



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 with limited liability)  
Stock Code : 8253



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*This report, for which the directors of Sanmenxia Tianyuan Aluminum Company Limited (the “Directors”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Sanmenxia Tianyuan Aluminum Company Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

**HIGHLIGHTS**

- Achieved a turnover of approximately RMB1,145,937,000 for the nine months ended 30 September 2008.
- Net profit amounted to approximately RMB56,681,000 for the nine months ended 30 September 2008, as compared to a net profit of approximately RMB100,440,000 for the corresponding period in 2007.
- The Directors do not recommend the payment of dividend for the nine months ended 30 September 2008.

### THIRD QUARTERLY RESULTS

The board of directors (the "Board") of Sanmenxia Tianyuan Aluminum Company Limited (the "Company") is pleased to announce the unaudited results of the Company for the three months ("three-month period") and the nine months ("nine-month period") ended 30 September 2008 together with the comparative unaudited figures for the corresponding periods in 2007. The unaudited results of nine-month period have been reviewed by the audit committee of the Company.

### PROFIT AND LOSS ACCOUNTS (UNAUDITED)

Three months and nine months ended 30 September 2008

		Three months ended 30 September		Nine months ended 30 September	
	Note	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Turnover	3	354,440	409,859	1,145,937	1,260,057
Cost of goods sold		<u>(320,667)</u>	<u>(343,779)</u>	<u>(1,006,075)</u>	<u>(1,023,073)</u>
Gross profit		<u>33,773</u>	<u>66,080</u>	<u>139,862</u>	<u>236,984</u>
Other revenue	3	11,060	16,108	37,296	27,232
Expenses related to other revenue		<u>(7,466)</u>	<u>(5,195)</u>	<u>(19,296)</u>	<u>(10,583)</u>
Other revenue, net		<u>3,594</u>	<u>10,913</u>	<u>18,000</u>	<u>16,649</u>
Selling and distribution expenses		<u>(8,903)</u>	<u>(17,800)</u>	<u>(24,000)</u>	<u>(30,383)</u>
General and administrative expenses		<u>(11,125)</u>	<u>(10,285)</u>	<u>(24,749)</u>	<u>(31,177)</u>
Operating profit		<u>17,339</u>	<u>48,908</u>	<u>109,113</u>	<u>192,073</u>
Finance costs		<u>(7,286)</u>	<u>(14,732)</u>	<u>(33,539)</u>	<u>(40,143)</u>
Profit before income tax		<u>10,053</u>	<u>34,176</u>	<u>75,574</u>	<u>151,930</u>
Income tax	4	<u>(2,513)</u>	<u>(11,278)</u>	<u>(18,893)</u>	<u>(51,490)</u>
Profit for the period		<u><u>7,540</u></u>	<u><u>22,898</u></u>	<u><u>56,681</u></u>	<u><u>100,440</u></u>
Dividend		<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Earnings per Share	5	<u><u>RMB0.65 cents</u></u>	<u><u>RMB1.96 cents</u></u>	<u><u>RMB4.85 cents</u></u>	<u><u>RMB8.60 cents</u></u>

## STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	<b>Share capital</b> <i>RMB'000</i>	<b>Capital reserve</b> <i>RMB'000</i>	<b>Statutory surplus reserve</b> <i>RMB'000</i>	<b>Retained earnings</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At 1 January 2008	116,820	62,099	33,966	103,544	316,429
Profit for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>56,681</u>	<u>56,681</u>
At 30 September 2008	<u><u>116,820</u></u>	<u><u>62,099</u></u>	<u><u>33,966</u></u>	<u><u>160,225</u></u>	<u><u>373,110</u></u>
At 1 January 2007	116,820	62,099	27,436	10,864	217,219
Profit for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>100,440</u>	<u>100,440</u>
At 30 September 2007	<u><u>116,820</u></u>	<u><u>62,099</u></u>	<u><u>27,436</u></u>	<u><u>111,304</u></u>	<u><u>317,659</u></u>

## NOTES TO THE ACCOUNTS

### 1. Organisation and principal operation

The Company was incorporated in the People's Republic of China (the "PRC") as a joint stock limited company with limited liability on 8 August 2000. The Company is principally engaged in the production and distribution of aluminum re-smelt ingots and aluminum alloy ingots. All of the Company's operating assets are located in the PRC.

