

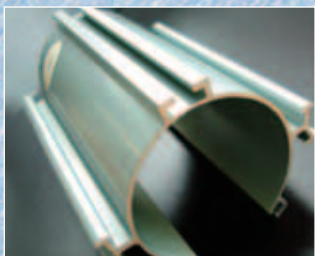


興發鋁業控股有限公司
XINGFA ALUMINIUM HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(HKEX stock code 香港聯交所股份代號: 98)



ANNUAL REPORT 年報

2007

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DIRECTORS AND BOARD COMMITTEES

Directors

Executive Directors

Luo Su (*Chairman*)
Luo Riming (*Chief Executive Officer*)
Liao Yuqing
Wang Zhihua

Independent Non-executive Directors

Chen Mo
Ho, Kwan Yiu
Lam, Ying Hung Andy

Board Committees

Audit Committee

Lam, Ying Hung Andy (*Chairman*)
Chen Mo
Ho, Kwan Yiu

Remuneration Committee

Ho, Kwan Yiu (*Chairman*)
Chen Mo
Lam, Ying Hung Andy
Luo Su

Nomination Committee

Luo Su (*Chairman*)
Chen Mo
Ho, Kwan Yiu
Lam, Ying Hung Andy

QUALIFIED ACCOUNTANT

Wong Siu Ki (*AHKICPA, FCCA, ACA*)

COMPANY SECRETARY

Wong Siu Ki (*AHKICPA, FCCA, ACA*)

董事及董事委員會

董事

執行董事

羅蘇 (*主席*)
羅日明 (*行政總裁*)
廖玉慶
王志華

獨立非執行董事

陳默
何君堯
林英鴻

董事委員會

審核委員會

林英鴻 (*主席*)
陳默
何君堯

薪酬委員會

何君堯 (*主席*)
陳默
林英鴻
羅蘇

提名委員會

羅蘇 (*主席*)
陳默
何君堯
林英鴻

合資格會計師

黃兆麒 (*AHKICPA, FCCA, ACA*)

公司秘書

黃兆麒 (*AHKICPA, FCCA, ACA*)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

No. 23 Renhe Road, Nanzhuang Town,
Chancheng District, Foshan, Guangdong, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Harbour City
Tsim Sha Tsui
Kowloon
Hong Kong

PRINCIPAL BANKERS

Bank of China, Foshan Branch
Agriculture Bank of China,
Foshan Nanzhuang Sub-branch
China Construction Bank Corporation,
Foshan Branch

LEGAL ADVISERS

As to Hong Kong law:

Chiu & Partners

As to PRC law:

Jingtian & Gongcheng

As to Cayman Islands law:

Conyers Dill & Pearman

註冊辦事處

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

總辦事處及主要營業地點

中國廣東省佛山市禪城區南莊鎮
人和路23號

香港主要營業地點

香港九龍
尖沙咀海港城
港威大廈第6座15樓
1513室

主要往來銀行

中國銀行佛山分行
中國農業銀行
佛山南莊支行
中國建設銀行股份有限公司
佛山分行

法律顧問

香港法律

趙不渝 馬國強律師事務所

中國法律

北京市競天公誠律師事務所

開曼群島法律

Conyers Dill & Pearman

AUDITORS

KPMG
8th Floor, Prince's Building,
10 Chater Road, Central, Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office in the Cayman Islands

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P. O. Box 705
Grand Cayman KY1-1107
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
26th Floor, Tesbury Centre,
28 Queen's Road East
Wanchai, Hong Kong.

