
BUSINESS

OVERVIEW

We are a leading high-quality alumina manufacturer in Southeast Asia and are committed to continually strengthening our market position in the region. Our dedication is rooted in the principles of excellence, continuous improvement, and relentless pursuit of growth. With these development philosophies, we strive to not only establish our presence as a globally recognised enterprise but also to cultivate a brand that achieves renown worldwide.

Since our inception, our primary focus has been on tapping into Indonesia’s abundant bauxite and coal reserves, utilising these resources to fuel our operations. We believe our strategic position within the Special Economic Zone amplifies our logistical and economic efficiencies, and enables us to forge a highly efficient and technologically advanced alumina production base. We play a crucial role in shaping the aluminium industry chain landscape in Southeast Asia. In line with our commitment, we proactively responded to the Belt and Road Initiative by undertaking the planning and construction of an alumina production base in the Special Economic Zone at Bintan Island, Riau Islands Province, Indonesia.

According to Frost & Sullivan, the main alumina-producing countries in Southeast Asia as of the end of 2023 are Indonesia and Vietnam, we are among the three major alumina production enterprises in Southeast Asia. The completion of Phase II Alumina Production Project allowed our designed annual alumina production capacity to reach two million tons, which allowed our Group to rank among the first in Indonesia and Southeast Asia in terms of designed annual production capacity in 2023, according to Frost & Sullivan. Our achievements above are also testaments to our technological strengths, operational excellence, and commitment to growth.

In line with our strategy to further expand our market share in Southeast Asia, in the first half of 2024, we initiated the construction of additional alumina production facilities with our New Alumina Production Project which has a designed annual alumina production capacity of two million tons. Our metallurgical-grade alumina is a crucial raw material in the production of electrolytic aluminium. It enjoys a robust demand in the Southeast Asian market due to its pivotal role in meeting the stringent requirements for high-performance aluminium products according to Frost & Sullivan. Our product quality surpasses AO-1 Grade of GB/T 24487-2022 standard, as demonstrated by its exceptional chemical composition.

BUSINESS

Our Business Model

Our business model centres on producing and selling high quality metallurgical-grade alumina. Specifically, we source bauxite domestically in Indonesia and utilise the low-temperature Bayer process. This approach ensures the production of premium metallurgical-grade alumina, as confirmed by Frost & Sullivan. Our products, recognised for their quality, primarily cater to the demands of Southeast Asia markets amongst the leading integrated aluminium producers and commodity traders for manufacturing electrolytic aluminium.

Our business model integrates crucial elements that we believe to have enshrined our comprehensive competitiveness across production scale, cost effectiveness, technological advancement, and stringent quality control. In addition, capitalising on our strategic location, we enjoy streamlined procurement and expansive sales opportunities, alongside promising prospects in the downstream market. Since initiating our production operations, our Company has achieved continuous growth in production and sales volume, evidencing our robust market presence.

- *Top alumina manufacturing company in Southeast Asia:* As of the end of 2023, we are the leading alumina manufacturer in Southeast Asia by designed production capacity according to Frost & Sullivan. The local government policies and industrial policies of Southeast Asian countries have provided favourable conditions for the aluminium industry’s burgeoning development.
- *Efficient, automated production facilities:* Our highly automated production and ancillary facilities demonstrate our operation efficiency and provide a distinct cost advantage in our operations. Our comprehensive infrastructure encompasses a self-use thermal power plant, in-house reservoirs and water treatment facilities, coal gasification plants, and deep-water ports, ensuring autonomous control over production.
- *Our geographical advantages enhance cost efficiency:* Our strategic geographical location on Bintan Island boosts our costs efficiency in raw material procurement locally in Indonesia, transportation, and sales. We benefit from tax incentives specially approved by the Indonesian government.
- *Cutting-edge production process and strategic partnership:* Our cutting-edge production process not only ensures the high product quality but also strengthens our position in the international bulk trade markets. Using the low-temperature Bayer process, we produce metallurgical-grade alumina in sand form. Our product consistently achieves a 100% qualification rate, with the particle size meeting the industry’s higher standard. Our

BUSINESS

customers portfolio mainly spans across Southeast Asia, bolstered by a 10-year strategic collaboration with Press Metal, the leading integrated aluminium producers in Southeast Asia, and our established trade ties with major international commodity traders.

We believed the aforementioned advantages contribute to a positive gross profit margin surpassing the industry average, enhancing our ability to navigate cost fluctuations and shifts in the profit distribution dynamics among industry players.

Our excellence and contributions have been acknowledged through numerous provincial-level awards and recognitions. For details of our awards and recognitions, please refer to “Awards and Accreditations” in this section. These honours not only highlight our significant contributions to the Southeast Asian economy but also affirm our prominent standing in the industry.

Our Product

Our primary product, alumina, is produced in accordance with the AO-1 Grade requirement of GB/T 24487-2022 standard. For details of the AO-1 Grade requirements and the quality control of our product, please refer to “Quality Control” in this section.

As confirmed by Frost & Sullivan, the quality of alumina significantly influences the electrolytic aluminium production process and the quality of the final product. Utilising higher-grade of alumina, known for its elevated purity levels, enhances both efficiency and product quality. Such grades not only minimise waste generation during manufacturing but also improve the final product’s standard. In addition, as confirmed by Frost & Sullivan, the use of higher-grade alumina can lead to efficiency gains. For example, it can lower energy consumption needed to produce electrolytic aluminium, offering a pathway to cost reductions in the long term for electrolytic aluminium producers.

Our Performance

Throughout the Track Record Period, our financial performance has showcased our production management prowess and industrial growth. Concurrently, our revenue escalated from US\$172.8 million in FY2021 to US\$466.8 million in FY2022, and again surged to US\$677.8 million in FY2023, achieving a CAGR of 98.0%. In 1H2024, our revenue further increased from US\$299.5 million in 1H2023 to US\$423.3 million. For further details, please refer to the section headed “Financial Information” in this document.

BUSINESS

OUR COMPETITIVE STRENGTHS AND ADVANTAGES

We believe that the following competitive strengths and advantages are key factors to our success to date and will help us continue to increase our market share and capture the anticipated future growth in the alumina market.

Our prominent status in the alumina industry has allowed us to benefit from the region’s soaring demand and robust investment momentum.

Southeast Asia’s economic growth rate exceeds the global average, and Indonesia’s supportive policies have spurred the aluminium industry’s development.

We hold a leading position in the alumina industry in Southeast Asia and benefit from high regional demand and investment momentum. The Southeast Asia’s economic expansion is outpacing the global average, with Indonesian policies further propelling the alumina industry’s synchronised growth. In terms on economic volume, according to Frost & Sullivan, Southeast Asia’s Nominal GDP is expected to grow at a CAGR of 7.1% from 2024 to 2028, far exceeding the global Nominal GDP growth rate of 3.0% for the same timeframe. Additionally, the population of Southeast Asia is anticipated to reach approximately 505.4 million by 2028.

Situated in Indonesia, a pivotal ASEAN member, our production facilities are at the heart of Southeast Asia’s development trend. In 2023, Indonesia’s Nominal GDP was approximately US\$1,370 billion, placing it at the forefront of the Southeast Asian countries. With a population of approximately 277.4 million in the same year, Indonesia not only stands as the most populous country in Southeast Asia but also ranks fourth globally. Indeed, Indonesia stands out not only for its economic size and population in Southeast Asia but also for its rich bauxite resources, ensuring a steady supply of raw material for our metallurgical grade alumina production.

Coherent macro policies and a robust investment environment in the Southeast Asian region contribute to the sound development of aluminium industry.

The economic cooperation and integration among ASEAN member countries have laid a fertile ground for the development of Indonesia’s aluminium industry, especially with the establishment of the ASEAN Economic Community (“AEC”). This has notably promoted the integration of production and supply chain activities. Furthermore, the ASEAN Free Trade Area (“AFTA”) agreement has played a critical role in diminishing trade barriers among the member countries, encouraging the unrestricted movement of aluminium and expanding market access. Since our existing trade partners are predominantly located in Southeast Asia, we can leverage this locality advantage during our transactions with them.

BUSINESS

Southeast Asia’s industrial growth creates strong demand for downstream aluminium products, allowing us, as a local leader, to meet this demand and drive the aluminium industry’s development in the region.

Our metallurgical-grade alumina serves as a crucial raw material in the production of electrolytic aluminium, underpinning its manufacturing process with a foundation of quality and reliability. According to Frost & Sullivan, alumina is readily tradable in the international commodity market. Typically, the projected alumina demand in Southeast Asia is expected to reach 8,696 thousand tons by 2028, surpassing the region’s expected production capacity, highlighting a supply shortfall that offers a strong growth opportunity for us.

In recent years, the wave of urbanisation has led to a substantial uptick in infrastructure investment across Southeast Asia, demonstrating strong growth trends, according to Frost & Sullivan. Publicly available data indicates that Indonesia’s infrastructure investment was US\$58.3 billion in 2023 and is projected to reach US\$65.7 billion by 2028. This ongoing growth of infrastructure investment in Indonesia provides strong market dynamics, significantly boosting the demand for window frames, door frames and other aluminium products used in buildings, therefore pulling up the demand of aluminium in the region.

As confirmed by Frost & Sullivan, Indonesia is leveraging its advantages to attract foreign investments on alumina production capacity. Leveraging ongoing enhancement of our production capacity and technological advancements, we maintain a first-mover advantage in satisfying the increasing demand for alumina within Southeast Asia. Our Directors believe that our pivotal role bolsters the competitiveness of the region’s aluminium industry and curtails reliance on imported bauxite or alumina, particularly from suppliers such as Australia.

By leveraging our strategic location, we benefit from a stable raw material supply, strong policy support, and efficient transportation networks, ensuring smooth and effective operations.

Reserves of upstream bauxite and coal resources and policy safeguards.

We believe that long-term stable supply of raw materials is crucial for upstream manufacturers in the aluminium industry. During the Track Record Period, our production was dependent on timely raw material supply. The main raw materials required for our production include bauxite, coal, and caustic soda, among which bauxite and coal are the two major raw materials we sourced locally for use in our production.

BUSINESS

Indonesia has abundant reserves of good quality bauxite. According to Frost & Sullivan, as at the end of 2023, Indonesia’s proven bauxite reserves amounted to approximately one billion tons, ranking sixth globally and second in Southeast Asia in terms of reserves. According to Indonesia’s Ministry of Energy and Mineral Resources, Central Kalimantan’s bauxite reserve is approximately 100 million wet metric tons. With a strategic shift towards enhancing bauxite mining in Central Kalimantan, Indonesia’s bauxite mining lifespan is expected to exceed 30 years. In terms of bauxite quality, Indonesia’s lateritic bauxite has significant advantages in the production of metallurgical-grade alumina, which contains a high proportion of aluminium oxide content, allowing for higher production yield and efficiency when extracting metallurgical-grade alumina from the ore. Its high purity reduces the need for additional purification steps in the refining process.

Indonesia is a major coal reserve and mining country and possesses one of the largest coal reserves in the world. According to Frost & Sullivan, Indonesia’s confirmed coal reserves in 2023 reached approximately 37 billion tons, leading Southeast Asia and ranking sixth worldwide. The abundant coal resources provide a solid foundation for our Company’s capacity development and supplier procurement.

We considered government policy support to be crucial to us, which stabilise the raw material supplies to the manufacturer. In recent years, Indonesia’s industrial policies have been focused on promoting the development of downstream industries for domestic raw mineral resources and assisting economic transformation. According to Frost & Sullivan, pursuant to local laws and regulations issued by the Indonesian Minister of Energy and Mineral Resources, at least 25% of the realised annual coal production of coal companies must be sold domestically. In addition, the Law No. 4 of 2008 regarding Mineral and Coal Mining also stipulates that holders of Mining business licence (IUP) or special mining business licence (IUPK) are required to prioritise the utilisation of local labour, goods, and services in the country. These policies ensure that domestic needs are prioritised during shortages, significantly stabilising energy costs for alumina manufacturers like us. Besides, based on the scale of our investment, our production base enjoys tax reduction or exemption policies specially approved by Indonesian government departments, which further enhances our competitiveness within the industry.

Building upon abundant resource reserves and favourable policies, abundant resource reserves, and cost advantages mentioned above, we strategically positioned our alumina production base on Bintan Island in Riau Islands Province, Indonesia, to secure access to Indonesia’s vast reserves of high-quality bauxite and coal resources. Additionally, our production base’s deep-water port enables convenient transportation of raw materials. These allow us to procure raw materials effectively and efficiently in the resource-rich Indonesia.

BUSINESS

Our production base enjoys cost advantages in raw materials and shipping distance.

According to Frost & Sullivan, our production cost of alumina is below industry average. Bauxite is the primary raw material for our alumina product and represents the highest proportion of costs in our finished product. The location of our production base allows us to enjoy comprehensive cost advantages in bauxite raw materials by having shorter transportation routes and pricing methods while benefiting from Indonesia's abundant mineral resources, in particular its good quality bauxite. Our bauxite is sourced from high-grade suppliers within Indonesia and delivered to our production base through convenient short-haul shipping. By contrast, alumina manufacturers in other countries such as the PRC rely on long-distance transportation of bauxite imported from Australia and Guinea. Therefore, we have a significant cost advantage compared to such producers.

