

XINREN ALUMINUM HOLDINGS LIMITED

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

THE PROPOSED ACQUISITION OF 30% OF THE ISSUED SHARE CAPITAL OF CHINA LEADING INTERNATIONAL GROUP LIMITED (A MAJOR TRANSACTION AS DEFINED IN CHAPTER 10 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED) (THE "PROPOSED ACQUISITION")

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as in the Company's announcements in relation to the acquisition of 21% of the share capital of China Leading International Group Limited ("Target Company") dated 8 February 2012, 27 February 2012, 28 February 2012 and 3 April 2012.

1. INTRODUCTION

On 8 February 2012, the Company announced that it had entered into an option agreement dated 7 February 2012 between the Company and Wealth Checker Limited (the "**Vendor**") in connection with the acquisition by the Company of an aggregate of 2,100 ordinary shares in the capital of the Target Company for an aggregate consideration of RMB1,890 million (the "**Prior Acquisition**").

Under the terms of the shareholders' agreement dated 28 February 2012, as amended, in connection with the Prior Acquisition (the "**Shareholders' Agreement**"), the following shareholders of the Target Company granted a call option ("**2nd Call Option**") to the Company pursuant to which the Company has the right to acquire an aggregate of 3,000 shares (comprising 30% of the equity interest of the Target Company) (the "**Sale Shares**") in the proportions below at a consideration to be determined based on independent valuation:

No.	Name of Shareholder	No. of shares of Target Company	As a % of the total issued share capital of the Target Company
1.	Wealthy Map Limited	204	2.04%
2.	Carry Luckystar Limited	230	2.30%
3.	Yi Jun International Limited	204	2.04%
4.	Wealth Checker Limited	2,362	23.62%
	Total	3,000	30.00%

2. PROPOSED ACQUISITION OF 30% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

The Directors wish to announce that the Company shall exercise the 2nd Call Option and has accordingly entered into a sale and purchase agreement (the "**S&P Agreement**") on 3 April 2014 with Wealth Checker Limited, Carry Luckystar Limited, Yi Jun International Limited and Wealthy Map Limited (the "**Vendors under the Proposed Acquisition**") as well as Huang Ji ,Tang Guoyan, Yan Honglian and Yu Xiuzhen (collectively, the "**Ultimate Shareholders under the Proposed Acquisition**") in relation to the Proposed Acquisition.

The Company has also entered into a deed of termination on 3 April 2014 with the Target Company, Max Treasure Global Group Ltd, Wealthy Map Limited, Carry Luckystar Limited, Yi Jun International Limited, Future Resource Limited and the Vendor to terminate the Shareholders' Agreement upon the completion of the Proposed Acquisition.

The Target Company indirectly owns 100% of the issued share capital in Xinjiang Production and Construction Corps Agricultural Division Eight Tianshan Aluminium Plant Co., Ltd. (新疆生产建设兵团农八师天山铝业有限公司) which is a large-scale integrated aluminum power plant entity located in Xinjiang, PRC ("**Xinjiang Plant**").

The Company intends to use its existing working capital, bank borrowings and/or proceeds from fund raising exercises to fund the Proposed Acquisition. Such fund raising efforts may include the raising of funds from the debt or capital market. The Group's ability to fund the costs internally is dependent on the Group's profitability and cash flow in future, which is also subject to future market conditions.

3. XINJIANG PLANT

Xinjiang Plant's principal assets comprise a facility located in Shihezhi City of Xinjiang, former headquarter of Xinjiang Production and Construction Corps, PRC with an aluminum smelting plant ("**ASP**") and independent power plant comprising four power generating units with a total generating capacity of 4x350 MW ("**IPPs**"). In the financial year ended 31 December 2013, Xinjiang Plant reported a total production output of approximately 400,000 tonnes of aluminum ingots with a net profit of approximately RMB443 million. Since December 2013, Xinjiang Plant has established aluminum smelting capacity of approximately 880,000 tonnes per annum and had four power generating units with a combined output capacity of 4x350MW in operation. Xinjiang Plant's long-term plan is to increase its production output to 1,600,000 tonnes of aluminium ingots in respect of the ASP and 10x350MW IPPs in a single strategic location.

By exercising the 2nd Call Option, the Company intends to acquire the Sale Shares. In connection with the Proposed Acquisition, the Company has also entered into the S&P Agreement.

