

XINREN ALUMINUM HOLDINGS LIMITED

(Company Registration No.: 200612545H)
(Incorporated in Singapore on 29 August 2006)

PROPOSED ISSUE OF US\$140,000,000 8.0 PER CENT. CONVERTIBLE BONDS DUE 2020

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of Xinren Aluminum Holdings Limited (the "**Company**") wishes to announce that it has entered into on 28 May 2015 a subscription agreement between the Company and each of Clear Marvel Limited 湛奇有限公司 and Lotus Pacific Investment Holding Limited (the "**Subscribers**") in relation to the proposed issue by the Company of US\$140,000,000 8.0 per cent. secured convertible bonds due 2020 (the "**Convertible Bonds**"), which are convertible into new ordinary shares (the "**Shares**") in the capital of the Company (the "**Subscription Agreement**"). Each Convertible Bond will, at the option of the holder of the Convertible Bond, be convertible (unless previously redeemed, converted or purchased and cancelled) into Shares at an initial conversion price of S\$1.01 per Share ("**Conversion Share**"). The conversion price is subject to adjustment in the circumstances set out in the Terms and Conditions (as defined below).
- 1.2 China Leading International Group Limited 中國領先國際集團有限公司 ("**CLIG**"), a 51% owned subsidiary of the Company, plans to enter into an up to US\$350,000,000 facility agreement with the Company and all current and future offshore wholly owned subsidiaries of CLIG (including Art Billion Corporation Limited 藝兆有限公司 ("**Art Billion**")) acting as guarantors (the "**Guarantors**") and Deutsche Bank AG, Hong Kong Branch, as facility agent and other lenders (some of whom have yet to be identified) in relation to a senior secured term loan (the "**Term Loan**").
- 1.3 The Convertible Bonds will only be issued concurrently with the initial drawdown of a portion of the Term Loan with a principal amount of US\$200,000,000.
- 1.4 Further details in relation to the Convertible Bonds and the Term Loan will be announced in due course.

2. PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

- 2.1 The principal Terms and Conditions of the Convertible Bonds are summarised below.

Issuer	:	Xinren Aluminum Holdings Limited
Guarantors	:	CLIG, Art Billion and Wider Vision, and any other additional guarantor subsequently acceded pursuant to the Terms and Conditions
Issue Size	:	US\$140,000,000 in principal amount of Convertible Bonds.

Issue Price	:	100 per cent. of the principal amount.
Settlement and payment	:	Subject to fulfillment of the conditions of the Subscription Agreement, settlement and payment for the Convertible Bonds is expected to take place concurrent with the initial drawdown of the Term Loan.
Interest	:	The Convertible Bonds will bear interest at the rate of 8.0 per cent. per annum, payable on a semi-annual basis.
Guarantee and Security	:	Each Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Company and each other Guarantors under the Convertible Bonds and the Trust Deed. The Convertible Bonds are secured by the Collaterals (as defined below), subject to a priority and security sharing arrangement with the finance parties under the Term Loan.
Collaterals	:	The obligations of the Company with respect to the Convertible Bonds will be secured by a security package (collectively the “ Collaterals ”) including a charge over certain assets and undertaking of the Guarantors, share mortgages over each of the Guarantors and equity pledges over four subsidiaries in the PRC, each of which will be shared with the lenders of the Term Loan, as well as securities that would only secure the Convertible Bonds, including a charge over all assets and undertaking of the Company (other than those assets which are the subject of other security documents) and a charge over the coupon reserve account.
Initial Conversion Price	:	S\$1.01 per Share subject to adjustment in the applicable circumstances as more fully described in the Terms and Conditions. If CLIG becomes directly or indirectly a wholly-owned Subsidiary of the Company (the “Increased Shareholding Event”), the Conversion Price in effect shall be adjusted to S\$1.98 from the fifth Business Day after the completion date of the Increased Shareholding Event.