Indonesia, an important member of ASEAN, has implemented a series of policies aimed at supporting the aluminium industry's growth. The government's support is multifaceted, offering tax incentives and, where applicable, funding for research and development. Our production base benefits directly from these government initiatives, enjoying specific tax reductions or exemptions, which give us a clear advantage in terms of profit margins. Our production base benefits from special approvals by Indonesian government department for reductions or exemptions from VAT and income tax.

The convenient sales and transportation brought by the location of our port

To ensure the timeliness and convenience transportation of our material and equipment procurement and product sales, we have built our own port terminal within our production base.

- Our port is located on the eastern side of Bintan Island, Riau Islands Province, and is strategically positioned at the gateway between the Pacific Ocean and the Indian Ocean, encompassing the Strait of Malacca and the Singapore Strait. According to Frost & Sullivan, the Strait of Malacca is one of the busiest and largest-capacity commercial shipping routes in the world. As confirmed by Frost & Sullivan, in 2023, approximately one-fourth of global trade goods were transported through the Strait of Malacca, showcasing its significant shipping volume.
- Our customers are mainly located in Southeast Asia. The number of potential customers in Southeast Asia and its surrounding regions has been increasing year by year. The proximity to high-capacity shipping routes and international trade ports brings convenient transportation for our point-to-point delivery, ensuring efficient shipment and

BUSINESS

delivery. Furthermore, our port can accommodate large vessels up to 35,000 tons for loading, offering superior transportation conditions and enabling efficient delivery, which is leading among the alumina manufacturers in Southeast Asia.

Our Directors believed that we have a geographical advantage compared to other alumina production enterprises in terms of procurement and product transportation and trade, in view of the fact that (i) our production base is strategically located near the core raw material sources, (ii) our own deep-water port is adjacent to busy shipping routes with high throughput, and (iii) we benefit from government policy safeguard in both procurement and finished product sales.

Our self-constructed comprehensive infrastructure and production facilities boost productivity and operational efficiency, leading to significant cost and profitability advantages.

With a long-term development vision to establish comprehensive infrastructure construction, our mature scale brings excellent productivity.

We took the initiative to carry out the construction of a complete set of production and ancillary facilities. We have embarked on planning and construction from scratch, starting from levelling the land for workshop, pipeline and conveyance belt construction, and have achieved a mature scale as at the Latest Practicable Date. We have constructed our own facilities, including Phase I Alumina Production Project and Phase II Alumina Production Project and accompanying coal-gasification plant, thermal power plant, reservoir, and port facilities. As confirmed by our Directors, both the production and the ancillary facilities have been carefully customised and continuously improved to make sure that they are fully effective in all aspects. The operational characteristics of “customised production workshops, low utility costs, efficient year-round continuous production, and ready-to-install finished products” are highlighted, making our overall efficiency significantly better than that of other companies in the industry.

We aim to optimise the processes through systematic improvements and utilisation large-scale, efficient technical equipment for each operation. We adopt modular and intensive configurations to minimise material transportation distances and achieve recycling of thermal energy. With high automation, our integrated and centralised control platform enables real-time monitoring and adjustment of production processes. Since the commencement of operation of the Phase I Alumina Production Project in the second quarter of 2021 and the Phase II Alumina Production Project in the last quarter of 2022, the annual total production has steadily increased. Our alumina production reached approximately 0.49 million tons, 1.21 million tons, 1.91 million tons and 1.08 million tons in FY2021, FY2022, FY2023 and 1H2024, respectively.

BUSINESS

Further, we have, on our own initiative, constructed comprehensive ancillary facilities to improve overall operational efficiency, including a self-owned power plant, self-built reservoir and water treatment plant and a deep-water port. For details, please refer to “Business — Our Production and Other Ancillary Facilities — Our ancillary facilities” in this section.

- Self-owned power plant: According to Frost & Sullivan, among the three alumina manufacturers operating in Indonesia, only two have their own power plants, and we are one of them. The 160-MW thermal power plant is capable of meeting the entire production and office needs in our production base. Moreover, since we generate electricity for our own use on cost basis without any premium, enabling us to have a more advantageous position in terms of production costs when compared to purchasing electricity from external sources.
- Self-built reservoir and water treatment plant: Designed with a total reservoir capacity of over 7.5 million cubic metres, the reservoir adopts a “water storage area + dam” design scheme. Our water plant is capable of supplying 56,000 cubic metres of fresh water per day, which is capable of satisfying substantially all of our production needs.
- Coal gasification plant: Provides natural gas to the alumina calcination furnace, using a circulating fluidised bed gasifier. The supporting construction includes five 40,000 Nm³/h circulating fluidised bed gasifiers to meet the natural gas demand for the calcination process.
- Deep-water port: Consists of self-built deep-water port with one 35,000-ton multi-purpose berth and one 35,000-ton general-purpose berth, used for alumina loading operations, caustic soda unloading operations, and general cargo handling. There are also four 10,000-ton bulk cargo berths. The entire port is equipped with bridge-type grab ship unloaders, grab gate machines, ship loaders, and corresponding crawler conveyor systems, which facilitates our inbound raw material delivery and shipment of alumina products.

We have been successful in optimising the overall energy consumption of our production and transportation processes with the aid of our state-of-art production line and the seamless operation of our ancillary facilities. Our goal is to achieve a level of management that allows us to “process raw materials upon arrival” and “load alumina for shipment upon it is produced”. The cost advantages brought about by the refined operation and the independent supply of water, electricity and gas enable our annual production volume to climb to our designed capacity and at the same time while effectively controlled the costs of production, inventory storage and transportation. As a result, our gross profit margin reached 25.9%, 24.0%, 29.2% and 42.2% for FY2021, FY2022, FY2023 and 1H2024, respectively.

BUSINESS

We continue to improve and accumulate our technological expertise, in order to deliver high quality products and strengthen our quality control.

We aim to obtain customer recognition and satisfaction through our high-quality product, while showcasing our competitive advantage in quality control capabilities among similar enterprises in the industry. Our alumina is characterised by large particle size, easy flowability, fast dissolution and low transportation loss. The quality of alumina is crucial for the efficiency, cost-effectiveness, and environmental sustainability of the electrolytic aluminium production process. High-quality alumina, characterised by its rapid dissolution rate, minimal impurity content, and uniform particle size to ensure optimal feeding rates, is essential for maintaining a stable and efficient electrolysis process. Our alumina can also be fully blended with fine alumina powder produced by other factories, making our product highly favoured by customers in terms of quality.

We employ a low-temperature Bayer process in our production which we believe could ensure our product quality. This process guarantees the particle size entering the calcination stage, ensuring high-quality alumina particles in the final product. As confirmed by our Directors, the proportion of particles smaller than 45µm in our product is significantly below the standard requirement of 20%, measuring at no more than 6%. According to Frost & Sullivan, this level meets the industry’s higher standard.

We adhere to the international ESG governance standards to promote green and sustainable development.

We honour our commitment to investment and construction, and places great emphasis on fulfilling our corporate social responsibility. In terms of environmental protection, we adhere to green and low-carbon development, significantly reduce energy consumption and reduce the generation of pollutants. We place great attention to preserve land, as well as ecological and environmental protection by improving the management measures for handling exhaust gas, wastewater, noise, waste and other pollutants. Further, we place great emphasis on the utilisation of reusable resources. For example, we reuse our production water as cooling water in alumina production. The residual heat energy recovered from the calcination furnace during the alumina calcination process is used to heat up the water for equipment washing and other purposes.

In the social aspect, we have carried out proper relocation and resettlement of villagers and community building planning and have promoted the local traditional culture and religious beliefs. We built a prayer place in our production base, and have actively organised and participated in local festival celebrations and public welfare activities. At Ramadan 2024 in Indonesia, we participated in public welfare celebrations by visiting and donating to the local elderly home,

BUSINESS

orphanage, etc, and reached out to over 1,000 people. Our Company received awards from the government because we donated various kinds of materials and daily necessities to the community and the government during the fight against the COVID-19 and torrential rains flood in Indonesia.

In terms of the governance, we are actively exploring scientific management methods, solving local employment problems and focusing on labour protection for employees. We actively carry out the certification of ISO9001 quality management system. We also conduct training and are concerned with development of our employees, and regularly conduct quality training activities according to our training plan. All new employees are required to participate in a induction training programme. We have over 400 special operators as at the Latest Practicable Date and they are required to participate in licenced training in the safety category. We have also maintained training and examination in the area of skills and safety for employees to participate. In addition, all of our employees are insured with BPJS Ketenagakerjaan (workforce social security) in Indonesia.

We have a team of experienced management with significant industry expertise to work in hand with our shareholders and strategic partners in creating a new chapter in the industry chain.

Experienced and visionary management team with significant industry expertise

We are led by an experienced and stable management team, and was able to set up our business in Indonesia in just a few years since 2017, with extensive experience in the aluminium industry. Our core management team is familiar with various business developments and operational decisions in the aluminium industry chain. In particular, our executive Director, Mr. Hao has more than 12 years of management experience in the aluminium industry and has been responsible for overseeing our general operations. Our senior management, Mr. Jia Zhenjiang and Mr. Huo Liang, have over 17 and 11 years of management experience in the aluminium industry respectively. Our management team has a proven track record of successfully producing and marketing our high quality alumina.

Highly qualified and cohesive business team

We adhere to our corporate vision of “creating a world-class enterprise, establishing a globally renowned brand” and uphold the business philosophy of “leading in science and technology, innovating and increasing efficiency, growing together, and making steady progress” With continuous accumulation of know-how and experience in the aluminium industry chain, we have built a business team possessing high-level expertise and corresponding technical qualifications, with strong professional production and operational capabilities.

BUSINESS

Our Directors believe that our experienced and committed management team is capable of developing and implementing our strategies quickly in response to market changes.

Long-term accompanying and synergistic shareholders and strategic partners

Our Controlling Shareholder, Nanshan Aluminium, has rich technological accumulation in the entire aluminium industry chain. Our substantial shareholder, Press Metal, has demonstrated strength in the downstream electrolytic aluminium production, whilst our investor, the Santony Family and its related parties, has abundant bauxite reserves to be supplies as our raw materials. The long-term accompanying and synergistic support from these shareholders and strategic partners provide business support for our conducting business in Southeast Asia. During the Track Record Period, Nanshan Aluminium actively supported our Company’s development through the provision of technical support and know-how, whilst the Santony Family supplied high-quality bauxite raw materials to our Company with Press Metal served as a stable income source with long-term cooperation, which resulted in a harmonious win-win synergistic effect in terms of business development. For details of our relationship and business cooperation with Press Metal and Santony Family respectively, please refer the section headed “Connected Transactions — Continuing Connected Transactions” in this document.

Our Controlling Shareholder — Nanshan Aluminium

Our Controlling Shareholder, Nanshan Aluminium, is an A-share main board listed company since 1999, which has been deeply engaged in the aluminium industry for decades and has a built a complete industry chain. It has accumulated rich technical reserves and know-how experience in the aluminium industry.

Nanshan Aluminium has production lines throughout the entire aluminium industry chain. Relying on Nanshan Aluminium’s advantageous position across the whole aluminium industry chain, we commenced preparatory works in relation to construction of our alumina production base in Indonesia in 2017, and completed construction of the Phase I Alumina Production Project and Phase II Alumina Production Project.

Our substantial shareholder and strategic partner — Press Metal

Press Metal is a substantial shareholder of our Company. Press Metal is the leading integrated aluminium company in Southeast Asia, with an annual alumina demand of over two million tons, and has signed a 10-year Alumina Offtake Arrangement with our Company, agreeing to purchase alumina from our Company. The Company has established a stable and long-term cooperation relationship with Press Metal, which ensures the stability of our Company’s income source.

BUSINESS

Our investor and business partner — Santony Family

We have procured and sourced raw materials from the Santony Family during the Track Record Period. Santony Family operates certain bauxite mines in Indonesia and has a strong network to source raw materials locally. We maintain good relationship with the Santony Family to ensure the stability of our Company’s raw material supply of high-grade bauxite. Redstone is the investor of our Company, and is wholly-owned by Mr. George Santos, the son of Mr. Santony. Mr. Santony holds 2.3% equity interest in BAI through MKU, a company controlled by Mr. Santony.

We expect that we will continue to expand our territory in the aluminium industry chain through the strategic insight of our experienced and visionary management team, the hard work of our highly qualified and cohesive business team, and the business synergies generated from our cooperation with our shareholders and strategic partner.

OUR BUSINESS STRATEGIES

We are committed to becoming a world-class enterprise in alumina production and to establish a globally renowned brand. Our goal is to provide customers with high-quality products, promote regional economic development, create social value, and achieve sustainable business growth and maximisation of shareholder interests. We plan to achieve this goal by executing the following business strategies:

To increase our production capacity in tandem with surging market demand and to achieve greater economy of scale.

Through our dedicated efforts in Indonesia for years, we have successfully completed our Phase I Alumina Production Project and Phase II Alumina Production Project, encompassing a designed annual production capacity of two million tons of alumina. Leveraging on our experience, we plan to further expand our designed annual alumina production capacity to four million tons through our New Alumina Production Project, in order to satisfy the surging market demand in the aluminium industry and to achieve a greater economy of scale. The expected operation commencement date for the first one million tons per annum of the New Alumina Production Project is in the second half of 2025 and the second one million tons per annum in the second half of 2026. We aim to enhance our production capacity to meet the diverse needs of our customers, contribute to regional economic development, and ensure sustainable business growth while maximising shareholder value.