4. SALIENT TERMS OF THE S&P AGREEMENT

The consideration for the Proposed Acquisition is RMB3.15 billion. The dates of the instalments for the payment of the consideration are as follows:

S/No.	Date of payment	Percentage of total consideration
1.	Completion Date	20%
2.	Date falling 3 Months after the Completion Date	10%
3.	Date falling 6 Months after the Completion Date	10%
4.	Date falling 9 Months after the Completion Date	10%
5.	Date falling 12 Months after the Completion Date	10%
6.	Date falling 15 Months after the Completion Date	10%
7.	Date falling 18 Months after the Completion Date	10%
8.	Date falling 21 Months after the Completion Date	10%
9.	Date falling 24 Months after the Completion Date	10%
	Total:	100%

The consideration was arrived at after arm's length negotiations between the Company and the Vendor on a "*willing buyer and willing seller*" basis, taking into account the valuation done on the entire issued share capital of the Target Company.

As provided for in the S&P Agreement, the Proposed Acquisition is conditional upon, *inter alia*, the following conditions having been fulfilled:

- (1) all consents, approvals and authorisations of bankers, financial institutions, landlords of leases, relevant third parties, government or regulatory authorities which are necessary or desirable in connection with the transfer of the Sale Shares from the Vendors under the Proposed Acquisition to the Company and the ownership by the Company of the Sale Shares having been obtained, and if subject to conditions, on such conditions acceptable to the Company, prior to the Completion Date;
- (2) SGX-ST's clearance of the Shareholder's Circular
- (3) the approval of the shareholders of the Company in an extraordinary general meeting being obtained for the transactions contemplated in the S&P Agreement upon the terms and conditions set out in the S&P Agreement, including, *inter alia*, the purchase of the Sale Shares as a major acquisition and such other matters as are necessary in compliance with the relevant provisions of the Listing Manual of the SGX-ST;
- (4) no material contract, lease, licence or other similar commercial arrangement of any of the Group Company would be terminated, adversely affected, or cause a material impact on the Group as a result of a change in ownership of the Sale Shares;

- (5) no material change in the existing material contracts of any of the Group Company that may cause a material impact on the Group;
- (6) all representations, warranties and undertakings of the Vendors under the Proposed Acquisition and the Ultimate Shareholders under the Proposed Acquisition under the S&P Agreement being complied with, and being true, accurate and correct in all material respects as at the Completion Date, as if repeated at Completion and at all times between the date hereof and Completion;
- (7) each of the parties to the S&P Agreement having performed all of the covenants and agreements required to be performed or caused to be performed by it under the S&P Agreement on or before the Completion Date;
- (8) the Vendor under the Proposed Acquisition or the Company not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the S&P Agreement, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened;
- (9) there has been no change in the shareholding or capital structure of the Group occurring on or before the Completion Date;
- (10) there being no material adverse change (as mutually determined by the parties to the S&P Agreement) in the prospects, operations, assets, business, profits or financial condition of the Group occurring on or before the Completion Date; and
- (11) the entry by the Target Company and the other shareholders of the Target Company, namely the Vendors under the Proposed Acquisition, Max Treasure Global Group Ltd, Future Resource Limited, and the Company, into a deed of termination to terminate the Shareholders Agreement (effective upon Completion).

The conditions precedent set out in the S&P Agreement set out above can only be waived with the consent of all parties to the S&P Agreement (namely, the Company, the Vendors under the Proposed Acquisition and the Ultimate Shareholders under the Proposed Acquisition). The Company currently does not intend to waive any of the conditions precedent and, in particular, will not waive conditions precedent (2) and (3) set out above.

In the event the Company does waive any conditions precedent (save for conditions precedent (2) and (3) which it will not waive), it will announce the details of and reasons for the granting of such waiver on the SGXNET.

5. RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Board considers the Proposed Acquisition to be a good investment opportunity for the Group, for the following reasons:

- (1) The PRC government has imposed strict restrictions and regulations on the construction of new ASPs. Accordingly, any construction by the Company of an ASP in the PRC will result in high capital costs to the Company. As at the date of this Circular, Xinjiang Plant has received all pre-requisite approvals from the relevant PRC authorities for its operations.
- (2) The profit contribution to the Company attributable to Xinjiang Plant has been increasing in line with the expansion of the production capacity of Xinjiang Plant since the Prior Acquisition. The Proposed Acquisition represents an opportunity for the Company to obtain majority shareholding control over an asset which has proved to be profitable and synergistic with the Group since the Prior Acquisition.
- (3) On 25 February 2014, the Company's indirect wholly-owned subsidiary, Jiangyin XinRen Technology Co., Ltd., entered into a sale and purchase agreement for the disposal of Yichang Changjiang Aluminum Co., Ltd. With this disposal, the Company believes that it will have more resources to manage Xinjiang Plant.
- (4) With its IPPs, the estimated annual electricity cost of Xinjiang Plant is substantially lower as compared to the Group's electricity cost for the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013.

