity and production, 2005-2012

	2005	2006	2007	2008	2009	2010	2011	2012
Alumina market balance ('000 tonnes)								
World metal grade demand	62,346	66,176	74,463	78,419	73,641	82,046	85,867	91,774
World non-metal grade demand	5,503	5,645	5,905	6,038	5,312	5,509	5,839	6,169
World alumina demand	67,849	71,821	80,368	84,457	78,953	87,555	91,706	97,942
World capacity	68,386	76,623	86,904	95,556	100,637	105,942	114,270	120,099
World alumina production	66,406	73,658	81,055	85,089	79,145	87,657	92,848	99,856
Actual utilization rate%	97.1%	96.1%	93.3%	89.0%	78.6%	82.7%	81.3%	83.1%

Data: CRU Strategies

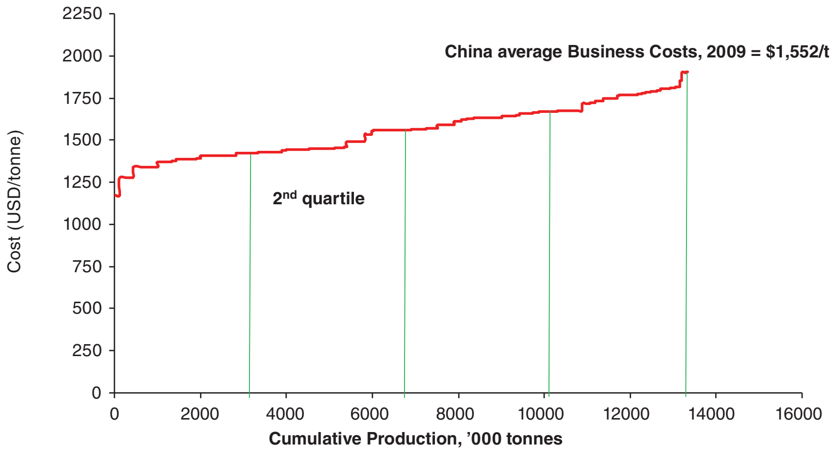
Costs

CRU Strategies estimates the global average *Business Costs* (as defined below) for the primary aluminum industry decreased by 29.4% from 2008 levels to $1,453/tonne in 2009. This sharp fall comes as a result of the global financial/economic crisis and a fall back in the aluminum price, from an average LME 3-month price of $2,622/tonne in 2008 to $1,701/tonne in 2009.

Site Costs are all of the costs incurred at the specific production site, and are usually subdivided into raw material costs and conversion costs. *Business Costs* are *Site Costs* plus the additional costs associated with the transportation, sale and marketing of aluminum products. *Business Costs* estimates for the Yichang Plant and the Liupanshui Plant have been drawn from data provided by the Company. Comparative costs have come from CRU's extensive databases and analysis of the global aluminum industry, with costs generated by the CRU Primary Aluminum Smelting Cost model (see Appendix).

The average business cost in China was USD1,552 per tonne in 2009, down 35% from the 2008 average. China as a whole has higher costs than the world average; however, Chinese smelters benefit from the net realization costs i.e. the premium from the SHFE against LME price. The Business Costs of the Yichang plant and the Liupanshui plant in 2009, as benchmarked against 66 other Chinese smelters, are situated in the first half of the Second Quartile of the cost curve containing only Chinese smelters, as set out in the cost curve below.

China Aluminum Smelting Business Costs for 2009 (nominal USD/tonne)



Data: CRU Strategies

Aluminum prices

The period over 2005 to 2007 witnessed the most substantial increase in aluminum price since the late 1980s. The rally in prices started in 2003, when prices were driven by the emergence of China as a major consumer of aluminum. Chinese domestic demand increased 160% between 2003 and 2008. Prices continued to rise over 2008, reaching the highest point in July of 2008 of USD3,122/tonne. In real terms these prices were still below the peaks of 1980 and 1988 when real prices exceeded USD3,500/tonne. The global financial and economic crisis caused primary aluminum prices to fall continuously after the peak in July 2008 until the end of that year and through the first quarter of 2009, when the 3-month LME price averaged USD1,396/tonne. Since then, aluminum prices have recovered strongly, averaging USD2,034/tonne in the last quarter of 2009.

The following table shows the 3-month LME price for the years 2005-2009:

Historical 3-month LME price, 2005-2009 (USD/tonne)

	2005	2006	2007	2008	2009
LME 3-Month, nominal	1,899	2,592	2,662	2,620	1,701
Year-on-year% change	10.3%	36.5%	2.7%	-1.6%	-35.1%
LME 3-Month, 2009$	2,085	2,756	2,751	2,651	1,701
Year-on-year% change	6.8%	32.2%	-0.2%	-3.6%	-35.8%

Data: CRU Strategies

The aluminum LME 3-month price for Q1 2010 averaged at $2,196/tonne. In early Q2 the aluminum price traded just under $2,500/tonne, but since mid-April, increased macroeconomic uncertainty in the wake of concerns about the fragility of European economies led to falling prices. As a consequence in June 2010, the 3-month aluminum price moved in the range of $1,850-2,000/tonne, reaching an average of $1,961 per tonne in Q2 2010. Increased metal availability and uncertainty over the immediate economic outlook are expected to weigh on short term aluminum prices. We expect the macroeconomic outlook to improve over the course of the year and demand projections for 2010 look firmer on the pick-up in the world excluding China in 2Q2010.

Whilst restocking and the lack of available scrap metal are positive for the aluminum price over the remainder of 2010, the stronger outlook for production both in China and the world outside China combined with the seasonal tick downwards in demand will moderate the outlook for the aluminum price. As a consequence, CRU Strategies anticipates prices to continue to ease in the second half of 2010 compared to the prices seen in the first half of the year, with the 3-month LME price averaging $2,075/tonne for the year. Over the remainder of the forecast period 2011-12, higher smelting costs and stronger global demand growth are likely to keep average prices above USD2,000/tonne.

In general, the SHFE prices follow the LME, but the premium or discount between the two depends on a number of short-term considerations, such as the metal trade flows, exchange rate, local supply and demand, and taxation. The boundaries of the premium or discount are set by the arbitrage possibilities. When the SHFE and LME move too far out of line with one another, importing or exporting becomes attractive and is the mechanism by which the market returns to equilibrium.

Metal prices on the SHFE surged over 2009 on better than expected demand growth, metal purchases by the SRB, higher smelting costs and the threat of smelter disruptions on severe weather conditions. SHFE 3-months prices traded above Rmb17,600/tonne and generally maintained a premium over LME prices during much of 2009. The threat of tightening of monetary policies in China following the easy availability of liquidity flowing into commodities and construction markets has weighed down on prices. The arbitrage between LME and SHFE prices has disappeared following recent LME strength and will lead to a slowdown in primary imports from the rest of the world into China in the near term.

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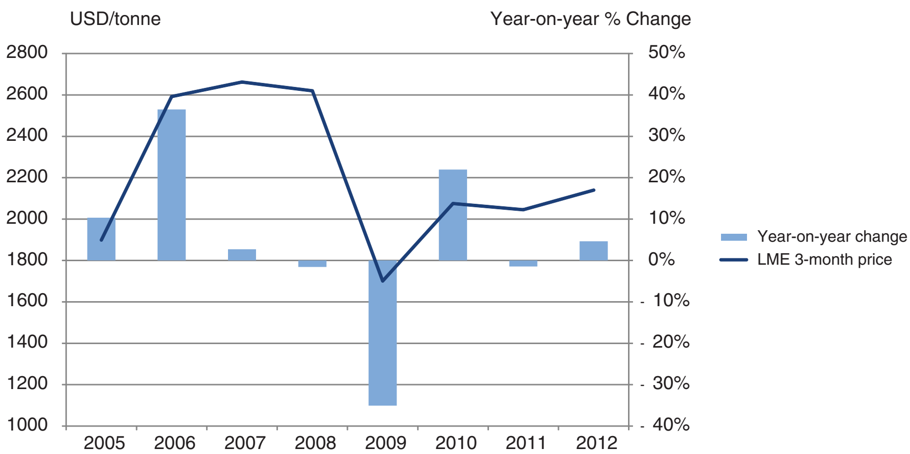
LME annual average aluminum prices



Data: CRU Strategies

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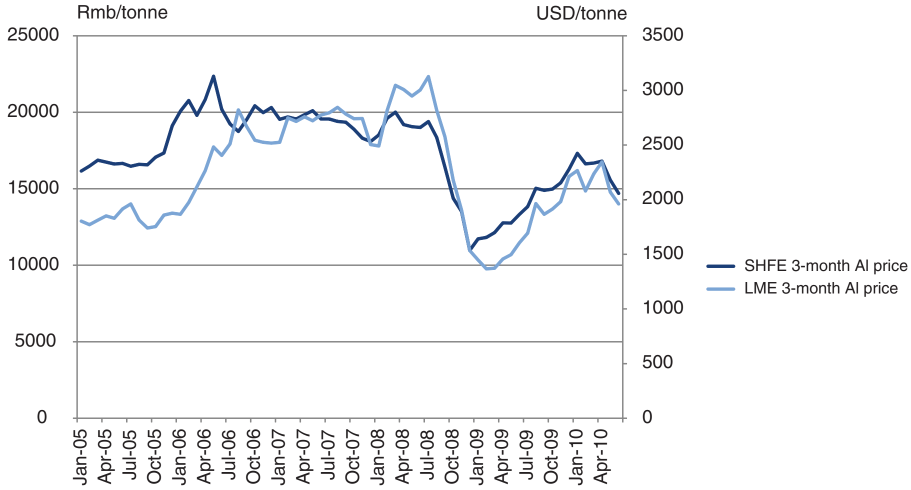
Shanghai trades in tandem for the most part with the LME



Data: CRU Strategies

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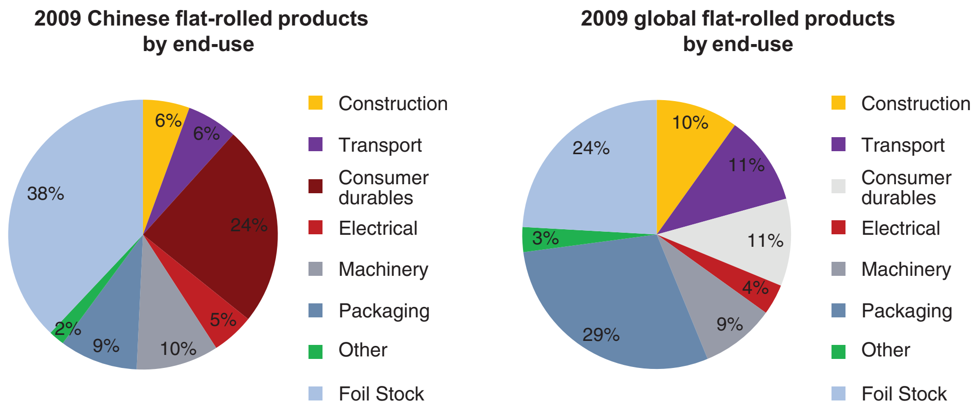
Fabricated aluminum products

The main types of plants for the fabricating of primary aluminum are rolling mills, extrusion plants and foundries. Rolling mills produce flat rolled products ("FRP"), such as sheet, plate, coils and foil stock. Extruders produce long sections such as tubes, pipes, bars and profiles. Foundries produce cast and die cast parts. Other aluminum fabricating plants produce forgings and wire rod.

Rolled products can be produced via a conventional hot mill — cold mill process, or by means of continuous casters. The stages of production at a conventional mill are: casting of slabs; slab pre-heat; hot-rolling; cold rolling; annealing; finishing. Most products require the whole process, but thick products, such as plate, may require only hot-rolling. Conventional mills are subject to economies of scale, and a minimum economic scale for a new hot mill is about 350,000 tonnes per year. Continuous caster mills can operate economically at a lower economic scale. The stages of the process are: melting; casting; cold rolling; annealing and finishing. In the continuous caster molten metal is poured onto a roll or belt, where it solidifies as a continuous strip of 3-6mm thickness. Rolling mills tend to be located close to their markets. The mills produce a wide variety of products for different consumers, and transport costs are minimised by being close to these consumers. There are, however, a few large export-oriented rolling mills. Continuous caster mills are suited for smaller markets, for example in emerging economies, where it is difficult to justify the scale of a hot mill.

Packaging (including foilstock) accounted for over 50% of global end-use FRP consumption in 2009. Combining packaging with transport and consumer durables, these three sectors account for around 75% of FRP consumption. The remaining 25% is consumed in construction, electrical, machinery and other sectors. In China, packaging and consumer durables account for the bulk (62% in 2009) of the end-use of flat-rolled products.

Aluminum flat-rolled products consumption by end-use

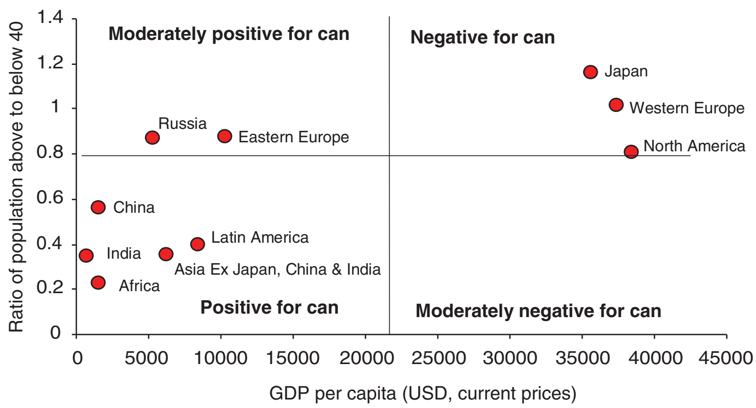


Data: CRU Strategies

Packaging

Aluminum is used for both flexible and rigid packaging products that are used by such industries as food and beverage, pharmaceuticals and tobacco. These markets are less cyclical than other applications and are thus strategically attractive to aluminum companies. However, in advanced industrial countries such markets are fairly mature and aluminum faces increasing competition from alternative packaging systems including plastics and laminates. Thus, the best prospects for further growth of such products are now in developing countries where carbonated beverage consumption has high growth potential and in countries with a high glass bottle share, where aluminum and plastics can both share in the substitution potential in beer packaging. Examples are in China, India and Latin America.

Age, affluence and can consumption



Data: CRU, United Nations

Transport

The light weight of aluminum in relation to its strength is its major selling point in transportation. Aluminum is widely used in commercial vehicles where, given overall highway weight limits, any reduction in vehicle weight translates into additional cargo capacity and, therefore, income for the operator. It is also an attractive metal for mass transit systems where vehicle acceleration is an important aspect for journey times and thus the efficiency with which expensive assets are used. However, it is in the auto industry where the greatest potential is thought to exist. From the chart below, we will see huge growth potential in car ownership in China, India and Indonesia which will further underpin demand of aluminum.

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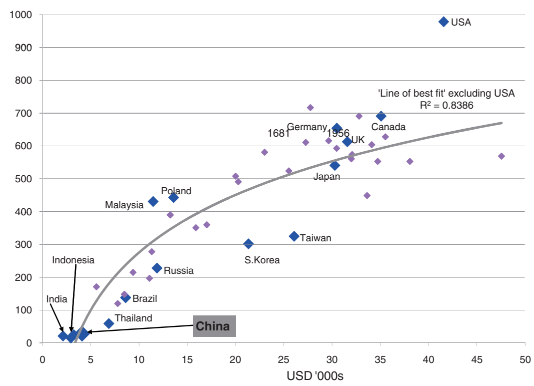
GDP/capita versus car ownership

Personal vehicles per '000 driving population (2007) versus GDP/capita at PPP exchange rates (2005)



Data: CRU Strategies

Flat-rolled products (FRP)

CRU Strategies estimates that the downturn in the global economy over 2009 resulted in a fall of 9.5% in global consumption of aluminum FRP in 2009. This fall would have been significantly worse had it not been for the strong recovery in China in the second half of 2009.

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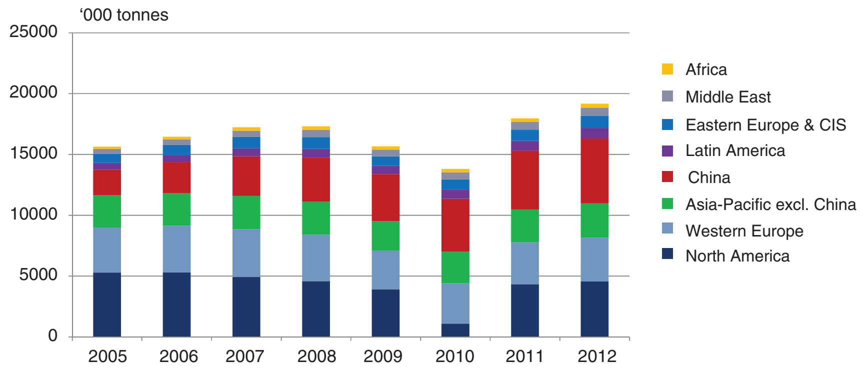
Global consumption of aluminum flat-rolled products underpinned by China



Data: CRU Strategies

Chinese momentum will continue through 2010 to see double-digit percentage growth rates in FRP consumption, although for Europe, Japan and the US, low to mid single-digit percentage growth rates can be expected. As the recovery in Chinese economic activity continues, with the focus going forward on consumption and exports rather than investment, a strong gain is forecast for 2010 and to the end of the forecast period in 2012.

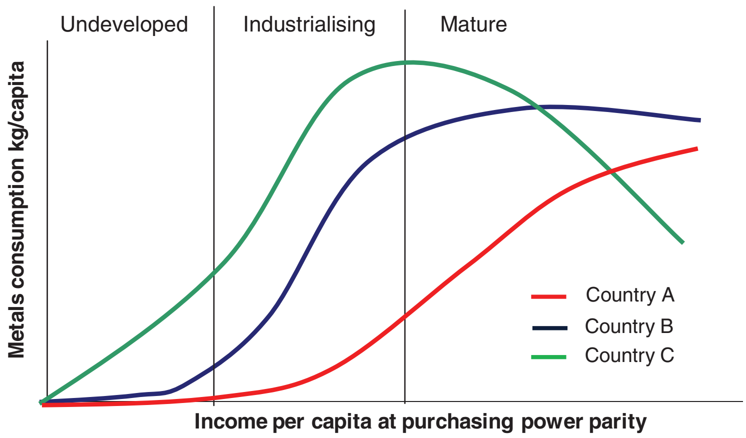
Longer-term outlook for primary aluminum

There are a number of structural developments that are expected to shape the aluminum industry over the longer term, and can be considered as long term opportunities to an incumbent producer.

Demand

Growth in China has dominated the industry over the past decade. The country still offers enormous potential for further aluminum demand growth from infrastructure-related goods such as building products as it continues to industrialise. Over the longer-term, China's pattern of end-use aluminum demand will start to move towards consumer-related items such as automobiles, packaging and durables. India is often talked about as "the next China", and a take-off phase of growth in developing countries in general in the manner of China is a major opportunity for the aluminum industry going forward.

Intensity of use of metals varies as countries reach different stages of the development cycle



Notes: These curves are for indicative purposes and reflect noted trends in data, and are not based on actual data for a given country.

Source: CRU Strategies

Higher energy prices and more stringent regulation on carbon emissions also encourage use of lightweight materials in the automotive sector, which may present attractive opportunities for substitution from steel to aluminum. The substitution trend is already well-established: according to The Aluminum Association, the average aluminum content of vehicles in North America in 2009 is estimated at 148 kilograms, up 20.0% compared to the average content of 123 kilograms in 2002. Average aluminum content has increased by 25% in the EU over the same period.

Availability of low-cost electricity

A step increase in future electricity costs and/or carbon taxes is a possibility. Smelters and refineries face competition for power sources and/or environmental regulation, including carbon emissions abatement policies. Since the start of the EU Greenhouse Gas Emission Trading Scheme in 2005, other countries have discussed the implementation of similar schemes. The impact of a wider roll-out in carbon emissions regulation will be to increase the cost base in certain countries. Whether it will result in an increase in the long-run marginal cost, and cause long term structural increase to prices, depends on the extent to which it is rolled out to the likely regions for new smelting capacity, such as the Middle East, North Africa and Russia. However, even if these regions avoid carbon taxes or limits, there will be an increased demand for new capacity to replace capacity that becomes uneconomic in locations such as Europe, where the cap and trade schemes have been implemented.

Bauxite resources

A lack of available bauxite to Chinese refineries could act as the most severe constraint on the Chinese alumina sector. There is huge uncertainty surrounding the long term sustainability of bauxite supplies from Indonesia, including the possibility that the Indonesian government may stop bauxite exports in order to foster a domestic aluminum industry. Similarly, there are concerns about the longevity of domestic bauxite supplies. There is currently sufficient supply to meet current domestic operating levels in the short-term, but as we move forward 5 to 10 years the supply situation will certainly get tighter. Bauxite exploration is currently very active in China particularly in Shanxi, Henan and Guizhou provinces, but CRU Strategies believes that unless major new Chinese reserves are discovered, the availability and cost of bauxite will increasingly present a hurdle to entry for new participants and restrict the potential opportunities for expansions at existing operations. This is likely to exert upward pressure on the alumina long-run marginal cost, and in turn the aluminum long-run marginal cost.

Beyond China, a general decline in bauxite grades is also an important factor to watch. As existing operations reach the end of their mine life, they are generally replaced by deposits that previously have been considered unattractive to mine owing to higher costs. This is due to the fact that they contain lower grade material and/or are located in less accessible regions.

Technology

In smelting, continual improvements to increase the amperage of cells will improve metal output productivity and reduce operating costs. It is believed that the introduction of inert anode technology could reduce the long-run marginal cost by as much as 10-30%. However, there are still many material, operational, design, fabrication, metal purity, electricity savings, and productivity issues related to such technology that need to be fully resolved before inert anodes can reach full commercialization.

Appendix: The CRU Primary Aluminum Smelting Cost model

The CRU Primary Aluminum Smelting Cost model contains operating costs for every operating primary aluminum smelter in the world, aside from a small portion of the very small aluminum smelters, where CRU has amalgamated the correct capacity, production, and operational data.

The fundamental approach CRU uses to model primary aluminum smelting production costs is to identify the key process technology employed in each operation, at each smelter. Key equipment operating parameters are then determined, and CRU uses this as the basic driver of production costs. Actual equipment data is supported by a comprehensive macro-economic database of key input costs, and revised on a plant-by-plant basis to best represent the actual costs of each smelter.

Modelling of the aluminum smelting process is relatively straightforward. The basic processes of aluminum smelting are all covered, including the carbon plant (i.e. paste plant, green mill, anode baking furnaces and rodding lines), the potrooms (both Söderberg and pre-baked technology), environmental systems, and the casthouse. Another important aspect of the process is the transport options for moving the alumina from the refinery or port, and shipping out the casthouse products.

The CRU model takes into account whether a smelter makes its own anodes or paste, or whether it buys (or sells) anodes or paste. The models also take into account a variety of casthouse shapes that can be produced and attempts to accurately reflect each smelter's casthouse product mix, including whether the smelter takes in excess scrap for remelting to enhance the total output of the casthouse, over and above the potline metal production.

Although the main output from any primary aluminum smelting potline is liquid primary metal, most smelters do not deliver liquid metal as their final product. Most smelters operate a casthouse in which the liquid potroom metal in cast into a shape, where it is solidified and ready to be delivered to downstream customers.

CRU recognizes that there are differences in costs that are associated with different shapes and qualities of product. The standard product is primary ingot, which can come in the form of pig, sow or t-bar. Some smelters produce higher purity than the standard LME grade P1020, which can demand a premium on the market. Other value-added products include extrusion billet, rolling slab, primary foundry alloy, continuous cast rod and continuous cast strip.

Technical and input cost data for the Yichang Plant and the Liupanshui Plant were fed into the CRU model to develop its operating costs into the same format and definitions as used for all other smelters, so that a direct comparison could be made.