### 2. Basis of preparation and accounting polices

The unaudited results of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards which also include Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The accounting policies and method of computation used in the preparation of the unaudited results are consistent with those adopted by the Company in its annual financial statements for the year ended 31 December 2007.

### 3. Turnover, revenues and segment information

The Company is principally engaged in the production and distribution of aluminum re-smelt ingots and aluminum alloy ingots. Revenues recognised during the periods are as follows:

	Unaudited			
	Three months ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover				
Sales of goods, net of value-added tax	<b>354,440</b>	409,859	<b>1,145,937</b>	1,260,057
Other revenue				
Sales of scrap and other materials	<b>6,481</b>	5,854	<b>18,687</b>	12,014
Supply of water and electricity	<b>715</b>	486	<b>1,337</b>	1,867
	<b>7,196</b>	6,340	<b>20,024</b>	13,881
Interest income	<b>3,864</b>	9,768	<b>17,272</b>	13,351
Total other revenue	<b>11,060</b>	16,108	<b>37,296</b>	27,232
Total revenue	<b>365,500</b>	425,967	<b>1,183,233</b>	1,287,289

#### Primary reporting format – business segments

No segment information by business segment is presented as the principal operation of the Company during the periods is the production and distribution of aluminum re-smelt ingots and aluminum alloy ingots, which is considered as the single business of the Company.

Secondary reporting format – geographical segments

	Unaudited			
	Three months ended		Nine months ended	
	30 September		30 September	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Turnover				
- The PRC	<b>354,440</b>	330,677	<b>1,092,066</b>	1,059,912
- Korea	-	73,307	<b>28,455</b>	164,758
- Hong Kong	-	5,875	<b>25,416</b>	35,387
	<b>354,440</b>	409,859	<b>1,145,937</b>	1,260,057

Carrying amount of assets and capital expenditure by geographical segments have not been presented as all assets and operations of the Company are located in the PRC.

#### 4. Taxation

The provision for current PRC enterprise income tax is based on the statutory rate of 25% of the assessable income of the Company as determined in accordance with the relevant PRC income tax rules and regulations during the three months and the nine months ended 30 September 2007 and 2008.

The amount of taxation charged to the profit and loss account represents:

	Unaudited			
	Three months ended		Nine months ended	
	30 September		30 September	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
PRC enterprise income tax	<b>(2,513)</b>	(11,278)	<b>(18,893)</b>	(51,490)
	<b>(2,513)</b>	(11,278)	<b>(18,893)</b>	(51,490)

#### 5. Earnings per share

Basic earnings per share for the three months and nine months ended 30 September 2008 are based on the unaudited profit attributable to shareholders of RMB7,540,000 and RMB56,681,000 respectively (2007: profit of RMB22,898,000 and RMB100,440,000 respectively), and the weighted average number of 1,168,200,000 shares (2007: 1,168,200,000 shares) in issue during the respective periods.

As there are no potential dilutive shares in issue during the periods, there is no difference between basic and diluted earnings per share.

## **DIVIDEND**

The Directors do not recommend the payment of dividend for the nine months ended 30 September 2008 (2007: Nil).

## **MANAGEMENT'S DISCUSSIONS AND ANALYSIS**

### **Business Review**

Turnover for the nine months ended 30 September 2008 recorded RMB1,145,937,000, representing a decrease of RMB114,120,000 or 9.06% against that of the corresponding period of the previous year. For the period from July to September of 2008, turnover reached RMB354,440,000, representing a decrease of RMB55,419,000 or 13.52% against that of the corresponding period of the previous year. The decrease in turnover for the periods from January 2008 to September 2008 and from July 2008 to September 2008 were mainly due to decrease in market price of both aluminum re-smelt ingots and aluminum alloy ingots.

For the period from January to September 2008, sales volume of aluminum re-smelt ingots and aluminum alloy ingots reached 72,623 tonnes, representing a decrease of 882 tonnes or 1.20% against that of the corresponding period of 73,505 tonnes in 2007.

For the period from January to September 2008, the sales volume of aluminum re-smelt ingots reached 66,829, representing an increase of 7,616 tonnes or 12.86%, against that of the corresponding period of 59,213 tonnes in 2007.