6. FINANCIAL EFFECTS OF PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition are for illustration purposes only and do not reflect the actual financial position of the Group. The financial effects are based on the unaudited financial statements of the Group for FY2013.

Earnings Per Share ("EPS")

Assuming that the Proposed Acquisition had been completed on 1 January 2013, its effect on the Group's EPS would have been:

	Without the Proposed Acquisition	With the Proposed Acquisition
FY2013		
Net profit after tax (RMB'000)	61,598	103,752
Weighted average number of Shares ('000)	1,306,568	1,306,568
Earnings per Share (RMB cents)	4.71	7.94

Net Tangible Asset ("NTA")

Assuming that the Proposed Acquisition had been completed on 1 January 2013, its effect on the Group's NTA as at 31 December 2013 would have been:

	Without the Proposed Acquisition	With the Proposed Acquisition
As at 31 December 2013		
Net tangible assets (RMB'000)	2,077,283	2,151,640
Number of Shares ('000)	1,306,568	1,306,568
Net tangible assets per Share (RMB cents)	158.99	164.68

Gearing

Assuming that the Proposed Acquisition had been completed on 1 January 2013, its effect on the Group's gearing as at 31 December 2013 would have been:

	Without the Proposed Acquisition	With the Proposed Acquisition
As at 31 December 2013		
Total bank borrowings (RMB'000)	2,995,173	6,973,217
Total equity (RMB'000)	2,077,283	3,755,204
Gearing ratio (times) ⁽¹⁾	1.44	1.86

Note:

(1) The gearing ratio is derived by the total bank borrowings divided by the total equity (gearing ratio = total bank borrowings / total equity).

7. THE PROPOSED ACQUISITION AS A MAJOR TRANSACTION

As at 2 April 2014, being the Market Day preceding the date of the S&P Agreement, the relative figures for the Proposed Acquisition computed on the applicable bases set out in Rule 1006 of the Listing Manual are set out below.

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	Net profits attributable to the assets acquired compared with the Group's net profits	217%
(c)	The aggregate value of S\$639,905,741 ⁽¹⁾ for the consideration for 30% of the issued share capital of the Target Company, compared with the Company's market capitalisation of S\$691,822,160 ⁽²⁾	92.5%

(d)	Number of equity securities issued as consideration for the acquisition, compared with the number of equity securities previously issued	Not applicable
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Notes:

- (1) The aggregate consideration of S\$639,905,741 for the consideration for the 30% of the issued share capital of the Target Company is calculated based on the exchange rate of S\$1:RMB4.9226 on the close of 2 April 2014 being the Market Day preceding the date of the S&P Agreement, published by Bank of China.
- (2) The market capitalisation of S\$691,822,160 is based on 1,303,568,000 issued shares in the capital of the Company (excluding treasury shares) and the weighted average share price of S\$0.53 per Share, on of 2 April 2014 being the Market Day preceding the date of the S&P Agreement.

Under Rule 1002(3)(c) of the Listing Manual, the SGX-ST may allow an issuer's net asset value or net profit to be adjusted to take into account any transaction(s) completed subsequent to the latest announced consolidated accounts provided that adequate information about such transaction(s) has already been announced to shareholders. On 26 February 2014, the Directors announced that the Company's indirect subsidiary, Jiangyin XinRen Technology Co., Ltd., had on 25 February 2014 entered into a sale and purchase agreement with Liu Jingtao and Lin Shouxi for the disposal by Jiangyin XinRen Technology Co., Ltd. of the entire shareholding interest in all the issued and paid-up capital of Yichang Changjiang Aluminum Co., Ltd. which recorded losses of RMB181 million for the financial year ended 31 December 2013.

As such, following the adjustment of the Group's net profits to exclude the losses attributable to Yichang Changjiang Aluminum Co., Ltd for the financial year ended 31 December 2013 as at 2 April 2014, being the Market Day preceding the date of the S&P Agreement, the relative figures for the Proposed Acquisition computed on the applicable bases set out in Rule 1006 of the Listing Manual are set out below.