COMPLIANCE ADVISER

ICEA Capital Limited

INVESTOR RELATIONS

Strategic Financial Relations (China) Limited

WEBSITE

www.xingfa.com

STOCK CODE

00098

核數師

畢馬威會計師事務所
香港中環遮打道10號太子大廈8樓

股份過戶登記總處

開曼群島辦事處

Butterfield Fund Services
(Cayman) Limited
Butterfield House
68 Fort Street
P. O. Box 705
Grand Cayman KY1-1107
Cayman Islands

香港的股份過戶登記分處

卓佳證券登記有限公司
香港灣仔皇后大道東28號
金鐘滙中心26樓

合規顧問

工商東亞融資有限公司

投資者關係

縱橫財經公關顧問(中國)有限公司

網址

www.xingfa.com

股份編號

00098



Luo Su, *Chairman*
主席·羅蘇

SUCCESSFUL LISTING OF XINGFA ALUMINIUM HOLDINGS LIMITED

The successful listing of Xingfa Aluminium Holdings Limited (“our Company” and, together with its subsidiaries, “our Group”) on the Main board of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 31 March 2008 represented another significant chapter in the long, progressive history of our Group over the years.

LEADING MARKET PLAYER IN THE ALUMINIUM PROFILES INDUSTRY

We are one of the leading aluminium profiles manufacturers in the PRC and are principally engaged in the manufacture and sale of aluminium profiles. Our Group was awarded as the “No. 1 of the Top-Ten National Aluminium Profiles Enterprises” by 中國有色金屬加工工業協會 (China Non-Ferrous Metals Fabrication Industrial Association) (“CNFA”) in 2003 and such status was confirmed by CNFA in February 2008. Our products can be broadly categorised into aluminium profiles with surface finishing and plain aluminium profiles. Our aluminium profiles with surface finishing are generally applied as construction materials whilst our plain aluminium profiles are generally applied as industrial materials.

興發鋁業控股有限公司成功上市

興發鋁業控股有限公司（「本公司」）連同其附屬公司（「本集團」）於二零零八年三月三十一日成功在香港聯合交易所有限公司（「聯交所」）主板上市，標誌著本集團多年來的漫長進程邁向另一重要里程碑。

鋁型材企業的市場先驅

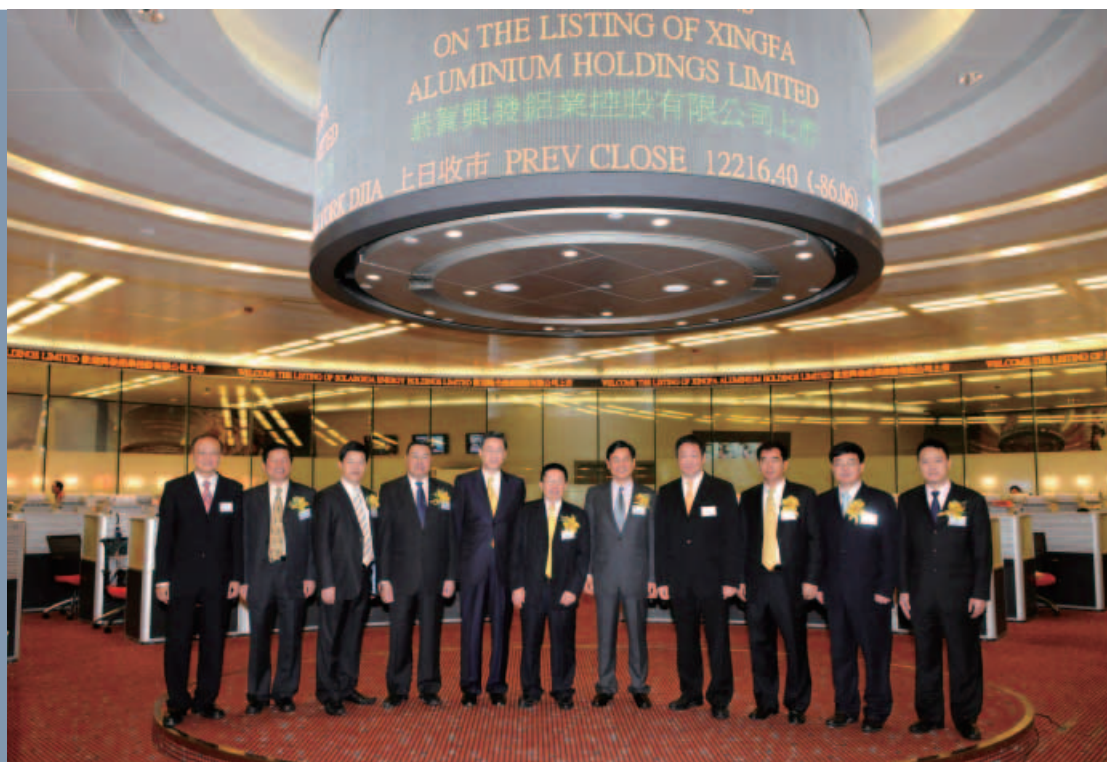
本集團為中國首屈一指的鋁型材製造商之一，主要從事製造及銷售鋁型材業務。於二零零三年，本集團獲中國有色金屬加工工業協會（「中國有色金屬加工工業協會」）評為「中國鋁型材企業十強第一名」，並於二零零八年二月獲中國有色金屬加工工業協會確定有關地位。本集團的產品可大致上分為經表面處理的鋁型材及光身鋁型材。經表面處理的鋁型材一般用作建築材料，而光身鋁型材則一般用作工業材料。