And the sales volume of aluminum alloy ingots reached 5,794 tonnes, representing a decrease of 8,498 tonnes or 59.46% against that of the corresponding period of 14,292 tonnes in 2007.

For the period from July to September of 2008, the sales volume of aluminum re-smelt ingots and aluminum alloy ingots reached 23,737 tonnes, representing a decrease of 551 tonnes or 2.27% against that of the corresponding period of the previous year.

For the period from July to September of 2008, the sales volume of aluminum re-smelt ingots reached 23,204 tonnes, representing an increase of 1,013 tonnes or 4.56% against that of the corresponding period of 22,191 tonnes in 2007.

The sales volume of aluminum alloy ingots reached 533 tonnes, representing a decrease of 1,564 tonnes or 74.58% against that of the corresponding period of 2,097 tonnes in 2007.

For the period from January to September of 2008, production volume of aluminum re-smelt ingots and aluminum alloy ingots reached 80,694 tonnes, representing a decrease of 8,777 tonnes or 9.81% against that of the corresponding period in 2007.

For the period from January to September 2008, the production volume of aluminum re-smelt ingots reached 75,035 tonnes, representing an increase of 845 tonnes or 1.14% against that of the corresponding period of 74,190 tonnes in 2007.



The production volume of aluminum alloy ingots reached 5,659 tonnes, representing a decrease of 9,622 tonnes or 62.97% against that of the corresponding period of 15,281 tonnes in 2007.

For the period from July to September of 2008, the production volume of aluminum re-smelt ingots and aluminum alloy ingots reached 25,159 tonnes, representing a decrease of 3,295 tonnes or 11.58% against that of the corresponding period of the previous year. For the period from July to September 2008, production volume of aluminum re-smelt ingots reached 24,759 tonnes, representing a decrease of 358 tonnes or 1.43% against that of the corresponding period of 25,117 tonnes in 2007.

The Production volume of aluminum alloy ingots reached 400 tonnes, representing a decrease in 2,937 tonnes or 88.01% against that of the corresponding period of 3,337 tonnes in 2007.

### **Financial Review**

For the nine months ended 30 September 2008:

The Company recorded turnover of approximately RMB1,145,937,000 for the nine months ended 30 September 2008, a 9.06% or RMB114,120,000 decrease from approximately RMB1,260,057,000 for the same period of the previous year. The decrease in turnover was mainly attributable to the decrease in market price of aluminum re-smelt and alloy ingots.

Of the total turnover amount, RMB1,048,790,000 or 91.52% was generated from sales of aluminum re-smelt ingots in the PRC and overseas, and RMB97,147,000 or 8.48% was generated from sales of aluminum alloy ingots.

For the nine months ended 30 September 2008, the cost of goods sold was RMB1,006,075,000 representing a decrease of RMB16,998,000 or 1.66% against RMB1,023,073,000 for the corresponding period in 2007.

The decrease in cost of goods sold was mainly due to the decrease in the raw material cost of alumina and cost of electricity.

The Company's gross profit for the nine months ended 30 September 2008 was approximately RMB139,862,000, representing a gross profit margin of approximately 12.21%, against the gross profit margin of about 18.81% for the nine months ended 30 September 2007. The decrease in gross profit margin was mainly due to the decrease in market price of the products.

Other revenue of the Company for the nine months ended 30 September 2008 amounted to RMB37,296,000, of which approximately RMB18,687,000 was derived from sale of scrap and other materials, approximately RMB1,337,000 from supply of water and electricity to the Company's related parties and other independent third parties and approximately RMB17,272,000 from interest income. This represented an increase of RMB10,064,000 or 36.96% against RMB27,232,000 for the nine months ended 30 September 2007. The increase was mainly due to the increase of bank interest income from the increase of receipt in advance, the interest income of the Company for the nine months ended 30 September 2008 amounted to RMB3,921,000, and sales of pre-baked anode, which contributed to the increase by RMB5,249,000.

Expenses related to other revenue of the Company for the nine months ended 30 September 2008 amounted to RMB19,296,000 including the expenses of RMB15,490,000 derived from the sale of scrap and other material and RMB1,806,000 derived from supply of water and electricity to the Company's related parties and other independent third parties which represented an increase of approximately RMB8,713,000 or 82.33% against the approximate amount of RMB10,583,000 for the nine months ended 30 September 2007. The increase was mainly due to the increase of cost of sales of pre-baked anode by RMB5,249,000 and donation by RMB2,000,000.