BUSINESS

By integrating resources, fostering cooperation and innovation, and optimising processes, we aim to reduce costs and improve our efficiency, enhancing our competitiveness and sustainable development.

The main costs involved in the alumina production process include bauxite, coal, and caustic soda. The location of our production plant allows us to enjoy the advantageous position of shorter transportation routes for bauxite and coal, as a result of the abundant bauxite and coal resources in Indonesia.

While we have been endeavouring to reducing the costs of bauxite and coal, we also plan to further reduce the cost of caustic soda by sourcing caustic soda with a closer proximity from our production plant. As part of our strategic initiatives, our Company aims to collaborate with leading caustic soda producer to establish a caustic soda production project within the Special Economic Zone. This strategic initiative is expected to reduce our transportation costs for caustic soda by cutting down on transportation distances.

At the same time, through years of devotion to the aluminium industry, our management and operational team are experienced in all aspects of alumina production. We endeavour to reduce waste and production costs through process improvements and efficiency enhancements, while optimising energy usage to reduce energy consumption costs, for example, to minimise generation of waste and emissions and to enhance production efficiency, reducing costs, and optimising energy usage by implementing energy-efficient equipment and technologies.

In the future, we will continue to optimise our processes in order to further implement our strategy of cost reduction and efficiency enhancement. These measures will assist our Company in maintaining its competitiveness and improve its profitability in a highly competitive market, as well as laying the foundation for sustainable development in the future.

Continuously attract, develop and motivate talents to build a global leading production and management team.

We have always been adhering to the concept of “moral integrity and talent, meritocracy, applying talents appropriately and making the best use of our people” in managing our talents, building a diversified management team with strategic vision and management experience to provide solid support for the company’s future strategic layout. At the same time, we are committed to building a team of talented people that meets the demand of Indonesia’s local culture and international development, and to cultivating employees with professional skills and an international outlook.

BUSINESS

As for our Company’s existing employees, we provide them with on-the-job training to enhance their business capabilities. In the future, we plan to increase skills training in areas such as automation, intelligent equipment, cultural exchange between Mainland China and Indonesia, and business management under the existing training structure to enhance employees’ operating capabilities in technical skills, production management, and resource utilisation, to fully mobilise the enthusiasm and creativity of the staff, to attract and retain outstanding management talent and business backbone, and to ensure our Company’s long-term, stable, and healthy development, safeguarding our core competitiveness. At the same time, we provide our Indonesian employees with on-the-job training so as to enable them to gradually touch upon more complex tasks. We target to continue to increase the proportion of Indonesian employees in the future.

Increasing ESG investment, building a century-long foundation, and setting a benchmark for sustainable development.

We have been emphasising on the theme of “green, low-carbon and sustainable development”, and aiming at the pursuit of the common development of economy, environment and society. We have integrated environmental and social responsibilities into our strategic business activities, prudently managed environmental and social risks, practised green development concepts, improved our social responsibility management system, and promoted the overall development of the industry. In practice, we have been conscientiously implementing the relevant regulations and laws of the Ministry of Environment and Forestry of Indonesia, and strictly enforcing the industry and Indonesia’s environmental protection standards, so as to achieve compliance and emission standards. As at the Latest Practicable Date, we are in compliance with the current environmental protection standards of Indonesia in the emissions of smoke and red mud, etc., in terms of both the emissions and storage:

- **Environmental:** We are committed to technological innovation, improving production efficiency, reducing energy consumption and environmental impact. For example, we introduce energy-saving and environmentally friendly production processes to promote green manufacturing; in production, we adopt measures for resources recycling to improve overall sustainability.
- **Social Responsibility:** We maintain a high level of corporate governance, continuously optimise and improve our internal management mechanism, thereby enhancing shareholders’ value and safeguarding their rights and interests. We also actively participate in social welfare activities, train local staffs and continuously promoting the high-quality development of society as a whole.

BUSINESS

- Governance: We adhere to the concept of “moral integrity and talent, meritocracy, applying talents appropriately and making the best use of our people” in managing our talents, and have established an incentive mechanism to ensure our Company’s long-term, stable and healthy development, and to ensure its core competitiveness.

Our Directors believe that we will lead the practice of ESG in the Indonesian aluminium industry.

OUR PRODUCTS

Our Group’s main product is high-quality metallurgical grade alumina, produced through the low-temperature Bayer process. Occasionally, at the request of our customers, we also supply them with aluminium hydroxide, which is a semi-finished product during our alumina production. Alumina, also known as aluminium oxide (Al_2O_3), is a fine, white crystalline substance with a powdery texture. According to Frost & Sullivan, alumina is the main raw material for the production of electrolytic aluminium (i.e., aluminium metal) through electrolysis, with over 90% of the world’s alumina production being used for this purpose. Alumina is also applied in various industries, including ceramics, refractory materials, and electronics. In the electrolysis process, alumina is dissolved in a molten cryolite bath and then electrolysed to produce aluminium metal. The aluminium metal is then cast into ingots, and further made into other semi-finished aluminium products such as plate, strip, cable and foil, depending on the intended application.

We are committed to delivering high-quality alumina to meet the diverse needs of our customers. We believe our production facilities, combined with our strategic location and self-sufficient energy production capabilities, enable us to maintain a competitive edge in the industry and capitalise on the growing demand for alumina in Southeast Asia.

As at the Latest Practicable Date, our production base, comprised our Phase I Alumina Production Project and Phase II Alumina Production Project, has an aggregate designed annual production capacity of two million tons of alumina. In addition, we are also expanding our production capacity by engaging in our New Alumina Production Project at our production base, which is expected to have a designed annual alumina production capacity of approximately two million tons, the production operation for the first one million tons of alumina per annum and the second one million tons of alumina per annum are expected to commence in the second half 2025 and second half of 2026, respectively. Our designed annual production capacity of alumina on a weighted average annualised basis was 500,000 tons, 1,250,000 tons, 2,000,000 tons and 2,000,000 tons for FY2021, FY2022, FY2023 and 1H2024, respectively.

BUSINESS

Our revenue generated from sale of alumina accounted for substantially all of our revenue derived from our operations for each of FY2021, FY2022, FY2023 and 1H2024. The following table sets forth the sales volume, revenue and average selling price of alumina produced by us:

	FY2021			FY2022			FY2023			1H2024		
	Volume	Revenue	Average	Volume	Revenue	Average	Volume	Revenue	Average	Volume	Revenue	Average
			Selling Price ⁽¹⁾			Selling Price ⁽¹⁾			Selling Price ⁽¹⁾			
	'000 tons	US\$'000	US\$/ton	'000 tons	US\$'000	US\$/ton	'000 tons	US\$'000	US\$/ton	'000 tons	US\$'000	US\$/ton
Alumina . .	472	172,842	366	1,214	466,777	385	1,902 ⁽²⁾	677,785	356	1,094 ⁽²⁾	423,260	387

Notes:

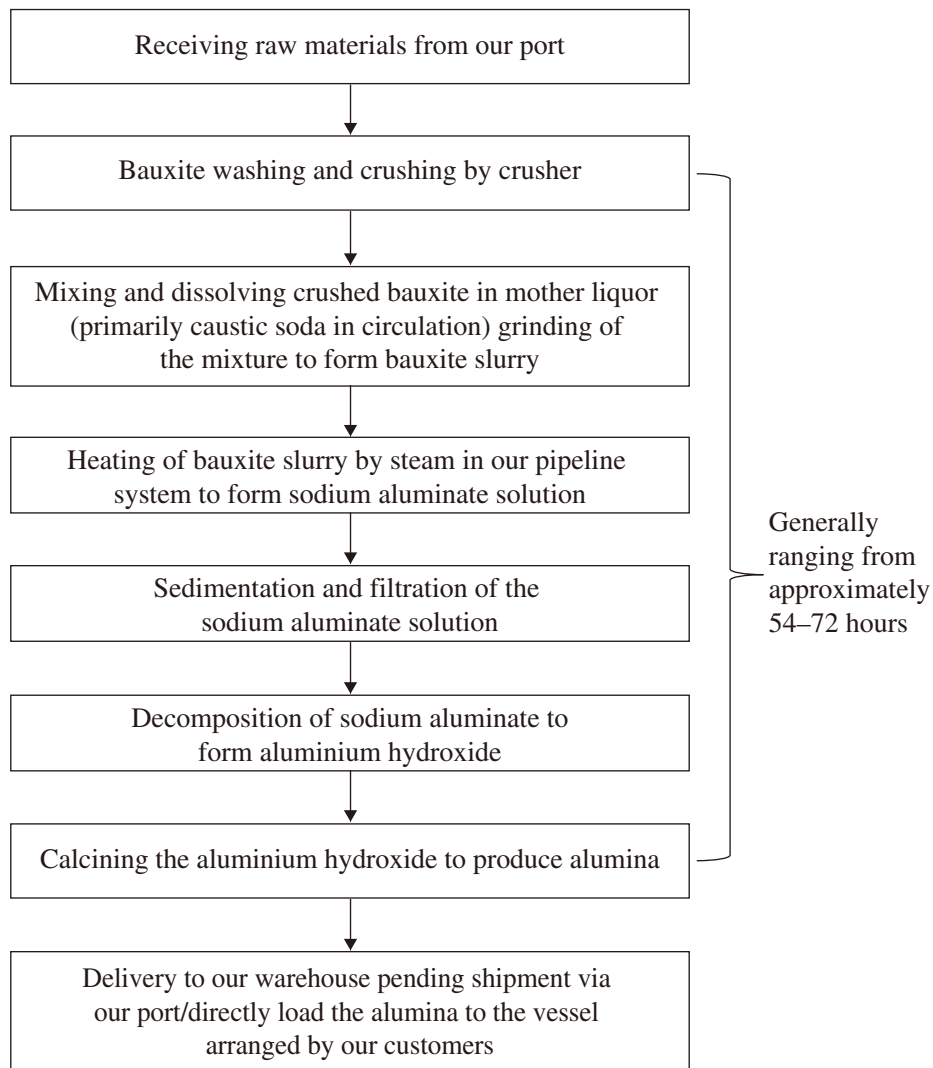
1. Arithmetic calculation by dividing the revenue by the volume.
2. Inclusive of the sales of approximately eight thousand tons and 10.5 thousand tons of aluminium hydroxide, a semi-finished product during our alumina production, in FY2023 and 1H2024, respectively, accounting for US\$2.18 million and US\$2.74 million of our revenue for the same periods, respectively.

OUR PRODUCTION PROCESS

Our alumina production process is designed to maximise efficiency and enhance profitability. The low-temperature Bayer process is a widely used method for the production of alumina, which involves several steps that transform bauxite ore into alumina through a series of chemical reactions.

BUSINESS

Set out below is a flowchart summarising the principal steps of our alumina production and delivery process:



BUSINESS

Receiving raw materials from our port

Our raw materials for production, including bauxite and caustic soda, are being transported to our own port by sea. Upon unloading the raw materials from our port, the bauxite will be transferred to our storage through a conveyance belt system, and the caustic soda will be stored in our storage tanks, which will be put in circulation in our pipeline system. We typically follow the low-temperature Bayer process in our alumina production process, which generally involves the following steps:

Bauxite washing and crushing by crusher

Bauxite, one of the raw materials for alumina production, is crushed and washed by a crusher to remove impurities and prepare it for further processing.

Mixing and dissolving crushed bauxite

The crushed bauxite is mixed and dissolved in a mother liquor, which is primarily composed of caustic soda (sodium hydroxide) in circulation in our pipeline system. This mixture is generated to form bauxite slurry.

Heating of bauxite slurry by steam

The bauxite slurry is then heated by steam generated by our power plant. After heating, the bauxite slurry mixture is transferred to an incubator where it is stored for a certain period. The incubation period allows for the desired chemical reactions to take place, resulting in the formation of sodium aluminate in the bauxite slurry mixture, which will be subsequently be diluted.

Sedimenting and filtration of sodium aluminate solution

Sedimentation techniques are used to separate the solid residue from the liquid solution. The bauxite residue, which consists of solid impurities and undissolved components, settles at the bottom of the solution. Filtration is then employed to further remove any remaining solid particles. The solid residues are known as “red mud”, which will be washed and processed, and thereafter stored in a designated area.

BUSINESS

Decomposition of sodium aluminate to form aluminium hydroxide

The sodium aluminate solution obtained from the previous step is subjected to a precipitation and decomposition process. To facilitate the precipitation and decomposition process, aluminium hydroxide is added to the solution to act as seed crystals, providing a surface for the precipitation of additional aluminium hydroxide particles. This process could result in larger particle size of our end product.

Calcining the aluminium hydroxide

The obtained aluminium hydroxide is then subjected to calcination, which involves heating the aluminium hydroxide at a high temperature. The fuel for our calcination process is the coal gas produced by our own coal gasification plant. Calcination removes the chemically bound water molecules from the aluminium hydroxide, transforming it into alumina (aluminium oxide).

With a strong focus on automation, our entire production process is seamlessly integrated and highly automated, and we have a centralised control platform to exert real-time monitoring and overall control over each stage of our production process. From the initial stages of bauxite crushing to the final production of alumina, the solid state raw materials are transferred through a conveyance belt system and all materials in liquid state are transferred through a well-designed pipeline system, which could effectively reduce and minimise losses during raw material transfer and throughout the production process. The automated production process also enables precise control over material transfer, ensuring minimal wastage and maximising resource utilisation.