The above "Global Aluminum Industry Outlook" is dated September 30, 2010

For and on behalf of
CRU Strategies

Geoff Barber
Director

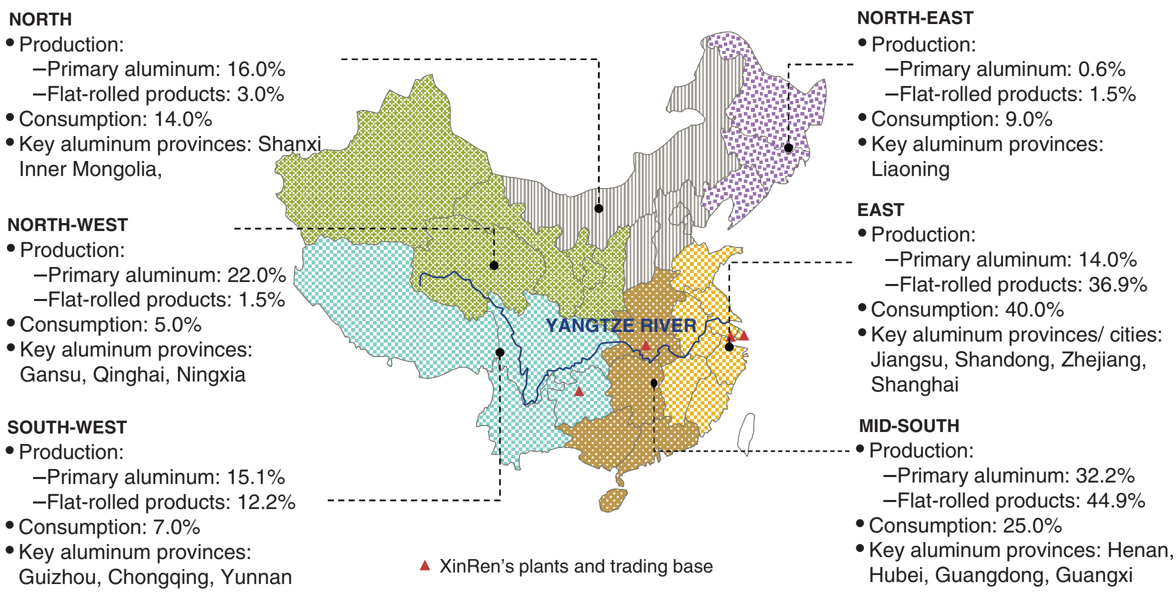
Overview of the PRC Economy

China's economy has had decades of rapid growth since its economic reform in the late 1970s. According to the National Bureau of Statistics of China, China's nominal GDP expanded at a CAGR of approximately 15.0%, from RMB10,966 billion in 2001 to RMB33,535 billion in 2009. Industrial production has been a major pillar in China's economic growth. China's industrial value-added increased from approximately RMB4,358 billion in 2001 to approximately RMB13,462 billion in 2009, representing a CAGR of 15.1% during the same period.

On the back of the robust GDP and industrial production growth, China's urban population reached 622 million in 2009, representing an urbanization rate of 46.6%, as compared to 37.7% in 2001.

Geographical Distribution of Aluminum Production and Consumption in China

The map below shows the geographical distribution of aluminum production and consumption in China (as percentages of total aluminum produced and consumed in China):



Notes:

(1) Production of primary aluminum is as of 2009 and production of flat-rolled productions and consumption of aluminum are as of 2008

(2) Definition of the regions is as follows:
East region — Shandong, Jiangsu, Anhui, Zhejiang, Jiangxi, Fujian and Shanghai
North-east region — Heilongjiang, Jilin and Liaoning
Mid-south region — Henan, Hubei, Hunan, Guangdong, Guangxi, Hainan
South-west region — Sichuan, Yunnan, Guizhou, Chongqing, Tibet
North-west region — Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang
North region — Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia

(3) The above analysis excludes Hong Kong, Macau and Taiwan

Source: Sunlight Metal

Chinese aluminum smelting companies are distributed across 21 provinces and autonomous regions in China. They are concentrated in provinces with rich bauxite resources and low energy cost, both of which are key elements in production of primary aluminum. For the downstream manufacturing sector, aluminum fabricated plants tend to be located in close proximity to the smelting plants and/or key end markets such as the major cities along the Yangtze River Delta.

East China, where the two trading companies and Jiangyin Fabrication Plant of XinRen Aluminum Holdings Limited ("XinRen") are located, is China's largest aluminum consuming region, accounting for 40.0% of the country's aluminum consumption in 2008. Within this region, the Yangtze River Delta is the most important and developed economic and manufacturing centre in China, contributing to over 20.0% of the national GDP in 2009, according to the National Bureau of Statistics of China. It is also a primary trading and distribution hub to the rest of China and the overseas markets. Moreover, the Yangtze River Delta is an important manufacturing base of flat-rolled products, contributing 19.3% to the overall production in China in 2008. In particular, Jiangsu province is the fastest growing province for aluminum foils manufacturing, due to its close proximity to major electronics, air-conditioning, packaging and printing industries. Production of aluminum foils in Jiangsu grew by 33.3% annually from 2003 to 2008 and the province accounted for 16.4% of China's foil production in 2008.

The mid-south region, where XinRen's Yichang Plant is situated, is the largest aluminum smelting base in China due to the availability of rich bauxite resources and energy sources, accounting for almost one-third of all aluminum smelting in China in 2008. It is also the second largest aluminum consuming region, accounting for 25.0% of the country's aluminum consumption in 2008. Consumption in the region is primarily driven by the construction, electrical and electronic industries in Guangdong, and manufacturing of flat-rolled products in Henan.

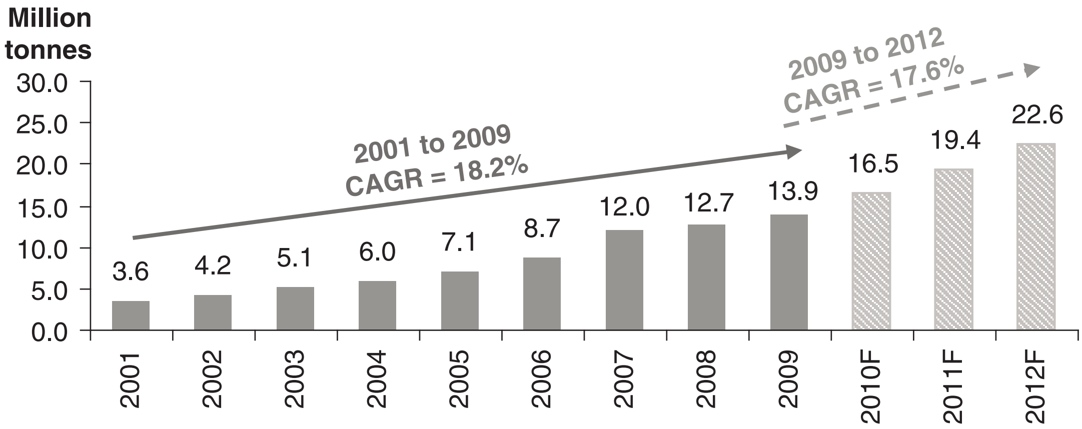
The south-west region, where XinRen's Liupanshui Plant is located, contributed to 15.1% of China's primary aluminum production in 2009. Guizhou is the sixth largest aluminum producing province in China. As it has significant coal reserves that can be used for generating electricity, the electricity tariffs charged in Guizhou are generally lower than provinces without significant energy resources. While most provinces curtailed production as a result of decreased demand during the global financial crisis commenced in late 2008, which resulted in an overall reduction of aluminum production in China by 2.5% in 2009, smelting in Guizhou province increased by 38.1% during the same period due to its competitive electricity costs. The south-west region was also the third most important region for production of flat-rolled products in China in 2008, which was primarily driven by the rapid development of the automotives and aluminum fabrication industries in Chongqing.

China Domestic Aluminum Consumption

Aluminum consumption in China experienced rapid growth in the last two decades on the back of strong economic growth. According to Sunlight Metal, China surpassed the United States and became the largest aluminum consumer in the world in 2004. Since then, China has remained the largest aluminum consumer in the world, accounting for 40.5% of global primary aluminum consumption in 2009. China consumed approximately 13.9 million tonnes of primary aluminum in 2009, representing a CAGR of 18.2%, compared with 3.6 million tonnes in 2001, according to Sunlight Metal.

Despite the strong growth in the last decade, per capita aluminum consumption in China remains far below than that of the developed economies. Urbanization and industrialization are expected to continue to be the growth engines of China's aluminum consumption. With the rising per capita income and the Chinese government's support to develop the domestic market and maintain high economic growth, Sunlight Metal expects China's primary aluminum consumption to grow at a CAGR of 17.6% from 2009 to 22.6 million tonnes in 2012, placing China in a position as the world's most important aluminum consumer.

The chart below sets out the historical and projected primary aluminum consumption in China for the period from 2001 to 2012.

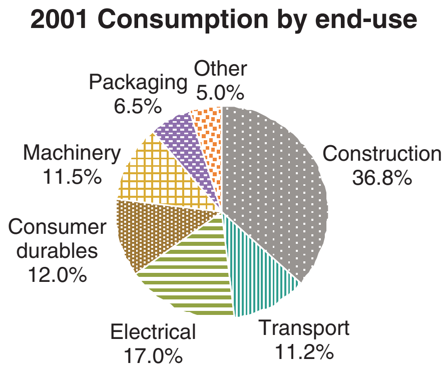


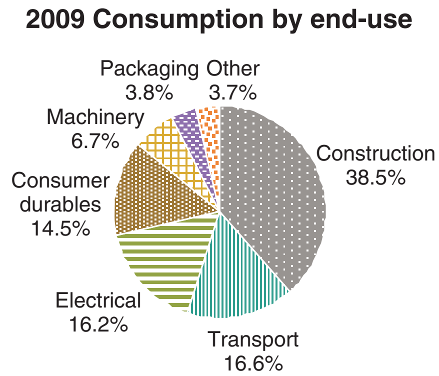
Source: Sunlight Metal

China Domestic Aluminum Consumption by Industry

Aluminum is widely used in nearly every industry in China. According to Sunlight Metal, the construction sector has been the largest aluminum consumer in China, followed by transport and electrical industries. China's aluminum consumption from the construction, transport and consumer durable industries experienced the most robust growth from 2001 to 2009.

The chart below shows a breakdown of China's aluminum consumption by end-use in 2001 and 2009.





Source: Sunlight Metal

Primary aluminum can be processed into various fabricated products including flat-rolled products (plates, sheets, coils, strips and foils), extrusion products (tubes, pipes, bars and profiles), sections, wire-rod, castings and forgings before final use in manufacturing. Flat-rolled and extrusion products respectively accounted for 38.5% and 51.4% of overall domestic fabricated aluminum products in China in 2009.

Light weight, corrosion resistance and malleability are the key features of sheets, coils and strips. In China, approximately 10.0% of sheets, coils and strips are used as foil stock, and the rest are used in building and construction industry (roof panels, decorative plates and curtain walls), packaging (cans and containers), transport (decorative plates and panels for aircrafts and automotives), printing (substrates) and other industries.

Sheets, coils and strips can be further processed into aluminum foils. Due to their excellent heat and electrical conductivity, foils are primarily used as heat exchangers (such as for air-conditioners and autos), and in packaging such as beverage cartons, cans, food and pharmaceutical packaging, and electrical and electronics industries (power and electrolytic capacitors and cable). These three segments accounted for 34.9%, 23.5% and 19.2% respectively of China's foil consumption in 2009.

Prospects of the fastest growing industries for aluminum consumption in China are as follows:

Construction

The construction sector is the largest consumer of aluminum in China, accounting for 38.5% of overall domestic aluminum consumption in the country in 2009. Aluminum products are used in the manufacturing of windows, doors, cladding and facades.

The construction sector has benefited from the economic recovery in China with both government infrastructure spending and private sector building projects rising strongly in the second half of 2009. The growth momentum is expected to continue with overall economic growth, urbanization, as well as increases in disposable income. Aluminum consumption per unit area of doors/windows is expected to increase as well due to higher energy-saving and thermal retention standards for buildings. Sunlight Metal expects floor space of buildings completed in China to grow by 8.0% annually from 2010 to 2012 and the overall aluminum consumption in the Chinese construction sector to reach an annual growth rate of 10% over the same period.

Transport

The transport sector is the second largest aluminum consumer in China, accounting for 16.6% of aluminum consumption in China in 2009. Aluminum is widely used in the automotives, railways and high-speed railways, aircrafts, marine and other transport segments, due to its light weight relative to its strength.

The transport industry, with the automotive segment accounting for more than half of the transport industry's aluminum consumption, is expected to be the fastest growing market for aluminum products. The strong economic growth, improving road transportation infrastructure and the enhancement of consumer purchasing power have been driving up demand for automotives and other means of transportation.

According to Sunlight Metal, the use of aluminum in the domestic automotives industry has strong growth potential. According to the China Automotive Industry Association, China's total vehicle ownership grew at a CAGR of approximately 33.3%, from approximately 18 million units in 2001 to 180 million units in 2009. Automakers also desire to incorporate more aluminum to reduce fuel consumption, meet fuel economy standards and address greenhouse gas issues through the application of light weight aluminum.

Sunlight Metal estimates that aluminum consumption in China's automotives industry and the overall domestic transport sector will grow by 18% and 15% annually respectively from 2010 to 2012.

Electrical/consumer durables

Electrical and consumer durables accounted for 16.2% and 14.5% of China's overall domestic aluminum consumption in 2009. The electrical industry has been supported by government's considerable investment in the national grid whereas the consumer durables sector is driven by economic growth and increases in disposable income.

Packaging

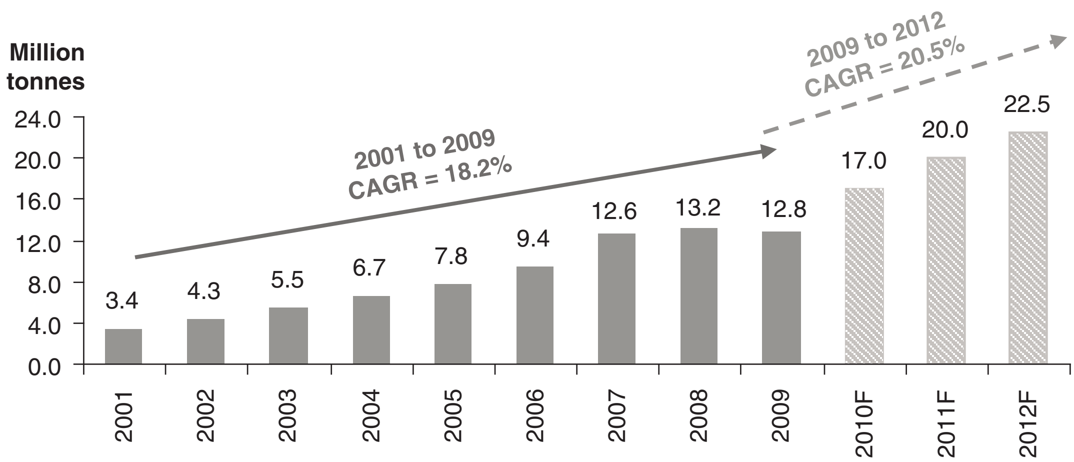
Although aluminum-based packaging accounted for only 3.8% of China's overall domestic aluminum consumption in 2009, it has high growth potential especially in the use of cans and packaging foils. China still relies heavily on imports for aluminum cans stock. In 2008, total consumption of cans stock in China was 293,000 tonnes, but only 23.3% of which were supplied by domestic manufacturers. With better access to more advanced technology and technical know-how, production of high quality and lower cost cans stock is set to increase significantly in China, sharing the market share of glass bottle and plastics. Domestic supply of cans stock is expected to meet domestic demand in 2010 and turn China into a net exporter by 2013.

Demand for packaging foils, primarily beverage carton, food and pharmaceutical packaging, grew strongly at a CAGR of 22.8% from 2001 to 2009. Even so, packaging foils still represented only 23.6% of overall domestic consumption of aluminum foils in China in 2009, as compared to 50% in Europe and America, and 70% in Japan. Population growth and rising income per capita will continue to drive demand for more sophisticated packaging materials and aluminum foils are set to grow in importance given its advantages over other materials e.g. light weight, excellent corrosion resistance, recyclability, etc.

China Aluminum Production — Primary Aluminum

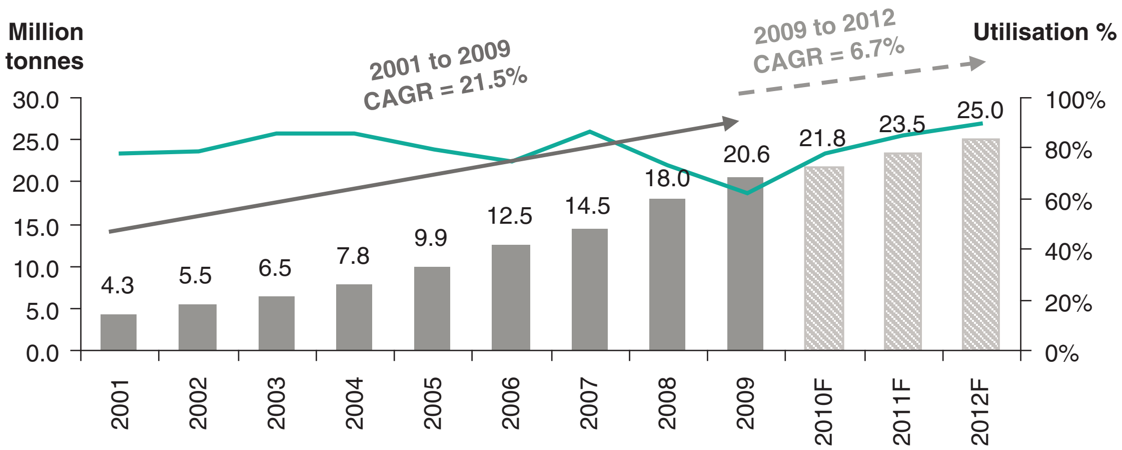
In 2001, China became the largest primary aluminum producer in the world, surpassing the United States and Russia. Since then, China has the remained the largest primary aluminum producer in the world, accounting for 34.2% of global output in 2009, according to Sunlight Metal. The rapid growth of the industry has been driven by domestic consumption, government support, access to more advanced technology, and emergence of the collectively-owned enterprises (i.e. a socialist economic organization in China, the property of which belongs to the working people or peasants and the congress of staff and workers or the congress of peasants is its organ of power, electing and recalling managerial personnel, and making decisions on important operations issues) and privately-owned enterprises, which generally enjoy lower investment costs and better returns than state-owned enterprises, the traditional primary aluminum producers. Sunlight Metal expects that primary aluminum production will increase at a CAGR of 20.5% from 2009 to 2012, exceeding the growth of capacity.

The chart below sets out the historical and projected production of primary aluminum in China for the period from 2001 to 2012.



Source: Sunlight Metal

The chart below sets out the historical and projected production capacity of primary aluminum in China and the corresponding capacity utilization rate for the period from 2001 to 2012.



Source: Sunlight Metal

Competing Producers of Primary Aluminum

According to Sunlight Metal, there were about 60 smelting companies in China, operating approximately 111 aluminum smelting plants, in 2009. The key players include Aluminum Corporation of China Limited ("Chalco"), China Power Investment Corporation, East Hope Group, Henan Shenhuo Group, Henan Wanji Aluminum Co., Ltd, Henan Yichuan Power Group, Henan Yulian Energy Group, Shandong Weiqiao Group, Shandong Nanshan Group, Shandong Xinfa Aluminum and Electricity Group, XinRen, Yunnan Aluminum Industry, etc. Many leading Chinese producers of primary aluminum are state-owned and collectively-owned enterprises. In Sunlight Metal's view, XinRen is a leading privately-owned producer of primary aluminum products in China, based on production volume for 2009.

Primary aluminum is a "commodity" product, being largely homogenous and readily tradable. Producers generally receive the same benchmark price (determined on the SHFE in China), subject to premiums for location and precise purity, alloy and shape. In such a commodity industry, competition is principally on the basis of costs. The main competitive advantages in primary aluminum production are access to a stable supply of sustainably low cost electricity and alumina.

Electricity

Electricity costs vary across different regions and smelting companies in China. The average annual electricity cost for smelting plants in China, before deduction of any government subsidies, increased from RMB0.365/kwh in 2007, to RMB0.42/kwh in 2008, and further to RMB0.45/kwh in 2009, primarily driven by a general increase in electricity demand and the rising cost of power generation. According to Sunlight Metal, XinRen is situated inside the second quartile of unit electricity cost curve (RMB/kwh) containing Chinese aluminum smelting companies in 2009. The smelting companies that were in the first quartile either have their own captive power plants/mines or are located in the regions with lower power tariff. According to Sunlight Metal, in the areas with abundant energy resources such as Hubei province and Guizhou province where XinRen's smelting plants are located, power grid companies may provide aluminum smelting companies electricity at negotiated rates which are lower than government mandated tariffs, due to smelting companies' requirements for large and stead electricity supply.

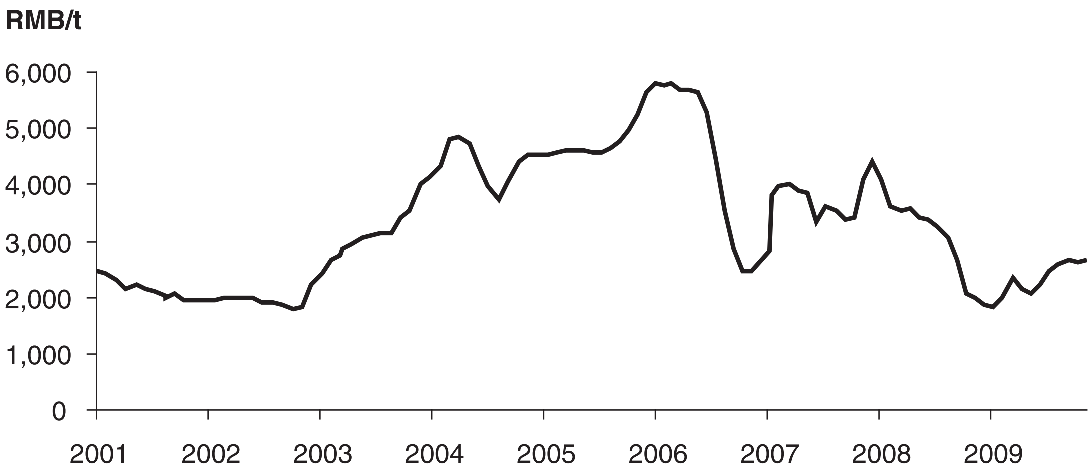
In addition, Chinese smelting companies have outperformed many of their international counterparts in terms of unit power consumption. Whereas the Søderberg technology which results in higher energy consumption and pollutive emission still exists in the rest of the world, 160kA-plus "pre-baked" technology, such as the 240kA "pre-baked technology" used by XinRen's Yichang Plant and Liupanshui Plant which is less pollutive and enables longer usage of carbon anodes, is widely adopted in China and will be fully adopted in the "Twelfth Five-Year Plan" (2011-2015). As a result, for each tonne of primary aluminum produced, Chinese smelting companies consumed only 14,441kwh, 14,323kwh and 14,171kwh (i.e. unit consumption) on average, respectively in 2007, 2008 and 2009, well ahead of the 2010 target of 14,600kwh per tonne set for the global industry by International Aluminum Institute. According to Sunlight Metal, 10 Chinese aluminum companies including our Company were able to achieve unit consumption of 13,900kwh per tonne or below in 2009.

Alumina

Alumina is another major cost component to smelting companies. Alumina is refined from bauxite, and in China, bauxite resources are concentrated in Shanxi, Henan, Guangxi and Guizhou provinces, which contributed 90% of China's total bauxite resources in 2007. Aluminum Corporation of China Limited ("Chalco") and China Minmetals Corporation, which are both state-owned, are the largest alumina suppliers in China.