The selling and distribution expenses of the Company amounted to approximately RMB24,000,000 or 2.09% of the turnover for the nine months ended 30 September 2008, as compared to about RMB30,383,000 or 2.41% of the turnover for the same period of the previous year. Such decrease were due to the decrease in payment of oversea sales commission and agency fee amounted to RMB5,586,000.

For the nine months ended 30 September 2008, general and administration expenses were approximately RMB24,749,000, representing a decrease of approximately RMB6,428,000 or 20.62% against RMB31,177,000 for the same period 2007. This decrease was mainly due to the decrease in professional fee, entertainment and travelling expenses.

For the nine months ended 30 September 2008, the finance costs amounted to RMB33,539,000, representing a decrease of RMB6,604,000 or 16.45% from RMB40,143,000 for the corresponding period of 2007. The decrease in the finance cost was mainly due to the decrease in the average loan balance during the nine month period ended 30 September 2008 against the same period in 2007.

Net profit for the nine months ended 30 September 2008 was RMB56,681,000, as compared to a net profit of approximately RMB100,440,000 for the corresponding period in 2007.

For the three months ended 30 September 2008:

The Company recorded a turnover of approximately RMB354,440,000 for the three months ended 30 September 2008, representing a 13.52% or RMB55,419,000 decrease from approximately RMB409,859,000 for the same period in the previous year. The decrease in turnover was mainly due to the decrease in selling price of the aluminum re-smelt and alloy ingots.

Of the total turnover amount, RMB345,880,000 or 97.58% was generated from the sales of aluminum ingots in the PRC and overseas, and RMB8,560,000 or 2.42% was generated from the sales of aluminum alloy ingots.

The Company's gross profit for the three months ended 30 September 2008 was approximately RMB33,773,000. The gross profit margin was 9.53%. For the three months ended 30 September 2007, the gross profit margin was 16.12%. The decrease in the profit margin was mainly due to the decrease in selling price of the aluminum re-smelt and the alloy ingots.

Other revenue of the Company for the three months ended 30 September 2008 amounted to RMB11,060,000, which comprised approximately RMB6,481,000 from sale of scrap and other materials, approximately RMB715,000 from supply of water and electricity to the Company's related parties and other independent third parties, and interest income of approximately RMB3,864,000. This represented a decrease of 31.34% or RMB5,048,000 when compared to RMB16,108,000 for the three months ended 30 September 2007. The decrease were mainly due to the decrease in interest income amounted to RMB5,904,000.

Expenses related to other revenue for the three months ended 30 September 2008 amounted to RMB7,466,000, representing an increase of RMB2,271,000 or 43.72% against RMB5,195,000 of the corresponding period in 2007. The increase is mainly due to increase of cost of sales of pre-baked anode during the period.

The selling and distribution expenses of the Company amounted to about RMB8,903,000 or 2.51% of the turnover for the three months ended 30 September 2008, representing a decrease of approximately RMB9,507,000 when compared to about RMB17,800,000 or 4.34% of the turnover for the three months ended 30 September 2007. The decrease was mainly due to the decrease in payment of oversea sales commission.

The general and administrative expenses were approximately RMB11,125,000 or 3.19% of the turnover for the three months ended 30 September 2008, representing an increase of approximately RMB840,000 or 8.17% from about RMB10,285,000 for the three months ended 30 September 2007. The increase in general and administrative expenses was mainly due to the increase in bank charges.

For the three months ended 30 September 2008, finance costs amounted to approximately RMB7,286,000, representing a decrease of RMB7,446,000 or 50.54% from approximately RMB14,732,000 for the same period in 2007. The decrease in finance cost was mainly due to decrease in average bank loans balances when compared to the corresponding period of 2007.

The net profit for the three months ended 30 September 2008 was approximately RMB7,540,000, as compared to a net profit of approximately RMB22,898,000 for the same period of the previous year.

### **Significant Investment**

The Company operates a conservative set of investment policies to ensure that no unnecessary risks are taken with the Company's assets. No investments other than cash and other short-term bank deposits are currently permitted.

