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Sanmenxia Tianyuan Aluminum Company Limited*

三門峽天元鋁業股份有限公司

(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 8253)

**UNAUDITED FINANCIAL INFORMATION FOR THE
THREE YEARS ENDED 31 DECEMBER 2013;
UPDATE ON RESUMPTION OF ELECTROLYTIC ALUMINUM
PRODUCTION;
AND
UPDATE ON THE PROPOSED ACQUISITION OF AN ALUMINUM MINE**

**UNAUDITED FINANCIAL INFORMATION FOR THE THREE YEARS ENDED
31 DECEMBER 2013**

Reference is made to the announcement of Sanmenxia Tianyuan Aluminum Company Limited (the “Company”) dated 30 April 2014 in relation to, among other things, delay in the publication of results for the year ended 31 December 2013 and the despatch of 2013 annual report.

Shareholders and potential investors are reminded that the information contained in this announcement is only based on the preliminary assessment by the board (the “Board”) of directors of the Company (the “Directors”) of the unaudited management accounts of the Company for the three financial years ended 31 December 2013 and is not based on any data or information that has been audited or reviewed by auditors. They may be subject to audit adjustments.

Unaudited Statement of Comprehensive Income

For the three financial years ended 31 December 2013

	2013	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Turnover	745	582,338	1,697,998
Cost of goods sold	<u>(353)</u>	<u>(725,182)</u>	<u>(1,817,648)</u>
Gross profit/(loss)	392	(142,844)	(119,650)
Other revenue/(loss)	6,498	22,582	(161,714)
Distribution expenses	—	(5,910)	(11,438)
Administrative expenses	(101,662)	(76,374)	(37,909)
Finance costs	<u>(8,548)</u>	<u>(32,425)</u>	<u>(326,837)</u>
Loss before income tax	<u>(103,320)</u>	<u>(234,971)</u>	<u>(657,548)</u>
Income tax	(809)	—	—
Total loss for the years	<u>(104,129)</u>	<u>(234,971)</u>	<u>(657,548)</u>
Total loss for the years attributable to owners of the Company	<u>(104,129)</u>	<u>(234,971)</u>	<u>(657,548)</u>
Loss per share (expressed in RMB)			
Basic and diluted	<u>(0.03)</u>	<u>(0.06)</u>	<u>(0.17)</u>

Unaudited Statement of Financial Position

As at 31 December 2013, 2012 and 2011

	2013 <i>RMB'000</i> (Unaudited)	2012 <i>RMB'000</i> (Unaudited)	2011 <i>RMB'000</i> (Unaudited)
Assets			
Non-current assets			
Prepaid lease payments	12,419	12,751	13,083
Property, plant and equipment	800,184	851,832	928,950
Debenture, at cost	<u>500</u>	<u>500</u>	<u>500</u>
	<u>813,103</u>	<u>865,083</u>	<u>942,533</u>
Current assets			
Inventories	12,118	12,118	78,157
Bills and trade receivable	2,411	3,026	4,338
Other receivables and deposit	393,509	462,136	617,220
Current tax assets	14,676	18,478	17,802
Pledged bank balance	800	28,348	604,213
Cash and cash equivalents	<u>89</u>	<u>337</u>	<u>21,279</u>
	<u>423,603</u>	<u>524,443</u>	<u>1,343,009</u>
Current liabilities			
Borrowings due within one year	73,000	373,592	594,090
Bills and trade payable	124,630	283,708	1,109,672
Other payables and accruals	<u>1,745,635</u>	<u>1,359,656</u>	<u>974,239</u>
	<u>1,943,265</u>	<u>2,016,956</u>	<u>2,678,001</u>
Net current liabilities	<u>(1,519,662)</u>	<u>(1,492,513)</u>	<u>(1,334,992)</u>
Total asset less current liabilities	<u>(706,559)</u>	<u>(627,430)</u>	<u>(392,459)</u>

	2013 <i>RMB'000</i> (Unaudited)	2012 <i>RMB'000</i> (Unaudited)	2011 <i>RMB'000</i> (Unaudited)
Equity			
Share capital	390,834	390,834	390,834
Reserves	<u>(1,122,393)</u>	<u>(1,018,264)</u>	<u>(783,293)</u>
	<u>(731,559)</u>	<u>(627,430)</u>	<u>(392,459)</u>
Non-current liabilities			
Borrowings due over one year	<u>25,000</u>	<u>—</u>	<u>—</u>
	<u>25,000</u>	<u>—</u>	<u>—</u>
	<u>(706,559)</u>	<u>(627,430)</u>	<u>(392,459)</u>

1. Basis of preparation

The unaudited financial information of the Company has been prepared in accordance with Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

2. Taxation

No provision for income tax has been made as the Company did not have assessable profit during the three financial years ended 31 December 2013.