In China, there are three reference prices for alumina, namely the import price (i.e. the Australia import price), the Chalco alumina price, and the non-Chalco alumina price which started from 2007. The Chalco price and the Non-Chalco price are more commonly used in China. Alumina prices exhibited large degree of fluctuation historically. For the period between 2007 and 2009, the average spot alumina prices in China, average of the three reference prices, reached its highest point in January 2008 at RMB4,400 per tonne and bottomed at RMB1,835 per tonne in February 2009. The average spot alumina prices decreased from RMB3,645 per tonne in 2007 to RMB3,241 per tonne in 2008 and fell further to 2,285RMB per tonne in 2009. The relatively higher prices of alumina in 2007 compared to 2008 were primarily due to the enormous growth in the market demand, while the decrease in prices in 2008 and 2009 were mainly due to (i) the recent global financial crisis, and (ii) an increase in alumina production capacity in the Chinese market, which was largely contributed by the non-Chalco companies. per tonne While aluminum smelting companies outside China generally buy alumina on medium (3 to 5 years) to long term (5 years or above) contracts with prices fixed for a specified period (usually one year) or on the basis of a formula related to the LME aluminum price, alumina in China is primarily sold at spot prices or short-term contract terms. Long-term contracts assist a smelting company to get more certainty over its costs, and greater security of supply of alumina, which would be valuable in view of the net import status of China for bauxite and alumina.

The following chart shows the average spot alumina prices in China from 2001 to 2009.

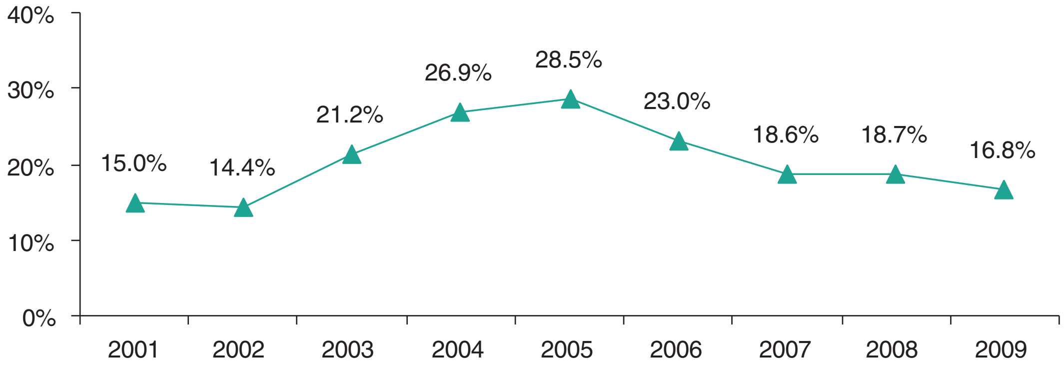


Source: Sunlight Metal

The following table shows the highest, lowest and the average spot alumina prices in China from 2007 to June 2010.

	Highest price in the period		Lowest price in the period		Average price
Period	**Price (RMB/tonne)**	**Month**	**Price (RMB/tonne)**	**Month**	**Price (RMB/tonne)**
January to December 2007	4,100	December 2007	2,840	January 2007	3,645
January to December 2008	4,400	January 2008	2,000	December 2008	3,241
January to December 2009	2,660	October 2009	1,835	February 2009	2,285
January to June 2010	3,025	January 2010	2,500	June 2010	2,810

Alumina prices, as percentage of aluminum prices, exhibited large degree of fluctuation historically. The following chart demonstrates the fluctuation of average spot alumina prices in China, as percentage of average spot aluminum prices quoted on the Shanghai Futures Exchange ("SHFE"), from 2001 to 2009.



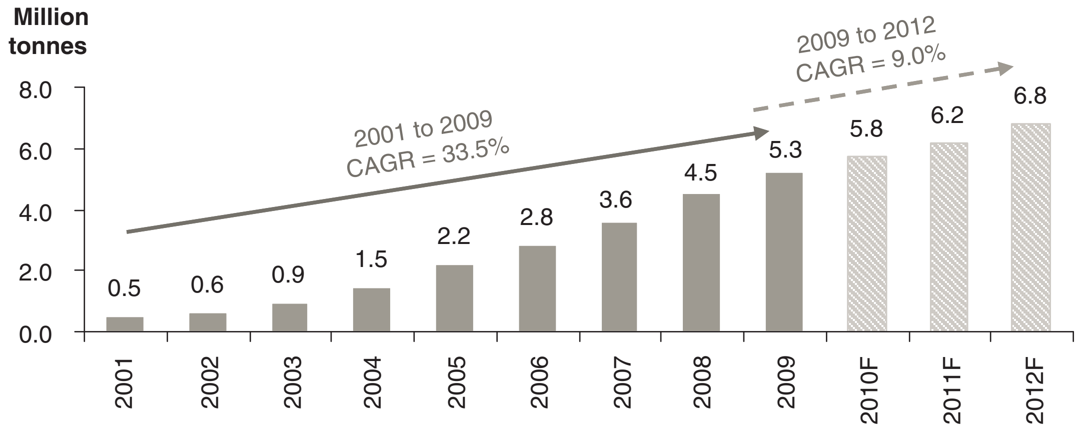
Source: Sunlight Metal

China Aluminum Production — Flat-rolled Products

The Chinese aluminum flat rolling industry is the fastest growing in the world. Production of sheets, coils and strips and foils rose by a CAGR of 33.5% and 24.5% respectively from 2001 to 2009, which has narrowed the gap in technology and product design capabilities in terms of quality and variety of product offerings between China and the developed economies. The rapid growth of the industry is driven by the large and growing domestic market, preferential government policies and export rebates which encourage domestic players to tap into overseas markets demand. However, domestic production is still concentrated on low to mid-end products and China still relies on imports for some mid to high-end quality products such as aluminum sheets for the aviation industry, rail vehicle and cans stock.

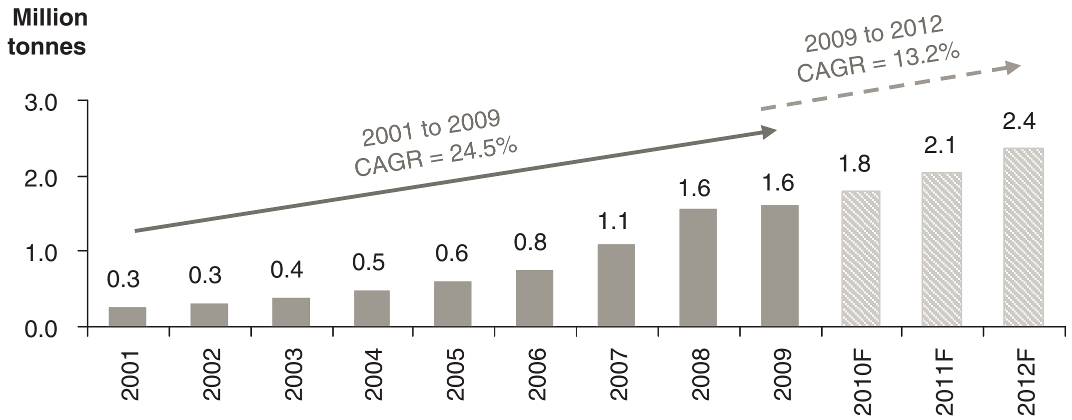
Continuous research and development and technology transfer from abroad, greater economies of scale and vertical integration are expected to further enhance product quality, reduce operational costs and diversify product offerings, making Chinese products more competitive in both the domestic and overseas markets. Sunlight Metal expects the sheets, coils and strips output to reach 6.8 million tonnes in 2012, representing a 2009-2012 CAGR of 9.0% while domestic foil output to reach 2.4 million tonnes, representing a 2009-2012 CAGR of 13.2%.

The following chart shows historical and projected production of sheets, coils and strips in China from 2001 to 2012.



Source: Sunlight Metal

The following chart shows historical and projected production of foils in China from 2001 to 2012.



Source: Sunlight Metal

Flat-rolled Products Manufacturers in China

The aluminum rolling industry is highly fragmented with a large number of flat-rolled products manufacturers producing a large variety of products. According to Sunlight Metal, there were approximately 235 sheets, coils and strips producers and 143 foil producers in 2009 and their average annual production were 19,191 tonnes and 11,329 tonnes respectively. The growing intensity of competition is expected to lead to expansion of production scale and consolidation of the industry through vertical integration and mergers and acquisitions. The manufacturers with competitive cost advantages and sizable production scale, technological edge and/or synergies from integrated business model are expected to be the consolidators.

Import and Export

China was a net exporter of primary aluminum from 2001 to 2007. For the purpose of restricting energy-intensive industries, the Chinese government cancelled export rebates and levied export tariff of 5% on export of primary aluminum in 2005, and further increased the export tariff to 15% in November 2006. Since then, export of primary aluminum decreased and China became a net importer in 2008. According to Sunlight Metal, China imported 1.5 million tonnes of primary aluminum in 2009, which was mainly driven by the production curtailment and stockpiling by local governments and the

State Reserves Bureau during the financial crisis. Sunlight Metal expects China to see a fluctuation between a net export of 0.1 million tonnes to 0.3 million tonnes of primary aluminum (including aluminum alloys) from 2010 to 2012, depending on the differentials between the international and domestic prices.

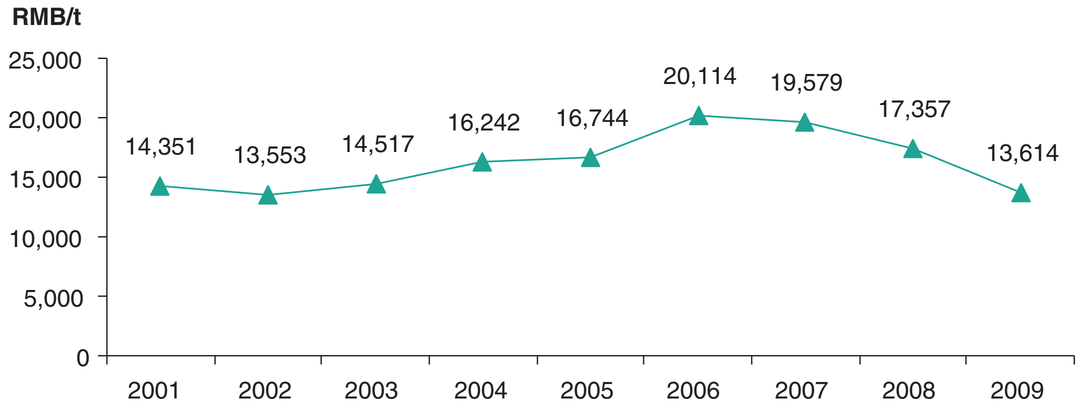
The import/export market for flat-rolled products is vastly different. China became a net exporter of sheets, coils and strips in 2008 and a net exporter of aluminum foils in 2004, mainly due to the rapid increase in both production and technological development of the domestic industry. Sunlight Metal expects China to remain as a net exporter with sheets, coils and strips export to reach 760kt in 2012, a 57.3% increase over 2009, and foil exports to reach 550kt, a 57.6% increase over 2009. In 2009, the key importers of Chinese sheets, coils and strips were Nigeria, Emirates, US, Korea and Australia, and the key importers of Chinese foils were the US India, Saudi Arabia, Emirates and Thailand.

Price

The aluminum market is highly correlated to the global macroeconomic environment. The spot month volume-weighted average aluminum price quoted on the SHFE ("SHFE spot price") decreased from RMB19,579 per tonne in 2007 to RMB17,357 per tonne in 2008 and further to 13,614 per tonne in 2009. In 2008 the SHFE spot price reached its highest point at RMB20,790 per tonne in March, and bottomed at RMB 10,210 per tonne in December, reflecting a significant decrease in demand for aluminum as a result of global economic downturn. The SHFE spot prices had rebounded strongly since the second half of 2009, reaching a maximum of RMB16,700 per tonne in December 2009 and per tonne averaged at RMB16,431 per tonne in the first quarter of 2010 on the back of the economic recovery. Increased macroeconomic uncertainty in the wake of concerns about the fragility of European economies as well as macro control policies in China had the effect of decreasing the SHFE spot price in the six-month period from January to June 2010 from a high of RMB17,380 per tonne in January 2010 to a low of RMB13,780 per tonne in June 2010, and had an average of RMB15,235 per tonne in the second quarter of 2010. As the effects of the European debt crisis gradually ameliorated, the market saw a mild recovery with the SHFE spot price reaching an average of RMB14,768 per tonne in July 2010 and RMB15,206 per tonne in August 2010. Sunlight Metal expects macroeconomic outlook and aluminum prices to continue to improve during the second half of 2010.

In China, primary aluminum is primarily sold to trading companies which resell to producers of fabricated aluminum products and end customers. There are a large number of small, regional and private aluminum trading companies in China. They pay smelting companies cash advances and distribute primary aluminum products to end users, in return for price discounts or commission from smelting companies. They may also hold inventory and profit from speculation.

The chart below shows the average spot SHFE aluminum prices from 2001 to 2009.



Source: Sunlight Metal

The following table shows the highest, lowest and average spot SHFE aluminum prices from 2007 to June 2010.

	Highest price in the period		Lowest price in the period		Average price
Period	**Price (RMB/t)**	**Date**	**Price (RMB/t)**	**Date**	**(RMB/t)**
January to December 2007	21,130	14 May 2007	17,560	12 December 2007	19,579
January to December 2008	20,790	7 Mar 2008	10,210	9 December 2008	17,357
January to December 2009	16,700	31 December 2009	11,575	22 January 2009	13,614
January to June 2010	17,380	7 January 2010	13,780	9 June 2010	16,087

Source: Sunlight Metal

Government Policy

PRC government policy changes from time to time in response to a wide array of political and economic factors, and can have material impact on the business, financial condition and prospects of players in China's aluminum industry. The "Notice to Speed Up the Elimination of Backward Production Capacity" (国务院关于进一步加强淘汰落后产能工作的通知) and the "Non-ferrous Metals Industrial Restructuring and Revitalization Plan" (有色金属产业调整和振兴规划) promulgated by the PRC State Council in February 2010 and May 2009 respectively set out measures to streamline the restructuring and promote healthy development of the non-ferrous industry.

Strict restrictions have been imposed on expansion of upstream aluminum smelting capacity. In principle, China will not approve any new aluminum smelting projects, including the expansion of existing facilitates, between 2009 and 2011. The government also plans to eliminate capacity using small pre-baked cells of 100kA or below 100kA by the end of 2011 (According to Sunlight Metal, capacity using small pre-baked cells of 100kA or below amounted to 1.42 million tonnes by the end of 2009). On August 6 2010, the Ministry of Industry and Information Technology, the PRC Government issued a notice which included a list of 17 primary aluminum smelters that have production facilities deemed to be outdated and that are required to be shutdown by September 2010. In the long run, the government intends to optimize geographical distribution of capacity and develop sizeable and vertically integrated enterprises with higher value-added downstream processing capabilities in the areas with more abundant energy and resources especially hydro power, such as Central and Western China. Industry consolidation and vertical integration is highly encouraged.

Government policies are supportive of companies with higher value-add downstream processing capabilities. While 15% export tariffs are levied on primary aluminum, aluminum alloys and preliminarily processed products, high-value-added processed products such as aluminum plates, sheets, coils and foils can enjoy export tariff rebates of 11-15%. The PRC government, in a bid to promote innovation, supports initiatives in areas such as energy-saving technologies for smelting, high-tech fabrication, and local content of fabrication equipment.

As China's bauxite resources are not abundant relative to the consumption by domestic alumina and primary aluminum producers, aluminum producers are encouraged to widen their net overseas in the sourcing for resources. Overseas investments in bauxite, alumina and smelting businesses are strongly supported by the PRC government. Zero import tariffs are imposed on bauxite, alumina and primary aluminum. At the same time, exploration of bauxite mines within China is expected to be strengthened.

Future Development and Outlook

There are a number of structural developments that are expected to shape China's aluminum industry over the longer term and can be considered as long term opportunities or risks to an incumbent producer.

China continues to offer enormous potential for further aluminum demand growth

China is expected to maintain its position as the largest consuming country of aluminum in the long term. Robust demand from the construction, transport, electrical, consumer durables and packaging industries will continue to drive domestic consumption. In the longer term, pattern of end-use demand will eventually start to move towards consumer-related items such as automobiles, packaging and durables, and away from infrastructure-related goods such as building products.

Shortage of high quality domestic bauxite and uncertainty over the overseas supplies may exert upward pressure on both alumina and aluminum prices

A lack of high quality bauxite to Chinese refineries could act as the most severe constraint on the Chinese alumina sector. Sunlight Metal believes that unless major new Chinese reserves are discovered or overseas supply of bauxite increases, the availability and cost of bauxite will increasingly present a hurdle to entry for new participants and restrict the potential opportunities for expansions at existing operations. This is likely to exert upward pressure on the alumina long run marginal cost, and in turn the aluminum long-run marginal cost.

Integration and consolidation

In China, the government is keen to consolidate small and inefficient operation. In face of the stiff competition and government's determination to consolidate the industry, Chinese aluminum producers are seeking to achieve economies of scale through mergers and acquisitions, improve cost competitiveness by expanding upstream at home and abroad, and enlarge their customer base by expanding downstream. Number and scale of integrated players are increasing.

Internationalization of aluminum players

The PRC government strongly encourages aluminum producers to widen their net overseas in the sourcing for resources. Overseas investments in bauxite, alumina and smelting businesses overseas are well supported and zero tariffs are imposed on import of bauxite, alumina and primary aluminum.

Fabrication companies are expected to orientate towards foreign markets and become more competitive overseas given the favorable government policies, export rebates and more sophisticated technology being developed. While there is a threat of trade protectionism, the number of countries prohibiting imports of China's aluminum fabrication products is small. Economic recovery in overseas markets is a positive for China's exports especially with its numerous trade partners in the developing world.

The above "PRC Aluminum Industry" is dated September 30, 2010

For and on behalf of
Sunlight Metal Consulting (Beijing) Co., Ltd.

Dongchunming,
President & Executive Director

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Name	Present principal directorships	Past principal directorships
Directors		
Mr. Zeng Chaoyi	Group Companies	Group Companies
	Liupanshui Shuangyuan Shanghai Shuangpai FB Trading	Nil
	Other Companies	Other Companies
	Nil	Liupanshui Shuangpai Aluminum Co., Ltd.
Mr. Zeng Xiaoshan @ Zeng Xiaoqiao	Group Companies	Group Companies
	Yichang Changjiang Jiangyin Xinren	Nil
	Other Companies	Other Companies
	Hunan Xinren Properties Co., Ltd. Hunan Xinren Trading Materials Co., Ltd. Hunan Xinren Investment Co., Ltd. Hunan Xingong Coking Co., Ltd.	Shandong Aluminum Co., Ltd. Hunan Shaodong Aluminum Company Co., Ltd. Hunan Shuangpai Aluminum Factory Co., Ltd.
Mr. Zeng Chaolin	Group Companies	Group Companies
	Nil	Nil
	Other Companies	Other Companies
	Nil	Nil
Mr. Liang Hongbo	Group Companies	Group Companies
	Nil	Nil
	Other Companies	Other Companies
	Nil	Nil
Ms. Zeng Mingliu	Group Companies	Group Companies
	Nil	Nil
	Other Companies	Other Companies
	Jiangyin Xiangzhu Trading Co., Ltd. Shuicheng Hongquan Chemical Co., Ltd.	Nil

Name	Present principal directorships	Past principal directorships
Mr. Chen Timothy Teck Leng @ Chen Teck Leng	Group Companies Nil Other Companies Changan Capital Pte. Ltd. Central Capital Assets Ltd. Sunmart Holdings Limited Tianjin Zhongxin Pharmaceutical Company Ltd. Provident Capital Inc Zheshang Property and Casualty Insurance Co., Ltd. China Hu An Cable Holdings Ltd. New Century Shipbuilding Limited Jing Jiang Steel Structure Co. Ltd.	Group Companies Nil Other Companies Nil
Mr. Loh Weng Whye	Group Companies Nil Other Companies BH Global Marine Limited China New Town Development Co Limited Leeden Limited eBizAnywhere Technologies Limited Layar Positif Sdn Bhd VastVest International Pte Ltd	Group Companies Nil Other Companies ST Energy Pte Ltd Sembcorp Energy Pte Ltd Ensop Incorporation EnWorkz Pte Ltd United Envirotech Limited
Mr. Liu Jingan	Group Companies Nil Other Companies Nil	Group Companies Nil Other Companies Nil
Executive Officers		
Ms. Li Yaozhou	Group Companies Liupanshui Shuangyuan Shanghai Shuangpai FB Trading Other Companies Nil	Group Companies Nil Other Companies Liupanshui Shuangpai Aluminum Co., Ltd.
Ms. Lim Joo Seng	Group Companies Nil Other Companies Nil	Group Companies Nil Other Companies Nil

APPENDIX H — COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2007, 2008 AND 2009

Report From the Independent Auditors in relation to the Audited Combined Financial Statements of XinRen Aluminum Holdings Pte. Ltd. and its subsidiary companies for the Financial Years ended 31 December 2007, 2008 and 2009

30 September 2010

The Board of Directors
XinRen Aluminum Holdings Pte. Ltd.

Dear Sirs:

We have audited the accompanying combined financial statements of XinRen Aluminum Holdings Pte. Ltd. (the "Company" and formerly known as Sunrich Aluminium Pte. Ltd. and Costar International Pte. Ltd.) and its subsidiary companies (collectively the "Group") set out on pages H-3 to H-53, which comprise the combined balance sheets of the Group as at 31 December 2007, 2008 and 2009, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years then ended, and a summary of the significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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 judgment, including the assessment of the risk 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 and fair presentation of the financial statements 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.

Report From the Independent Auditors in relation to the Audited Combined Financial Statements of XinRen Aluminum Holdings Pte. Ltd. and its subsidiary companies for the Financial Years ended 31 December 2007, 2008 and 2009

Opinion

In our opinion, the combined financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group as at 31 December 2007, 2008 and 2009 and the results, changes in equity and cash flows of the Group for the years ended on those dates.

This Report has been prepared for the inclusion in the Prospectus of XinRen Aluminum Holdings Pte. Ltd. to be issued in connection with the proposed listing of the Company's shares on the Singapore Exchange Securities Trading Limited.

ERNST & YOUNG LLP
Public Accountants and Certified Public Accountants
Singapore

Partner-in-Charge: Ang Chuen Beng

XinRen Aluminum Holdings Pte. Ltd. and its subsidiary companies

Combined Statements of Comprehensive Income for the financial years ended 31 December 2007, 2008 and 2009

	Note	2007	2008	2009
		RMB'000	RMB'000	RMB'000
Revenue	4	3,300,824	4,119,132	4,263,427
Cost of sales		(2,984,987)	(3,822,095)	(3,690,893)
Gross profit		315,837	297,037	572,534
Other items of income				
Finance income		7,626	14,620	13,732
Other income		31,323	13,045	16,954
Other items of expense				
Selling and distribution expenses		(68,561)	(78,173)	(61,613)
Administrative expenses		(46,971)	(70,448)	(68,829)
Finance costs		(38,881)	(93,419)	(68,156)
Other expenses		(1,005)	(5,284)	(2,448)
Profit before taxation	5	199,368	77,378	402,174
Taxation	6	(56,478)	(15,574)	(96,163)
Profit after taxation		142,890	61,804	306,011
Other comprehensive income:				
Net gain/(loss) on available-for-sale financial assets	26	2,160	(1,579)	1,683
Foreign currency translation	26	4	(1,036)	91
Other comprehensive income for the year		2,164	(2,615)	1,774
Total comprehensive income for the year		145,054	59,189	307,785
Profit attributable to:				
Owners of the parent		142,890	61,804	306,011
Total comprehensive income attributable to:				
Owners of the parent		145,054	59,189	307,785
Earnings per share (in cents)				
Basic and Diluted (RMB cents)	7	16	7	34

The accounting policies and explanatory notes form an integral part of the financial statements.