OUR PRODUCTION AND OTHER ANCILLARY FACILITIES

Our production facilities

Our production facilities are all located in the Special Economic Zone, Bintan Island, Riau Islands Province. Our alumina production facilities currently in operation under Phase I Alumina Production Project and Phase II Alumina Production Project, with designed annual alumina production capacity of two million tons, are all under the command of our centralised control platform. Our New Alumina Production Project has already commenced construction and it is expected that the production operation for the first one million tons of alumina per annum and second one million tons of alumina per annum will commence in the second half of 2025 and the second half of 2026, respectively. As confirmed by our Indonesia Legal Advisers, we have obtained the local government approvals for the construction and operation of our Phase I Alumina Production Project and Phase II Alumina Production Project.

BUSINESS

Phase I Alumina Production Project

We began construction of our Phase I Alumina Production Project since the first quarter of 2019, with designed annual alumina production capacity of one million tons. We completed the construction and installation of equipment of our Phase I Alumina Production Project and commenced production in the second quarter of 2021.

Phase II Alumina Production Project

We began construction of our Phase II Alumina Production Project since the last quarter of 2020, with designed annual alumina production capacity of one million tons. We completed the construction and installation of equipment of our Phase II Alumina Production Project and commenced production in the last quarter of 2022.

New Alumina Production Project

We are in the course of constructing our New Alumina Production Project in the Special Economic Zone, with designed annual alumina production capacity of two million tons. The capital expenditures for the construction of our New Alumina Production Project will be funded by a mix of our internal resources, the [REDACTED] from the [REDACTED] and cash inflows generated from our operating activities. We expect to complete the construction and installation of equipment of our New Alumina Production Project and commence production operation for the first one million tons of alumina per annum and the second one million tons of alumina per annum in the second half of 2025 and the second half of 2026, respectively.

As advised by our Indonesia Legal Advisers, during the construction of the New Alumina Production Project, building permits and certifications can be processed simultaneously (not prior) to construction since BAI has obtained access to Direct Construction Investment ("KLIK") Facilities granted by the regional government.

Our principal equipment includes ball mills, pipeline heating and dissolving machine set, thickener, evaporator and calciner.

BUSINESS

The following table sets forth the details of our existing production facilities:

Project	Designed annual alumina production capacity	Location	Construction commencement date ⁽¹⁾	Operation commencement date
Phase I Alumina Production Project.	1,000,000 tons	Special Economic Zone, Bintan Island, Riau Islands Province	First quarter of 2019	Second quarter of 2021
Phase II Alumina Production Project.	1,000,000 tons	Special Economic Zone, Bintan Island, Riau Islands Province	Last quarter of 2020	Last quarter of 2022

Note:

(1) means the commencement date of the construction of the alumina plant(s).

The following table sets forth the details of our planned production facilities:

Project	Designed annual alumina production capacity	Location	Construction commencement date ⁽¹⁾	Expected operation commencement date
New Alumina Production Project . .	2,000,000 tons	Special Economic Zone, Bintan Island, Riau Islands Province	First half of 2024	First 1,000,000 tons of alumina per annum in the second half of 2025 Second 1,000,000 tons of alumina per annum in the second half of 2026

Note:

(1) means the commencement date of the construction of the alumina plant(s).

BUSINESS

The following table sets forth information relating to our weighted average designed annualised production capacity for FY2021, FY2022, FY2023 and 1H2024, our actual production volumes and the utilisation rates for the same period:

	FY2021	FY2022	FY2023	1H2024
Weighted average designed annualised ⁽¹⁾				
production capacity (tons)	500,000	1,250,000	2,000,000	2,000,000
Production volume (tons) ⁽²⁾	488,000	1,205,000	1,910,000	1,077,000
Utilisation rate ⁽³⁾	97.7%	96.4%	95.5%	53.8%

Notes:

- (1) The weighted average annual production capacity for each period is determined by multiplying the designed annual production capacity of each production phase by the number of months in that period when the production phase operated at full capacity, and then dividing the total by 12.
- (2) Rounded to the nearest thousand tons.
- (3) The utilisation rate is calculated by dividing the production volume for the specific period by the weighted average annual production capacity as of the end of that year.

Our ancillary facilities

Our thermal power plant

Our self-owned thermal power plant is an advanced facility that plays a vital role in generating electricity for our alumina production process. The construction of our thermal power plant commenced in December 2018, currently installed with six sets of electricity generators. Our thermal power plant commenced electricity generation since April 2021. As at the Latest Practicable Date, our thermal power plant had an installed generation capacity of 160MW, which efficiently caters to substantially all our production and other energy needs. By having our own thermal power plant, we substantially ensure a reliable and uninterrupted power supply for our alumina production process.

Our electricity cost for alumina production represents the costs for generating electricity on our own without any premium. We believe this cost advantage allows us to remain competitive in the industry while maintaining a high level of efficiency.

BUSINESS

The following table sets forth the total amount of electricity generated by our own thermal power plant for FY2021, FY2022, FY2023 and 1H2024:

	FY2021	FY2022	FY2023	1H2024
Electricity (MWh)	131,076	312,335	473,625	268,313

In the course of electricity generation, our thermal power plant also produces heat in the form of steam as byproduct, which is used to heat up the bauxite and caustic soda mixture to facilitate chemical reaction at the dissolving process. For details, please refer to the section headed “Business — Our Production Process — Mixing and dissolving bauxite slurry” in this document. In addition to the economic benefits, our self-owned power plant grants us greater control over our energy supply chain. We are not dependent on external electricity providers, which means we can partially mitigate the risks associated with potential disruptions to our production due to power shortage. This independence and reliability are crucial for the smooth operation of our alumina production process. Our Directors believe that the electricity generated by our thermal power plant will be sufficient for our production activities under our Alumina Production Projects.

Our deep-water port

We have constructed a self-built deep-water port with comprehensive facilities, the construction of such deep water port and the installation of equipment thereof had been completed at the time when our Phase I Alumina Production Project commenced commercial production. As at the Latest Practicable Date, our deep-water port consists of one 35,000-ton multi-purpose berth, one 35,000-ton general purpose berth, and four 10,000-ton bulk cargo berths. Our deep-water port is designed to handle vessels with a maximum displacement of up to 35,000 tons. The 35,000-ton multi-purpose berth is specifically designed for alumina loading and caustic soda unloading operations and the 35,000-ton general-purpose berth is dedicated to handling general cargo. The four 10,000-ton bulk cargo berths are used for the unloading of coal and bauxite. To support these operations, we have installed two 1,000t/h bridge-type grab ship unloaders, two grab gate machines, one 1,000t/h ship loader, and an accompanying conveyor system which is fully integrated into the conveyance belt system of our production process. These facilities ensure efficient unloading of all raw materials and materials required for production and facilitate the seamless transportation of our product.

With the aid of our deep-water port, we have significantly enhanced our logistical capabilities. The port enables us to achieve a high turnover rate, ensuring prompt delivery of raw materials and immediate loading of alumina. Our Directors consider that we possess a significant cost advantage over our competitors due to the capability of our deep-water port to accommodate larger ships. This advantage stems from our ability to transport larger cargo volumes in a single trip when we purchase our raw materials, resulting in reduced transportation costs per unit. As we

BUSINESS

are able to provide efficient and cost-effective transportation solutions, our customers can also be benefitted from the lowered per unit transportation costs when purchasing alumina from us. Our Directors believe our deep-water port’s capacity to handle large vessels is a significant asset that contributes to our overall cost advantage and strengthens our position in the industry.

Our water plant

Our water plant is a comprehensive facility that integrates raw water treatment, domestic water supply and sewage treatment. We have adopted the “water storage area + dam” design when designing our reservoir with a designed total reservoir capacity exceeding 7.5 million cubic metres, which is also completed with pump stations and elevated water tanks. The water from the reservoir undergoes pre-treatment and is then distributed to various units through a system of elevation differences. The raw water treatment process employs a combination of chemical dosing and ultrafiltration techniques, ensuring the provision of fresh water for both production and domestic water usage in our production base. As at the Latest Practicable Date, our water plant is capable of supplying 56,000 cubic metres of fresh water per day, which is capable of satisfying our production needs for all of our alumina production projects, as well as other demands for various purposes.

Our coal gasification plant

We have constructed our own coal gasification plant, which plays a vital role in supplying coal gas to our alumina calcination furnace. This plant utilises a circulating fluidised bed gasifier, ensuring efficient and reliable coal gas production. With the support of five 40,000 Nm³/h circulating fluidised bed gasifiers, we can meet the coal gas demand of our alumina calcination furnace effectively. This integrated system enables us to optimise our production processes and maintain a steady supply of coal gas, contributing to the smooth operation of our alumina production facilities.

SALES AND MARKETING

Our commerce department

Apart from our sales to Press Metal, which have entered into a ten-year offtake agreement, we sell our products through our own sales and marketing team, which is under the governance of our commerce department. For details of our sale to Press Metal, please refer the section headed “Connected Transaction — Non-exempt Continuing Connected Transactions — 6. Alumina Sales Contracts” and “Business — Sales and Marketing — Our customers — Our cooperation with Press Metal” in this document.

BUSINESS

Our commerce department oversees the comprehensive management of our sales and marketing operations, encompassing market research and development, customer relations, and the implementation of our sales plan. As our production schedule is closely tied to sales, the commerce department collaborates closely with our production department to ensure the timely manufacturing and delivery of our alumina.

In addition to the head office, we have dedicated sales and marketing teams responsible for their respective regions. These teams are tasked with identifying business and market opportunities, fostering business networks, nurturing existing customer relationships, and cultivating new customer connections. They also develop monthly sales plans and diligently manage the collection of receivables from our customers, contributing to the overall success of our sales and marketing efforts.

Sales and marketing

Our sales and marketing team sells products to downstream manufacturers and commodity traders. We typically sell our alumina products directly to our customers or through agents, who help us process corresponding orders with our end customers. According to Frost & Sullivan, it is common for alumina producers to engage agents when dealing with end customers. We usually approach our customers by face-to-face meetings, email or calling them. Generally, our commerce department will, after setting aside the capacity for Press Metal and based on our proposed annual production and delivery plan, prepare written inquiry letters to our potential customers. Our sales and marketing team will then conduct negotiations with these potential customers. We would inquire with our potential customers and invite them to provide us with a quotation, which will be summarised in the form of quotation report for our management's approval. After the quotation report is approved in writing by our management, the commerce department is responsible for signing the sales contract with the potential customers which submitted the highest quotes amongst the others. We also sell our remaining alumina products through spot-market from time to time.

Sales contract terms

We sell our alumina to customers primarily in Asia, in particular the Southeast Asia. Other than Press Metal, which we have entered into a ten-year offtake agreement with them, we usually enter into one year supply agreement, which contains terms of quality, volume, pricing, settlement and delivery, with our customers or agents. We also enter into individual sales contracts with our customers for spot trading. The majority of sales other than our sales to Press Metal are executed through one-year contracts, with a preference for high-priced and reputable companies for collaboration, with the remaining to be sold through spot-market. During the Track Record Period, we have not participated in any futures transactions in relation to the alumina we produced.

BUSINESS

Upon execution of the contract, our sales and marketing team and the production department will collaborate with each other to perform the contract. We are generally not responsible for the delivery of our product to customers as we usually adopt Free On Board (“**FOB**”) as our delivery terms. The advantage of using FOB terms is that the risk of the alumina is passed from us to the customer once the alumina is loaded onto the customer’s vessel at our own port and as we directly load our product to the vessel, it can help reduce the cost and risk associated with packaging. Our customer will arrange the vessel for shipping the alumina and upon the arrival of the vessel, our port will be notified for the loading of alumina into the ship based on the loading instructions provided to us. The alumina is loaded into the vessel using our conveyor system and upon loading the alumina onto the vessel the ownership and the risk of the product pass to our customer. We generally issue invoice and relevant documents to the customer or agent via email, followed by sending them the original documents through courier services before actual shipment of our product. Upon receiving the documents, the customer or agent makes the payment as per the contract terms. We usually conduct our sales in USD and require our customers to make full payments within 30 working days. Our customers normally pay us by bank transfer or letter of credit. Our total trade receivables amounted to US\$14.7 million, US\$11.5 million, US\$62.6 million and US\$44.5 million as at 31 December 2021, 2022 and 2023, and 30 June 2024, respectively. During the Track Record Period, we did not experience any product return.

Our Pricing Policy

We price our product for long-term contract by using a formular based approach, taking into the account market recognised price indices including the API published by independent third parties during a reference period before the actual shipment date. Annual contracts are priced using API plus a premium based on overseas market supply and demand, as well as shipping costs trend. As for spot trading of alumina, the pricing is determined through a bidding process, taking into account the API as a reference. Considerations are also given to the market conditions, pricing strategies of other alumina producers in the industry and the quality of our product. We produce our alumina in accordance with the PRC standard GB/T 24887-2022. For details of our product quality, please refer to “Business — Quality Control” in this section. As a matter of policy, we will only enter into a contract if the contract is profitable to us and no contract without gross profit and/or will result in a loss to our Company will be accepted so that our Company’s interests are not compromised. We generally do not offer any discount to our customers.