3. Loss per share

Loss per share for the three financial years of 2011, 2012 and 2013 are based on the unaudited total loss attributable to owners of the Company of RMB657,548,000, RMB234,971,000 and RMB104,129,000, respectively, and the number of 390,834,000 shares in issue.

UPDATE ON RESUMPTION OF ELECTROLYTIC ALUMINUM PRODUCTION

Recently, as the robust rebound of aluminum prices at Shanghai and London markets while supported by the upbeat manufacturing data in China, aluminum has been traded in Shanghai market mostly at a spot price of approximately RMB14,300 per tonne, and its median price quoted at Nanchu Repository Management Co. Ltd.* (南儲倉儲管理有限公司) was approximately RMB14,400 per tonne. Aluminum price is expected to reach RMB15,000 per tonne in future, which is most desirable for electrolytic aluminum companies. According to the power supply agreement entered into by the Company and a power plant, power tariff is RMB0.40/KWH, which would enable the electrolytic aluminum production lines of the Company to generate considerable profit if production is resumed given the aluminum prices above. Furthermore, the power plant might further reduce the power tariff when coal price continues to slide. As such, the Company has picked up speed in resuming production of the electrolytic aluminum. The most significant developments favourable to the Company are (1) the power plant has finished the maintenance of two electricity generator units which will directly supply electricity to the Company, of which one started electricity generation in the first half of 2014 and the other will start electricity generation in October 2014, guaranteeing the electricity supply to the Company; and (2) the construction of the transmission network by the power plant to supply electricity to the Company directly has been speeding up with an aim to achieving the requirements of direct supply of electricity to the Company in October 2014.

In order to speed up the resumption of production of 70 units of 240kA electrolytic cells, the Company has formulated the following production resumption plan and implemented the plan as scheduled.

1. To overhaul 70 units of 240kA electrolytic cells and their ancillary facilities starting from 18 August 2014, which has been underway on a tight schedule.
2. To strive for direct electricity supply by the end of October 2014, and, following a firing initiation process of approximately 20 days, to activate all of the 70 units of 240kA electrolytic cells by November 2014.

UPDATE ON THE PROPOSED ACQUISITION OF AN ALUMINUM MINE

Reference is made to the announcement of the Company dated 6 June 2014 in relation to, among other things, the proposed acquisition of an aluminum mine (the “Announcement”). Unless otherwise stated, capitalised terms used in this paragraph shall bear the same meanings as defined in the Announcement.

Since the Company entered into the Acquisition Agreements with the Vendors on 9 April 2014, the personnel arranged by the Company has proceeded with the related work. In particular, after the Stock Exchange has issued the decision of the Listing

Committee regarding the Resumption Proposal, the Company has actively coordinated various professional parties to conduct due diligence diligently. During the course of the due diligence process, some issues relating to, among other things, quality and technology of the Target Mine have been identified. Such issues are different from the original understanding of the Company. The Company has been actively negotiating with the Vendors and related parties to push forward the transaction. Further announcement(s) will be made by the Company as and when appropriate.

By Order of the Board
Sanmenxia Tianyuan Aluminum Company Limited*
Li Zhi Yuan
Chairman

Henan Province, the PRC, 19 September 2014

As of the date of this announcement, the Board comprises:

Executive Directors:

Mr. Li Zhi Yuan (*Chairman*)
Mr. Xiao Chong Xin
Mr. Chen Hong Qing

Non-executive Directors:

Mr. Yan Li Qi
Mr. Ma Yong Zheng
Mr. Jin Ming Jie

Independent Non-executive Directors:

Ms. Fan Feng Juan
Mr. Lang Da Zhan
Mr. Liu Li Bin

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page on the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.styal.com.cn.

* For identification purpose only.