Conversion Premium	: Based on the Initial Conversion Price, approximately 120 per cent. above the Reference Share Price. “ Reference Share Price ” means S\$0.460, being the volume weighted average price of the Shares traded on the SGX-ST on 27 May 2015.
Anti-dilution Protection	: The Conversion Price will be adjusted in certain circumstances, including subdivisions, consolidations and reclassifications of the Company's shares, capitalisation of profits or reserves, capital distribution, rights issues of shares or options over shares and rights issues of other securities.
Conversion Period	: Any time after the Issue Date to the Maturity Date.
Maturity Date	: The fifth anniversary from the Issue Date
Final Redemption	: Unless previously redeemed, converted or purchased and cancelled in the circumstances referred to in the Terms and Conditions of the Convertible Bonds, the Convertible Bonds will be redeemed on the Maturity Date at 119% of the principal amount then outstanding, together with any accrued but unpaid interest accrued to but excluding the date of redemption.
Redemption at the Option of Bondholders	: At any time on or after the third anniversary of the Issue Date, Bondholders may require the Company to redeem all or any portion of the Convertible Bonds held by it on the date of redemption at 119% of the principal amount then outstanding, together with any accrued but unpaid interest accrued to but excluding the date of redemption. If the principal amount of the Convertible Bonds held by such Bondholder is less than US\$20,000,000, the redemption right must be exercised in respect of all the Convertible Bonds held by it.
Redemption at the Option of Bondholders upon certain events	: Upon the occurrence of a change of control, delisting, suspension of trading, certain disposal, issuance of certain securities by relevant entities and other events as more fully described in the Terms and Conditions, Bondholders may require the Company to

redeem all, and not only some, of the Convertible Bonds held by it at 119% of the principal amount then outstanding, together with any accrued but unpaid interest accrued to but excluding the date of redemption.

**Redemption at the Option of the Company :
upon certain events**

The Company may give prior notice to the Bondholders to redeem all, and not some only, of the Bonds at 115% of the principal amount then outstanding, together with interest accrued to but excluding the date of redemption if (i) the daily volume weighted average price of the Shares (“VWAP”) for each day over a period of the last 40 consecutive trading days immediately prior to the notice date was at least 130% of the then effective conversion price, and (ii) the VWAP times average volume on a daily basis over such period exceed US\$32,000,000.

Redemption for Taxation Reasons

: At any time the Company may give prior notice to the Bondholders to redeem all, and not some only, of the Bonds at 119% of the principal amount then outstanding, together with accrued but unpaid interest to but excluding the date of redemption, if the Company satisfies the Trustee prior to such notice that the Company has or will become obliged to pay Additional Amounts as referred to in the Terms and Conditions as a result of any change in, or amendment to, the laws or regulations of the relevant jurisdiction, or any change in the general application or official interpretation of such law or regulations, which change or amendment becomes effective on or after the Issue Date, and such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Convertible Bonds then due.

Dividend Restrictions

: The Company may not declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect

of its share capital (or any class of its share capital) to any of its shareholders, except for such dividend, charge, fee or other distribution which in aggregate amount does not exceed 33.33% of the net profit of the Company and its subsidiaries (except for CLIG and the subsidiaries of CLIG) in any financial year of the Company.

Listing : Application will be made to list the Conversion Shares (if any) on the Official List of the SGX-ST.

The Convertible Bonds will not be listed or traded on any stock exchange.

Governing Law : English law

3. **CONVERSION SHARES**

- 3.1 The proposed issue of the Convertible Bonds and the Shares issued upon conversion of the Convertible Bonds (the "**Conversion Shares**") will be made pursuant to the general mandate for issue of shares and securities given to the directors of the Company at the annual general meeting of the Company held on 29 April 2015 ("**Existing Share Issue Mandate**").
- 3.2 The number of Conversion Shares to be allotted and issued by the Company pursuant to the full conversion of the Convertible Bonds is approximately 184,000,000 (based on the Issue Size of the Convertible Bonds, the Initial Conversion Price and assuming no adjustments to the Initial Conversion Price).
- 3.3 The proposed issue of the Convertible Bonds is conditional upon, *inter alia*, the receipt by the Company of the approval in-principle of the SGX-ST for the listing and quotation of the Conversion Shares on the Official List of the SGX-ST. The Company will make an application to the SGX-ST for the listing and quotation of the Conversion Shares. Appropriate announcements on the outcome of the application will be made in due course.