BUSINESS

Our customers

During the Track Record Period, our customers included downstream manufacturers, which processed our alumina, into electrolytic aluminium, and global commodity market traders, who in turn resold our products to downstream aluminium or aluminium products manufacturers or other traders. There is no substantial difference in the terms and pricing strategy towards these two groups of customers, whether they purchase from us directly or through agent. During the Track Record Period, our five largest customers were located in Malaysia, Mainland China, Hong Kong, Switzerland, Singapore and South Korea.

Our largest customer, Press Metal Group, accounted for 73.3%, 53.3%, 47.0% and 49.8% of our revenue for FY2021, FY2022, FY2023 and 1H2024, respectively. Sales volume of our alumina^(Note) was 0.47 million tons, 1.21 million tons, 1.90 million tons and 1.09 million tons for FY2021, FY2022, FY2023 and 1H2024, respectively.

Our sales to commodity traders

We actively seek to diversify our customer matrix. Besides downstream manufacturers, we also supply our alumina to commodity traders in the international markets. According to Frost & Sullivan, it is common for these traders to participate in deals related to aluminium industry, both as buyers or sellers, depending on the availability and pricing of these products.

The way we transact with these commodity traders, including pricing terms, are substantially the same as when we directly transact with downstream manufacturers. Our relationship with these commodity traders is a buyer and seller relationship as opposed to a principal-and-agent relationship. We recognise the sales revenue for the transactions with these commodity traders in the same manner as we do so with downstream aluminium manufacturers.

Note: Inclusive of sales of approximately eight thousand tons and 10.5 thousand tons of aluminium hydroxide, a semi-finished product during our alumina production, in FY2023 and 1H2024, respectively.

BUSINESS

The table below sets forth the details of our top customers during the Track Record Period:

FY2021

Rank	Customer ⁽²⁾	Principal business activities	Place(s) of incorporation ⁽³⁾	Year of commencement of business relationship	Payment method	Revenue derived from the customer	Percentage of our total revenue
						<i>US\$'000</i>	<i>%</i>
1	Press Metal Group ⁽¹⁾	Mainly engaged in the manufacturing and trading of primary, value added and extruded aluminium products.	Malaysia	2021	Letter of credit, bank transfer	126,714	73.3
2	Customer A	Mainly engaged in the purchase and supply of commodities such as agricultural products, energy, chemicals, metals and minerals.	Mainland China	2021	Bank transfer	34,786	20.1
3	Customer B	Mainly engaged in providing cargo handling, warehousing, logistics services and metal and metal ores wholesale services.	Mainland China	2021	Bank transfer	6,139	3.6
4	Customer C	Mainly engaged in sales of ferrous metal raw materials and products, non-ferrous metals, alumina and construction materials.	Mainland China	2021	Bank Transfer	5,203	3.0
Total revenue						172,842	100.0

BUSINESS

FY2022

Rank	Customer ⁽²⁾	Principal business activities	Place(s) of incorporation ⁽³⁾	Year of commencement of business relationship	Payment method	Revenue derived from the customer <i>US\$'000</i>	Percentage of our total revenue %
1	Press Metal Group ⁽¹⁾	Mainly engaged in the manufacturing and trading of primary, value added and extruded aluminium products.	Malaysia	2021	Bank transfer	248,965	53.3
2	Customer D	Mainly engaged in the sourcing, marketing and trading of commodities.	Switzerland	2022	Bank transfer	138,126	29.6
3	Customer A	Mainly engaged in the purchase and supply of commodities such as agricultural products, energy, chemicals, metals and minerals.	Mainland China/ Hong Kong/ Singapore	2021	Bank transfer	59,380	12.7
4	Customer E	Mainly engaged in the trading in crude and petroleum products, power and renewables, non-ferrous concentrates, refined metals and bulk commodities such as coal and iron ore.	Singapore	2022	Bank transfer	20,306	4.4
Total revenue						<u>466,777</u>	<u>100.0</u>

BUSINESS

FY2023

Rank	Customer ⁽²⁾	Principal business activities	Place(s) of incorporation ⁽³⁾	Year of commencement of business relationship	Payment method	Revenue derived from the customer <i>US\$'000</i>	Percentage of our total revenue %
1	Press Metal Group ⁽¹⁾	Mainly engaged in the manufacturing and trading of primary, value added and extruded aluminium products.	Malaysia	2021	Bank transfer	318,880	47.0
2	Customer F	Mainly engaged in commodity trading.	Hong Kong	2023	Bank transfer	202,756	29.9
3	Customer A	Mainly engaged in the purchase and supply of commodities such as agricultural products, energy, chemicals, metals and minerals.	Mainland China/ Hong Kong/ Singapore	2021	Bank transfer	143,354	21.2
4	Customer D	Mainly engaged in the sourcing, marketing and trading of commodities.	Switzerland	2022	Bank transfer	10,617	1.6
5	Customer G	Mainly engaged in sales of medical and dental devices	South Korea	2023	Bank transfer	2,177	0.3
Total revenue						<u>677,785</u>	<u>100.0</u>

BUSINESS

1H2024

Rank	Customer ⁽²⁾	Principal business activities	Place(s) of incorporation ⁽³⁾	Year of commencement of business relationship	Payment method	Revenue derived from the customer	Percentage of our total revenue
						<i>US\$ '000</i>	%
1	Press Metal Group ⁽¹⁾	Mainly engaged in the manufacturing and trading of primary, value added and extruded aluminium products.	Malaysia	2021	Bank transfer	210,612	49.8
2	Customer F	Mainly engaged in commodity trading.	Hong Kong	2023	Bank transfer	152,524	36.0
3	Customer E	Mainly engaged in the trading in crude and petroleum products, power and renewables, non-ferrous concentrates, refined metals and bulk commodities such as coal and iron ore.	Singapore	2022	Letter of credit	35,118	8.3
4	Customer A	Mainly engaged in the purchase and supply of commodities such as agricultural products, energy, chemicals, metals and minerals.	Singapore	2021	Letter of credit	22,262	5.3
5	Customer G	Mainly engaged in sales of medical and dental devices	South Korea	2023	Letter of credit	2,744	0.6
					Total revenue	423,260	100.0

Note:

- (1) During the Track Record Period, pursuant to the Alumina Offtake Arrangement and Original Alumina Sales Contract, Press Metal committed to purchase certain quantity of alumina from BAI. Our Directors expect that the transactions with Press Metal in relation to such sales of alumina shall continue upon [REDACTED]. Please refer to the section headed “Connected Transaction — Continuing Connected Transactions — Non-exempt Continuing Connected Transactions — 6. Alumina Sales Contracts” in this document for further details on the said connected transactions.
- (2) Represents our customers, including end customers when we sold our products through agents.
- (3) Represents the place(s) of incorporation of our customers within a group during the relevant period.

BUSINESS

Save as disclosed where in relation to Press Metal Group, none of our Directors or their respective associates or any Shareholder (whom to the knowledge of our Directors owns more than 5% of the issued Shares) had any interest in any of our five largest customers during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we did not have any customers which were also our suppliers and we did not have any material disputes with our customers.

Our customer concentration and cooperation with Press Metal

During the Track Record Period, our top customer, Press Metal Group, accounted for a significant percentage of the sales of alumina produced by our Company in view of the offtake arrangement we have with them. Press Metal has entered into a long term alumina offtake agreement(s) with BAI. For details of the offtake agreement, please refer to the section headed “Connected Transaction — Continuing Connected Transactions — Non-exempt Continuing Connected Transactions — 6. Alumina Sales Contracts” in this document. Our Directors believe that upon commencement of production of our New Alumina Production Project, the sales to Press Metal will account for a lower percentage our revenue generated from our operation.

Although our five largest customers accounted for 100% of our revenue for each of FY2021, FY2022, FY2023 and 1H2024, respectively, of which we had four customers in FY2021 and FY2022, according to Frost & Sullivan, it is common within the industry for alumina manufacturer to enter into long-term supply contracts of substantial volume with its customers and have concentration of sales with a single customer or several customers. Alumina, being an upstream product in the aluminium production chain and the key raw materials for the production of electrolytic aluminium, are often traded in bulk and require strategic partnerships to consume the production capacity. Furthermore, our Directors believe that the relationship between our Group and Press Metal is mutually beneficial. By having a strong and consistent purchaser, we are able to secure and lock a significant portion of our production capacity. This stability allows us to plan our operations more efficiently and optimise our resources allocation, and can assist to lower our per unit costs in view of the economy of scale. In turn, we believe Press Metal benefits from a reliable and consistent supply of high-quality alumina, which is crucial for their own operations and overall business success. In addition, Press Metal is also a substantial shareholder of our Company we believe such close relationship reduces the risk of default or non-payment, as Press Metal’s vested interest generally aligns with the success of our Company and this shareholder connection adds an extra layer of trust and confidence in the business relationship, further solidifying our strategic partnership.

BUSINESS

According to Frost & Sullivan, given that alumina is a crucial raw material for downstream segment and is also widely used in various industries and is readily tradable in the global commodity market, the demand of alumina is increasing in Southeast Asia, our Directors believe that if a customer fails to perform its obligations under a sales agreement with us, we can find substitute customers in the market.

OUR SUPPLIERS

Our suppliers primarily include suppliers for bauxite, caustic soda, coal and other materials. Our suppliers are primarily in Indonesia and the PRC. We may source raw materials through sourcing agents. Our five largest suppliers together accounted for 79.4%, 68.9%, 53.7% and 47.4%, respectively, of our total procurement for FY2021, FY2022, FY2023 and 1H2024. Supplier A was our largest supplier for FY2021, FY2022, FY2023 and 1H2024, accounting for 30.8%, 26.9%, 15.7% and 15.5% of our total procurement amount during the same periods. During the Track Record Period, we have not participated in any futures transactions in relation to the raw materials we used.

We purchased bauxite in Indonesia locally and our suppliers for bauxite include the associates of Mr. Santony. We have entered into a Bauxite Supply Framework Agreement with Mr. Santony and MKU, a company controlled by Mr. Santony, for the supply of bauxite of 0.3 million tons, 3 million tons and 4.5 million tons for FY2024, FY2025 and FY2026, respectively, commencing on [•]. For details of the Bauxite Supply Agreement, please refer to the section headed “Connected Transaction — Continuing Connected Transactions — Non-exempt Continuing Connected Transactions — 4. Bauxite Supply Framework Agreement” in this document. We have also entered into a Raw Material Master Purchase Agreement with Mr. George Santos and/or his affiliates for the supply of bauxite, coal and other materials, commencing on [•]. For details of the Raw Material Master Purchase Agreement, please refer to the section headed “Connected Transaction — Continuing Connected Transactions — Non-exempt Continuing Connected Transactions — 5. Raw Material Master Purchase Agreement” in this document. We purchased coal for our electricity generation and coal gasification from several suppliers, including state-owned enterprise of Indonesia. We sourced caustic soda primarily from suppliers in the PRC and Japan.

Typically, based on our production status and requirements, our production department initiates procurement request through our internal approval system, and upon approval by our management, our procurement department then coordinates the placing of orders with suppliers which have entered into long-term or framework agreements with us or through sourcing agents, or selection of suppliers and procurement of these materials, aligning with our production requirements and inventory policy. In supplier selection, we primarily consider factors such as the price, the quality of the raw materials, the timing of the delivery, payment method, candidate’s credit history, and feedback received from our production department. This comprehensive approach serves to ensure that we not only have competitive pricing but also maintain high standards of supplier reliability and material quality.