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	Net profits ⁽¹⁾ attributable to the assets acquired compared with the Group's net profits	55%
(c)	The aggregate value of S\$639,905,741 ⁽¹⁾ for the consideration for 30% of the issued share capital of the Target Company, compared with the Company's market capitalisation of S\$691,822,160 ⁽²⁾	92.5%
(d)	Number of equity securities issued as consideration for the acquisition, compared with the number of equity securities previously issued	Not applicable

Notes:

- (1) The aggregate consideration of S\$639,905,741 for the consideration for the 30% of the issued share capital of the Target Company is calculated based on the exchange rate of S\$1:RMB4.9226 on the close of 2 April 2014 being the Market Day preceding the date of the S&P Agreement, published by Bank of China.
- (2) The market capitalisation of S\$691,822,160 is based on 1,303,568,000 issued shares in the capital of the Company (excluding treasury shares) and the weighted average share price of S\$0.53 per Share, on of 2 April 2014 being the Market Day preceding the date of the S&P Agreement.

Accordingly, as the relative figures computed on the bases set out in Rule 1006 exceeds 20% but do not exceed 100% in both sets of calculations above, the Proposed Acquisition is deemed a major transaction under Rule 1010 of the Listing Manual and the Company shall seek shareholders' approval for the Proposed Acquisition in due course.

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The details of the Directors' and Substantial Shareholders' interests in the Shares as at the date of this Announcement are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors						
Mr. Zeng Xiaoqiao @ Zeng Xiaoshan ⁽¹⁾	-	-	984,097,032	75.49	984,097,032	75.49
Mr. Zeng Chaolin ⁽²⁾	-	-	984,097,032	75.49	984,097,032	75.49
Ms. Zeng Mingliu ⁽³⁾	-	-	984,097,032	75.49	984,097,032	75.49
Mr. Liang Hongbo ⁽⁴⁾	-	-	984,097,032	75.49	984,097,032	75.49
Mr. Chen Timothy Teck Leng @ Chen Teck Leng	-	-	-	-	-	-
Mr. Loh Weng Whye	-	-	-	-	-	-
Mr. Liu Jingan	-	-	-	-	-	-
Substantial Shareholders						
Sunshine International Global Capital Ltd. ⁽⁵⁾	430,401,161	33.02	⁽⁸⁾ 2,000,000	0.15	432,401,161	33.17
Jiacai International Ltd. ⁽²⁾	419,874,516	32.21	⁽⁹⁾ 2,000,000	0.15	421,874,516	32.36
Hanwen International Group Ltd. ⁽¹⁾	11,742,645	0.90	-	-	11,742,645	0.90
Shunqi International Ltd. ⁽⁶⁾	39,441,581	3.03	-	-	39,441,581	3.03
Jintudi Group Ltd. ⁽³⁾	26,044,290	2.00	-	-	26,044,290	2.00
Yansheng Ltd. ⁽⁴⁾	28,473,839	2.18	-	-	28,473,839	2.18
Xijin Ltd. ⁽⁷⁾	24,119,000	1.85	-	-	24,119,000	1.85
Mdm. Deng Eying ⁽⁶⁾	-	-	984,097,032	75.49	984,097,032	75.49
Mr. Zeng Chaoyi ⁽⁵⁾	-	-	984,097,032	75.49	984,097,032	75.49
Ms. Li Yazhou ⁽⁵⁾	-	-	984,097,032	75.49	984,097,032	75.49
Ms Zeng Yiliu ⁽⁷⁾	-	-	984,097,032	75.49	984,097,032	75.49
Ms. Zeng Hong ⁽⁴⁾	-	-	984,097,032	75.49	984,097,032	75.49

Notes:

- (1) Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, the Group's founder and the Company's Executive Director, owns 100.0% and is the sole director of Hanwen International Group Ltd. Mr. Zeng Xiaoqiao @ Zeng Xiaoshan is the father of Mr. Zeng Chaoyi, Mr. Zeng Chaolin, Ms. Zeng Mingliu, Ms Zeng Yiliu and Ms. Zeng Hong, and the husband of Mdm. Deng Eying, and is deemed to be interested in the Shares held by each of them through Sunshine International Global Capital Ltd., Jiacai International Ltd., Jintudi Group Ltd., Xijin Ltd., Yansheng Ltd. and Shunqi International Ltd., respectively.
- (2) Mr. Zeng Chaolin, the Company's Executive Chairman and Chief Executive Officer, owns 100.0% and is the sole director of Jiacai International Ltd.. Mr. Zeng Chaolin is the son of Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Mdm. Deng Eying, and is the brother of Mr. Zeng Chaoyi, Ms. Zeng Mingliu, Ms. Zeng Yiliu and Ms. Zeng Hong, is deemed to be interested in the Shares held by each of them through Hanwen International Group Ltd., Shunqi International Ltd., Sunshine International Global Capital Ltd., Jintudi Group Ltd., Xijin Ltd. and Yansheng Ltd., respectively.
- (3) Ms. Zeng Mingliu, the Company's executive Director, owns 100% and is the sole director of Jintudi Group Ltd. Ms. Zeng Mingliu is the daughter of Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Mdm. Deng Eying, and is the sister of Mr. Zeng Chaoyi, Mr. Zeng Chaolin, Ms Zeng Yiliu and Ms. Zeng Hong, and is deemed to be interested in the Shares held by each of them through Hanwen International Group Ltd., Shunqi International Ltd., Sunshine International Global Capital Ltd., Jiacai International Ltd., Xijin Ltd. and Yansheng Ltd., respectively.
- (4) Mr. Liang Hongbo, the Company's executive Director, is the husband of Ms. Zeng Hong. Ms. Zeng Hong owns 100% and is the sole director of Yansheng Ltd.. Ms. Zeng Hong is the daughter of Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Mdm. Deng Eying, and is the sister of Mr. Zeng Chaoyi, Mr. Zeng Chaolin, Ms Zeng Yiliu and Ms. Zeng Mingliu, and Mr. Liang Hongbo is deemed to be interested in the Shares held by each of them through Yansheng Ltd., Hanwen International Group Ltd., Shunqi International Ltd., Sunshine International Global Capital Ltd., Jiacai International Ltd, Xijin Ltd. and Jintudi Group Ltd., respectively.

- (5) Mdm. Deng Eying owns 100% and is the sole director of Shunqi International Ltd.. Mdm. Deng Eying is the mother of Mr. Zeng Chaoyi, Mr. Zeng Chaolin, Ms. Zeng Mingliu, Ms. Zeng Yiliu and Ms. Zeng Hong, and the wife of Mr. Zeng Xiaoqiao @ Zeng Xiaoshan, and is deemed to be interested in the Shares held by each of them through Hanwen International Group Ltd., Sunshine International Global Capital Ltd., Jiakai International Ltd., Jintudi Group Ltd., Xijin Ltd. and Yansheng Ltd., respectively.
- (6) Mr. Zeng Chaoyi owns 100.0% and is the sole director of Sunshine International Global Capital Ltd.. Mr. Zeng Chaoyi is the son of Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Mdm. Deng Eying, and is the brother of Mr. Zeng Chaolin, Ms. Zeng Mingliu, Ms. Zeng Yiliu and Ms. Zeng Hong, and Mr. Zeng Chaoyi and his wife, Ms. Li Yazhou, the Company's vice president, are deemed to be interested in the Shares held by each of them through Hanwen International Group Ltd., Shunqi International Ltd., Jiakai International Ltd., Jintudi Group Ltd., Xijin Ltd. and Yansheng Ltd., respectively.
- (7) Ms. Zeng Yiliu owns 100% and is the sole director of Xijin Ltd. Ms. Zeng Yiliu is the daughter of Mr. Zeng Xiaoqiao @ Zeng Xiaoshan and Mdm. Deng Eying, and is the sister of Mr. Zeng Chaoyi, Mr. Zeng Chaolin, Ms. Zeng Mingliu and Ms. Zeng Hong, and is deemed to be interested in the Shares held by each of them through Hanwen International Group Ltd., Shunqi International Ltd., Sunshine International Global Capital Ltd., Jiakai International Ltd., Jintudi Group Ltd. and Yansheng Ltd., respectively.
- (8) Deemed to be interested in 2,000,000 shares held by Sunshine International Global Capital Ltd through DBS Vickers Securities (Singapore) Pte Ltd.
- (9) Deemed to be interested in 2,000,000 shares held by Jiakai International Ltd through DBS Vickers Securities (Singapore) Pte Ltd.

None of the Directors, Substantial Shareholders and their associates have any interests in the Proposed Acquisition.

The Zeng Family, comprising Zeng Xiaoqiao @ Zeng Xiaoshan, Zeng Chaoyi, Zeng Chaolin, Deng Eying, Zeng Mingliu, Zeng Yiliu, Zeng Hong, Liang Hongbo and Li Yazhou, who indirectly holds 75.49% of the shareholdings in the Company, has undertaken to the Company in writing to vote in favour of the Proposed Acquisition at the EGM.

7. FURTHER UPDATES

The Company will inform shareholders of the date of the proposed extraordinary general meeting in due course.

Copies of the S&P Agreement and Deed of Termination may be inspected at the registered office of the Company at 250 North Bridge Road, #15-01 Raffles City Tower, Singapore 179101 during normal business hours for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Zeng Chaolin
Executive Chairman and Chief Executive Officer

3 April 2014