STRONG BUSINESS GROWTH IN 2007

By leveraging on our production capacity expansion and the technical know-how in the manufacture of aluminium profiles, we achieved encouraging growth in our business for the year ended 31 December 2007. Our turnover increased from approximately RMB1,861.24 million for the year ended 31 December 2006 to approximately RMB2,148.67 million for the year ended 31 December 2007, representing a growth of approximately 15.4%. Our profit also increased from approximately RMB60.29 million for the year ended 31 December 2006 to approximately RMB291.60 million for the year ended 31 December 2007, representing a growth of approximately 383.7%. Such sharp increase in profit for the year ended 31 December 2007 was mainly due to the recognition of a one-off gain on disposal of lease prepayments, net of business tax, land appreciation tax and surcharges, which amounted to approximately RMB172.86 million. If this gain on disposal of lease prepayments (net of business tax, land appreciation tax and surcharges) was excluded, the increase in profit for the year ended 31 December 2007 as compared to that in the year ended 31 December 2006 would be approximately 97.0%.

二零零七年強勁業務增長

本集團憑藉在鋁型材製造方面的產力擴張及技術知識，於截至二零零七年十二月三十一日止年度達致令人滿意的業務增長。本集團的營業額由截至二零零六年十二月三十一日止年度約人民幣1,861,240,000元，上升至截至二零零七年十二月三十一日止年度約人民幣2,148,670,000元，增長約15.4%。本集團的溢利亦由截至二零零六年十二月三十一日止年度約人民幣60,290,000元增加至截至二零零七年十二月三十一日止年度約人民幣291,600,000元，增長約383.7%。截至二零零七年十二月三十一日止年度的溢利顯著增加，主要由於確認出售租賃預付款的一次性收益（扣除營業稅、土地增值稅及附加費）約人民幣172,860,000元所致。倘撇除出售租賃預付款的收益（扣除營業稅、土地增值稅及附加費），則截至二零零七年十二月三十一日止年度的溢利較截至二零零六年十二月三十一日止年度增加約97.0%。



FUTURE PLAN

Our aggregate annual design production capacity of aluminium profiles at our Group's production plant located at Chancheng District, Foshan City, Guangdong Province, the People's Republic of China ("PRC") ("Chancheng Factory") and our Group's production plant located at Sanshui District, Foshan City, Guangdong Province, the PRC ("Sanshui Factory") was approximately 113,400 tonnes as at 31 December 2007. The relocation of production operation from the Chancheng Factory to the Sanshui Factory will begin in May 2008. Up to September 2007, five smelters and eight extruders in the Sanshui Factory were installed and currently in parallel run. Our Directors expect the entire relocation process will be completed in December 2009. Upon integration of production facilities originally located at the Chancheng Factory and new production facilities to be acquired until June 2010, the Sanshui Factory will have an annual designed production capacity of aluminium profiles of approximately 150,000 tonnes in 2010.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to thank every member of my Board, management and staff for contributing the success of our Group. Also, I wish to express my appreciation to our customers and business partners for their continuing support. We will remain committed to continuing the success of our Company while seeking to generate greater returns for our shareholders.