XinRen Aluminum Holdings Pte. Ltd. and its subsidiary companies

Combined Balance Sheets as at 31 December 2007, 2008 and 2009

	Note	2007	2008	2009
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	8	1,781,837	1,871,333	1,832,925
Land use rights	9	46,496	45,506	44,889
Deferred expenses	10	3,776	3,587	3,399
Deferred tax assets	22	1,859	5,664	12,034
		1,833,968	1,926,090	1,893,247
Current assets				
Inventories	11	312,495	366,055	474,185
Prepayments	12	169,191	107,548	192,528
Deferred expenses	10	—	52,053	—
Amounts due from directors	13	136,581	288,540	—
Amounts due from related parties	14	907,274	913,910	32,449
Trade and other receivables	15	53,834	122,024	579,366
Short term investments	16	3,576	1,997	4,430
Short term deposits, secured	17	520,686	605,405	712,620
Cash and cash equivalents	17	27,017	108,859	48,780
		2,130,654	2,566,391	2,044,358
Current liabilities				
Loans and borrowings	18	1,439,142	1,675,368	2,024,524
Amounts due to directors	13	30,565	264,362	1,378
Amounts due to related parties	14	929,895	661,985	19,198
Trade and other payables	19	292,513	434,577	355,880
Advances from customers	20	107,098	200,244	448,989
Accrued operating expenses	21	13,025	14,898	30,064
Income tax payable		38,343	49,859	117,806
		2,850,581	3,301,293	2,997,839
Net current liabilities		(719,927)	(734,902)	(953,481)
Non-current liabilities				
Deferred tax liabilities	22	26,690	24,692	53,623
Shareholders' loans	23	200,844	200,844	—
Loans and borrowings	18	150,000	170,212	30,000
Amounts due to equity holders	24	442,420	442,420	442,420
Net assets		294,087	353,020	413,723
Equity attributable to equity holders of the parent				
Share capital	25	5,051	5,051	5,051
Revenue reserve		191,935	251,674	275,309
Other reserves	26	97,101	96,295	133,363
Total equity		294,087	353,020	413,723

The accounting policies and explanatory notes form an integral part of the financial statements.

XinRen Aluminum Holdings Pte. Ltd. and its subsidiary companies

Combined Statements of Changes in Equity for the financial years ended 31 December 2007, 2008 and 2009

	Attributable to equity holders of the parent				
	Share Capital	**Revenue reserve**	**Other reserves**	**Total reserves**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Balance at 1 January 2007	5,051	60,779	3,723	64,502	69,553
Profit for the year	—	142,890	—	142,890	142,890
Other comprehensive income for the year	—	—	2,164	2,164	2,164
Total comprehensive income for the year	—	142,890	2,164	145,054	145,054
Additional capital contribution	—	—	79,480	79,480	79,480
Appropriation to statutory reserve	—	(11,734)	11,734	—	—
Balance at 31 December 2007 and 1 January 2008	5,051	191,935	97,101	289,036	294,087
Profit for the year	—	61,804	—	61,804	61,804
Other comprehensive income for the year	—	—	(2,615)	(2,615)	(2,615)
Total comprehensive income for the year	—	61,804	(2,615)	59,189	59,189
Additional capital contribution	—	—	14	14	14
Appropriation to statutory reserve	—	(1,795)	1,795	—	—
Dividends on ordinary shares (Note 27)	—	(270)	—	(270)	(270)
Balance at 31 December 2008 and 1 January 2009	5,051	251,674	96,295	347,969	353,020
Profit for the year	—	306,011	—	306,011	306,011
Other comprehensive income for the year	—	—	1,774	1,774	1,774
Total comprehensive income for the year	—	306,011	1,774	307,785	307,785
Additional capital contribution	—	—	1,325	1,325	1,325
Appropriation to statutory reserve	—	(33,969)	33,969	—	—
Dividends on ordinary shares (Note 27)	—	(248,407)	—	(248,407)	(248,407)
Balance at 31 December 2009	5,051	275,309	133,363	408,672	413,723

The accounting policies and explanatory notes form an integral part of the financial statements.

XinRen Aluminum Holdings Pte. Ltd. and its subsidiary companies

Combined Statements of Cash Flows for the financial years ended 31 December 2007, 2008 and 2009

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Operating profit before changes in working capital (Note 17(b))	284,927	232,631	528,004
Increase in inventories	(226,871)	(64,509)	(85,186)
(Increase)/decrease in prepayments	(7,133)	61,643	(84,980)
(Increase)/decrease in deferred expenses	(2,631)	(51,864)	52,241
(Increase)/decrease in amounts due from directors and related parties#	(579,717)	(158,595)	689,967
Decrease/(increase) in trade and other receivables#	210,526	(68,190)	22,692
Increase/(decrease) in amounts due to directors and related parties	402,267	(34,113)	(905,771)
Increase/(decrease) in trade and other payables	153,734	142,064	(78,697)
Increase in advances from customers	78,261	93,146	248,745
Increase in accrued operating expenses	1,792	1,873	15,166
Cash generated from operating activities	315,155	154,086	402,181
Interest income received	7,626	14,620	13,732
Interest expense paid	(29,317)	(65,731)	(48,610)
Taxation paid	(49,881)	(9,861)	(5,655)
Net cash generated from operating activities	243,583	93,114	361,648
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,089,089)	(181,777)	(75,784)
Purchase of intangible asset	(24,092)	(20)	(526)
Purchase of short term investments	—	—	(750)
Proceeds from disposal of property, plant and equipment	46	98	1,439
Net cash used in investing activities	(1,113,135)	(181,699)	(75,621)
Cash flows from financing activities			
Proceeds from loans and borrowings	2,580,078	3,110,956	3,542,929
Repayment of loans and borrowings	(1,962,956)	(2,854,518)	(3,333,985)
Proceeds from shareholders' loans	25,000	—	—
Repayment of shareholders' loans	—	—	(200,844)
Increase in capital contribution	79,480	14	1,325
Dividends paid	—	(270)	(248,407)
Increase in amounts due to equity holders	242,420	—	—
Increase in short term deposits, secured	(204,710)	(84,719)	(107,215)
Net cash generated from/(used in) financing activities	759,312	171,463	(346,197)
Net (decrease)/increase in cash and cash equivalents	(110,240)	82,878	(60,170)
Effect of exchange rate changes on cash and cash equivalents	4	(1,036)	91
Cash and cash equivalents at beginning of year	137,253	27,017	108,859
Cash and cash equivalents at end of year (Note 17(a))	27,017	108,859	48,780

Included in trade and other receivables are amounts due from previously related parties of RMB480,034,000 which were reclassified to trade and other receivables as at 31 December 2009.

The accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

1.1 *The Company*

XinRen Aluminum Holdings Pte. Ltd. (the "Company") was incorporated in the Republic of Singapore on 29 August 2006 as a private company limited by shares under the name of "Costar International Pte. Ltd." and subsequently renamed as "Sunrich Aluminium Pte. Ltd." on 5 March 2010 and "XinRen Aluminum Holdings Pte. Ltd." on 20 September 2010. The Company acquired the existing companies of the Group pursuant to the Group's Restructuring Exercise as described in Note 1.2 to the financial statements.

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

1.2 *The Restructuring Exercise*

The Group carried out a Restructuring Exercise as a result of which the Company became the holding company of the Group. The Restructuring Exercise is as described below.

(a) ***Acquisition of Jiangyin Xinren International Trading Co., Ltd.***

On 6 November 2009, the Company acquired 100% equity interest in Jiangyin Xinren International Trading Co., Ltd. (formerly known as Jiangyin Da Li Classic Jeans Co., Ltd.) at a cash consideration of USD102,000.

(b) ***Acquisition of PRC subsidiaries by Jiangyin Xinren International Trading Co., Ltd***

On 8 December 2009, Jiangyin Xinren International Trading Co., Ltd. acquired 100% equity interest in Shanghai Fengbo International Trading Co., Ltd. and Shanghai Shuangpai Aluminium Co., Ltd. at cash consideration of RMB30,000,000 and RMB50,000,000, respectively.

On 22 December 2009, Jiangyin Xinren International Trading Co., Ltd. acquired 100% equity interest in Jiangyin Xinren Technology Co., Ltd., at cash consideration of RMB 120,000,000.

(c) ***Acquisition of Harvestlink Investment Limited***

On 23 December 2009, the Company acquired 100% equity interest in Harvestlink Investment Limited at a cash consideration of 1 US Dollar.

1. Corporate information (cont'd)

1.3 *The Subsidiary Companies*

The Company, either through direct legal ownership or implementation of the Contractual Agreements has direct or indirect interests in the subsidiary companies subsequent to the Restructuring Exercise as follow:

Name	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest		
			2007	2008	2009
Jiangyin Xinren International Trading Co., Ltd.	Investment holding	PRC	100%	100%	100%
Jiangyin Xinren Technology Co., Ltd.	Fabrication and trading of aluminum related products	PRC	100%	100%	100%
Shanghai Fengbo International Trading Co., Ltd.	Trading of aluminum related products	PRC	100%	100%	100%
Shanghai Shuangpai Aluminium Co., Ltd.	Trading of aluminum related products	PRC	100%	100%	100%
Harvestlink Investment Ltd.	Trading and marketing of aluminum related products	BVI	100%	100%	100%
Guizhou Liupanshui Shuangyuan Aluminium Co., Ltd.	Manufacture of aluminum ingots through smelting process	PRC	#	#	#
Yichang Changjiang Aluminium Co., Ltd.	Manufacture of aluminum ingots through smelting process	PRC	#	#	#

\# These entities have been included within the Group by virtue of Contractual Agreements in place. The Contractual Agreements, taken as a whole, permits the financial results of these entities and the economic benefits of their businesses to flow to the Group. In addition, the directors of these entities are to be appointed by Jiangyin Xinren International Trading Co., Ltd., a subsidiary of the Group. Through its control over these entities, the Group is able to monitor and effectively control the businesses, operations and financial policies of these entities to ensure and facilitate the implementation of the Contractual Agreements. The Contractual Agreements also enable the Group to control and acquire up to 100% of the equity interest in these entities at a purchase price not exceeding the registered share capital of these entities at such time permitted by the relevant PRC laws and regulations with an undertaking from the registered shareholders of these entities. Notwithstanding the lack of equity ownership, the Group is entitled to control the businesses of these entities in substance and accordingly, the financial position and operating results of these entities have been included in the Group's combined financial statements. The registered share capital of these entities have been accounted for as long term liabilities which has been disclosed as amounts due to equity holders.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The combined financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The combined financial statements of the Group presented for financial years ended 31 December 2007, 2008 and 2009, have been prepared using the pooling of interest method as the Company and its subsidiary companies were under common control before and after the Restructuring Exercise as described in Note 1.2 above. Under the pooling of interest method, the combined financial statements of the Group for the financial years ended 31 December 2007, 2008 and 2009 have been presented as if the Group had been in existence for all periods presented and the assets and liabilities are brought into the combined financial statements at their existing carrying amounts.

The financial statements of the Group have been prepared on a historical cost basis except as disclosed in the accounting policies below.

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

2.2 *Fundamental accounting concept*

As at 31 December 2009, the Group's current liabilities exceeded its current assets by RMB953 million (2008: RMB734 million: 2007: RMB719 million) and this may cast doubt on the validity of the going concern assumption in the preparation of the Group's financial statements. The ability of the Group to continue as a going concern is dependent on the Group's ability to generate positive cashflows. In the opinion of the directors, the Group is able to continue as a going concern despite its net current liabilities position as the Directors are of the view that the Group will be able to continue to generate net cash inflows from its operating activities for a period of 12 months from the date these financial statements were approved. In addition, the shareholders of the Company have undertaken to provide support as and when required, to the Company for a period of 12 months from the date these financial statements were approved by procuring that one of the entities owned by the shareholders provide security over one of the properties it owns, to secure future banking facilities of up to RMB300 million that may be required by the Company.

Accordingly, the directors are of the view that the use of the going concern assumption is appropriate for the preparation of the financial statements of the Group to enable it to meet its financial obligations as and when they fall due.

2. Summary of significant accounting policies (cont'd)

2.3 *Changes in accounting policies*

The accounting policies have been consistently applied by the Group, except for the changes in accounting policies discussed below.

The Group adopted the following revised standards mandatory for annual financial periods beginning on or after 1 January 2009.

FRS 1	Presentation of Financial Statements (Revised)
FRS 18	Amendments to FRS 18 Revenue
FRS 23	Amendments to FRS 23 Borrowing Costs
FRS 32	Amendments to FRS 32 Financial Instruments: Presentation
FRS 1	Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 101	Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 102	Amendments to FRS 102 Share-based Payment — Vesting Conditions and Cancellations
FRS 107	Amendments to FRS 107 Financial Instruments: Disclosures
FRS 108	Operating Segments
INT FRS 113	Customer Loyalty Programmes
INT FRS 116	Hedges of a Net Investment in a Foreign Operation
INT FRS 109	Amendments to INT FRS 109 Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement — Embedded Derivatives
INT FRS 118	Transfer of Assets from Customers

Improvements to FRSs issued in 2008

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures.

The principal effects of these changes are as follows:

FRS 1 Presentation of Financial Statements — Revised Presentation

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognized in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as one single statement.

2. Summary of significant accounting policies (cont'd)

2.3 ***Changes in accounting policies (cont'd)***

Amendments to FRS 107 Financial Instruments: Disclosures

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The liquidity risk disclosures are presented in Note 32 to the financial statements respectively.

Improvements to FRSs issued in 2008

In 2008, the Accounting Standards Council issued an omnibus of amendments to FRS. There are separate transitional provisions for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

- FRS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with FRS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. The Group amended its accounting policy accordingly and analysed whether management's expectation of the period of realization of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the balance sheet.

- FRS 16 Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

- FRS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one — the interest expense calculated using the effective interest rate method calculated in accordance with FRS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

2.4 ***Future changes in accounting policies***

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Amendments to		**Effective date (Annual periods beginning on or after)**
FRS 27 (R)	Consolidated and Separate Financial Statements	1 July 2009
FRS 39	Financial Instruments: Recognition and Measurement — Eligible Hedged Item	1 July 2009

2. Summary of significant accounting policies (cont'd)

2.4 *Future changes in accounting policies (cont'd)*

Amendments to		Effective date (Annual periods beginning on or after)
FRS 103 (R)	Business Combinations	1 July 2009
FRS 105	Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
INT FRS 117	Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 109	Reassessment of Embedded Derivatives	
FRS 39	Financial Instruments: Recognition and Measurement	1 July 2009
And Improvements to FRS issued in 2009:		
FRS 38	Intangible Assets	1 July 2009
FRS 102	Share-based Payment	1 July 2009
FRS 108	Operating Segments	1 January 2010
INT FRS 109	Reassessment of Embedded Derivatives	1 July 2009
INT FRS 116	Hedges of a Net Investment in a Foreign Operation	1 July 2009
FRS 1	Presentation of Financial Statements	1 January 2010
FRS 7	Statement of Cash Flows	1 January 2010
FRS 17	Leases	1 January 2010
FRS 36	Impairment of Assets	1 January 2010
FRS 39	Financial Instruments: Recognition and Measurement	1 January 2010
FRS 105	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
FRS 102	Amendments to FRS 102 Share-based Payment	1 January 2010
FRS 32	Amendments FRS 32 Financial Instruments: Disclosures and Presentation	1 February 2010
INT 114	Amendments INT FRS 114 FRS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction	1 January 2011
FRS 24	Amendments FRS 24 (R) Related Party Disclosures	1 January 2011
FRS 119	Amendments FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 101	Amendments FRS 101 Additional Exemptions for First Time Adopters	1 January 2010

Except for the revised FRS 103 and the amendments to FRS 27, the directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 103 and the amendments to FRS 27 are described below.

2. Summary of significant accounting policies (cont'd)

2.4 ***Future changes in accounting policies (cont'd)***

Revised FRS 103 Business Combinations and Amendments to FRS 27 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2009. The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to FRS 7 *Statement of Cash Flows,* FRS 12 *Income Taxes,* FRS 21 *The Effects of Changes in Foreign Exchange Rates,* FRS 28 *Investments in Associates* and FRS 31 *Interests in Joint Ventures.* The changes from revised FRS 103 and Amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to early adopt.

2.5 ***Basis of consolidation***

The combined financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries used in the preparation of the combined financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the combined financial statements of the controlling holding company. The profit or loss reflects the results of the combining entities for the full year, irrespective of when the combination takes place.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.6 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognized 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.

2. Summary of significant accounting policies (cont'd)

2.6 ***Property, plant and equipment (cont'd)***

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 recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

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 put into operational 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 value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognized.

2.7 ***Land use rights***

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortization and accumulated impairment losses. The land use rights are amortized over the lease term of 50 years.

2.8 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

2. Summary of significant accounting policies (cont'd)

2.8 *Impairment of non-financial assets (cont'd)*

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses recognized for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss 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 recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.9 *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

2.10 *Financial assets*

Financial assets are recognized on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognized when

(a) the contractual right to receive cash flows from the asset has expired; or

(b) the Group transfers the contractual rights to receive the cash flows of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognized directly in equity is recognized in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.10 *Financial assets (cont'd)*

All regular way purchases and sales of financial assets are recognized or derecognized on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(a) ***Loans and receivables***

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, and through the amortization process.

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

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognized in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognized in profit or loss. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognized.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2.11 *Impairment of financial assets*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(a) ***Assets carried at amortized cost***

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognized in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.11 *Impairment of financial assets (cont'd)*

(a) *Assets carried at amortized cost (cont'd)*

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

(b) *Assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals of impairment losses in respect of equity instruments are not recognized in profit or loss. Reversals of impairment losses on debt instruments are recognized in profit or loss if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand.

2. Summary of significant accounting policies (cont'd)

2.13 *Inventories*

Inventories are stated at the lower of cost and net realizable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and supplies: purchase costs on a weighted average basis
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sales.

2.14 *Provisions*

Provisions are recognized when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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 recognized as a finance cost.

2.15 *Financial liabilities*

Financial liabilities include trade payables which are normally settled on 30 to 90 day terms, other amounts payable, payables to related parties and director, as well as, interest-bearing loans and borrowings. Financial liabilities are recognized on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognized at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process. The liabilities are derecognized when the obligation under the liability is discharged or cancelled or expired.

A financial liability is derecognized when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

2. Summary of significant accounting policies (cont'd)

2.16 ***Borrowing costs***

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2.17 ***Employee benefits***

(a) ***Defined contribution plan***

The Group participates in the national pension schemes as defined by the laws of the PRC. The Group pays fixed contributions into the retirement insurance and medical insurance schemes organized by the social security bureau and has no further payment obligations once the contributions have been paid. The contributions are recognized as employee compensation expense when they are due.

(b) ***Employee leave entitlement***

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

2.18 ***Foreign currencies***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognized in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognized initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. Summary of significant accounting policies (cont'd)

2.18 ***Foreign currencies (cont'd)***

The assets and liabilities of foreign operations are translated into RMB at the rate of exchange ruling at the balance sheet date and their statement of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in the profit or loss.

2.19 ***Revenue***

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) ***Sale of goods***

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

(b) ***Interest income***

Interest income is recognized using the effective interest method.

(c) ***Government subsidies***

Government subsidies are recognized in the profit or loss when there is reasonable assurance that the subsidies will be received.

2.20 ***Income taxes***

(a) ***Current tax***

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(b) ***Deferred tax***

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Summary of significant accounting policies (cont'd)

2.20 *Income taxes (cont'd)*

(b) *Deferred tax (cont'd)*

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences (other than those mentioned above), carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognized directly in equity is recognized directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2. Summary of significant accounting policies (cont'd)

2.21 ***Segment reporting***

For management purposes, the Group is organized into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segment and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 ***Share capital and share issue expenses***

Proceeds from issuance of ordinary shares are recognized as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.23 ***Contingencies***

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

Contingent liabilities and assets are not recognized on the balance sheet of the Group.

2.24 ***Leases***

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

As lessee

Finance leases, which effectively transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Income taxes and deferred tax assets

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 recognizes liabilities/(assets) for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2007, 2008 and 2009, the net carrying amount of the Group's income tax payables were approximately RMB38,343,000, RMB49,859,000 and RMB117,806,000. As at 31 December 2007, 2008 and 2009, the Group's deferred tax liabilities/(assets) were approximately RMB26,690,000/(RMB1,859,000), RMB24,692,000/(RMB5,664,000) and RMB53,623,000 /(RMB12,034,000), respectively.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable future profits together with future tax planning strategies.

The Group has tax losses carried forward amounting to RMB Nil (2008: RMB33,355,000 and 2007: RMB21,975,000) for which no deferred tax benefits have been recognized for those respective year ends.

Going concern assumption

As at 31 December 2009, the Group's current liabilities exceeded its current assets by RMB953,481,000 (2008: RMB734,902,000, 2007: RMB719,927,000). The financial statements have been prepared on a going concern basis as the directors are confident that the Group is able to generate positive operating cash flows from its operations and the shareholders of the Company has provided the Company with an undertaking to provide continuing financial support up to RMB 300 million to enable the Company to pay its debts as and when they fall due. Judgement is involved in determining some of the assumptions used in the assessment. In making this judgement, the Group evaluates among other factors, the historical prices of aluminum ingots, prices of alumina and the production capacity of its production facilities.

3. Significant accounting estimates and judgements (cont'd)

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 amount of the Group's property, plant and equipment as 31 December 2007, 2008 and 2009 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.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets with finite lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of financial assets

The determination of impairment of financial asset requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost; and the financial health of a near-term business outlook for the financial asset, including factors such as industry and sector performance, operational and financing cash flow.

4. Revenue

Revenue represents invoiced trading sales to customers and exclude Value Added Tax.

5. Profit before taxation

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

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Other income:			
— government subsidy	21,900	8,221	10,438
— investment gain/(loss)	6,714	(6,557)	22
— sale of scraps	2,273	10,901	5,648
— others	436	480	846
Interest income	7,626	14,620	13,732
Finance expense:			
— interest expense	(29,317)	(65,731)	(48,610)
— bank charges#	(16,661)	(29,182)	(18,104)
— foreign exchange gain/(loss)	7,097	1,494	(1,442)
Amortization for			
— land use rights	(1,038)	(1,010)	(1,143)
Depreciation of property, plant and equipment	(50,835)	(84,425)	(112,753)
Property, plant and equipment written off	—	(7,758)	—
Inventories written down	(11,995)	(18,966)	—
Reversal of write-down of inventories	—	8,017	22,944
Employee benefits expense			
— Short-term employee benefits	(31,201)	(43,758)	(42,347)
— Contributions to defined contribution plan	(5,201)	(14,945)	(11,390)

Bank charges mainly relate to charges incurred for notes payable

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

Government subsidy relates to non-recurring subsidy granted in respect of technology upgrade for one of the plants, non-recurring subsidies provided in connection with the credit crisis as well as subsidies provided by the provincial government of one of the subsidiaries in respect of electricity cost which are on-going with no specified duration. There are no unfulfilled conditions to the subsidies.

6. Taxation

(a) *Major components of income tax expense*

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Current tax			
— current year	44,990	21,377	73,602
Deferred tax			
— current year	11,488	(783)	15,961
— Effect of change in tax rate	—	(6,020)	—
— Withholding tax on profit appropriation	—	1,000	6,600
	56,478	15,574	96,163

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2007, 2008 and 2009 is as follows:

	2007	2008	2009
Profit before taxation	199,368	77,378	402,174
Tax at domestic rates applicable to results in the countries where the Group operates	51,302	12,592	98,597
Effect of deductible temporary differences not recognized	10,482	4,268	—
Effect of expenses not deductible for tax purposes	2,266	3,734	3,241
Change in tax rate	—	(6,020)	—
Deferred tax benefits previously not recognized	—	—	(12,275)
Effect of partial tax exemption and tax Relief	(7,572)	—	—
Withholding tax on profit appropriation	—	1,000	6,600
Income tax expense recognized in the profit or loss	56,478	15,574	96,163

The tax rates used in computing taxes for entities incorporated in the People's Republic of China (the "PRC") were 15% to 33%, 18% to 25% and 20% to 25% for the financial years ended 31 December 2007, 2008 and 2009, respectively. The PRC entities registered in Shanghai, PRC were taxed at preferential rates of 15%, 18% and 20% for the financial years ended 31 December 2007, 2008 and 2009. The other PRC entities were taxed at 33% for the financial year ended 31 December 2007 and 25% for the financial years ended 31 December 2008 and 2009. In FY2007, a subsidiary was given a tax exemption from the provincial government in view of its new startup status.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

7. Earnings per share

Earnings per share is calculated by dividing the Group's net profit attributable to shareholders for the year by the pre-offering share capital of 900,000,000 ordinary shares.