The Company has not held any significant investment for the three months ended 30 September 2008 and made no material acquisitions or disposals during the current period. At 30 September 2008, the Company had no material capital commitments.

### **Strategies and Plans**

With a view to ensure the steady development of the PRC economy, the PRC government adopted a series of policies to regulate the macro-economy of the aluminum industry and to protect the healthy development of the aluminum industry.

In the year 2008, the Company will still face challenges both in production and management including the increase pressure on product cost and operations, mainly due to the intensity of competition in aluminum market, the high prices of raw materials and energy sources after the implementation of macro-economic policies on the aluminum industry. The Company will continue to focus on its principal business, carry out a cost objective management model to effectively control cost and strive to increase the returns for Shareholders by, inter alia, reducing energy consumption, improving internal management and enhancing production efficiency and quality.

### **Foreign exchange risk**

The income and expenses of the Company are mainly denominated in Renminbi. During the period under review, the Company has neither experienced any significant difficulties nor any operating capital or cash flow problems resulting from fluctuation in the exchange rate. The Directors believe that having regard to the working capital position of the Company, it is able to meet its foreign exchange liabilities as they become due.

## Share capital

As at 30 September 2008, the shareholders of the Company are as follows:

Category of Shares	Number of shares in issue	Percentage (%)
Domestic shares	818,180,000	70.04
H shares	350,020,000	29.96

## DISCLOSURE OF INTERESTS

### (a) Interests of Directors, Supervisors and chief executive of the Company

As at 30 September 2008, the interests and short positions of the Directors, the Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange were as follows:

#### *Long positions in the Domestic Shares of the Company*

Name of Director	Capacity	Number of Domestic Shares held in the Company	Approximate percentage in the total issued Domestic Shares of the Company	Approximate percentage in the total issued share capital of the Company
Li Liu Fa	Interest of controlled corporation	782,882,280 <i>(Note 1)</i>	95.69%	67.02%

*Long positions in associated corporations of the Company*

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity</b>	<b>Amount of equity interest held in the associated corporation</b>	<b>Approximate percentage in the total equity interest of the associated corporation</b>
Li Liu Fa	天瑞集團有限公司	Beneficial owner	RMB332,896,000	52.08%
		Interest of spouse	RMB201,996,000 <i>(Note 2)</i>	32.58%
			<b>Total: RMB534,892,000</b>	<b>84.66%</b>
	寶豐天瑞發電有限公司	Interest of controlled corporation	RMB29,770,000 <i>(Note 3)</i>	100%
	天瑞集團水泥有限公司	Interest of controlled corporation	US\$59,931,810 <i>(Note 3)</i>	63.90%
	河南瑞雪鋁業有限公司	Interest of controlled corporation	RMB51,000,000 <i>(Note 3)</i>	51%
	汝州市天瑞煤有限公司	Interest of controlled corporation	RMB3,000,000 <i>(Note 3)</i>	100%
	汝州市天瑞熱電有限公司	Interest of controlled corporation	RMB659,000 <i>(Note 3)</i>	100%
	天瑞集團鑄造有限公司	Interest of controlled corporation	RMB125,000,000 <i>(Note 3)</i>	55.56%
	天瑞集團旅遊發展有限公司	Interest of controlled corporation	RMB110,000,000 <i>(Note 3)</i>	100%

*Note:*

1. These 782,882,280 Domestic Shares were held by Tianrui Group, which was owned as to 52.08% by Li Liu Fa and 32.58% by Li Feng Luan, the spouse of Li Liu Fa. Li Liu Fa was deemed to be interested in these 782,882,280 Domestic Shares under Part XV of the SFO.
2. This RMB201,996,000 equity interest in Tianrui Group was held by Li Feng Luan, the spouse of Li Liu Fa. Li Liu Fa was deemed to be interested in this RMB201,996,000 equity interest in Tianrui Group under Part XV of the SFO.
3. These equity interests in the associated corporations of the Company were held by Tianrui Group, which was owned as to 52.08% by Li Liu Fa and 32.58% by Li Feng Luan, the spouse of Li Liu Fa. Li Liu Fa was deemed to be interested in these equity interests in the associated corporations of the Company under Part XV of the SFO.