Luo Su, *Chairman*
Hong Kong, 21 April 2008

未來計劃

於二零零七年十二月三十一日，本集團位於中華人民共和國（「中國」）廣東省佛山市禪城區的廠房（「禪城廠房」）及本集團位於中國廣東省佛山市三水區的廠房（「三水廠房」）的鋁型材總設計年產約為113,400噸。生產業務將自二零零八年五月起由禪城廠房遷往三水廠房。直至二零零七年九月，三水廠房設有五個熔爐及八部擠壓機，現時並行運作。本集團董事預期整個搬遷過程將於二零零九年十二月完成。待本來位於禪城廠房的生產設備整合及將於二零一零年六月前購入全新的生產設備後，禪城廠房於二零一零年的鋁型材總設計年產將約為150,000噸。



致謝

本人謹藉此機會代表董事會衷心感激本集團董事會各位成員、管理層及員工對本集團的成就所作出的貢獻。本人亦謹此對本集團的客戶及營業夥伴一直以來的支持表示謝意。本集團將繼續致力延續本公司的成功，為本集團股東尋求最大回報。

主席，羅蘇
香港，二零零八年四月二十一日

TURNOVER

We are one of the leading aluminium profiles manufacturers in the PRC and are principally engaged in the manufacture and sale of aluminium profiles.

Our turnover increased by approximately 15.4% from approximately RMB1,861.24 million for the year ended 31 December 2006 to approximately RMB2,148.67 million for the year ended 31 December 2007. The increase in our turnover during the year was mainly attributable to the increase in our total sales volume by approximately 16.4% from 76,702 tonnes in 2006 to 89,295 tonnes in 2007.

In particular, our sales volume of plain aluminium profiles increased by approximately 21.7% from 28,495 tonnes for the year ended 31 December 2006 to 34,690 tonnes for the year ended 31 December 2007 as a result of the increased customers demand for aluminium profiles used on transportation equipment industry during the year.

收入

本集團是中國的領先鋁型材製造商之一，主要從事製造及銷售鋁型材業務。

本集團收入由截至二零零六年十二月三十一日止年度約人民幣1,861,240,000元上升約15.4%至截至二零零七年十二月三十一日止年度約人民幣2,148,670,000元。年內收入的增長主要是由於本集團的總銷量由二零零六年的76,702噸增加約16.4%至二零零七年的89,295噸。

具體而言，本集團的光身鋁型材銷量由截至二零零六年十二月三十一日止年度的28,495噸增加約21.7%至截至二零零七年十二月三十一日止年度的34,690噸，是由於年內客戶對運輸設備業所用鋁型材的需求增加。



The following table sets forth our turnover and its percentage of turnover by product category for the years ended 31 December 2006 and 2007:

下表載列截至二零零六年及二零零七年十二月三十一日止年度按產品種類劃分的收入及所佔收入比例：

		2007 二零零七年		2006 二零零六年	
		RMB'000 人民幣千元	%	RMB'000 人民幣千元	%
Manufacture and sale of aluminium profiles — aluminium profiles with surface finishing — plain aluminium profiles	生產及銷售鋁型材 — 經表面處理的鋁型材	1,300,069	60.5	1,183,565	63.6
	— 光身鋁型材	739,262	34.4	624,056	33.5
		2,039,331	94.9	1,807,621	97.1
Others (Note)	其他 (附註)	109,343	5.1	53,623	2.9
Total	合計	2,148,674	100.0	1,861,244	100.0

Note: Our Group's other turnover represented turnover generated from the manufacture and sale of aluminium panels, moulds and spare parts and the provision of processing services.