4. **THE SUBSCRIBERS**

- 4.1 The Subscribers are Clear Marvel Limited 湛奇有限公司 and Lotus Pacific Investment Holding Limited. No placement agent was appointed in connection with the issue of Convertible Bonds.
- 4.2 Clear Marvel Limited 湛奇有限公司 is a BVI incorporated company wholly owned by China Everbright Limited, a Hong Kong incorporated company listed on The Stock Exchange of Hong Kong Limited (stock code: 165). Established in 1997, China Everbright Limited is a diversified financial services enterprise, focused on fund management and investment businesses. It is the second largest shareholder of Everbright Securities (stock code: 601788.SH), the third largest shareholder of China Everbright Bank (stock code: 601818.SH, 6818.HK), and a substantial shareholder of China Aircraft Leasing Group Holdings Limited (stock code: 1848.HK). China Everbright Group is the holding company of China Everbright Limited. US\$80,000,000 of the Convertible Bonds will be issued to Clear Marvel Limited 湛奇有限公司. Clear Marvel Limited 湛奇有限公司 was introduced to the Company by financial institutions.

- 4.3 Lotus Pacific Investment Holding Limited is a company incorporated under the laws of the British Virgin Islands, whose principal business is investment holding and is a wholly-owned subsidiary of China Huarong International Holdings Limited, which in turn is an indirect subsidiary of China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司) (“**China Huarong**”), a state-owned enterprise in the PRC. The three main businesses of China Huarong are asset management business, direct investment business and equity management business. To the best information, knowledge and belief of the Company, each of Lotus Pacific Investment Holding Limited and China Huarong is a third party independent of the Company and its connected persons. US\$60,000,000 of the Convertible Bonds will be issued to Lotus Pacific Investment Holding Limited. Lotus Pacific Investment Holding Limited was introduced to the Company by financial institutions.
- 4.4 None of the Subscribers hold any interest in the Company. In addition, the Subscribers are not (a) the Company's directors and substantial shareholders; (b) immediate family members of the directors and substantial shareholders; (c) substantial shareholders, related companies (as defined in Section 6 of the Companies Act, Chapter 50 of Singapore), associated companies and sister companies of the Company's substantial shareholders; or (d) corporations in whose shares the Company's directors and substantial shareholders have an aggregate interest of at least 10%.
- 4.5 The Subscribers are willing investors in the Company and had entered into the Subscription Agreements purely for financial investment purposes. The Subscribers have had no previous dealings with the Company and neither the Subscribers nor their respective directors or substantial shareholders have any connection with any director or substantial shareholder of the Company.

5. **RATIONALE AND USE OF PROCEEDS**

- 5.1 The estimated net proceeds from the issue of Convertible Bonds are approximately S\$135,800,000 and the Company intends to use the net proceeds for general working purposes of the Group including funding the capital expenditure of its subsidiaries and the payment of fees, costs and expenses payable by the Company in connection with the Convertible Bonds.

6. **FINANCIAL EFFECTS**

- 6.1 The financial effects of the issue of Convertible Bonds will be disclosed in further announcements to be released by the Company.

7. **CONDITIONS PRECEDENT**

- 7.1 The obligations of the Subscribers to subscribe for the Convertible Bonds shall be subject to the satisfaction of, *inter alia*, the following conditions:
- (a) the Term Loan being entered into and the initial drawdown of the Term Loan having occurred;
 - (b) approval in principle being obtained from the SGX-ST for the listing and quotation of the Conversion Shares on the Official List of the SGX-ST and not having been revoked or amended; and
 - (c) the Existing Share Issue Mandate having been passed and not revoked for the valid issue of the Convertible Bonds pursuant to such Existing Share Issue Mandate.

BY ORDER OF THE BOARD

Zeng Chaolin
Executive Director and Chief Executive Officer
29 May 2015