**(b) Directors' and Supervisors' interests in assets and contracts**

None of the Directors and Supervisors has any direct or indirect interest in any assets which have been acquired or disposed of by or leased to the Company or are proposed to be acquired or disposed of by or leased to the Company since 31 December 2007, being the date to which the latest published audited accounts of the Company were made up.

None of the Directors or supervisors were materially interested in any contract or arrangement entered into by the Company subsisting at 30 September 2008 and which is significant in relation to the business of the Company.

**(c) Directors', Supervisors' and management shareholders' interests in competing business**

None of the Directors, the Supervisors or the management shareholders of the Company and their respective associates has an interest in a business, apart from the business of the Company, which competes or may compete with the business of the Company or has any other conflict of interest with the Company which would be required to be disclosed under Rule 11.04 of the GEM Listing Rules.

**(d) Substantial shareholders' and other shareholders' interests**

As at 30 September 2008, so far as is known to the Directors, the Supervisors or chief executive of the Company, the following persons, other than a Director, Supervisor or chief executive of the Company, had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name	Capacity	Class of Shares	Number of Shares (Long position)	Percentage in the total issued Domestic Shares	Percentage in the total issued H Shares	Approximate percentage in the entire issued share capital of the Company
<b>Substantial shareholders</b>						
Tianrui Group	Beneficial owner	Domestic Shares	782,882,280	95.69%	-	67.02%
<b>Other shareholders</b>						
BOCOM International Holdings Company Limited (Formerly known as BCOM Securities Company Limited) <i>(Note)</i>	Beneficial owner	H Shares	94,420,000	-	26.98%	8.08%
CCIB Opportunity Income Growth Fund	Beneficial owner	H Shares	26,200,000	-	7.49%	2.24%
Chen Yamin	Beneficial owner	H Shares	17,660,000	-	5.05%	1.51%

*Note:* Information on the interests of these shareholders were based on information set out in the website of the Stock Exchange.

As at 30 September 2008, save for the persons described in the paragraph headed "Substantial shareholders' and other shareholders' interests" above, the Directors were not aware of any other person (other than the Directors, the Supervisors or chief executives of the Company) who had an interest or a short position in the shares or underlying shares of the Company that was required to be disclosed under Division 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

#### **Other persons who are required to disclose their interests**

As at 30 September 2008, save for the person described in the paragraph headed "Substantial shareholders' and other shareholders' interests" above, no other person has an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

#### **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

During the nine months ended 30 September 2008, none of the Directors was granted any option to subscribe for shares of the Company. As at 30 September 2008, none of the Directors had any rights to acquire shares in the Company.

#### **SHARE OPTION SCHEME**

Up to 30 September 2008, the Company had not adopted any share option scheme or granted any option.



## **COMPETING INTERESTS**

As at 30 September 2008, none of the Directors or the management shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Company.

## **CORPORATE GOVERNANCE PRACTICES**

During the nine months ended 30 September 2008, the Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices in Appendix 15 of the GEM Listing Rules.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

Since the listing of the Company on GEM on 13 July 2004, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

## **PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SHARES**

During the nine months ended 30 September 2008, there was no purchase, sales or redemption of the Company's listed securities by the Company.

## **AUDIT COMMITTEE**

The Company established an audit committee on 13 June 2004 with written terms of reference in compliance with the requirements as set out in Rules 5.28 and 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year report and quarterly reports and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control system of the Company. The audit committee comprises three independent non-executive directors, namely Professor ZHU Xiao Ping, Dr. SONG Quan Qi and Mr. CHAN Nap Tuck.

The unaudited third quarterly financial statements for the nine months ended 30 September 2008 have been reviewed by the audit committee.

By Order of the Board  
**Sanmenxia Tianyuan Aluminum Company Limited**  
**Li He Ping**  
*Chairman*

Henan, the PRC, 6 November 2008

*As at the date of this report, the executive Directors are Mr. Tan Yu Zhong, Mr. Xiao Chong Xin and Mr. Zhao Zheng Bin; the non-executive Directors are Mr. Li He Ping and Mr. Yan Li Qi; and the independent non-executive Directors are Mr. Zhu Xiao Ping, Mr. Song Quan Qi and Mr. Chan Nap Tuck.*