附註：本集團其他收入指生產及銷售鋁板、模具及零部件，以及提供加工服務的收入。



Management Discussion and Analysis 管理層討論及分析

Our Group's turnover by geographical segments during the years ended 31 December 2006 and 2007 are as follows:

下表呈列本集團於截至二零零六年及二零零七年十二月三十一日止年度按地域劃分的收入：

		2007 二零零七年		2006 二零零六年	
		RMB'000 人民幣千元	% %	RMB'000 人民幣千元	% %
The PRC	中國	1,962,703	91.3	1,599,121	85.9
North America	北美	40,387	1.9	57,395	3.1
Europe	歐洲	24,098	1.1	60,107	3.2
Hong Kong	香港	60,381	2.8	43,650	2.3
Asia Pacific (other than the PRC and Hong Kong)	亞太地區 (中國及香港除外)	50,334	2.3	84,653	4.6
Others	其他	10,771	0.6	16,318	0.9
Total	總計	2,148,674	100.0	1,861,244	100.0

For the years ended 31 December 2006 and 2007, domestic sales in the PRC in aggregate accounted for approximately 85.9% and 91.3% of our Group's turnover respectively.

截至二零零六年及二零零七年十二月三十一日止年度各年，中國國內銷售總額分別佔本集團收入約85.9%及91.3%。

Our Group also exports directly to the United States, Europe and other Asian countries. For the years ended 31 December 2006 and 2007, nondomestic sales in aggregate accounted for approximately 14.1% and 8.7% of our Group's turnover respectively.

本集團產品亦直接出口至美國、歐洲及其他亞洲國家。截至二零零六年及二零零七年十二月三十一日止年度各年，非內銷總額佔本集團收入分別約14.1%及8.7%。



The following table sets forth the sales volume and average selling prices of our principal products during the years ended 31 December 2006 and 2007:

下表載列於截至二零零六年及二零零七年十二月三十一日止年度內本集團主要產品的銷量及平均售價：

		2007 二零零七年	2006 二零零六年
Aluminium profiles with surface finishing	經表面處理的鋁型材		
Revenue (RMB'000)	收入 (人民幣千元)	1,300,069	1,183,565
Quantity (tonnes)	數量 (噸)	54,605	48,207
Average selling price per tonne (RMB)	每噸平均售價 (人民幣元)	23,809	24,552
Plain aluminium profiles	光身鋁型材		
Revenue (RMB'000)	收入 (人民幣千元)	739,262	624,056
Quantity (tonnes)	數量 (噸)	34,690	28,495
Average selling price per tonne (RMB)	每噸平均售價 (人民幣元)	21,311	21,901
Total	總計		
Revenue (RMB'000)	收入 (人民幣千元)	2,039,331	1,807,621
Quantity (tonnes)	數量 (噸)	89,295	76,702
Average selling price per tonne (RMB)	每噸平均售價 (人民幣元)	22,838	23,567



COST OF SALES

Our cost of sales increased by approximately 13.0% from approximately RMB1,724.74 million for the year ended 31 December 2006 to approximately RMB1,949.50 million for the year ended 31 December 2007. The increase in the cost of sales was primarily due to the increase in the purchase of aluminium ingots to meet the production needs.