BUSINESS

Our production department usually provides our procurement department with a monthly raw materials requirement schedule for its production need for the next month. In accordance with our production requirements and inventory policy, our procurement department will arrange the selection of suppliers and procurement of raw materials. When we select suppliers, we not only take into account the bidding price, but also carefully consider the candidate’s credit history, the quality of the raw materials and feedback from our production department

The table below sets forth the details of our five largest suppliers during the Track Record Period:

FY2021

Rank	Supplier ⁽²⁾	Principal business activities	Place of incorporation	Major products and/or services supplied	Year of commencement of business relationship	Payment method	Purchase amount	
							US\$'000	%
1	Supplier A	Mainly engaged in mining and infrastructure development, power plant business development and coal downstream business.	Indonesia	Coal	2021	Bank transfer	43,665	30.8
2	Santony Family ⁽¹⁾	Mainly engaged in the business of mineral resources and construction services.	Indonesia	Bauxite, coal and others	2021	Bank transfer	32,931	23.2
3	Supplier B	Mainly engaged in manufacturing and offering products including energy, metals, machinery, chemicals and living essentials.	Japan	Caustic soda	2021	Bank transfer	27,229	19.2
4	Supplier C	Mainly engaged in the trading and distribution of petroleum and basic chemicals.	Indonesia	Caustic soda	2021	Bank transfer	5,304	3.7
5	Supplier D	Mainly engaged in sea transportation.	Indonesia	Transportation	2021	Letter of credit, bank transfer	3,576	2.5
						Top five suppliers combined	112,705	79.4
						All other suppliers	29,215	20.6
						Total	<u>141,921</u>	<u>100.0</u>

BUSINESS

FY2022

Rank	Supplier ⁽²⁾	Principal business activities	Place of incorporation	Major products and/or services supplied	Year of commencement of business relationship	Payment method	Purchase amount	
							US\$'000	%
1	Supplier A	Mainly engaged in mining and infrastructure development, power plant business development and coal downstream business.	Indonesia	Coal	2021	Letter of credit	83,715	26.9
2	Santony Family ⁽¹⁾	Mainly engaged in the business of mineral resources, and construction services.	Indonesia	Bauxite, coal and others	2021	Letter of credit, bank transfer	56,475	18.1
3	Supplier E	Mainly engaged in manufacture of salt-related industrial chemicals.	Mainland China	Caustic soda	2022	Bank transfer	26,340	8.5
4	Supplier F	Mainly engaged in the production of caustic soda.	Mainland China	Caustic soda	2022	Bank transfer	24,179	7.8
5	Supplier G	Mainly engaged in supplying products including caustic soda, potassium hydroxide, polyaluminium chloride.	Mainland China	Caustic soda	2021	Bank transfer	23,672	7.6
						Top five suppliers combined	214,381	68.9
						All other suppliers	97,334	31.1
						Total	<u>311,715</u>	<u>100.0</u>

BUSINESS

FY2023

Rank	Supplier ⁽²⁾	Principal business activities	Place of incorporation	Major products and/or services supplied	Year of commencement of business relationship	Payment method	Purchase amount	
							US\$'000	%
1	Supplier A	Mainly engaged in mining and infrastructure development, power plant business development and coal downstream business.	Indonesia	Coal	2021	Letter of credit	71,611	15.7
2	Supplier H	Mainly engaged in bauxite mining.	Indonesia	Bauxite	2023	Bank transfer	71,533	15.7
3	Supplier I	Mainly engaged in bauxite mining.	Indonesia	Bauxite	2023	Bank transfer	38,631	8.5
4	Santony Family ⁽¹⁾	Mainly engaged in the business of mineral resources, trading of commodities and construction services.	Indonesia	Bauxite, coal and others	2021	Letter of credit, bank transfer	33,862	7.4
5	Supplier J	Mainly engaged in the business of mining minerals and operation through three segments including nickel, precious metals and refinery, and bauxite and alumina.	Indonesia	Bauxite	2022	Bank transfer	29,047	6.4
						Top five suppliers combined	244,685	53.7
						All other suppliers	210,127	46.3
						Total	454,812	100.0

BUSINESS

1H2024

Rank	Supplier	Principal business activities	Place of incorporation	Major products and/or services supplied	Year of commencement of business relationship	Typical payment method	Purchase amount	
							US\$'000	%
1	Supplier A	Mainly engaged in mining and infrastructure development, power plant business development and coal downstream business.	Indonesia	Coal	2021	Letter of credit, bank transfer	25,585	15.5
2	Supplier F	Mainly engaged in the production of caustic soda.	Mainland China	Caustic Soda	2022	Bank transfer	16,938	10.2
3	Supplier E	Mainly engaged in the manufacture of salt-related industrial chemicals.	Mainland China	Caustic Soda	2022	Bank transfer	15,176	9.2
4	Supplier K	Mainly engaged in the supply of bauxite.	Indonesia	Bauxite	2024	Bank transfer, cheque	10,908	6.6
5	Supplier L	Mainly engaged in the supply of bauxite.	Indonesia	Bauxite	2021	Bank transfer	9,717	5.9
						Top five suppliers combined	78,324	47.4
						All other suppliers	87,114	52.6
						Total	<u>165,438</u>	<u>100.0</u>

Note:

(1) Santony Family, means Mr. Santony, Mr. George Santos and their affiliates, which includes their associates. During the Track Record Period, we have purchased bauxite in Indonesia locally from the associates of Mr. Santony. Our Directors expect that the transactions with the associates of Mr. Santony and Mr. George Santos in relation to the purchase of bauxite, coal, other raw materials and others shall continue upon [REDACTED]. For details, please refer to the sections headed “Connected Transaction — Continuing Connected Transactions — Non-exempt Continuing Connected Transactions — 4. Bauxite Supply Framework Agreement” and “Connected Transaction — Continuing Connected Transactions — Non-exempt Continuing Connected Transactions — 5. Raw Material Master Purchase Agreement” in this document.

(2) Represents our suppliers, including the ultimate suppliers when we engaged sourcing agents.

BUSINESS

Save as disclosed in this document in relation to the Santony Family, none of our Directors or their respective associates or any Shareholder (whom to the knowledge of our Directors owns more than 5% of the issued Shares) had any interest in any of our five largest suppliers during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our suppliers.

Procurement of raw materials

Our procurement department is responsible for the assessment and selection of suppliers and procurement of raw materials. The principal raw materials which we use in production include bauxite, caustic soda and coal. We typically procure our raw materials directly from our suppliers or through sourcing agents. We usually enter into procurement agreement with our suppliers or sourcing agents, which contains terms of quantity, volume, pricing and delivery. When we source raw materials through agents, after we place orders, these agents will place corresponding orders with relevant raw material suppliers. According to Frost & Sullivan, it is common for alumina producers to engage agents who will help to source raw material suppliers.

Our suppliers, including our major suppliers, generally grant us credit terms of up to 30 working days from the invoice date. Occasionally, we may prepaid for our raw materials purchases.

Bauxite

Bauxite is one of the principal raw materials which we use in production. Our purchase amount of bauxite was US\$46.7 million, US\$95.9 million, US\$247.8 million and US\$50.9 million for FY2021, FY2022, FY2023 and 1H2024, respectively, representing 32.9%, 30.8%, 54.5% and 30.8% of our total purchases for FY2021, FY2022, FY2023 and 1H2024, respectively. We have stocked up on bauxite in FY2023 to cater for contingency. During the Track Record Period, we primarily purchase bauxite from mining companies controlled by Mr. Santony and other leading bauxite mining companies in Indonesia.

For alumina manufacturer, it is crucial to secure sufficient and stable long-term supply of bauxite. By virtue of the Bauxite Supply Framework Agreement we entered into with Mr. Santony and MKU and Raw Material Master Purchase Agreement we entered into with Mr. George Santos, and our established relationship and stable upstream supply channels with other bauxite suppliers in Indonesia, we have secured our raw material needs for our production and built a solid foundation for our long-term business expansion. For details of the Bauxite Supply Agreement and Raw Material Master Purchase Agreement, please refer to the sections headed “Connected Transaction — Continuing Connected Transactions — Non-exempt Continuing Connected Transactions — 4. Bauxite Supply Framework Agreement” and “Connected Transactions —

BUSINESS

Continuing Connected Transactions — Non-exempt Continuing Connected Transactions — 5. Raw Material Master Purchase Agreement. For FY2021, FY2022, FY2023 and 1H2024, Mr. Santony, Mr. George Santos and his associates were our largest supplier of raw materials and our major supplier of bauxite.

We typically enter into framework agreements with our bauxite suppliers, which specify the volume, pricing and delivery terms and specification of the metallurgical grade bauxite we required, including but not limited to the aluminium oxide content and silica percentage level, with a price adjustment mechanism when the impurities level exceeded the range specified in the agreements and to reflect the market price of the bauxite periodically. We are also entitled to return the bauxite if the bauxite supplied do not match our specification requirement.

During the Track Record Period, a pivotal move has been the Indonesian government’s imposition of a ban on bauxite exports in 2023, necessitating local smelting or refining before export. According to Frost & Sullivan, the export ban on bauxite in Indonesia is a strategic policy aimed at fostering the development of the refinery industry within the country and currently there is an over-supply of bauxite in Indonesia as a result of the export ban since June 2023. By implementing this ban, Indonesia seeks to encourage domestic processing and value-added activities, promoting the growth of its own refining capabilities and the downstream development in the domestic aluminium industry. As a result, we have been able to benefit from this policy by sourcing bauxite within Indonesia and allowing us to have access to local bauxite suppliers ensures a stable and dependable supply of this crucial raw material, supporting our operations and our planned expansion.

Our Directors believe that we are able to source bauxite from alternative suppliers within Indonesia or overseas in a timely manner in case Mr. Santony, Mr. George Santos and/or his associates are not able to provide our Group with bauxite in sufficient quantities or at all.

Caustic soda

Caustic soda is the other raw material in our production process. Our purchase amount of caustic soda was US\$37.9 million, US\$103.1 million, US\$88.8 million and US\$54.6 million for FY2021, FY2022, FY2023 and 1H2024, respectively, representing 26.7%, 33.1%, 19.5% and 33.0% of our total purchases for FY2021, FY2022, FY2023 and 1H2024, respectively.

We generally enter into supply contract with our caustic soda suppliers, which contain terms relating to the agreed price, quality in terms of concentration, the delivery and payment terms. These suppliers primarily located outside of Indonesia. Our suppliers are responsible to arrange shipment of caustic soda to our port.

BUSINESS

Coal

We rely on stable supply of coal for electricity generation by our thermal power plant and for manufacturing coal gas for use at our calcination process. Our purchase amount of coal was US\$49.1 million, US\$96.2 million, US\$98.0 million and US\$42.9 million for FY2021, FY2022, FY2023 and 1H2024, respectively, representing 34.6%, 30.9%, 21.5% and 25.9% of our total purchases for FY2021, FY2022, FY2023 and 1H2024, respectively.

To ensure a stable supply of coal, since the commencement of our operation, we have consistently purchased coal from the local suppliers in Indonesia. The supply agreements contain details terms on pricing by reference to the Indonesia Coal Index with price adjustment mechanism, quality, delivery and payment terms. We are responsible to arrange shipment of coal to our own port.

INVENTORY CONTROL

Our Company has implemented a robust inventory policy to ensure an adequate supply of the alumina we produced. This policy takes into account the demand for our alumina, our planned production capacity, and lead times for raw materials and finished goods. Our Company aims to maintain a minimum inventory level of finished goods to avoid stockouts and ensure timely delivery to customers. In addition, our Company conducts regular inventory audits to monitor inventory levels and identify any potential issues. By implementing an effective inventory policy, we can optimise production and minimise the risk of excess inventory or stockouts, ensuring a steady supply of alumina produced to meet our customer's demand.

For bulk raw materials, which are significantly influenced by international environmental factors and domestic policies in Indonesia, we have established a rational safety stock level to mitigate potential disruptions. We aim to maintain raw materials sufficient for at least 3 months' production activities to minimise the risk of disruption to our production due to shortage of raw materials. We also retain flexibility in our inventory policy and, may stock up raw materials to cater for contingency depending on market conditions. To ensure smooth production operations, we have implemented a system for spare parts, setting minimum and maximum inventory levels. We would make timely procurement when our spare part inventory level reaches the minimum threshold. We believe such system would allow us to maintain sufficient level of spare parts, and minimise the risk of interruptions to our production. In Indonesia, we actively seek reliable suppliers with a view to establish long-term partnerships, while also strengthening connections with PRC enterprises in the same industry to facilitate mutual support. We engage in annual supply contracts, scheduling shipment dates based on production volume one month in advance to ensure timely product delivery.

BUSINESS

QUALITY CONTROL

We place a strong emphasis on quality control throughout our manufacturing processes, and we have established a dedicated quality control department to closely monitor our manufacturing process. As at 30 June 2024, we had a quality control workforce of 86 personnel. We also operate our own laboratory to conduct inspections on our product as well as the raw materials, enabling us to analyse the chemical elements of our product and raw materials accurately. We have also developed comprehensive manuals and documents outlining standardised production procedures, which our employees are required to follow diligently to maintain product quality. Our commitment to meeting the high standards expected by our customers is reflected in our quality control procedures, implemented at every stage of the manufacturing process, including incoming, in-process, and outgoing stages. Additionally, we regularly conduct quality control training sessions for our employees, promoting both the adoption of quality control technologies and an overall awareness of quality control principles.

Our alumina is produced in accordance with GB/T 24487-2022 standard which require the purity level of alumina of at least 98.5%.

The following table set forth the chemical components and physical properties of GB/T 24487-2022:

	Chemical components						Physical properties	
	Al_2O_3	SiO_2	Fe_2O_3	Na_2O	CaO	LOI	Specific surface area	Particle size less than 45 μm content
	$\geq \%$	$\leq \%$	$\leq \%$	$\leq \%$	$\leq \%$	$\leq \%$	$\geq \text{m}^2/\text{g}$	$\leq \%$
AO-G	98.6	0.018	0.015	0.35	0.03	1.0	60	20
AO-1	98.6	0.020	0.020	0.45	0.03	1.0	60	20
AO-2	98.5	0.040	0.020	0.55	0.04	1.0	60	25

GB/T 24487-2022 also specifies the standards in relation to various areas including: (1) quality of alumina; (2) sample test required to be conducted to examine the purity of alumina; and (3) labelling, packaging, transportation and storage. The alumina produced by us are primarily AO-1 Grade alumina, with aluminium oxide purity level of 98.6%.

We have received various quality control related certifications from recognised organisations. For example, BAI is certified to ISO 9001:2015 quality management system and ISO 45001:2018 occupational health and safety management system, all of which are evidence that our quality management system meets international standard.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, we have not received any complaint or have any dispute with our customers in relation to our product quality.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we owned two domain names which are material to our operations, and we are in the course of applying eight trademarks in Hong Kong, Singapore and Indonesia. For further information, please refer to the section headed “Statutory and General Information — B. Further Information about Our Business — 2. Intellectual property rights” in Appendix V to this document.