8. Property, plant and equipment

	Buildings	Machinery and equipment	Motor vehicles	Office equipment	Capital maintenance	Construction-in-progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
At 1 January 2007	113,736	482,649	7,529	3,121	38,046	147,310	792,391
Additions	11,380	120,437	3,464	6,219	13,677	933,912	1,089,089
Transfers	95,478	434,997	—	—	—	(530,475)	—
Disposals	—	—	(46)	—	—	—	(46)
At 31 December 2007 and 1 January 2008	220,594	1,038,083	10,947	9,340	51,723	550,747	1,881,434
Additions	28,160	53,008	1,003	3,386	72,202	24,018	181,777
Transfers	130,166	402,923	—	—	—	(533,089)	—
Disposals	—	(98)	—	—	—	—	(98)
Written off	—	—	—	—	(25,861)	—	(25,861)
At 31 December 2008 and 1 January 2009	378,920	1,493,916	11,950	12,726	98,064	41,676	2,037,252
Additions	17,726	6,816	1,685	14,830	29,677	5,050	75,784
Transfers	32,893	8,864	—	—	—	(41,757)	—
Disposals	—	(191)	—	—	—	(1,248)	(1,439)
At 31 December 2009	429,539	1,509,405	13,635	27,556	127,741	3,721	2,111,597
Accumulated depreciation							
At 1 January 2007	5,251	31,427	3,424	902	7,758	—	48,762
Charge for the year	7,984	29,645	1,790	1,071	10,345	—	50,835
At 31 December 2007 and 1 January 2008	13,235	61,072	5,214	1,973	18,103	—	99,597
Charge for the year	10,762	51,943	2,184	1,971	17,565	—	84,425
Written off	—	—	—	—	(18,103)	—	(18,103)
At 31 December 2008 and 1 January 2009	23,997	113,015	7,398	3,944	17,565	—	165,919
Charge for the year	14,137	71,520	1,853	2,663	22,580	—	112,753
At 31 December 2009	38,134	184,535	9,251	6,607	40,145	—	278,672
Net carrying amount							
At 31 December 2007	207,359	977,011	5,733	7,367	33,620	550,747	1,781,837
At 31 December 2008	354,923	1,380,901	4,552	8,782	80,499	41,676	1,871,333
At 31 December 2009	391,405	1,324,870	4,384	20,949	87,596	3,721	1,832,925

8. Property, plant and equipment (cont'd)

Certain machinery and equipment are pledged to secure bank loans amounting to approximately RMB654,540,000, RMB642,127,000 and RMB639,390,000 for financial years ended 31 December 2007, 2008 and 2009, respectively. Information regarding bank loans are disclosed in Note 18.

9. Land use rights

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Cost			
At 1 January	25,047	49,139	49,159
Additions	24,092	20	526
At 31 December	49,139	49,159	49,685
Accumulated amortization			
At 1 January	1,605	2,643	3,653
Amortization for the year	1,038	1,010	1,143
At 31 December	2,643	3,653	4,796
Net carrying amount	46,496	45,506	44,889
Amount to be amortized			
Not later than one year	1,010	1,143	1,143
Later than one year but not later than five years	4,569	4,569	4,569
Later than five years	40,917	39,794	39,177
	46,496	45,506	44,889

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 44 years to 48 years as at 31 December 2009. These land use rights are also charged to secure the Group's loans as disclosed in Note 18.

The amortization of land use rights is included in the "Administrative expenses" line in the statement of comprehensive income.

10. Deferred expenses

Current deferred expenses relate to cost of inventories sold with titles to the goods transferred but prices of these inventories have not been determined as at balance sheet date.

Non-current deferred expenses relate to payment for right to use land by one of the PRC subsidiaries and assignment of this right is currently in the process of being reviewed and approved. The deferred expenses have been amortized upon commencement of use by the PRC subsidiary.

11. Inventories

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Raw materials	90,792	103,447	285,267
Work-in-progress	130,744	117,334	154,982
Finished goods	86,809	128,309	19,126
Spares and consumables	4,150	16,965	14,810
	312,495	366,055	474,185
Inventories recognized as an expense in cost of sales	2,977,124	3,816,921	3,681,446
Inventories are stated net of allowance for inventory obsolescence	(11,995)	(22,944)	—
Inventories pledged to banks	—	—	226,183

12. Prepayments

Prepayments mainly relate to advances made for the purchase of raw materials and construction materials. Included in financial year ended 31 December 2009 was a balance of approximately RMB6,750,000 relating to expenses incurred in connection with the Group's proposed initial public offer of its shares.

13. Amounts due from/(to) directors

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

14. Amounts due from/(to) related parties

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

15. Trade and other receivables

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Trade and other receivables:			
Trade receivables	26,001	70,629	548,244
Bills receivables	8,539	99	1,300
Refundable VAT and other taxes	4,366	39,153	4,061
Advances to employees	1,808	1,866	2,596
Other receivables	13,120	10,277	23,165
Total trade and other receivables	53,834	122,024	579,366
Add:			
Amounts due from directors	136,581	288,540	—
Amounts due from related parties	907,274	913,910	32,449
Short term deposits, secured (Note 17(a))	520,686	605,405	712,620
Cash on hand and at bank (Note 17(b))	27,017	108,859	48,780
Total loans and receivables	1,645,392	2,038,738	1,373,215

Trade receivables

Trade receivables are non-interest bearing and are generally on up to 30 days' terms. They are recognized at their original invoice amounts which represent their fair values on initial recognition. Included in trade receivables balance as at 31 December 2009, is an amount of approximately RMB480,034,000 due from entities which were disclosed as related parties in the previous financial year. The existing shareholders of the Company have given an undertaking to ensure the collection of these balances. In the event of default, the Company has the right to seek recourse against the Company's shareholders for any unpaid balances.

Included in trade receivables balance as at 31 December 2007, 2008 and 2009 are US dollar denominated receivables of approximately RMB Nil, RMB2,770,000, RMB1,076,000, respectively.

Bills receivables

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

Advances to employees

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

15. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables that are past due at the balance sheet date but not impaired, amounting to approximately RMB4,404,000, RMB17,477,000 and RMB194,511,000 for the financial years ended 31 December 2007, 2008 and 2009, respectively. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Trade receivables past due:			
Less than 90 days	4,404	16,795	188,929
90 to 180 days	—	682	5,136
181 to 365 days	—	—	446
	4,404	17,477	194,511

The Group had no trade receivables that are impaired as at 31 December 2007, 2008 and 2009.

16. Short term investments

Short term investments relate to unit trusts held by the Group and are classified as available-for-sale financial instrument.

17. Short term deposits, secured
Cash and cash equivalents

(a) ***Short term deposits secured***

Short term deposits are secured in connection with the notes payable.

(b) ***Cash and cash equivalents***

Included in cash and bank balances for the Group are amounts denominated in foreign currencies as follows:

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
United States Dollar	54	14,461	5,059
Euro	—	15	27

17. Short term deposits, secured Cash and cash equivalents (cont'd)

(b) ***Cash and cash equivalents (cont'd)***

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of up to six months.

	2007	2008	2009
Interest rates on short-term deposits (per annum)	0.72%–3.78%	0.36%–3.51%	0.36%–2.25%

(c) ***Cash flow from operating activities:***

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Profit before taxation	199,368	77,378	402,174
Adjustments for:			
Depreciation of property, plant and equipment	50,835	84,425	112,753
Amortization of land use rights	1,038	1,010	1,143
Inventories written down	11,995	18,966	—
Reversal of write-down of inventories	—	(8,017)	(22,944)
Property, plant and equipment written off	—	7,758	—
Interest income	(7,626)	(14,620)	(13,732)
Interest expense	29,317	65,731	48,610
Operating profit before changes in working capital	284,927	232,631	528,004

18. Loans and borrowings

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Fixed rate bank loans, unsecured	—	212	60,000
Fixed rate bank loans, secured	80,000	35,000	192,000
Floating rate bank loans, unsecured	250,000	260,000	305,000
Floating rate bank loans, secured	238,500	385,000	275,000
Notes payable	1,020,642	1,165,368	1,222,524
	1,589,142	1,845,580	2,054,524
Comprising:			
Current portion	1,439,142	1,675,368	2,024,524
Non-current portion	150,000	170,212	30,000
	1,589,142	1,845,580	2,054,524

18. Loans and borrowings (cont'd)

The effective interest rates of loans and borrowings are as follow:

	2007	2008	2009
Fixed rate bank loans	7.29% to 10.94%	9.99% to 11.95%	4.05% to 9.03%
Floating rate bank loans	6.21% to 8.32%	4.78% to 8.22%	4.86% to 8.22%

Fixed rate and floating rate of bank loans have various maturity dates till:

Fixed rate bank loans	15 Nov 2008	18 Nov 2009	13 Dec 2010
Floating rate bank loans	8 Apr 2010	12 Dec 2010	12 Jan 2011

Fixed rate bank loans

These loans are secured by charges over land use rights and buildings, inventories and plant and machineries issued and/or guarantees by the following:

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Third parties and directors of the company and subsidiaries	—	—	40,000
Directors of the company, subsidiaries and related parties	60,000	—	—
	60,000	—	40,000

Floating rate bank loans

These following loans and borrowings are secured by guarantees from the following:

Directors	20,000	15,000	50,000
Subsidiaries	50,000	60,000	210,000
Related parties	50,000	50,000	—
Directors of the company and subsidiaries	226,500	365,000	155,000
	346,500	490,000	415,000

19. Trade and other payables

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Trade and other payables:			
Trade payables	97,974	215,187	136,619
Other payables	194,539	219,390	219,261
Total trade and other payables	292,513	434,577	355,880
Add:			
Loans and borrowings (Note 18)	1,589,142	1,845,580	2,054,524
Amounts due to directors (Note 13)	30,565	264,362	1,378
Amounts due to related parties (Note 14)	929,895	661,985	19,198
Accrued operating expenses (Note 21)	13,025	14,898	30,064
Shareholders' loan (Note 23)	200,844	200,844	—
Amount due to equity holders (Note 24)	442,420	442,420	442,420
Total financial liabilities carried at amortized cost	3,498,404	3,864,666	2,903,464

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

20. Advances from customers

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

21. Accrued operating expenses

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Accrued payroll-related expenses	9,039	10,502	20,954
Sundry accruals	3,986	4,396	9,110
	13,025	14,898	30,064

22. Deferred tax (assets)/liabilities

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Deferred tax assets			
— Differences in depreciation and amortization	(1,859)	(5,106)	(11,445)
— Accruals and provisions	—	(558)	(589)
	(1,859)	(5,664)	(12,034)
Deferred tax liabilities			
— Differences in depreciation and amortization	26,690	23,692	46,023
— Withholding tax on dividend appropriation	—	1,000	7,600
	26,690	24,692	53,623
Deferred tax liabilities, net	24,831	19,028	41,589

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui [2008] No. 001, which states that distribution of dividends after 1 January from pre-2008 profits will be exempt from withholding tax on distribution to foreign investors. As a result, there should be no deferred tax liabilities arising from undistributed profits of the Company's PRC subsidiaries accumulated up till 31 December 2007. Provision for deferred tax liabilities, however, would be required to the extent per FRS 12.39 on profits accumulated from 1 January 2008 onwards.

Unrecognized deferred tax assets have not been recognized in respect of the following temporary differences:

Tax losses	21,975	33,355	—
Allowances for inventory obsolescence	8,017	—	—
Differences in depreciation	1,728	15,744	—

This deferred tax asset has not been recognized as it is not probable that future taxable profits will be available against which the relevant subsidiary companies can utilize the benefits.

The use and availability of these tax losses are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

22. Deferred tax (assets)/liabilities (cont'd)

Unrecognized temporary differences relating to investments in subsidiaries:

As at 31 December 2009, deferred tax liability has been recognized for withholding tax that would be payable on certain undistributed earnings of the PRC subsidiaries which are directly held by the Group. There are no unrecognized temporary differences relating to investment in subsidiaries as the Group has determined that portion of the undistributed earnings of its PRC subsidiaries will not be distributed in the foreseeable future to be insignificant.

23. Shareholders' loans

Shareholders' loans are unsecured, interest-free and are repayable as and when the cash flows of the Group permit.

24. Amounts due to equity holders

Amounts due to equity holders relates to the registered share capital of those subsidiaries which have been included within the Group by virtue of Contractual Agreements as disclosed in Note 1.3 to the financial statements.

25. Share capital

The Company was incorporated on 29 August 2006 with 1,000,000 fully paid-up shares of S$1,000,000, approximating RMB5,051,000.

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.

26. Other reserves

Other reserves comprise:

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Statutory reserve fund	11,734	13,529	47,498
Capital surplus reserve	82,751	82,765	84,090
Fair value adjustment reserve	2,576	997	2,680
Foreign currency translation reserve	40	(996)	(905)
At 31 December	97,101	96,295	133,363

26. Other reserves (cont'd)

Statutory reserve fund

In accordance with the law applicable to the subsidiaries of the Group in the PRC, the subsidiaries are required to make appropriation to a Statutory Reserve Fund (SRF). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the respective subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
At 1 January	—	11,734	13,529
Transferred from revenue reserve	11,734	1,795	33,969
At 31 December	11,734	13,529	47,498

Capital surplus reserve

Capital surplus reserve represents the additional contribution by equity holders of the Company.

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
At 1 January	3,271	82,751	82,765
Additional capital contribution	79,480	14	1,325
At 31 December	82,751	82,765	84,090

Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
At 1 January	416	2,576	997
Fair value adjustment	2,160	(1,579)	1,683
At 31 December	2,576	997	2,680

26. Other reserves (cont'd)

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
At 1 January	36	40	(996)
Foreign currency translation	4	(1,036)	91
At 31 December	40	(996)	(905)

27. Dividends

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Dividends declared and paid during the financial year	—	270	248,407

28. Segment information

For management purposes, the Group is organized into business units based on their products and services, and has three reportable operating segments as follows:

(i) The Smelting segment is in the business of smelting alumina and manufacturing and supplier of aluminum ingots.

(ii) The Fabrication segment is in the business of fabricating and supplier of aluminum-related products.

(iii) The Trading segment is in the business of trading in aluminum hydroxide and aluminum ingots.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the combined financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

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

28. Segment information (cont'd)

	Smelting			Fabrication			Trading			Adjustments and eliminations			Note	Combined financial statements		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009		2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000	RMB'000
Revenue:																
— external customers	2,129,641	3,378,355	3,162,265	183,080	365,751	350,757	988,103	375,026	750,405	—	—	—		3,300,824	4,119,132	4,263,427
— inter-segment	77,763	30,967	6,272	—	—	—	—	—	—	(77,763)	(30,967)	(6,272)	A	—	—	—
Total revenue	2,207,404	3,409,322	3,168,537	183,080	365,751	350,757	988,103	375,026	750,405	(77,763)	(30,967)	(6,272)		3,300,824	4,119,132	4,263,427
Results:																
Finance income	4,873	10,499	11,223	1,919	3,505	2,070	834	616	439	—	—	—		7,626	14,620	13,732
Investment gain/(loss)	—	—	—	—	—	—	6,714	(6,557)	22	—	—	—		6,714	(6,557)	22
Depreciation and amortization	(45,322)	(67,898)	(94,355)	(6,070)	(17,331)	(19,452)	(481)	(206)	(89)	—	—	—		(51,873)	(85,435)	(113,896)
Property, plant and equipment written off	—	(7,758)	—	—	—	—	—	—	—	—	—	—		—	(7,758)	—
(Allowance for) /writeback of inventory obsolescence, net	(11,995)	(10,949)	22,944	—	—	—	—	—	—	—	—	—		(11,995)	(10,949)	22,944
Segment profit/(loss)	175,135	91,425	364,074	(1,846)	(512)	21,939	26,770	(16,212)	24,050	(691)	2,677	(7,889)	B	199,368	77,378	402,174
Assets:																
Additions to non-current assets	897,999	154,896	67,712	214,526	26,887	7,763	656	14	835	—	—	—	C	1,113,181	181,797	76,310
Segment assets	3,418,968	4,657,893	4,077,881	584,365	790,415	861,617	751,777	312,896	452,876	(790,488)	(1,268,723)	(1,454,769)	D	3,964,622	4,492,481	3,937,605
Segment liabilities	3,063,605	4,192,709	3,540,968	470,270	678,703	728,772	661,809	269,027	345,300	(525,149)	(1,000,978)	(1,091,158)	E	3,670,535	4,139,461	3,523,882

28. Segment information (cont'd)

Note

A Inter-segment revenues and cost of sales are eliminated on consolidation.

B The following items are deducted from segment profit to arrive at "Profit before taxation" presented in the combined statements of comprehensive income:

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Profit from inter-segment sales	(4,084)	2,977	(2,396)
Dividends	—	—	(5,000)
Finance costs	3,393	(300)	(493)
	(691)	2,677	(7,889)

C Additions to non-current assets consist of additions to property, plant and equipment and land use rights.

D The following items have been added to/(deducted from) segment assets to arrive at the total assets reported in the balance sheet:

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Deferred tax assets	1,859	5,664	12,034
Inter-segment assets	(792,347)	(1,274,387)	(1,466,803)
	(790,488)	(1,268,723)	(1,454,769)

E The following items have been added to/(deducted from) segment liabilities to arrive at the total liabilities reported in the balance sheet:

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Deferred tax liabilities	26,690	24,692	53,623
Income tax payable	38,384	49,859	117,806
Inter-segment liabilities	(590,223)	(1,075,529)	(1,262,587)
	(525,149)	(1,000,978)	(1,091,158)

28. Segment information (cont'd)

Geographical information

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

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
PRC	2,283,064	3,112,692	4,161,817
Overseas	1,017,760	1,006,440	101,610
	3,300,824	4,119,132	4,263,427

All of the Group's non-current assets are located in the PRC. Non-current assets consist of property, plant and equipment, land use rights, deferred expenses and deferred tax assets.

Information about a major customer

Revenue from one major customer amount to RMB596,245,000 (2008: RMB978,202,000, 2007: RMB1,073,435,000), arising from sales by the Smelting segment.

29. Commitments

(a) ***Operating lease commitments***

In addition to the land use rights disclosed in Note 9, the Group had the following minimum lease payments under operating leases on premises with initial or remaining term of one year or more:

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Non-cancellable amounts payable			
within 1 year	1,800	1,800	1,853
within 2 to 5 years	1,800	—	1,800
	3,600	1,800	3,653

These operating leases are for tenures between 6 months to 3 years. Certain leases include options to renew the leases after the expiry of the initial tenure. Lease payments under these leases are usually fixed for the entire initial tenure. There are no restrictions placed upon the lessee by entering into these leases.

Minimum lease payments recognized as an expense in the statement of comprehensive income for the financial years ended 31 December 2007, 2008 and 2009 amounted to approximately RMB900,000, RMB1,800,000 and RMB1,948,000, respectively.

29. Commitments (cont'd)

(b) *Purchase commitments*

	2007	2008	2009
Non-cancellable purchases (in tonnes)			
within 1 year	30	174	744
within 2 to 5 years	—	300	2,978
	30	474	3,722

Purchase commitments relate to non-cancellable purchases of aluminum hydroxide based on committed tonnage as at respective year ends.

30. Related party disclosures

(a) *Sale and purchase of goods and services*

An entity or individual is considered a related party of the Group for the purpose of the financial statements if it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa or it is subject to common control or common significant influence.

In addition to the related party information disclosed elsewhere in Note 13 and 14 to the financial statements, the following significant transactions between the Group and its related parties took place on terms agreed between the parties:

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Purchase of goods from related parties	(740,146)	(325,529)	(212,755)
Sales to related parties	689,039	384,830	225,988

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. In addition, the following related party transactions were entered into:

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Payments on behalf by related parties	67,601	51,052	40,100
Payments on behalf of related parties	(49,988)	(1,389,242)	(80)
Receipts on behalf by related parties	—	—	136,319
Advances from related parties	405,502	354,156	422,013

30. Related party disclosures (cont'd)

(a) ***Sale and purchase of goods and services (cont'd)***

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Advances to related parties	(300,071)	(226,094)	(204,949)
Advances from directors	—	17,142	6,119
Advances to directors	(165,465)	(20,531)	(59,969)

Related parties:

Related parties disclosed above relates to companies for which there are common directors as the Company.

(b) ***Compensation of directors and key management personnel***

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Short-term employee benefits paid to key management personnel	1,300	1,499	1,500
Comprise amounts paid to:			
— Directors of the Company	1,180	1,379	1,380
— Other key management personnel	120	120	120
	1,300	1,499	1,500

31. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2007, 2008 and 2009.

As disclosed in Note 26, the subsidiaries of the Group are required by the Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilization is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiaries for the financial years ended 31 December 2007, 2008 and 2009. One of the subsidiaries in the Group is required to comply with financial covenants imposed by its bankers on the declaration of dividends. In particular, the subsidiary is not allowed to declare dividends until it has fully repaid the loans and borrowings.

31. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, amount due to related parties, loans and borrowings, trade and other payables, shareholders' loans, less short term deposits (secured) and cash and cash equivalents. Total capital includes equity attributable to the equity shareholders less the abovementioned restricted statutory reserve fund.

	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Amount due to related parties (Note 14)	929,895	661,985	19,198
Loans and borrowings (Note 18)	1,589,142	1,845,580	2,054,524
Trade and other payables (Note 19)	292,513	434,577	355,880
Shareholders' loans (Note 23)	200,844	200,844	—
Less: Short term deposits, secured (Note17)	(520,686)	(605,405)	(712,620)
Cash and cash equivalents (Note 17)	(27,017)	(108,859)	(48,780)
Net debt	2,464,691	2,428,722	1,668,202
Equity attributable to equity holders	294,087	353,020	413,723
Less: Statutory reserve fund	(11,734)	(13,529)	(47,498)
Total capital	282,353	339,491	366,225
Capital and net debt	2,747,044	2,768,213	2,034,427
Gearing ratio	0.90	0.88	0.82

32. Financial risk management objectives and policies

The Group's principal financial instruments comprise predominantly bank loans, cash and short term deposits. The main purpose of these financial instruments is to finance the Group's operations. 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 receivables and trade payables, which arise directly from its operations.

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. In the years ended 31 December 2007 and 2008, the Group uses futures contracts in connection with its risk management activities to reduce the Group's exposure to fluctuations in foreign exchange rates. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken for trading and speculative purposes.

32. Financial risk management objectives and policies (cont'd)

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 is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating 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 recognized 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.

Exposure to credit risk

At the balance sheet date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognized in the balance sheets.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	2007		2008		2009	
	RMB'000	**% of total**	**RMB'000**	**% of total**	**RMB'000**	**% of total**
Smelting	9,540	37%	20,651	29%	176,514	32%
Fabrication	15,661	60%	49,029	69%	42,873	8%
Trading	800	3%	949	2%	328,857	60%
	26,001	100%	70,629	100%	548,244	100%

The Group has approximately 16.5% and 17.3% of trade receivables due from 1 major customer located in the PRC as at 31 December 2007 and 2008. As at 31 December 2009, the Group has approximately 60.6% of trade receivable due from a debtor which was previously a related company as disclosed in Note 15 to the financial statements.

32. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 (Trade and other receivables).

(b) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of short term loan facilities.

The Group's liquidity risk management policy is that to maintain sufficient liquid financial assets and short term loan facilities with different banks and business alliances. As at 31 December 2007, 2008 and 2009, all of the Group's loans and borrowings (Note 18) will mature in less than one year based on the carrying amount reflected in the financial statements. The table below summarises the maturity profile of the Group's financial assets and liabilities at the balance sheet date based on contractual undiscounted payments.

32. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	2007			
	One year or less	One to five years	Over five years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Trade and other receivables (Note 15)	53,834	—	—	53,834
Amounts due from directors (Note 13)	136,581	—	—	136,581
Amounts due from related parties (Note 14)	907,274	—	—	907,274
Short term deposits, secured (Note 17)	520,686	—	—	520,686
Cash and cash equivalents (Note 17)	27,017	—	—	27,017
Total undiscounted financial assets	1,645,392	—	—	1,645,392
Financial liabilities:				
Trade and other payables (Note 19)	292,513	—	—	292,513
Loans and borrowings (Note 18)	1,439,142	150,000	—	1,589,142
Amounts due to directors (Note 13)	30,565	—	—	30,565
Amounts due to related parties (Note 14)	929,895	—	—	929,895
Accrued operating expenses (Note 21)	13,025	—	—	13,025
Shareholders' loan (Note 23)	—	200,844	—	200,844
Amounts due to equity holders (Note 24)	—	—	442,420	442,420
Total undiscounted financial liabilities	2,705,140	350,844	442,420	3,498,404
Total net undiscounted financial liabilities	(1,059,748)	(350,844)	(442,420)	(1,853,012)

32. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

	2008			
	One year or less	One to five years	Over five years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Trade and other receivables (Note 15)	122,024	—	—	122,024
Amounts due from directors (Note 13)	288,540	—	—	288,540
Amounts due from related parties (Note 14)	913,910	—	—	913,910
Short term deposits, secured (Note 17)	605,405	—	—	605,405
Cash and cash equivalents (Note 17)	108,859	—	—	108,859
Total undiscounted financial assets	2,038,738	—	—	2,038,738
Financial liabilities:				
Trade and other payables (Note 19)	434,577	—	—	434,577
Loans and borrowings (Note 18)	1,675,368	170,212	—	1,845,580
Amounts due to directors (Note 13)	264,362	—	—	264,362
Amounts due to related parties (Note 14)	661,985	—	—	661,985
Accrued operating expenses (Note 21)	14,898	—	—	14,898
Shareholders' loan (Note 23)	—	200,844	—	200,844
Amounts due to equity holders (Note 24)	—	—	442,420	442,420
Total undiscounted financial liabilities	3,051,190	371,056	442,420	3,864,666
Total net undiscounted financial liabilities	(1,012,452)	(371,056)	(442,420)	(1,825,928)

32. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

	2009			
	One year or less	**One to five years**	**Over five years**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets:				
Trade and other receivables (Note 15)	579,366	—	—	579,366
Amounts due from related parties (Note 14)	32,449	—	—	32,449
Short term deposits, secured (Note 17)	712,620	—	—	712,620
Cash and cash equivalents (Note 17)	48,780	—	—	48,780
Total undiscounted financial assets	1,373,215	—	—	1,373,215
Financial liabilities:				
Trade and other payables (Note 19)	355,880	—	—	355,880
Loans and borrowings (Note 18)	2,024,524	30,000	—	2,054,524
Amounts due to directors (Note 13)	1,378	—	—	1,378
Amounts due to related parties (Note 14)	19,198	—	—	19,198
Accrued operating expenses (Note 21)	30,064	—	—	30,064
Amounts due to equity holders (Note 24)	—	—	442,420	442,420
	2,431,044	30,000	442,420	2,903,464
Total net undiscounted financial liabilities	(1,057,829)	(30,000)	(442,420)	(1,530,249)

32. Financial risk management objectives and policies (cont'd)

(c) *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 loans and borrowings. 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 balance sheet date for all three financial years.

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.

Sensitivity analysis for interest rate risk

At 31 December 2007, 2008 and 2009, if interest rates had been 100 basis points lower/higher for all three financial years with all other variables held constant, the Group's profit net of tax would have been approximately RMB7,246,000, RMB8,796,000 and RMB8,830,000 higher/lower respectively, arising mainly as a result of lower/higher interest expense on short term deposits, cash at bank and floating rate loans and borrowings.

(d) *Foreign exchange 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 United States Dollar ("USD"). The foreign currencies in which these transactions are denominated are mainly USD and Euro. Approximately 2.3% (2008: 24.3%, 2007: 31.3%) 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.

The Group also hold short term deposits and cash and cash equivalents denominated in foreign currencies for working capital purposes. As at 31 December 2007, 2008 and 2009, such foreign currency balances have been disclosed in Note 17(b) to the financial statements.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the respective exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

32. Financial risk management objectives and policies (cont'd)

(d) *Foreign exchange risk (cont'd)*

Sensitivity analysis for foreign currency risk (cont'd)

	Profit net of tax		
	2007	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**
Against RMB			
USD — strengthened 10% (2008: 10%, 2007: 10%)	21	1,130	273
— weakened 10% (2008: 10%, 2007: 10%)	(21)	(1,130)	(273)
Euro — strengthened 10% (2008: 10%, 2007: 10%)	—	1	1
— weakened 10% (2008: 10%, 2007: 10%)	—	(1)	(1)

33. Fair value of financial instruments

(a) *Fair value of financial instrument that are carried at fair value*

The following table shows an analysis of the financial instruments carried at fair value by level of fair value hierarchy:

	2009
	RMB'000
	Quoted prices in active markets for identified instruments (Level 1)
Financial assets:	
— short term investments (Note 16 (a))	4,430

Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities;

33. Fair value of financial instruments (cont'd)

(a) ***Fair value of financial instrument that are carried at fair value (cont'd)***

- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3 — Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Determination of fair value

Short term investments (Note 16(a)): Fair value is determined directly by reference to their published market bid price at the balance sheet date.

(b) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Amounts due from/(to) directors (Note 13), amounts due from/(to) related parties (Note 14), trade and other receivables (Note 15), floating rate bank loans and borrowings (Note 18), trade and other payables (Note 19).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

(c) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

The fair value of financial liabilities that are not carried at fair value and whose carrying amount is not reasonable approximation of fair value are as follows:

	2007		2008		2009	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities:						
Fixed rate bank loans (Note 18)	80,000	75,378	35,212	33,131	252,000	240,942
Shareholders' loans (Note 23)	200,844	*	200,844	*	—	—
Amount due to equity holders (Note 24) . . .	442,420	*	442,420	*	442,420	*

33. Fair value of financial instruments (cont'd)

(c) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd)***

Determination of fair value (cont'd)

Fixed rate bank loans (Note 18)

Fair value of fixed rate bank loans as disclosed in the table are estimated by discounting the expected future cash flows at market incremental lending rate for similar types of borrowings at the balance sheet date.

* Shareholders' loans (Note 23) and amounts due to equity holders (Note 24)

Fair value information has not been disclosed for the shareholders' loans and amount due to equity holders as their fair value cannot be determined reliably. The shareholders' loans are only repayable as and when the cashflows of the Group permit. The amounts due to equity holders are repayable only upon liquidation of the subsidiaries which has been included in the Group by virtue of the Contractual Agreements as disclosed in Note 1.3 to the financial statements. Accordingly, the fair value of the loans and amounts due to equity holders are not determinable as the timing of the future cash flows arising from the loans cannot be estimated reliably.

34. Foreign currency exchange

The Renminbi is not fully convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place either through the PBOC or other institutions authorized to buy and sell foreign currency. The exchange rate adopted for the foreign exchange transactions is the rate of exchange quoted by the PBOC which are determined largely by supply and demand.

Foreign currency payments, including the remittance of earnings outside the PRC, must be arranged through banks authorized to conduct foreign exchange business.

35. Subsequent events

On 23 July 2010 and 13 July 2010, the Group established Shuicheng Xinren Trading Co., Ltd. and Yichang Xinren Trading Co., Ltd., respectively which are directly held by its wholly-owned subsidiary, Jiangyin Xinren International Trading Co., Ltd..

36. Authorization of financial statements

The audited combined financial statements as at and for the three financial years ended 31 December 2007, 2008 and 2009 were authorized for issue in accordance with a resolution of the directors on 30 September 2010.

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Independent Auditors' Review Report
on Interim Condensed Combined Financial Statements of
XinRen Aluminum Holdings Pte. Ltd. and its Subsidiary Companies
as at and for the three months ended 31 March 2010

30 September 2010

The Board of Directors
XinRen Aluminum Holdings Pte. Ltd.

Dear Sirs:

Introduction

We have reviewed the accompanying interim condensed combined balance sheet of XinRen Aluminum Holdings Pte. Ltd. (the "Company" and formerly known as Sunrich Aluminium Pte. Ltd. and Costar International Pte. Ltd.) and its subsidiaries (collectively the "Group") as at 31 March 2010 and the related interim condensed combined statements of comprehensive income, changes in equity and cash flows for the three months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with Singapore Financial Reporting Standard FRS 34 "Interim Financial Reporting" (FRS 34). Our responsibility is to express a conclusion on these interim condensed combined financial statements based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed combined financial statements are not prepared, in all material respects, in accordance with FRS 34.

This Report has been prepared for the inclusion in the Prospectus of XinRen Aluminum Holdings Pte. Ltd. to be issued in connection with the proposed listing of the Company's shares on the Singapore Exchange Securities Trading Limited.

ERNST & YOUNG LLP
Public Accountants and Certified Public Accountants
Singapore

Partner-in-Charge: Ang Chuen Beng

XinRen Aluminum Holdings Pte. Ltd. and its subsidiary companies

Interim Condensed Combined Statements of Comprehensive Income for the Three Months ended 31 March 2010

	Note	1.1.2010 to 31.3.2010	1.1.2009 to 31.3.2009
		RMB'000	RMB'000
		Unaudited	Unaudited
Revenue		1,269,072	568,245
Cost of sales		(1,018,208)	(563,362)
Gross profit		250,864	4,883
Other items of income			
Finance income		2,527	4,213
Other income		5,803	5,458
Other items of expense			
Selling and distribution expenses		(19,036)	(15,115)
Administrative expenses		(19,322)	(12,071)
Finance costs		(17,559)	(15,185)
Other expenses		(895)	(2,778)
Profit/(loss) before taxation	3	202,382	(30,595)
Taxation	4	(52,075)	1,926
Profit/(loss) after taxation		150,307	(28,669)
Other comprehensive income:			
Net gain/(loss) on available-for-sale financial assets		(128)	430
Foreign currency translation		10	202
Other comprehensive income for the period		(118)	632
Total comprehensive income for the period		150,189	(28,037)
Profit/(loss) attributable to:			
Owners of the parent		150,307	(28,669)
Total comprehensive income attributable to:			
Owners of the parent		150,189	(28,037)
Earnings per share (in cents)			
Basic and Diluted (RMB cents)	5	17	(3)

The accounting policies and explanatory notes form an integral part of the interim condensed combined financial statements. The comparatives have not been reviewed nor audited.

XinRen Aluminum Holdings Pte. Ltd. and its subsidiary companies

Interim Condensed Combined Balance Sheet as at 31 March 2010

	Note	31 March 2010	31 December 2009
		RMB'000	RMB'000
		Unaudited	Audited
Non-current assets			
Property, plant and equipment	6	1,818,390	1,832,925
Land use rights		44,557	44,889
Deferred expenses		3,399	3,399
Deferred tax assets	12	7,409	12,034
		1,873,755	1,893,247
Current assets			
Inventories	7	647,683	474,185
Prepayments		271,467	192,528
Amounts due from directors	15	16,034	—
Amounts due from related parties	15	49,434	32,449
Trade and other receivables	8	635,994	579,366
Short term investments		5,501	4,430
Short term deposits, secured	9	692,193	712,620
Cash and cash equivalents	9	75,094	48,780
		2,393,400	2,044,358
Current liabilities			
Loans and borrowings	10	1,999,004	2,024,524
Amounts due to directors	15	40,422	1,378
Amounts due to related parties	15	17,514	19,198
Trade and other payables	11	378,190	355,880
Advances from customers		585,154	448,989
Accrued operating expenses		36,440	30,064
Income tax payable		146,506	117,806
		3,203,230	2,997,839
Net current liabilities		(809,830)	(953,481)
Non-current liabilities			
Deferred tax liabilities	12	57,593	53,623
Loans and borrowings	10	—	30,000
Amounts due to equity holders		442,420	442,420
Net assets		563,912	413,723
Equity attributable to equity holders of the parent			
Share capital	13	5,051	5,051
Revenue reserve		425,616	275,309
Other reserves		133,245	133,363
Total equity		563,912	413,723

The accounting policies and explanatory notes form an integral part of the interim condensed combined financial statements. The comparatives have not been reviewed nor audited.

XinRen Aluminum Holdings Pte. Ltd. and its subsidiary companies

Interim Condensed Combined Statements of Changes in Equity for the Three Months ended 31 March 2010

	Attributable to equity holders of the parent				
	Share Capital	Revenue Reserve	Other Reserves	Total Reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2009	5,051	251,674	96,295	347,969	353,020
Loss for the period	—	(28,669)	—	(28,669)	(28,669)
Other comprehensive income for the period	—	—	632	632	632
Total comprehensive income for the period	—	(28,669)	632	(28,037)	(28,037)
Balance at 31 March 2009	5,051	223,005	96,927	319,932	324,983
Balance at 1 January 2010	5,051	275,309	133,363	408,672	413,723
Profit for the period	—	150,307	—	150,307	150,307
Other comprehensive income for the period	—	—	(118)	(118)	(118)
Total comprehensive income for the period	—	150,307	(118)	150,189	150,189
Balance at 31 March 2010	5,051	425,616	133,245	558,861	563,912

The accounting policies and explanatory notes form an integral part of the interim condensed combined financial statements. The comparatives have not been reviewed nor audited.

XinRen Aluminum Holdings Pte. Ltd. and its subsidiary companies

Interim Condensed Combined Statements of Cash Flows for the Three Months ended 31 March 2010

	1.1.2010 to 31.3.2010	1.1.2009 to 31.3.2009
	RMB'000	RMB'000
	Unaudited	Unaudited
Operating profit before changes in working capital (Note 9(c))	240,558	26,195
Increase in inventories	(173,498)	(37,810)
Increase in prepayments	(78,939)	(88,068)
Decrease in deferred expenses	—	32,864
(Increase)/decrease in amounts due from directors and related parties	(33,019)	494,625
Increase in trade and other receivables	(56,628)	(27,650)
Increase/(decrease) in amounts due to directors and related parties	37,360	(460,037)
Increase/(decrease) in trade and other payables	22,310	(12,283)
Increase in advances from customers	136,165	113,498
Increase in accrued operating expenses	6,376	803
Cash generated from operating activities	100,685	42,137
Interest income received	2,527	4,213
Interest expense paid	(12,345)	(11,011)
Taxation paid	(14,780)	—
Net cash generated from operating activities	76,087	35,339
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,491)	(9,646)
Purchase of intangible asset	—	(711)
Purchase of short term investments	(1,179)	(750)
Net cash used in investing activities	(14,670)	(11,107)
Cash flows from financing activities		
Proceeds from loans and borrowings	889,705	885,534
Repayments of loans and borrowings	(945,225)	(855,446)
Decrease/(increase) in short term deposits, secured	20,427	(90,460)
Net cash used in financing activities	(35,093)	(60,372)
Net increase/(decrease) in cash and cash equivalents	26,324	(36,140)
Effect of exchange rate changes on cash and cash equivalents	(10)	200
Cash and cash equivalents at beginning of period	48,780	108,859
Cash and cash equivalents at end of period (Note 9(b))	75,094	72,919

The accounting policies and explanatory notes form an integral part of the interim condensed combined financial statements. The comparatives have not been reviewed nor audited.

1. Corporate information

1.1 *The Company*

XinRen Aluminum Holdings Pte. Ltd. (the "Company") was incorporated in the Republic of Singapore on 29 August 2006 as a private company limited by shares under the name of "Costar International Pte. Ltd." and subsequently renamed as "Sunrich Aluminium Pte. Ltd." on 5 March 2010 and "XinRen Aluminum Holdings Pte. Ltd." on 20 September 2010.

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

1.2 *The Subsidiary Companies*

The Company, either through direct legal ownership or implementation of the Contractual Agreements has direct or indirect interests in the subsidiary companies subsequent to the Restructuring Exercise as follow:

Name	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest	
			31.03.2010	31.12.2009
Jiangyin Xinren International Trading Co., Ltd. *(formerly known as Jiangyin Da Li Classic Jeans Co., Ltd.)*	Investment holding	PRC	100%	100%
Jiangyin Xinren Technology Co., Ltd.	Fabrication and trading of aluminum related products	PRC	100%	100%
Shanghai Fengbo International Trading Co., Ltd.	Trading of aluminum related products	PRC	100%	100%
Shanghai Shuangpai Aluminium Co., Ltd.	Trading of aluminum related products	PRC	100%	100%
Harvestlink Investment Ltd.	Trading and marketing of aluminum related products	BVI	100%	100%
Guizhou Liupanshui Shuangyuan Aluminium Co., Ltd.	Manufacture of aluminum ingots through smelting process	PRC	#	#
Yichang Changjiang Aluminium Co., Ltd.	Manufacture of aluminum ingots through smelting process	PRC	#	#

1. Corporate information (cont'd)

1.2 *The Subsidiary Companies (cont'd)*

\# These entities have been included within the Group by virtue of Contractual Agreements in place. The Contractual Agreements, taken as a whole, permits the financial results of these entities and the economic benefits of their businesses to flow to the Group. In addition, the directors of these entities are to be appointed by Jiangyin Xinren International Trading Co., Ltd., a subsidiary of the Group. Through its control over these entities, the Group is able to monitor and effectively control the businesses, operations and financial policies of these entities to ensure and facilitate the implementation of the Contractual Agreements. The Contractual Agreements also enable the Group to control and acquire up to 100% of the equity interest in these entities at a purchase price not exceeding the registered share capital of these entities at such time permitted by the relevant PRC laws and regulations with an undertaking from the registered shareholders of these entities. Notwithstanding the lack of equity ownership, the Group is entitled to control the businesses of these entities in substance and accordingly, the financial position and operating results of these entities have been included in the Group's combined financial statements. The registered share capital of these entities have been accounted for as long term liabilities which has been disclosed as amounts due to equity holders.

1.3 *Seasonality of Operations*

The Group is affected by the Chinese New Year holidays, during which many of the customers do not accept delivery for a period of 2 to 3 weeks. Other than that, the Group's operations are not subjected to significant seasonal variations in revenues.

2. Basis of Preparation and Accounting Policies

2.1 *Basis of preparation*

The unaudited interim condensed combined financial statements of the Group for the three months ended 31 March 2010 have been prepared in accordance with Singapore Financial Reporting Standard FRS 34 "Interim Financial Reporting".

The interim condensed combined financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited combined financial statements as at 31 December 2009. The interim condensed combined statement of comprehensive income, changes in equity, cash flows and its related notes for the financial period ended 31 March 2009 are neither reviewed nor audited.

2.2 *Fundamental accounting concept*

As at 31 March 2010, the Group's current liabilities exceeded its current assets by RMB809,830,000 (31.12.2009: RMB953,481,000) and this may cast doubt on the validity of the going concern assumption in the preparation of the Group's financial statements. The ability of the Group to continue as a going concern is dependent on the Group's ability to generate positive cashflows. In the opinion of the directors, the Group is able to continue as a going concern despite its net current liabilities position as the Directors are of the view that the Group will be able to continue to generate net cash inflows from its operating activities for a period of 12 months from the date these financial statements were approved. In addition, the shareholders of the Company have undertaken to provide financial support as and when required, to the Company for a period of 12 months from the date these financial statements were approved by procuring that one of the entities owned by the shareholders provide security over one of the properties it owns, to secure future banking facilities of up to RMB300 million that may be required by the Company.

2. Basis of Preparation and Accounting Policies (cont'd)

2.2 *Fundamental accounting concept (cont'd)*

Accordingly, the directors are of the view that the use of the going concern assumption is appropriate for the preparation of the financial statements of the Group to enable it to meet its financial obligations as and when they fall due.

2.3 *Changes in accounting policies*

The accounting policies adopted in the preparation of the interim condensed combined financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations as of 1 January 2010, noted below:

Amendments to		**Effective date (Annual periods beginning on or after)**
FRS 27 (R)	Consolidated and Separate Financial Statements	1 July 2009
FRS 39	Financial Instruments: Recognition and Measurement — Eligible Hedged Item	1 July 2009
FRS 103 (R)	Business Combinations	1 July 2009
FRS 105	Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
INT FRS 117	Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 109	Reassessment of Embedded Derivatives	
FRS 39	Financial Instruments: Recognition and Measurement	1 July 2009
And		
Improvements to FRS issued in 2009:		
FRS 38	Intangible Assets	1 July 2009
FRS 102	Share-based Payment	1 July 2009
FRS 108	Operating Segments	1 January 2010
INT FRS 109	Reassessment of Embedded Derivatives	1 July 2009
INT FRS 116	Hedges of a Net Investment in a Foreign Operation	1 July 2009
FRS 1	Presentation of Financial Statements	1 January 2010
FRS 7	Statement of Cash Flows	1 January 2010
FRS 17	Leases	1 January 2010
FRS 36	Impairment of Assets	1 January 2010
FRS 39	Financial Instruments: Recognition and Measurement	1 January 2010
FRS 105	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
FRS 102	Amendments to FRS 102 Share-based Payment	1 January 2010
FRS 101	Amendments FRS 101 Additional Exemptions for First Time Adopters	1 January 2010

3. Profit/(loss) before taxation

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

	1.1.2010 to 31.3.2010	1.1.2009 to 31.3.2009
	RMB'000	RMB'000
	Unaudited	Unaudited
Other income:		
— government subsidy	435	340
— sale of scraps	5,361	4,861
— others	7	257
Interest income	2,527	4,213
Finance expense:		
— interest expense	(12,345)	(11,011)
— bank charges#	(6,495)	(4,080)
— foreign exchange gain/(loss)	1,281	(94)
Amortization for		
— land use rights	(332)	(169)
Depreciation of property, plant and equipment	(28,026)	(26,879)
Reversal of write-down of inventories	—	22,944
Employee benefits expense		
— Short-term employee benefits	(14,878)	(9,188)
— Contributions to defined contribution plan	(1,450)	(937)

Bank charges mainly relate to charges incurred for notes payable

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

Government subsidy relates to non-recurring subsidy granted in respect of technology upgrade for one of the plants, non-recurring subsidies provided in connection with the credit crisis as well as subsidies provided by the provincial government of one of the subsidiaries in respect of electricity cost which are on-going with no specified duration. There are no unfulfilled conditions to the subsidies.

4. Taxation

(a) ***Major components of income tax expense/(income)***

	1.1.2010 to 31.3.2010	1.1.2009 to 31.3.2009
	RMB'000	RMB'000
	Unaudited	Unaudited
Current tax		
— current period	43,480	(1,154)
Deferred tax		
— current period	7,695	(1,089)
— withholding tax on profit appropriation	900	317
	52,075	(1,926)

The reconciliation of the tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the period ended 31 March is as follows:

Profit/(loss) before taxation	202,382	(30,595)
Tax at domestic rates applicable to results in the countries where the Group operates	50,459	(7,560)
Effect of deductible temporary differences not recognized	506	6,762
Effect of expenses not deductible for tax purposes	356	180
Withholding tax on profit appropriation	900	317
Others	(146)	(1,625)
Income tax expense recognized in profit or loss	52,075	(1,926)

The tax rates used in computing taxes for entities incorporated in the People's Republic of China were 22% to 25% and 20% to 25% for the financial period ended 31 March 2010 and the financial year ended 31 December 2009 respectively. The PRC entities registered in Shanghai, PRC were taxed at preferential rates of 22% and 20% for the financial period ended 31 March 2010 and the financial period ended 31 March 2009 respectively. The other PRC entities were taxed at 25% for the financial period ended 31 March 2010 and the financial period ended 31 March 2009.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

5. Earnings per share

Earnings per share is calculated by dividing the Group's net profit attributable to shareholders for the period by the pre-offering share capital of 900,000,000 ordinary shares.