GROSS PROFIT AND GROSS PROFIT MARGIN

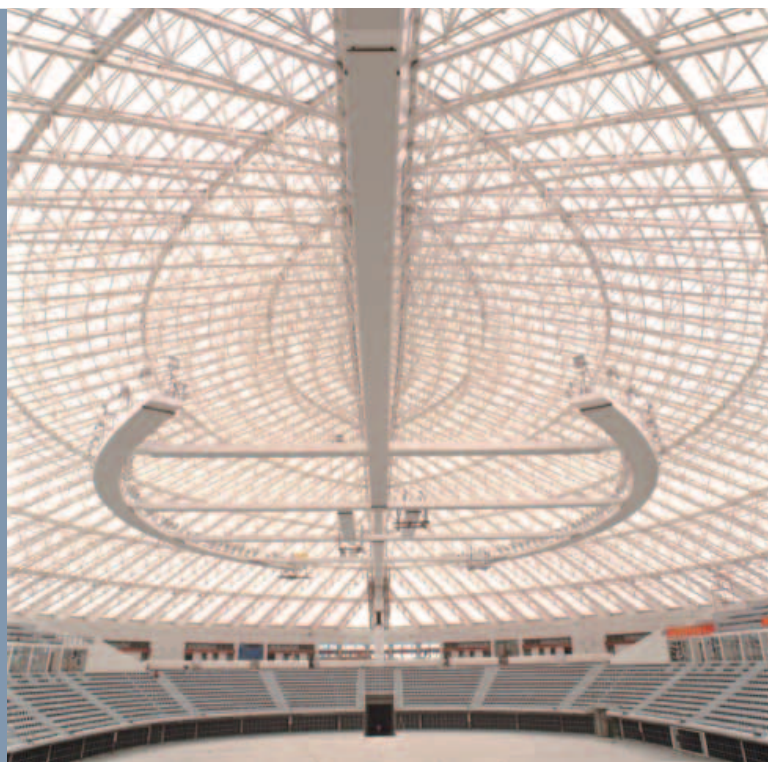
As a result of the factors mentioned in the sub-paragraphs headed “Turnover” and “Cost of sales” above, our gross profit increased by approximately 45.9% from approximately RMB136.50 million for the year ended 31 December 2006 to approximately RMB199.18 million for the year ended 31 December 2007, while our gross profit margin increased significantly from approximately 7.3% to approximately 9.3% during the two years ended 31 December 2006 and 2007.

銷售成本

本集團銷售成本由截至二零零六年十二月三十一日止年度約人民幣1,724,740,000元上升約13.0%至截至二零零七年十二月三十一日止年度約人民幣1,949,500,000元。銷售成本上升主要是由於為應付生產需求而增加鋁錠採購量。

毛利與毛利率

基於上文「收入」及「銷售成本」分段所述的因素，本集團毛利由截至二零零六年十二月三十一日止年度約人民幣136,500,000元上升約45.9%至截至二零零七年十二月三十一日止年度約人民幣199,180,000元，而於截至二零零六年及二零零七年十二月三十一日止兩個年度，本集團毛利率由約7.3%大幅上升至約9.3%。



The following table sets forth the gross profit margin of our aluminium profiles:

下表載列本集團鋁型材的毛利率：

	2007 二零零七年	2006 二零零六年
Aluminium profiles with surface finishing 經表面處理鋁型材	8.9%	6.1%
Plain aluminium profiles 光身鋁型材	10.9%	8.4%

The improvement in overall gross profit margin was mainly attributable to the following factors:

整體毛利率提高主要是由於下列因素：

1. After the technical modification of our production lines in 2006, the equipment utilisation rate was further improved from approximately 79.6% for the year ended 31 December 2006 to approximately 80.7% for the year ended 31 December 2007. A better production economy of scale was then achieved.

1. 本集團的生產線經二零零六年技術提升後，設備使用率由截至二零零六年十二月三十一日止年度約79.6%進一步增至截至二零零七年十二月三十一日止年度約80.7%，獲得更大規模經濟效益。



2. At the same time, we have enhanced our production technology so as to reduce wastage during the production stage by streamlining each of the individual processes.
 3. The slight change in our Group's product mix as a result of the increase in the sale volume of plain aluminium profiles which has a higher gross profit margin than aluminium profiles with surface finishing. The percentage of turnover of plain aluminium profiles to our Group's total turnover has increased from approximately 33.5% to 34.4% during the year under review.
2. 同時，本集團簡化各個別生產工序，提升生產技術，減少生產階段時產生的廢物。
 3. 由於毛利率較經表面處理鋁型材為高的光身鋁型材銷量增加，本集團略為調整產品組合。回顧年度內，光身鋁型材收入佔本集團總收入的百分比由約33.5%升至34.4%。

OTHER NET INCOME

Other net income increased from approximately RMB5.91 million for the year ended 31 December 2006 to an income of approximately RMB182.17 million for the year ended 31 December 2007. The increase was primarily due to the fact that our Group recognized a one-off gain on disposal of lease prepayments of approximately RMB174.94 million, net of business tax and surcharges for the year ended 31 December 2007.