As at the Latest Practicable Date, we were not aware of any material infringements (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us. As at the Latest Practicable Date, we were also not aware of any pending or threatened claims against us or against any members of our Group in relation to any material infringement of intellectual property rights of third parties.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance

We integrate Environment, Social and Governance (hereinafter referred as “**ESG**”) into our Company’s strategy and daily operations and management. We established an ESG management structure from top to bottom. As the highest regulatory authority of the ESG affairs, our Board is responsible for reviewing ESG risks, opportunities and materiality issues of our Company, assessing ESG strategies and goals, regularly supervising and reviewing our Company’s ESG performance and completion progress of ESG goals. For the level of management, the ESG committee is responsible for identifying, determining, managing and supervising the important ESG risks of our Company, and assisting our Board in risk analysis and decisions. For the execution level, we established an ESG working group, responsible for ensuring the implementation of all ESG affairs.

ESG and Climate Change Risk Identification and assessment

Our internal and external stakeholders mainly include investors, employees, customers, suppliers, partners, regulatory authorities, communities and the public, etc. By establishing communication channels and mechanisms with different stakeholders, our Company is committed to listening to their opinions, thereby helping us make more efficient ESG management decisions.

BUSINESS

Based on the concerns of internal and external stakeholders on ESG issues, and the business traits of our Company, with reference to opinions of third-party professionals, we identified and summarised the following key ESG topics and their potential risks and opportunities which include environment management, quality management, supply chain management, employees rights, interests and development, occupational health and safety, climate changes, business ethics and anti-corruption. With reference to recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), our Company identifies and assesses climate change risk issues and proposes corresponding countermeasures. We integrate measures for addressing climate change into the course of our production and operation and continue to improve the level of dealing with risks of climate changes.

Risk Management

Our Company has developed various mitigation methods and measures to prevent impacts of risks on our business. We continue to identify and control risks that may have a material impact on our Company. For more details, please refer to “ESG Issues Management Initiatives” in this section.

Metrics and Targets

To better cope with the risks related to ESG and climate change, we have set goals for energy use efficiency and short-, medium- and long-term environmental targets, and conducted relevant performance appraisals. The appraisal results will be pegged with the performance-based pay of the senior management.

For air emission, our Company has set a target to decrease in the sulphur dioxide, nitrogen oxides, and soot emissions by 2% in 2023, and by 10% annually from 2025 to 2026 with 2022 as the benchmark year. For wastewater emission, we set a target of “100% recycling of industrial wastewater for production system and 100% standardised discharge of domestic wastewater”. For solid waste disposal, we set a target of “100% compliant disposal of solid waste”. For energy management, we set energy consumption intensity target: the comprehensive energy consumption of products shall be no more than 0.6 (tons of standard coal equivalent/tons of products) by 2025. For more details, please refer to “Energy Management” in this section.

BUSINESS

Environmental indicators¹ of our Company from FY2021 to FY2023 and 1H2024 are as follows:

Indicators	Unit	FY2021	FY2022	FY2023	1H2024
Emissions					
Greenhouse gas emissions					
Greenhouse gas emissions per unit of production volume ²	tons CO ₂ e/tons of products	1.33	1.09	1.01	1.00
Waste					
Intensity of hazardous waste produced	kg/tons of products	0.02	0.03	0.05	0.11
Intensity of solid waste produced	tons/tons of products	1.03	1.16	0.94	1.14
Air emission					
Intensity of NO _x produced	kg/tons of products	0.17	1.18	0.98	0.97
Intensity of SO _x produced	kg/tons of products	0.10	4.48	2.55	0.02
Particulate matter in the flue gas from roasters	g/m ³	31.50	72.30	158.40	71.00
Intensity of particulate matter produced	kg/tons of products	0.01	0.10	0.03	0.03

1 The environmental performance includes relevant data of energy consumption, greenhouse gas emissions, water resource use, and waste in the Track Record Period.

2 Greenhouse gas emissions indicators are calculated with reference to the *GHG Protocol* issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* issued by the Intergovernmental Panel on Climate Change (IPCC), and the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from the Smelting and Rolling of Other Non-ferrous Metals Industrial Enterprises (Trial)* issued by the National Development and Reform Commission. There is no indirect greenhouse gas emissions by our Company.

BUSINESS

Indicators	Unit	FY2021	FY2022	FY2023	1H2024
Use of resources					
Water resource⁴					
Water consumption per unit of production volume .	m ³ /tons of products	3.68	2.99	1.95	1.58
Comprehensive energy consumption⁵					
Energy consumption per unit of production volume .	Tons of standard coal/tons of products	0.51	0.42	0.38	0.39

ESG Management Initiatives

- Environmental management**

Our Company places great importance on environmental management and is committed to fulfilling its corporate responsibility for ecological and environmental protection. We strictly abide by the relevant environmental laws and regulations in the places where we operate. We have also formulated and implemented internal policies such as the *Environmental Protection Management System* to continuously improve our internal environmental protection management system.

Our Company has set up a comprehensive organisational structure for environmental management. Our Safety and Environmental Protection Department is responsible for overseeing the conduction of environmental protection related works, organises supervision and inspection to ensure the implementation of the environmental protection responsibility system.

Our Company actively puts in place pollution prevention and control as well as energy saving and emission reduction in each production link. We have developed corresponding internal management systems for air pollution, water pollution, waste management, energy and water consumption management.

3 There is no indirect greenhouse gas emissions by our Company.

4 Water resource comes from self-built reservoir, which originates from surface water from rainfall.

5 Comprehensive energy consumption indicators are calculated by reference to the General Rules for Calculation of Comprehensive Energy Consumption (GB2589-2020).

BUSINESS

- ***Emission management***

We strictly follow the laws and regulations on emissions management issued by the authorities in the places where we operate. We strive to manage our air emission, wastewater and wastes through continuously carrying out multiple practical measures including the technological transformation of environmental protection, solid waste disposal and waste recycling to ensure that our production meets emission standards.

- Air emission management: We treat air pollutants such as dust and particulate matter by means of electric dedusting and cloth bag dedusting to reduce their emission concentration and avoid impacting the surrounding air environment. Meanwhile, we use desulphurisation towers to remove sulphur dioxide from the waste gas and reduce sulphur dioxide emissions. In 2023, we commissioned an external testing agency to monitor the emissions of waste gas from the production sites, the power plant chimney, and nearby residential areas, and passed all the tests conducted.
- Wastewater: To achieve zero discharge of production wastewater, all the wastewater generated in the production and the rainwater collected from the ring groove in the workshop will be pumped back into the system for reuse. In addition, we conduct wastewater tests at the inlet and outlet of each wastewater treatment facility, and inspect multiple wastewater discharge points, domestic water, and drinking water on a monthly basis.
- Solid waste: We adopt targeted treatment measures for different types of wastes. Red mud is one of the main wastes produced in the alumina production process. The red mud is filtered and stored in piling yard in a dry mode. We are also actively researching and exploring the application practices of red mud solidification and reuse. Meanwhile, we have signed a hazardous waste treatment cooperation agreement with a licenced third party to transfer the hazardous waste (e.g. waste oil) for treatment.

Energy management

To achieve the target of energy consumption intensity, our Company has set three paths, namely, (i) integrating energy conservation and emission reduction measures into the manufacturing and operation process, (ii) energy recycling and recovery, and (iii) replacing fossil energy with renewable energy.

- Our Company aims to continuously improve energy efficiency and reduce energy consumption through process optimisation, equipment upgrades, facility replacement and renovations. We have implemented a process improvement project of flashing discharge

BUSINESS

through evaporation of aluminium oxide liquid with a view to improve thermal efficiency of the evaporation process and reduce steam consumption. In addition, the power plant has increased the amount of blending combustion through a blending combustion process of coal gas and fly ash to reduce coal consumption.

- Our Company aims to minimise losses and wastes in all processes from energy production to consumption and use, and utilises energy more efficiently and rationally, so as to reduce greenhouse gas emissions. As an important way to save and efficiently utilise energy in the alumina industry, the technique of cascade waste heat recovery of aluminium oxide roasters is adopted for efficient utilisation and to effectively save the use of steam
- Utilising renewable energy is one of the keys to achieving our low-carbon transformation. In the future, our Company aim to gradually reduce the use of fossil energy by increasing the use of renewable/clean energy. Our Company will actively explore collaboration opportunities for the supply of renewable energy. In addition, our Group has a long-term plan to introduce natural gas as the fuel for calcination and is in the process of formulating the implementation plan.

- ***Water resource management***

Our Company attaches importance to the management of water resources. We observe and implement the relevant laws and regulations in connection with water resources in the places where we operate. Through the allocation of resources, water resource saving and recycling, and other efforts, we aim to improve the efficiency of water utilisation.

- Risk assessment of water resource

We have developed a risk assessment and emergency mechanism for water resources based on the probability of occurrence, the severity of the hazard, and the risk level of water resources risks. In light with the results of such assessments, we have formulated risk monitoring mechanisms and contingency plans, preventive water risk management measures, and normalised water resources management to ensure that water resources are plentiful and efficiently utilised during the production process.

BUSINESS

— Reuse and recycle of water resource

Aside from the effective reuse of wastewater from production, we are also actively exploring multiple water resources reuse methods to improve water utilisation. For example, it is our policy to reuse steam condensate for circulating water pool replenishment and washing process based on its water quality. Besides, we also use the reclaimed water produced by the sewage station of the living area for the greening of the plant area.

- ***Conservation of biodiversity***

Our Company conducts biodiversity assessments throughout the construction and operation phases in accordance with the relevant requirements of the place where we operate. In selecting project development and operation sites, we took into account ecological conservation redlines and eco-sensitive zones, in order to avoid disturbing wildlife habitats, water and soil erosion and deforestation. During the construction of our Phase I Alumina Production Project and Phase II Alumina Production Project, we considered the biological survival environment and passages were intentionally left for small animals, with a view to reduce the impact of production and operation on the surrounding creatures.

Social management

- **Quality management**

Our Company is dedicated to providing high-quality products to global customers. Our quality production system has been certificated with ISO 9001 quality management system. Based on the requirements of ISO 9001, we have defined the quality management responsibilities of our senior management and staff of various executive departments, and set up a quality management policy of "independent innovation, scientific management, and continuous improvement". With a robust quality management mechanism in place, our Company established and achieved the quality management goal of 100% product qualification rate and 100% product completion rate in 2023.

- **Supply Chain Management**

For new suppliers, our Company has established clear criteria for selection of suppliers, including requirements on quality, occupational health and safety, business ethics, and environmental management. In terms of supplier management, we have implemented a hierarchical management system, conduct regular assessments and send written notice to the supplier if any default is identified in accordance with the contract, requiring the supplier to rectify accordingly. We also track the results of the corrective actions.

BUSINESS

Our Company unwaveringly opposes the use of any metals that come from armed conflicts, illegal mining, and mining under poor working environments, namely “conflict minerals”. Suppliers are required to investigate the content of gold (Au), tantalum (Ta), tin (Sn), tungsten (W), and aluminium (Al) in their products, and to confirm the sources of these metals based on the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”.

It is our policy to only engage suppliers who have a legal mining development permit (RKAB) and environmental permits issued by the Indonesian government. This helps to ensure that our suppliers go through the review and certification of environment protection and social responsibility by the government in the process of obtaining the development permit.

- **Business ethics and anti-corruption**

Our Company has formulated the *Anti-Corruption and Anti-Bribery Policy* (《反腐敗和反賄賂制度》) internally. Corruption and other irregularities are strictly prohibited to ensure the transparency and integrity of our Company’s business activities.

In terms of internal supervision and management, our audit department regularly assigns personnel to conduct internal audits in accordance with the procedures of *Financial Audit Management Policy* (《財務審計管理制度》) and *Procurement Business Audit Management Policy* (《採購業務審計管理制度》). By doing so, our Company exerts relentless efforts in improving the internal management system.

In addition, our Company implement monthly training for all marketing staff to enhance employees’ business ethics and integrity awareness.

Employees’ rights and interests and development

We respect Indonesian local customs and culture in our recruitment and employment practices, and strive to eliminate any forms of discrimination based on race, religion, gender, age, or marital status, and will never use child labour or forced labour. Meanwhile, we also organise social and campus recruitment fairs, thereby promoting the local employment.

Our Company respects the rights of our employees such as their rights to remuneration, holdings entitlement labour safety and social insurance and benefits. On top of that, we conduct employee performance evaluation and appraisal on a regular basis. The results will be used as the basis for, among others, employee promotion, salary adjustment and recognition of outstanding employees so as to provide a fair, just and transparent promotion channel for employees.

BUSINESS

Our Company also offers employees with training programmes to improve the professional operation level of employees.

- **Occupational health and safety**

Our Company is committed to ensuring compliance with the applicable laws and regulations related to occupational health and safety. In accordance with the requirements of the ISO45001 Occupational Health and Safety Management System, we have established a series of management policies related to occupational health and safety, such as the *Responsibility System for Safety in Production* (《安全生產責任制》) and the *Inspection Policy on Safety in Production* (《安全生產檢查制度》), to standardise safety management practices.

Our Company has set up a Safety and Environmental Protection Department, which is responsible for supervising each plant’s exercise of the key responsibilities under the safe production and the safety production responsibility policy, and each plant has set up a safety department taking the overall responsibility of the day-to-day safety management, making regular safety reports, and organising inspections over safety production and occupational health. To further improve the management efficiency, our Company includes the safety performance into the performance indicators of the senior management to ensure the realisation of our Company’s safety management targets.