6. Property, plant and equipment

	Buildings	Machinery and equipment	Motor vehicles	Office equipment	Capital maintenance	Construc tion-in-progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
At 1 January 2009	378,920	1,493,916	11,950	12,726	98,064	41,676	2,037,252
Additions	17,726	6,816	1,685	14,830	29,677	5,050	75,784
Transfers	32,893	8,864	—	—	—	(41,757)	—
Disposals	—	(191)	—	—	—	(1,248)	(1,439)
At 31 December 2009 and 1 January 2010	429,539	1,509,405	13,635	27,556	127,741	3,721	2,111,597
Additions	3,082	3,673	151	666	—	5,919	13,491
Transfers	3,347	—	—	—	—	(3,347)	—
At 31 March 2010	435,968	1,513,078	13,786	28,222	127,741	6,293	2,125,088
Accumulated depreciation							
At 1 January 2009	23,997	113,015	7,398	3,944	17,565	—	165,919
Charge for the year	14,137	71,520	1,853	2,663	22,580	—	112,753
At 31 December 2009 and 1 January 2010	38,134	184,535	9,251	6,607	40,145	—	278,672
Charge for the period	3,387	16,709	494	1,049	6,387	—	28,026
At 31 March 2010	41,521	201,244	9,745	7,656	46,532	—	306,698
Net carrying amount							
At 31 December 2009	391,405	1,324,870	4,384	20,949	87,596	3,721	1,832,925
At 31 March 2010	394,447	1,311,834	4,041	20,566	81,209	6,293	1,818,390

Certain machinery and equipment are pledged to secure bank loans amounting to approximately RMB 591,535,000 and RMB639,390,000 for the financial period ended 31 March 2010 and financial year ended 31 December 2009, respectively. Information regarding bank loans is disclosed in Note 10.

7. Inventories

	31 March 2010	31 December 2009
	RMB'000	RMB'000
	Unaudited	Audited
Raw materials	388,619	285,267
Work-in-progress	152,320	154,982
Finished goods	87,529	19,126
Spares and consumables	19,215	14,810
	647,683	474,185
Inventories pledged to banks	141,383	226,183
Inventories recognized as an expense in cost of sales	1,015,046	562,984

8. Trade and other receivables

	31 March 2010	31 December 2009
	RMB'000	RMB'000
	Unaudited	Audited
Trade and other receivables:		
Trade receivables	587,716	548,244
Bills receivables	192	1,300
Refundable VAT and other taxes	12,698	4,061
Advances to employees	3,557	2,596
Other receivables	31,831	23,165
Total trade and other receivables	635,994	579,366

Trade receivables

Trade receivables are non-interest bearing and are generally on up to 30 days' terms. They are recognized at their original invoice amounts which represent their fair values on initial recognition. Included in trade receivables balance as at 31 December 2009, is an amount of approximately RMB480,034,000 due from entities which were disclosed as related parties in previous years. Certain shareholders of the Company have given an undertaking to ensure the collection of the outstanding trade receivable amount. In the event of default, the Company has the right to seek recourse against these Company's shareholders for any unpaid balances. This balance approximated RMB397,034,000 as at 31 March 2010.

9. Short term deposits, secured
Cash and cash equivalents

(a) *Short term deposits secured*

Short term deposits are secured in connection with the notes payable.

(b) *Cash and cash equivalents*

Included in cash and bank balances for the Group are amounts denominated in foreign currencies as follows:

	31 March 2010	31 December 2009
	RMB'000	RMB'000
	Unaudited	Audited
United States Dollar	628	5,059
Euro	15	27
Singapore Dollar	9,418	—

9. Short term deposits, secured Cash and cash equivalents (cont'd)

(b) *Cash and cash equivalents (cont'd)*

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of up to six months.

	31 March 2010	31 December 2009
	Unaudited	Audited
Interest rates on short-term deposits (per annum)	0.36%-2.25%	0.36%-2.25%

(c) Cash flow from operating activities:

	1.1.2010 to 31.3.2010	1.1.2009 to 31.03.2009
	RMB'000	RMB'000
	Unaudited	Unaudited
Profit/(loss) before taxation	202,382	(30,595)
Adjustments for:		
Depreciation of property, plant and equipment	28,026	26,879
Amortization of land use rights	332	169
Reversal of write-down of inventories	—	22,944
Interest income	(2,527)	(4,213)
Interest expense	12,345	11,011
Operating profit before changes in working capital	240,558	26,195

10. Loans and borrowings

	31 March 2010	31 December 2009
	RMB'000	RMB'000
	Unaudited	Audited
Fixed rate bank loans, unsecured	60,000	60,000
Fixed rate bank loans, secured	181,200	192,000
Floating rate bank loans, unsecured	205,000	305,000
Floating rate bank loans, secured	398,600	275,000
Notes payable	1,154,204	1,222,524
	1,999,004	2,054,524
Comprising:		
Current portion	1,999,004	2,024,524
Non-current portion	—	30,000
	1,999,004	2,054,524

10. Loans and borrowings (cont'd)

The effective interest rates of loans and borrowings are as follow:

	31 March 2010	31 December 2009
	Unaudited	**Audited**
Fixed rate bank loans	4.91% to 9.03%	4.05% to 9.03%
Floating rate bank loans	4.86% to 8.22%	4.86% to 8.22%

Fixed rate and floating rate of bank loans have various maturity dates till:

Fixed rate bank loans	13 Dec 2010	13 Dec 2010
Floating rate bank loans	28 Mar 2011	12 Jan 2011

Fixed rate bank loans

These loans are secured by charges over land use rights and buildings, inventories and plant and machineries issued and/or guarantees by the following:

	31 March 2010	31 December 2009
	RMB'000	**RMB'000**
	Unaudited	**Audited**
Third parties and directors of the Company and subsidiaries	40,000	40,000

Floating rate bank loans

These following loans and borrowings are secured by guarantees from the following:

Directors	102,600	50,000
Subsidiaries	220,000	210,000
Directors of the Company and subsidiaries	55,000	155,000
	377,600	415,000

11. Trade and other payables

	31 March 2010	31 December 2009
	RMB'000	RMB'000
	Unaudited	Audited
Trade and other payables		
Trade payables	209,552	136,729
Other payables	168,638	219,151
Total trade and other payables	378,190	355,880

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

12. Deferred tax (assets)/liabilities

	31 March 2010	31 December 2009
	RMB'000	RMB'000
	Unaudited	Audited
Deferred tax assets		
— Differences in depreciation and amortization	(7,207)	(11,445)
— Accruals and provisions	(202)	(589)
	(7,409)	(12,034)
Deferred tax liabilities		
— Differences in depreciation and amortization	49,093	46,023
— Withholding tax on dividend appropriation	8,500	7,600
	57,593	53,623
Deferred tax liabilities, net	50,184	41,589

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui [2008] No. 001, which states that distribution of dividends after 1 January from pre-2008 profits will be exempt from withholding tax on distribution to foreign investors. As a result, there should be no deferred tax liabilities arising from undistributed profits of the Company's PRC subsidiaries accumulated up till 31 December 2007. Provision for deferred tax liabilities, however, would be required to the extent per FRS 12.39 on profits accumulated from 1 January 2008 onwards.

12. Deferred tax (assets)/liabilities (cont'd)

There are no unrecognized deferred tax assets in respect of temporary differences as at 31 March 2010 and 31 December 2009.

Unrecognized temporary differences relating to investments in subsidiaries:

As at 31 March 2010, deferred tax liability has been recognized for withholding tax that would be payable on certain undistributed earnings of the PRC subsidiaries which are directly held by the Group. There are no unrecognized temporary differences relating to investment in subsidiaries as the Group has determined that portion of the undistributed earnings of its PRC subsidiaries will not be distributed in the foreseeable future to be insignificant.

13. Share capital

The Company was incorporated on 29 August 2006 with 1,000,000 fully paid-up shares of S$1,000,000, approximating RMB5,051,000.

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.

14. Segment information

For management purposes, the Group is organized into business units based on their products and services, and has three reportable operating segments as follows:

(i) The Smelting segment is in the business of smelting alumina and manufacturing and supplier of aluminum ingots.

(ii) The Fabrication segment is in the business of fabricating and supplier of aluminum-related products.

(iii) The Trading segment is in the business of trading in aluminum hydroxide and aluminum ingots.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the combined financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

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

14. Segment information (cont'd)

	Smelting		Fabrication		Trading		Adjustments and eliminations		Note	Combined financial statements	
	1.1.2010 to 31.3.2010	1.1.2009 to 31.3.2009	1.1.2010 to 31.3.2010	1.1.2009 to 31.3.2009	1.1.2010 to 31.3.2010	1.1.2009 to 31.3.2009	1.1.2010 to 31.3.2010	1.1.2009 to 31.3.2009		1.1.2010 to 31.3.2010	1.1.2009 to 31.3.2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited		Unaudited	Unaudited
Revenue:											
— external customers, representing total revenue	928,218	530,403	122,720	37,671	218,134	171	—	—		1,269,072	568,245
Results:											
Segment profit/(loss)	179,945	(23,638)	27,373	(5,786)	(676)	(318)	(4,260)	(853)	A	202,382	(30,595)

14. Segment information (cont'd)

	31.3.2010	31.12.2009
	RMB'000	RMB'000
	Unaudited	Audited
Segment assets		
Smelting	4,162,468	4,077,881
Fabrication	860,740	861,617
Trading	494,789	452,876
Total segment assets	5,517,997	5,392,374
Add/(less):		
Deferred tax assets	7,409	12,034
Inter-segment assets	(1,258,251)	(1,466,803)
Total assets	4,267,155	3,937,605

Note

A The following items are deducted from segment profit to arrive at "Profit/(loss) before taxation" presented in the combined statements of comprehensive income:

	1.1.2010 to 31.3.2010	1.1.2009 to 31.3.2009
	RMB'000	RMB'000
	Unaudited	Unaudited
Profit from inter-segment sales	(3,937)	633
Finance costs	(323)	(1,486)
	(4,260)	(853)

15. Related party disclosures

(a) ***Sale and purchase of goods and services***

An entity or individual is considered a related party of the Group for the purpose of the financial statements if it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa or it is subject to common control or common significant influence.

15. Related party disclosures (cont'd)

(a) *Sale and purchase of goods and services (cont'd)*

The following significant transactions between the Group and its related parties took place on terms agreed between the parties:

	1.1.2010 to 31.3.2010	1.1.2009 to 31.3.2009
	RMB'000	RMB'000
Purchase of goods from related parties	—	10,550
Sales to related parties	—	3,423

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. In addition, the following related party transactions were entered into:

	1.1.2010 to 31.3.2010	1.1.2009 to 31.3.2009
	RMB'000	RMB'000
Payments on behalf of related parties	19,198	—
Advances from related parties	(32,500)	(37,592)
Advances to related parties	65,611	11,000
Advances from directors	(2,625)	(380)
Advances to directors	11,272	4,800

(b) *Amounts due from/(to) directors*

The amounts due from/(to) directors are non-trade in nature, unsecured and repayable on demand. Amounts due to directors are expected to be settled in cash.

(c) *Amounts due from/(to) related parties*

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

16. Commitments and contingencies

As at 31 March 2010, the Group has committed to purchase an aggregate of approximately 3,537,000 tonnes of aluminum hydroxide over a period of up to 31 December 2014. The purchase price of these raw materials will be determined based on agreed rates over the prevailing quoted aluminum ingot prices.

17. Subsequent events

On 23 July 2010 and 13 July 2010, the Group established Shuicheng Xinren Trading Co., Ltd. and Yichang Xinren Trading Co., Ltd., respectively which are directly held by its wholly-owned subsidiary, Jiangyin Xinren International Trading Co., Ltd..

18. Authorization of financial statements

The unaudited interim condensed combined financial statements as at 31 March 2010 and for the financial period from 1 January 2010 to 31 March 2010 were authorized for issue in accordance with a resolution of the directors on 30 September 2010.

APPENDIX J — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION FOR AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

Applications are invited for the subscription for and/or purchase of the Offering Shares at the Offering Price on the terms and conditions set out in this Appendix J (the "Instructions") and in the Application Form to be used for the purpose of the Offering and which forms part of the Prospectus or, as the case may be, the Electronic Applications.

Investors applying for the Offering Shares by way of Application Forms or Electronic Applications are required to pay the Offering Price of S$0.55 per Share, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom) where (i) an application is unsuccessful; (ii) an application is rejected or accepted in part only, or (iii) if the Offering does not proceed for any reason.

1. **Your application must be made in lots of 1,000 Offering Shares or integral multiples thereof. Your application for any other number of Offering Shares will be rejected.**

2. You may apply for the Offering Shares only during the period commencing at 9.00 a.m. on October 25, 2010 and expiring at 12.00 noon on October 25, 2010. The Public Offer period may be extended or shortened to such date and/or time as our Company may, in consultation with the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, decide, subject to all applicable laws and regulations and the rules of the SGX-ST.

3. Your application for the Offering Shares under the Public Offer (the "Public Offer Shares"), may be made by way of the printed **WHITE** Application Forms or by way of Automated Teller Machines ("ATMs") belonging to each of the Participating Banks, DBS (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited. ("ATM Electronic Application") or the Internet Banking ("IB") websites of the relevant Participating Banks ("Internet Electronic Applications").

   Applications for the Offering Shares under the Placement (the "Placement Shares") may only be made by way of the printed **BLUE** Placement Shares Application Forms or such other forms of application as the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters deem appropriate.

   Internet Electronic Applications through the IB websites of the relevant Participating Banks shall together with the ATM Electronic Applications, be referred to as "Electronic Applications".

4. **You must be in Singapore at the time of making the application for the Public Offer.**

5. **You may use up to 35.0 per cent. of your CPF Investible Savings ("CPF Funds") to apply for the Offering Shares under the Public Offer**. Approval has been obtained from the Central Provident Fund Board ("CPF Board") for the use of such CPF Funds pursuant to the Central Provident Fund (Investment Schemes) Regulations, as may be amended from time to time, for the subscription of the Offering Shares. You may also use up to 35.0 per cent. of your CPF Funds for the purchase of the Offering Shares in the secondary market.

6. If you are using CPF Funds to apply for the Offering Shares, you must have a CPF Investment Account maintained with the relevant Participating Bank. You do not need to instruct the CPF Board to transfer CPF Funds from your CPF Ordinary Account to your CPF Investment Account.

   The use of CPF Funds to apply for the Offering Shares is further subject to the terms and conditions set out in the section on "Terms and Conditions for Use of CPF Funds" on page J-22 of this Prospectus.

7. Only one (1) application may be made for the benefit of one (1) person for the Offering Shares in his own name. Multiple applications for the Offering Shares will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.

   You may not submit multiple applications for the Public Offer Shares via the Application Form, ATM Electronic Application or Internet Electronic Application. A person who is submitting an application for the Public Offer Shares by way of the Application Form may not submit another application for the Public Offer Shares by way of an ATM Electronic Application or Internet Electronic Application and vice versa.

   A person, other than an approved nominee company, who is submitting an application for the Public Offer Shares in his own name should not submit any other applications for the Public Offer Shares, whether on a printed Application Form or through an ATM Electronic Application or Internet Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.

   Joint or multiple applications for the Public Offer Shares shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer Shares may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at our discretion.

8. Applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, non-corporate bodies or joint Securities Account holders of CDP will be rejected.

9. Multiple applications may be made in the case of applications by any person for (i) the Shares under the Placement (the "Placement Shares") only, or (ii) the Placement Shares together with a single application for the Public Offer Shares.

10. Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of ATM Electronic Applications and Internet Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of the application.

11. The existence of a trust will not be recognized. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 12 below.

12. **Nominee applications may only be made by approved nominee companies.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.

13. **If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application. If you do not have an existing Securities Account with the CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your CDP Securities**

Account number or provide an incorrect CDP Securities Account number in your Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected.

14. Subject to paragraph 15 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card ("NRIC") or passport number or company registration number, nationality and permanent residence status, and CDP Securities Account number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one (1) individual direct Securities Account with the CDP, your application shall be rejected.

15. **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address last registered with CDP.**

16. The Prospectus and its accompanying documents (including these Instructions and the Application Form) have not been registered in any jurisdiction other than in Singapore. The distribution of the Prospectus and its accompanying documents (including these Instructions and the Application Form) may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Without limiting the generality of the foregoing, neither the Prospectus (including its accompanying documents (including these Instructions and the Application Form)) nor any copy thereof may be taken, transmitted, published or distributed, directly or indirectly, in whole or in part, into or in the United States or to any U.S. Person (as defined in Regulation S ("Regulation S") under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act")), including any U.S. resident, or any partnership or corporation organized or incorporated under the laws of the United States or any state or territory thereof, or any trust of which any trustee is a U.S. person, or any agency or branch of a foreign entity located in the United States. Any failure to comply with this restriction may constitute a violation of securities laws in the United States and in other jurisdictions.

    The Prospectus and its accompanying documents (including these Instructions and the Application Form) are not an offer of, or invitation by or on behalf of our Company or the Vendors to subscribe for and/or purchase, securities for sale in the United States nor are they an offer or invitation by or on behalf of our Company to subscribe for and/or purchase securities in any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such an offer or invitation, including U.S. persons within the meaning of Regulation S. The Offering Shares may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act. Our Company does not intend to register any portion of the Offering Shares in the United States or conduct a public offering of securities in the United States.

    The Offering Shares are being offered outside the United States to non-U.S. persons (including institutional and other investors in Singapore) in offshore transactions in reliance on Regulation S. For a further description of certain restrictions on the offer, sale or transfer of our Shares, see "Distribution and Selling Restrictions".

    Our Company reserves the right to reject any applications for Offering Shares where our Company believes or has reason to believe that such applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.

No person in any jurisdiction outside Singapore receiving the Prospectus or its accompanying documents (including these Instructions and the Application Form) may treat the same as an offer or invitation to subscribe for and/or purchase any Offering Shares unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.

17. Our Company reserves the right to reject any application which does not conform strictly to the instructions set out in the Prospectus, these Instructions and the Application Form, which does not comply with the instructions of the Electronic Applications, in the ATM and IB websites of the relevant Participating Banks, or with the terms and conditions of the Prospectus or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance.

18. Our Company further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Prospectus, these Instructions and the Application Form or the instructions of the Electronic Applications and in the ATMs and IB websites of the relevant Participating Banks, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

    Without prejudice to the rights of our Company, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, as agents of our Company, have been authorized to accept, for and on behalf of our Company, such other forms of application as the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters may, in consultation with our Company, deem appropriate.

19. Our Company reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application, without assigning any reason therefor, and none of our Company and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters will entertain any enquiry and/or correspondence on the decision of our Company. This right applies to applications made by way of Application Forms and by way of Electronic Applications and by such other forms of application as the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters may, in consultation with our Company, deem appropriate. In deciding the basis of allocation, our Company will give due consideration to the desirability of allocating the Offering Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

20. The Offering Shares may be reallocated between the Placement and the Public Offer in the event of excess applications in one or a deficit of applications in the other.

21. In the event that our Company lodges a supplementary or replacement prospectus ("Relevant Document") pursuant to the Securities and Futures Act or any applicable legislation in force from time to time prior to the close of the Offering, and the Offering Shares have not been issued, our Company will (as required by law), at the sole and absolute discretion of our Company, either:

    (a) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

    (b) within seven (7) days of the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to withdraw your application; or

(c) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven (7) days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 21(a) and 21(b) above to withdraw his application shall, within 14 days from the date of lodgement of the Relevant Document, notify us whereupon our Company shall, within seven (7) days from the receipt of such notification, return all monies in respect of such application (without interest or any share of revenue or other benefit arising therefrom).

In the event that the Offering Shares have already been issued at the time of the lodgement of the Relevant Document but trading has not commenced, our Company will (as required by law), at the sole and absolute discretion of our Company, either:

(i) within two (2) days (excluding Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to our Company the Offering Shares which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(ii) within seven (7) days from the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to return the Offering Shares which you do not wish to retain title in; or

(iii) deem the issue and transfer of the Offering Shares as void and refund your payment for the Offering Shares (without interest or any share of revenue or other benefit arising therefrom) within seven (7) days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 21(i) and 21(ii) above to return the Offering Shares issued to him shall, within 14 days from the date of lodgment of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title of those Offering Shares, whereupon our Company shall, subject to compliance with applicable laws and the Articles of Association of our Company, within seven (7) days from the receipt of such notification and documents, pay to him all monies paid by him for the Offering Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Offering Shares issued to him shall be deemed to be void.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

22. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Public Offer, and subject to the submission of valid applications and payment for the Offering Shares, a statement of account stating that your Securities Account has been credited with the number of Offering Shares allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company. You irrevocably authorize CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Offering Shares allocated to you. This authorization applies to applications made both by way of Application Forms and by way of Electronic Applications and such other forms of application as the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters may in consultation with our Company, deem appropriate.

23. You irrevocably authorize CDP to disclose the outcome of your application, including the number of Offering Shares allocated to you pursuant to your application, to our Company and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters and any other parties so authorized by our Company and the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters.

24. Any reference to “you” or the “Applicant” in this section shall include a person, a corporation, an approved nominee company and trustee applying for the Offering Shares by way of an Application Form or by way of Electronic Application or such other forms of application as the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters may in consultation with our Company, deem appropriate.

25. By completing and delivering an Application Form and, in the case of an ATM Electronic Application, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key on the ATM or, in the case of an Internet Electronic Application, by clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other relevant button on the IB website screen in accordance with the provisions herein, you:

    (a) irrevocably offer, agree and undertake to subscribe for and/or purchase the number of Offering Shares specified in your application (or such smaller number for which the application is accepted) at the Offering Price for each Offer Share and agree that you will accept such number of Offering Shares as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, the Prospectus and the Memorandum and Articles of Association of our Company;

    (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in the Prospectus and the Application Form and those set out in the IB websites or ATMs of the Participating Banks, the terms and conditions set out in the Prospectus shall prevail;

    (c) in the case of an application under the Public Offer by way of an Application Form, an ATM Electronic Application or Internet Electronic Application, agree that the aggregate Offering Price for the Public Offer Shares applied for is due and payable to our Company upon application;

    (d) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allocate any Offering Shares to you;

    (e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters or the Co-ordinator of the Public Offer, will infringe any such laws as a result of the acceptance of your application;

    (f) agree and confirm that you are outside the United States; and

    (g) understand that the Offering Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from or in a transaction subject to the registration requirements of the U.S. Securities Act and applicable state securities laws. There will be no public offer of the Offering Shares in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

26. Acceptance of applications will be conditional upon, *inter alia*, our Company being satisfied that:

(a) permission has been granted by the SGX-ST to deal in and for the quotation of all the Offering Shares and the Additional Shares;

(b) the Placement Agreement and the Offer Agreement, referred to in the section on "Plan of Distribution" in the Prospectus, have become unconditional and have not been terminated; and

(c) the Authority has not served a stop order which directs that no or no further shares to which the Prospectus relates be allotted or issued ("Stop Order").

27. In the event that a Stop Order in respect of the Offering Shares is served by the Authority or other competent authority, and:

(a) the Offering Shares have not been issued, all applications shall (as required by and subject to applicable laws) be deemed to be withdrawn and cancelled and our Company shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or

(b) if the Offering Shares have already been issued but trading has not commenced, the issue will (as required by law) be deemed void and our Company shall, subject to compliance with applicable laws and the Articles of Association of our Company, refund your payment for the Offering Shares (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days from the date of the Stop Order.

This shall not apply where only an interim Stop Order has been served.

28. In the event that an interim Stop Order in respect of the Offering Shares is served by the Authority or other competent authority, no Offering Shares shall be issued to you until the Authority revokes the interim Stop Order.

29. The Authority is not able to serve a Stop Order in respect of the Offering Shares if the Offering Shares have been issued and listed on the SGX-ST and trading in them has commenced.

30. Additional terms and conditions for applications by way of Application Forms are set out in the section entitled "Additional Terms and Conditions for Applications for Offering Shares using Printed Application Forms" on pages J-8 to J-12 of this Prospectus.

31. Additional terms and conditions for applications by way of Electronic Applications are set out in the section entitled "Additional Terms and Conditions for Electronic Applications" on pages J-12 to J-21 of this Prospectus.

32. No application will be held in reserve.

33. The Prospectus is dated October 19, 2010. No Offering Shares will be allotted or allocated on the basis of the Prospectus later than six (6) months after the date of the Prospectus.

34. In the event of any changes in the closing date of the Public Offer or the time period during which the Public Offer is opened, our Company will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com or through a paid advertisement in one or more major Singapore newspapers.

Additional Terms and Conditions for Applications for Offering Shares using Printed Application Forms

Applications by way of an Application Form shall be made on, and subject to the terms and conditions of the Prospectus (including these Instructions and the Application Form), including but not limited to the terms and conditions set out below, as well as those set out under the section on "Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore" on pages J-1 to J-7 of this Prospectus as well as the Memorandum and Articles of Association of our Company.

(1) Applications for the Public Offer Shares must be made using the printed **WHITE** Application Forms and printed **WHITE** official envelopes "A" and "B", accompanying and forming part of the Prospectus.

Applications for the Placement Shares must be made using the printed BLUE Placement Shares Application Form accompanying and forming part of this Prospectus, or such other forms of application as the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters deem appropriate. Without prejudice to the rights of our Company, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, as agents of our Company, have been authorized to accept, for and on behalf of our Company, such other forms of application, as the Underwriter may (in consultation with our Company) deem appropriate.

Your attention is drawn to the detailed instructions contained in the Application Form and the Prospectus for the completion of the Application Form, which must be carefully followed. **Our Company reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Form, these Instructions and the Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper forms of remittances.**

(2) You must complete your Application Form in English. Please type or write clearly in ink using **BLOCK LETTERS**.

(3) You must complete all spaces in your Application Form except those under the heading "**FOR OFFICIAL USE ONLY**" and you must write the words "**NOT APPLICABLE**" or "**N.A.**" in any space that is not applicable.

(4) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with the Share Registrar and Share Transfer Office of our Company. Our Company reserves the right to require you to produce documentary proof of identification for verification purposes.

(5) (a) You must complete Sections A and B and sign page 1 of the Application Form.

(b) You are required to delete either paragraphs 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

(c) If you fail to make the required declaration in paragraphs l or 5, as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

(6) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Offering Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation.

(7) You may apply and make payment for the Offering Shares in Singapore currency in the following manner:

(a) **Cash only** — You may apply for the Offering Shares using only cash. Each application must be accompanied by a cash remittance in Singapore currency for the full amount payable at the Offering Price of S$0.55 for each Share, in respect of the number of Offering Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**XINREN SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**" with your name, CDP Securities Account number and address written clearly on the reverse side. **Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. Remittances bearing "Not Transferable" or "Non-Transferable" crossings will be rejected.**

(b) **CPF Funds only —** You may apply for the Offering Shares using only CPF Funds. Each application must be accompanied by a remittance in Singapore currency for the full amount payable at the Offering Price of $0.55 for each Share, in respect of the number of Shares applied for. The remittance must be in the form of a **CPF CASHIER'S ORDER** (available for purchase at the CPF approved bank with which the applicant maintains his CPF Investment Account), made out in favour of "**XINREN SHARE ISSUE ACCOUNT**" with your name, Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. For additional terms and conditions governing the use of CPF Funds, please refer to page J-22 of this Prospectus.

(c) **Cash and CPF Funds** — You may apply for the Offering Shares using a combination of cash and CPF Funds, PROVIDED THAT the number of Offering Shares applied for under each payment method is in lots of 1,000 Offering Shares or integral multiples thereof. Such applications must comply with the requirements for applications by cash and by CPF Funds as set out in the preceding paragraphs. In the event that applications for the Offering Shares are accepted in part only, the cash portion of the application monies will be used in respect of such applications before the CPF Funds are used.

An applicant applying for 1,000 Offering Shares must use either cash only or CPF Funds only. No acknowledgement of receipt will be issued for applications and application monies received.

(8) Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post, in the event of over subscription for the Offering Shares, within 24 hours of the balloting (or such shorter period as the SGX-ST may require), at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies (including the excess monies arising from the difference between the Offering Price and the Offering Price should the Offering

Price be lower than the Offering Price), as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Public Offer, PROVIDED THAT the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account. If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you by ordinary post at your own risk, within three (3) Market Days after the Offering is discontinued.

(9) Capitalised terms used in the Application Form and defined in the Prospectus shall bear the meanings assigned to them in the Prospectus.

(10) By completing and delivering the Application Form, you agree that:

(a) in consideration of our Company having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Public Offer:

(i) your application is irrevocable;

(ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom; and

(iii) you represent and agree that you are not a U.S. person (within the meaning of Regulation S);

(b) all applications, acceptances or contracts resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(c) in respect of the Offering Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in the Prospectus and none of our Company, the Vendors, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, the Co-ordinator of the Public Offer or any other person involved in the Offering shall have any liability for any information not contained therein;

(f) you consent to the disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, Securities Account number, and Share application amount to our Registrar, Share Transfer Office, CDP, Securities Clearing Computer Services (Pte) Ltd ("SCCS"), SGX-ST, our Company, the Vendors, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters and the Co-ordinator of the Public Offer (the "Relevant Parties");

(g) you irrevocably agree and undertake to subscribe for and/or purchase the number of Offering Shares applied for as stated in the Application Form or any smaller number of such Offering Shares that may be allocated to you in respect of your application. In the event that our Company decides to allocate any smaller number of Offering Shares or not to allocate any Offering Shares to you, you agree to accept such decision as final; and

(h) you irrevocably authorize CDP to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue or transfer of the Offering Shares that may be allotted to you.

Applications for the Public Offer Shares

(1) Your application for the Public Offer Shares by way of printed Application Forms **MUST** be made using the **WHITE** Application Form and **WHITE** official envelopes "**A**" and "**B**".

(2) You must:

(a) enclose the **WHITE** Application Form, duly completed and signed, together with correct remittance for the full amount payable at the Offering Price in Singapore currency in accordance with the terms and conditions of the Prospectus and the **WHITE** Application Form, in the **WHITE** official envelope "**A**" provided;

(b) in appropriate spaces on the **WHITE** official envelope "**A**":

(i) write your name and address;

(ii) state the number of Public Offer Shares applied for;

(iii) tick the relevant box to indicate form of payment; and

(iv) affix adequate Singapore postage;

(c) **SEAL THE WHITE OFFICIAL ENVELOPE "A"**;

(d) write, in the special box provided on the larger **WHITE** official envelope "**B**" addressed to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-00, Singapore Land Tower, Singapore 048623, the number of Public Offer Shares you have applied for;

(e) insert the **WHITE** official envelope "**A**" into the **WHITE** official envelope "**B**" and seal the **WHITE OFFICIAL ENVELOPE "B"**; and

(f) affix adequate Singapore postage on the **WHITE** official envelope "**B**" (if dispatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents at your own risk to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-00, Singapore Land Tower, Singapore 048623, so as to arrive by 12.00 noon on October 25, 2010 or such other date(s) and time(s) as our Company may, in consultation with the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, agree. **Courier services or Registered Post must NOT be used.**

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.

(4) **ONLY ONE (1) APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Applications for the Placement Shares

(1) Your application for the Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Form or such other forms of application as the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters deems appropriate. **ONLY ONE APPLICATION** should be enclosed in each envelope.

(2) The completed **BLUE** Placement Shares Application Form and your remittance in accordance with the terms and conditions of the Prospectus and its accompanying documents for the full amount payable in respect of the number of Placement Shares applied for, with your name, CDP Securities Account number and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage (if despatching by ordinary post) and thereafter, the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-00, Singapore Land Tower, Singapore 048623, so as to arrive by 12.00 noon on October 25, 2010 or such other date and time as our Company may, with the agreement of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters decide. Local Urgent Mail or Registered Post must NOT be used**.

(3) No acknowledgement of receipt will be issued for any application or remittance received.

(4) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper forms of remittance or which are not honoured upon their first presentation are liable to be rejected.

(5) Alternatively, you may remit your application monies by electronic transfer to the account of DBS, Shenton Way Branch, Current Account No. 003-710428-0 in favor of "XINREN SHARE ISSUE ACCOUNT" for the number of Placement Shares applied by 12.00 noon on October 25, 2010. Applicants who remit their application monies via electronic transfer should send a copy of the telegraphic transfer advice slip to DBS, Equity Capital Markets, 6 Shenton Way #36-01, DBS Building Tower One, Singapore 068809 to arrive by 12.00 noon on October 25, 2010, or other time or date as our Company may, with the agreement of the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, decide.

Additional Terms and Conditions for Electronic Applications

(1) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications) and the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications). Currently, DBS, OCBC, and the UOB Group are the only Participating Banks through which Internet Electronic Applications may be made.

(2) For illustration purposes, the procedures for Electronic Application for Public Offer Shares through ATMs and the IB website of DBS (together the "Steps") are set out in pages J-18 to J-20 of this Prospectus. The Steps set out the actions that you must take at ATMs or the IB website of DBS to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks are set out on the ATM screens or the IB website screens of the respective Participating Banks. Please read carefully the terms and conditions of the Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

(3) Any reference to "you" or the "Applicant" in these Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for Public Offer Shares through an ATM of one (1) of the relevant Participating Banks or the IB website of a relevant Participating Bank.

(4) Application for the Public Offer Shares by way of Electronic Applications may incur an administrative fee and/or such related charges as stipulated by the Participating Banks from time to time.

(5) If you are making an ATM Electronic Application:

(a) You must have an existing bank account with and be an ATM cardholder of one (1) of the Participating Banks. An ATM card issued by one (1) Participating Bank cannot be used to apply for Public Offer Shares at an ATM belonging to other Participating Banks.

(b) **You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name.** If you fail to use your own ATM card or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

(c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip ("Transaction Record"), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.

(6) If you are making an Internet Electronic Application:

(a) You must have an existing bank account with, and a User Identification ("User ID") as well as a Personal Identification Number ("PIN") given by, the relevant Participating Bank.

(b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time you make the application.

(c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank, there will be an on-screen confirmation ("Confirmation Screen") of the application which can be printed out by you for your record. This printed record of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.

(7) In connection with your Electronic Application for Public Offer Shares, you are required to confirm statements to the following effect in the course of activating the Electronic Application:

(a) that you have received a copy of the Prospectus (in the case of ATM Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Public Offer Shares and the Prospectus (including these Instructions) prior to effecting the Electronic Application and agree to be bound by the same;

(b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number and Share application amount (the "Relevant Particulars") from your account with the relevant Participating Bank to the Relevant Parties; and

(c) where you are applying for the Public Offer Shares, that this is your only application for the Public Offer Shares and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the website screen. By doing so, you shall be treated as signifying your confirmation of each of the three (3) statements above. In respect of statement 7(b) above, your confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars of your account(s) with that Participating Bank to the Relevant Parties.

(8) **By making an Electronic Application, you confirm that you are not applying for the Public Offer Shares as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You should make only one (1) Electronic Application for Public Offer Shares and may not make any other application for Public Offer Shares, whether at the ATMs or the IB websites of any Participating Bank or on the Application Forms. If you have made an application for Public Offer Shares on an Application Form, you shall not make an Electronic Application for Public Offer Shares and vice versa.**

(9) You must have sufficient funds in your bank account with your Participating Bank at the time you make your ATM Electronic Application or Internet Electronic Application, failing which such Electronic Application will not be completed. Any ATM Electronic Application or Internet Electronic Application which does not conform strictly to the instructions set out in the Prospectus or on the screens of the ATMs or on the IB website of the relevant Participating Bank, as the case may be, through which your ATM Electronic Application or Internet Electronic Application is being made shall be rejected.

(10) You may apply and make payment for your application for the Public Offer Shares in Singapore currency in the following manner:

(a) **Cash only** — You may apply for the Public Offer Shares through any ATM or IB website (as the case may be) of your Participating Bank by authorizing your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.

(b) **CPF Funds only** —You may apply for the Public Offer Shares through any ATM or IB website (as the case may be) of your Participating Bank using only CPF Funds by authorizing your Participating Bank to deduct the full amount payable from your CPF Investment Account with the respective Participating Bank. For additional terms and conditions governing the use of CPF Funds, please refer to page J-22 of this Prospectus.

(c) **Cash and CPF Funds** — You may apply for the Public Offer Shares through any ATM or IB website (as the case may be) of your Participating Bank using a combination of cash and CPF Funds, PROVIDED THAT the number of Public Offer Shares applied for under each payment method is in lots of 1,000 Public Offer Shares or integral multiples thereof. Such applications must comply with the requirements for applications by cash and by CPF Funds as set out in the preceding paragraphs. In the event that such applications are accepted in part only, the cash portion of the application monies will be used in respect of such applications before the CPF Funds are used.

An applicant applying for 1,000 Public Offer Shares must use either cash only or CPF Funds only.

(11) You irrevocably agree and undertake to subscribe for and/or purchase and to accept the number of Public Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Public Offer Shares that may be allocated to you in respect of your Electronic Application. In the event that our Company decides to allocate any lesser number of such Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the

Internet screen) of the number of Public Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Public Offer Shares that may be allocated to you.

(12) Our Company will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 24 hours of the balloting (or such shorter period as the SGX-ST may require) provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

Where your Electronic Application is rejected or accepted in part only, the balance of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 14 Market Days after the close of the Public Offer provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three (3) Market Days after the Offering is discontinued.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Shares, if any, allocated to you before trading the Shares on the SGX-ST. None of the SGX-ST, CDP, SCCS, the Participating Banks, our Company, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters and the Co-ordinator of the Public Offer assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

(13) If your ATM Electronic Application or Internet Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.

Applicants who make ATM Electronic Applications through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service expected from
DBS (including POSBank)	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	IB http://www.dbs.com[1]	24 hours a day	Evening of the balloting day
Oversea-Chinese Banking Corporation Limited ("OCBC")	1800 363 3333	ATM/Phone Banking/IB http://www.ocbc.com[2]	24 hours a day	Evening of the balloting day
United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited ("UOB Group")	1800 222 2121	ATM (Other Transactions — "IPO Enquiry") / IB http://www.uobgroup.com[1][3]	24 hours a day	Evening of the balloting day

Notes:

(1) Applicants who have made Internet Electronic Applications through the IB websites of DBS or UOB Group may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS or UOB Group.

(2) Applicants who have made Electronic Applications through the ATMs of OCBC Bank may check the results of their applications through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking services.

(3) Applicants who have made Electronic Applications through the ATMs or the IB website of UOB Group may check the results of their applications through UOB Personal Internet Banking, UOB ATMs or UOB Phone Banking services.

(14) ATM Electronic Applications shall close at 12.00 noon on October 25, 2010 or such other date(s) and time(s) as our Company may, in consultation with the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters agree. All Internet Electronic Applications must be received by 12.00 noon on October 25, 2010, or such other date(s) and time(s) as our Company may, in consultation with the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, agree. Internet Electronic Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.

(15) You are deemed to have irrevocably requested and authorized our Company to:

(a) register the Offer Public Shares, as the case may be, allocated to you in the name of CDP for deposit into your Securities Account;

(b) send the relevant share certificate(s) to CDP;

(c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be rejected by automatically crediting your bank account with your Participating Bank, with the relevant amount within 24 hours (or such shorter or longer period as the SGX-ST may require) after balloting, or within three (3) Market Days if the Public Offer does not proceed for any reason, after the close or discontinuation (as the case may be) of the Public Offer, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue account; and

(d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies (including the excess monies arising from the difference between the Offering Price and the Offering Price should the Offering Price be lower than the Offering Price), should your Electronic Application be accepted in full or in part only, by automatically crediting your bank account with your Participating Bank, at your own risk, with the relevant amount within 14 Market Days after the close of the Public Offer, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue account.

(16) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, our Company, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters and/or the Co-ordinator of the Public Offer, and if, in any such event our Company, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, the Co-ordinator of the Public Offer and/or the relevant Participating Bank do not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, the Co-ordinator of the Public Offer and/or the relevant Participating Bank for any Public Offer Shares applied for or for any compensation, loss or damage.

(17) The existence of a trust will not be recognized. Any Electronic Application by a trustee must be made in his own name and without qualification. Our Company shall reject any application by any person acting as nominee (other than approved nominee companies).

(18) All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank.

(19) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.

(20) By making and completing an Electronic Application, you are deemed to have agreed that:

(a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks acting as agents of our Company, at the ATMs and IB websites of the relevant Participating Banks:

(i) your Electronic Application is irrevocable;

(ii) your Electronic Application, the acceptance by our Company and the contract resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts; and

(iii) you represent and agree that you are not a U.S. person (within the meaning of Regulations S);

(b) none of CDP, our Company, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, the Co-ordinator of the Public Offer, the CPF Board and the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph (16) above or to any cause beyond their respective controls;

(c) in respect of the Public Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;

(d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application; and

(e) reliance is placed solely on information contained in the Prospectus and that none of our Company, the Vendors, the Joint Global Co-ordinators, Joint Bookrunners, Joint Issue Managers and Joint Underwriters, the Co-ordinator of the Public Offer and any other person involved in the Offering shall have any liability for any information not contained therein.

Steps for ATM Electronic Applications for Public Offer Shares through ATMs of DBS (including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Bank. For illustration purposes, the steps for making an ATM Electronic Application through a DBS or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form (“A/C”, “amt”, “appln”, “&”, “I/C”, “No.” and “SGX” refer to “Account”, “amount”, “application”, “and”, “NRIC”, “Number” and “SGX-ST”, respectively). Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS (including POSB)), may differ slightly from those represented below.

Step 1 : Insert your personal DBS or POSB ATM Card.

2 : Enter your Personal Identification Number.

3 : Select “MORE SERVICES”.

4 : Select language (for customers using multi-language card).

5 : Select “ESA-IPO SHARE/SGS/INVESTMENTS”.

6 : Select “ELECTRONIC SECURITY APPLN (IPOS/BOND/ST-NOTES/SECURITIES)”.

7 : Read and understand the following statements which will appear on the screen:

- (IN THE CASE OF SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/ DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT) WHICH CAN BE OBTAINED FROM ANY DBS/ POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE, THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.

- (IN THE CASE OF SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.

- (IN THE CASE OF A SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS TO BE REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE NOTICE/CIRCULAR/DOCUMENTS BEFORE SUBMITTING HIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/CIRCULAR/DOCUMENT.

  PRESS THE "ENTER" KEY TO CONFIRM THAT YOU HAVE READ AND UNDERSTOOD

8 : Select "XINREN" to display details.

9 : Press the "ENTER" key to acknowledge:

- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND (WHERE APPLICABLE) PROSPECTUS, DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT, PROFILE STATEMENT, NOTICE AND/OR CIRCULAR.

- YOU CONSENT TO DISCLOSE YOUR NAME, NRIC/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO., CPF INVESTMENT A/C NO. AND SECURITY APPLN AMOUNT FROM YOUR BANK A/C(S) TO SHARE REGISTRARS, SGX, SCCS, CDP, CPF AND THE ISSUER/ VENDOR(S).

- FOR FIXED AND MAX PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- THE MAXIMUM PRICE FOR EACH SHARE IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.

- FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS, DOCUMENT, PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT, PROFILE STATEMENT, NOTICE AND/OR CIRCULAR.

- THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR SUBJECT TO AVAILABILITY. YOU MAY BE ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR OR (IN THE CASE OF AN EARLIER CLOSURE UPON FULL SUBSCRIPTION) YOUR APPLICATION MAY BE REJECTED IF ALL THE AVAILABLE SECURITIES HAVE BEEN FULLY ALLOCATED TO EARLIER APPLICANTS.

10 : Select your nationality.

11 : Select the DBS account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.

12 : Enter the number of securities you wish to apply for using cash.

13 : Enter or confirm (if your CDP Securities Account number has already been stored in DBS' records) your own 12-digit CDP Securities Account number. (Note: This step will be omitted automatically if your Securities Account number has already been stored in DBS' record)

14 : Check the details of your securities application, your NRIC or passport number, CDP Securities Account number, number of securities and application amount on the screen and press the "ENTER" key to confirm your application.

15 : Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Applications for Public Offer Shares through the IB Website of DBS

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS IB website are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "&", "amt", "I/C" and "No." refer to "Account", "and", "Amount", "NRIC" and "Number", respectively).

Step 1 : Click on DBS website (http://www.dbs.com).

2 : Login to Internet banking.

3 : Enter your User ID and PIN.

4 : Select "Electronic Security Application (ESA)".

5 : Click "Yes" to proceed and to warrant, *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore, and that you are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933 as amended).

6 : Select your country of residence and click "I confirm".

7 : Click on "XINREN" and click the "Submit" button.

8 : Click on "I Confirm" to confirm, *inter alia*:

- You have read, understood and agreed to all terms of application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.

- You consent to disclose your name, I/C or Passport No., address, nationality, CDP Securities Account No., CPF Investment Account No. (if applicable) and securities application amount from your DBS/POSB Account(s) to registrars of securities, SGX, SCCS, CDP, CPF Board and issuer/vendors.

- You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).

- You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933 as amended (the "**US Securities Act**") or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any "U.S. Person" (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

- This application is made in your own name and at your own risk.

- For FIXED/MAX price securities application, this is your **only** application. For TENDER price securities application, this is your **only** application at the selected tender price.

- For FOREIGN CURRENCY securities subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S$ at the same exchange rate.

  For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

9 : Fill in details for share application and click "I confirm".

10 : Check the details of your share application, your I/C/passport number and click "OK" to confirm your application.

11 : Print the Confirmation Screen (optional) for your reference and retention only.

Terms and Conditions for Use of CPF Funds

(1) If you are using CPF Funds to subscribe for the Offering Shares, you must have a CPF Investment Account maintained with a relevant Participating Bank at the time of your application. If you are applying for the Public Offer Shares through an ATM Electronic Application, you must have an ATM card with that Participating Bank at the time of your application before you can use the ATMs of that Participating Bank to apply for the Public Offer Shares. For an Internet Electronic Application, you must have an existing bank account with, and a User Identification ("User ID") as well as a Personal Identification Number ("PIN") given by, the relevant Participating Bank. Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank, there will be a Transaction Completed Screen of the application which can be printed out by you for your record. This printed record of the Transaction Completed Screen is for your retention and should not be submitted with any printed Application Form. The CPF Investment Account is governed by the Central Provident Fund (Investment Schemes) Regulations, as amended.

(2) CPF Funds may only be withdrawn for applications for the Offering Shares in lots of 1,000 Offering Shares or integral multiples thereof.

(3) If you are applying for the Offering Shares using a printed Application Form and you are using CPF Funds to apply for the Offering Shares, you must submit a CPF Cashier's Order for the total amount payable for the number of Offering Shares applied for using CPF Funds.

(4) Before you apply for the Offering Shares using your CPF Funds, you must first make sure that you have sufficient funds in your CPF Investment Account to pay for the Offering Shares. You need not instruct the CPF Board to transfer your CPF Funds from your CPF Ordinary Account to your CPF Investment Account. If the balance in your CPF Investment Account is insufficient and you have sufficient investible CPF Funds in your CPF Ordinary Account, the Participating Bank with which you maintain your CPF Investment Account will automatically transfer the balance of the required amount from your CPF Ordinary Account to your CPF Investment Account immediately for you to use these funds to buy a CPF Cashier's Order from your Participating Bank in the case of an application by way of a printed Application Form or submit your application in the case of an application by way of an Electronic Application. The automatic transfer facility is available until the close of the Public Offer, and the operating hours of the facility are between 8.00 a.m. and 10.00 p.m. from Mondays to Saturdays, and between 8.00 a.m. and 5.00 p.m. on Sundays and public holidays.

(5) The special CPF securities sub-account of the nominee company of the Participating Bank (with whom you maintain a CPF Investment Account) maintained with CDP will be credited with the principal amount of the Offering Shares you subscribed for with CPF Funds.

(6) Where you are using CPF Funds, you cannot apply for the Offering Shares as nominee for any other person.

(7) All instructions or authorizations given by you in a printed Application Form or through an Electronic Application are irrevocable.

(8) CPF Investment Accounts may be opened with any branch of the Participating Banks.

(9) Due to a pre-scheduled system upgrade, please be informed that you will not be able to make applications for the Offering Shares using CPF funds on October 24, 2010 before 3.00 p.m..

All information furnished by the CPF Board and the relevant Participating Banks on your authorization will be relied on as being true and correct.

XinRen Aluminum Holdings Limited

(Company Registration Number: 200612545H)
(Incorporated in Singapore on August 29, 2006)

Registered Office: 250 North Bridge Road, #15-01, Raffles City Tower, Singapore 179101