By June 2023, the occupational health check of all employees has been completed. Our Company also provides all employees with applicable safety protection equipment including safety helmets, safety shoes, protective masks, earplugs, and goggles. In addition, firefighting facilities are well provided on site. Our Company uses HIRADC⁶ to identify occupational hazards, assess risks and determine control measures to identify occupational hazards and diseases. Our Company also samples and tests the air quality, noise, and other environmental indicators in the working area to ensure that the workplace environment meets the standards. Based on the actual conditions of the site, we have formulated and adjusted emergency response procedures.

Each plant of our Company formulates a health and safety training plan at the beginning of each year, and carries out training and drills based on such plan to improve employees’ safe operation skills and health self-protection awareness.

⁶ Hazard Identification, Risk Assessment and Determining Control (HIRADC) is part of OHSAS 18001:2007 Occupational Health and Safety Management System, which provides that organisations should establish, implement and maintain necessary control procedures to continuously identify hazards.

BUSINESS

Our Company has won multiple awards and honours, including the BPJS (Badan Penyelenggara Jaminan Sosial Ketenagakerjaan)⁷ — Social Security Compliance Award, and the K3 (Safety, Health, and Occupation)⁸ Safety Activities Award sponsored by the local government. During the track record period and up to the Latest Practicable Date, we have not experienced any major accidents involving personal injury or property damage.

AWARDS AND ACCREDITATIONS

As at the Latest Practicable Date, we have received numerous awards and accreditations, including:

Entity	Award Type	Awarding Institutions/Authority	Award Date
BAI	Certificate of participation and support to the vocational education	Governor of Kepulauan Riau	May 2024
BAI	ISO 9001:2015 quality management system	Intertek Certification Limited	2 February 2024
BAI	Association appreciation award	Governor of Kepulauan Riau	29 January 2024
BAI	ISO 45001:2018 occupational health and safety management system	Intertek Certification Limited	24 January 2024
BAI	Certificate of Merit for Participation in the handling and control of COVID-19 in Tanjung Pinang from 2020 to 2022	Ministry of Health of the Republic of Indonesia	13 March 2023

⁷ BPJS (Badan Penyelenggara Jaminan Sosial Ketenagakerjaan) is the health and social security authority in Indonesia.

⁸ K 3 stands for KESELAMATAN (safety), KESEHATAN (health) and KERJA (occupation).

BUSINESS

<u>Entity</u>	<u>Award Type</u>	<u>Awarding Institutions/Authority</u>	<u>Award Date</u>
BAI	Award of the Highest Appreciation for Largest Foreign Export Contributor (Non-Oil and Natural Gas) in 2022	DJBC Directorate General of Customs and Excise	27 February 2023
BAI	Certificate of Merit for Compliance in Paying Motor Vehicle Taxes in the Riau Islands Province	Governor of Riau Islands Province	17 August 2022
BAI	Certificate of Merit for Participation in the Healthy Worker Gymnastics Competition to Celebrate National Occupational Safety and Health Month	Governor of Riau Islands Province	11 February 2022
BAI	Certificate of Recognition for Compliance in the Implementation of the 2021 Employment Social Security Programme	BPJS Kesehatan (Social Security Agency on Health)	8 February 2022

BUSINESS

CERTIFICATES, LICENCES, PERMITS AND APPROVALS

We confirm that, during the Track Record Period and up to the Latest Practicable Date, we had complied with all relevant applicable laws and regulations in all material respects and had obtained all requisite licences, approvals and permits from relevant regulatory authorities for our material businesses in the jurisdictions in which we operate.

The table below sets forth our material licences and permits and their corresponding expiry dates.

Name of Member of Our Group	Name/Category of Licence/ Approvals/Permits/Certificates	Expiry Date
BAI.....	Industrial Business Licence	indefinite until the business activities have ceased
BAI.....	Electricity Generation Licence	valid for 10 years until 17 April 2032
BAI.....	Environmental Approval	valid insofar that there is no alteration to the business and/or activity
BAI.....	Approval for the Management of Terminal For Private Use	23 February 2025 ^(Note)
BAI.....	Building Construction Permit	N/A
BAI.....	Certificate of Proper Function for Buildings	must be renewed every 5 years since the date of issuance
BAI.....	Certificates of Proper Operation (Electricity Operability Certificate)	must be renewed every 5 years since the date of issuance
BAI.....	Right to Build Certificate	expire in 30 years, extendable for another 20 years, and renewable for another 30 years
BAI.....	Letter of Land Transfer and Control	N/A

Note: As advised by the Indonesia Legal Advisers, the renewal of the Approval for the Management of Terminal For Private Use involves submission of administrative documents only and there will be no legal impediments for our Group to apply for such renewal.

BUSINESS

WORKPLACE SAFETY

We are subject to the safety laws and regulations of Indonesia, which establish the legal standards for health and safety measures that we must adhere to in our operations. We consistently review and ensure that our occupational health and safety procedures align with all applicable legal standards. We prioritise the safety of our employees and are committed to providing them with the necessary education, training, and safety equipment that meet national and local standards. We also enforce strict adherence to our work safety rules and procedures through employee education and supervision. As advised our Indonesia Legal Advisers, certifications were granted to PT BAI employees for the operation of equipment in accordance with workplace safety regulations. We have devoted a substantial amount of resources to work safety and accident prevention. As at the Latest Practicable Date, we had not been involved in any accident causing death or serious bodily injury in the course of our business operations.

We have implemented a comprehensive set of occupational health and safety procedures for our business operations since our establishment. We have developed guidelines and procedures for occupational safety, including measures for handling emergencies, which are communicated to all employees. We have established a regular work safety meeting mechanism at various management levels to exchange information, address issues, and enhance our overall work safety and accident prevention efforts. Our dedicated production safety management division oversees the implementation of occupational health and safety practices at our facilities.

PROPERTIES

As at the Latest Practicable Date, we occupy certain properties in Indonesia in connection with our business operations. They mainly include premises such as production facilities and ancillary facilities, offices, canteens and dormitories. As advised by our Indonesia Legal Advisers, we have obtained the land use rights under Sertifikat Hak Guna Bangunan (Right to Build Certificate (“SHGB”)) and land occupation rights under SKPPT. In particular, we have legal and valid SHGB title to the land, real properties, buildings and structures of the property, where the property is owned free and clear of all liens, charges, encumbrances or other security interests. As advised by Indonesia Legal Advisers, all immovable goods and all other properties, assets, buildings and structures held by us are valid, legal and enforceable. Further, all of our land certificates in Indonesia, under which it holds our properties, assets, buildings or structures are in full force and effect. Our Directors believe that there should be no legal impediments in our Group’s application for the SHGB and such application will not affect the operation of our Group. For details of the SHGB and SKPPT, please refer to the section headed “Regulatory Overview — Overview of Laws and Regulations in Indonesia in respect of Certain Aspects of our Group as to the Indonesian Law — Land Law.” in this document. The Property Valuation Report from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, our independent property valuer in Appendix III of this document sets out details of the

BUSINESS

properties held by our Group as of 31 July 2024. They have valued our Industrial complex located in Desa Gunung Kijang, Kecamatan, Gunung Kijang, Kabupaten Bintan, Kepulauan Riau, Indonesia as at 31 July 2024 at IDR12,300,200,000,000. For details, see “Property Valuation Report” in Appendix III to this document. Except for the property interests set out in section headed “Property Valuation Report” in Appendix III to this document, no single property interest that forms part of our Company’s non-property activities has a carrying amount of 15% or more of total assets of our Company. We believe that our current properties will meet our future needs and are consistent with our business plans.

The details of the statement setting out the reconciliation of the net book value of the relevant plant and building and land use rights as at 30 June 2024 are reflected in Appendix I with the valuation of these property interests as at 31 July 2024 set out in Appendix III. For details, please refer to the section headed “Financial Information — Property Interests and Property Valuation — Property valuation reconciliation” in this document.

Owned Land and Buildings

As at the Latest Practicable Date, we held land use rights for over 600 parcels of land located in Desa Gunung Kijang, Kecamatan Gunung Kijang, Kabupaten Bintan with an aggregate site area of more than 12,940,000 sq.m. In particular, we held a total site area of approximately 3,220,000 sq.m. under SHGB and a total site area of approximately 9,720,000 sq.m. under SKPPT located in Desa Gunung Kijang, Kecamatan, Gunung Kijang, Kabupaten Bintan, Kepulauan Riau, Indonesia.

As at the Latest Practicable Date, we owned properties located in Desa Gunung Kijang, Kecamatan, Gunung Kijang, Kabupaten Bintan, Kepulauan Riau, Indonesia, comprising various buildings with a total gross floor area of approximately 209,292 sq.m. and ancillary structures erected thereon. The buildings mainly include production facilities, offices, canteens and staff quarters. Ancillary structures mainly include road, river channel, dam, boundary walls, storage facilities, tanks, chimney and dock facilities. The locality of the property is an industrial area with some large-scale factory complexes. The following table sets forth details of our owned properties as of the Latest Practicable Date:

Function	Approximate Gross Site Area (sq.m)
Production	1,978,004
Ancillary facilities	2,260,077
Offices, canteen and dormitories	205,861

BUSINESS

On 5 August 2024, to streamline and facilitate business development and negotiation with our customers, suppliers and business partners, we have purchased an office building in Jakarta with a gross floor area of approximately 599 sq.m.

INSURANCE

We have maintained a range of insurance policies to safeguard our assets and operations. One of the key policies we have in place is our property all risk insurance, which provides comprehensive coverage for risks such as fire, theft, and natural disasters. This ensures that our physical assets, including buildings, equipment, and inventory, are safeguarded against unforeseen events. To specifically address the risk associated with our machinery and equipment, we have also obtained machinery breakdown insurance, which covers damage or breakdown that may occur. These policies provide coverage with business interruption caused by property damages or machinery breakdown, compensating for any loss of gross profit during the interruption period and helping us mitigate the financial impact in the case such incidents do occur. Considering the transportation of our raw materials by sea, we have also obtained marine cargo insurance, which protects us against potential risks and damages that may occur during the transit of bauxite and coal.

In addition to protecting our physical assets and operations, we also prioritise the well-being of our employees. In accordance with local regulations, we have contributed to the payment of social security contributions, including BPJS Ketenagakerjaan (workforce social security) and BPJS Kesehatan (health insurance) for our employees. Moreover, we have obtained overseas group accident insurance, a commercial insurance policy that provides coverage for our employees working abroad, offering them additional protection and support. By maintaining these various insurance policies, our Directors believe that we demonstrate our commitment to risk management, business continuity, and the well-being of our employees.

BUSINESS

EMPLOYEES

As at the Latest Practicable Date, we employed 3,201 employees, and over two-third of which are Indonesian. The table below sets forth the breakdown of our employees by functions as at the Latest Practicable Date.

Function	Number of employees
Operational	2,330
Technical.	287
Supporting and logistics	247
Management	190
Others ⁽¹⁾	147
Total:	<u>3,201⁽²⁾</u>

Note:

- (1) Includes functional (human resources, administration, translation and accounting, etc.) and marketing and procurement personnel.
- (2) Includes selected staff transferred from Nanshan Aluminium Group to our Group. For further details, please refer to the section headed “History, Development and Reorganisation — Labour Transfer” in this document.

Our employees’ remuneration consists of a combination of wages, allowances, performance-based pay. The wage structure is determined based on the nature of the position, while allowances are tailored to the specific work positions, locations, and special job requirements. Basic salary and performance-based pay are determined according to job levels, with no fixed ratio to the base salary. The Company’s performance assessment primarily rewards employees through an increase in performance-based pay on top of their original salary. The amount of performance-based pay is linked to the achievement of monthly assessment targets, with each position having 3-5 assessment indicators weighted according to their importance. These assessments are conducted by superiors and relevant supervisory departments.

To support the professional development and growth of our employees, the company regularly organises various training programmes. We provide comprehensive training sessions for new employees to ensure a smooth onboarding process. Additionally, we conduct monthly training sessions for employees, focusing on topics related to safety, technical skills, and overall competency enhancement. Language training sessions are also held on a weekly basis to improve language proficiency. To foster a competitive and innovative environment, we organise technical competitions every six months, allowing employees to showcase their skills and learn from one another. Language assessments are also conducted to evaluate language proficiency levels. Our

BUSINESS

training programmes encompass a diverse range of formats, including presentations, hands-on practical exercises, and written examinations, ensuring a comprehensive and engaging learning experience for our employees.

INTERNAL CONTROL

We have engaged an independent external consultant (“**Internal Control Consultant**”), to review our internal control and risk management systems, so that we could improve our overall internal control system. The internal control review covered areas including corporate governance, financial reporting and information disclosure and operation control. During the period between 1 January 2023 to 31 December 2023, our Internal Control Consultant conducted an initial internal control review and did not identify any material internal control risk of deficiencies. Our Internal Control Consultant also performed a follow-up review between 1 March 2024 to 31 July 2024 and is satisfied that there continues to be no material deficiencies in the adequacy and effectiveness of our Group’s internal control systems.

COMPLIANCE MATTERS

During the Track Record Period and up to the Latest Practicable Date, there was no non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our business as a whole.

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, there was no material litigation, arbitration or administrative proceedings pending or threatened against our Company or any of our Directors which could have a material and adverse effect on our financial condition or results of operations. We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business.