DISTRIBUTION EXPENSES

Our distribution expenses increased by approximately 51.9% from approximately RMB21.42 million for the year ended 31 December 2006 to approximately RMB32.53 million for the year ended 31 December 2007. Our distribution expenses as a percentage of turnover increased from approximately 1.2% for the year ended 31 December 2006 to approximately 1.5% for the year ended 31 December 2007. The increase in distribution expenses was mainly attributable to the combined effects of (i) the increase in sales incentives to our staff by approximately 50.4% or RMB0.88 million; (ii) the increase in agency fee to our distributors by approximately 50.0% or RMB0.45 million; (iii) the increase in advertising expenses by approximately 150.5% or RMB4.07 million as a result of launch of several advertising campaign for the year ended 31 December 2007 to boost sales; and (iv) the increase in transportation fee by approximately 39.2% or RMB5.08 million.

其他收入淨額

其他收入淨額由截至二零零六年十二月三十一日止年度約人民幣5,910,000元增至截至二零零七年十二月三十一日止年度收入約人民幣182,170,000元。增加主要是由於截至二零零七年十二月三十一日止年度本集團確認扣除營業稅及附加費後的出售預付租金一次性收益約人民幣174,940,000元。

分銷開支

本集團分銷開支由截至二零零六年十二月三十一日止年度約人民幣21,420,000元上升約51.9%至截至二零零七年十二月三十一日止年度約人民幣32,530,000元。本集團分銷開支分佔收入的百分比由截至二零零六年十二月三十一日止年度約1.2%增加至截至二零零七年十二月三十一日止年度約1.5%，主要是由於(i)給予員工的銷售獎勵增加約50.4%或人民幣880,000元；(ii)給予分銷商的代理費增加約50.0%或人民幣450,000元；(iii)截至二零零七年十二月三十一日止年度，為提高銷售額而推出多個廣告活動使廣告開支增加約150.5%或人民幣4,070,000元；及(iv)運輸費用增加約39.2%或人民幣5,080,000元所致。

ADMINISTRATIVE EXPENSES

Our administrative expenses decreased by approximately 7.6% from approximately RMB32.29 million for the year ended 31 December 2006 to RMB29.85 million for the year ended 31 December 2007. This decrease in administrative expenses was mainly attributable to the decrease in (i) depreciation charge of approximately RMB1.59 million; and (ii) repairs and maintenance of approximately RMB1.17 million. Therefore, our administrative expenses as a percentage of turnover decreased from approximately 1.7% for the year ended 31 December 2006 to approximately 1.4% for the year ended 31 December 2007 after the adoption of cost saving measures.

RESULTS FROM OPERATING ACTIVITIES

As a result of the factors discussed above, the results from operating activities increased by approximately 259.6% from approximately RMB88.70 million for the year ended 31 December 2006 to approximately RMB318.97 million for the year ended 31 December 2007. The increase in operating profit margin was mainly attributable to the recognition of a one-off gain on disposal of lease prepayments of approximately RMB174.94 million, net of business tax and surcharges.

NET FINANCE COSTS

Net finance costs increased by approximately 24.4% from approximately RMB22.54 million for the year ended 31 December 2006 to approximately RMB28.04 million for the year ended 31 December 2007. The increase in net finance costs was mainly due to the increase in interest expense on bank borrowings to finance working capital and capital expenditures for the expansion of our business during two years of review.

行政開支

本集團行政開支由截至二零零六年十二月三十一日止年度約人民幣32,290,000元減少約7.6%至截至二零零七年十二月三十一日止年度人民幣29,850,000元。行政開支減少主要是由於(i)折舊費用減少約人民幣1,590,000元；及(ii)維修及保養開支減少約人民幣1,170,000元。因此，本公司的行政開支佔收入的百分比由截至二零零六年十二月三十一日止年度約1.7%減少至截至二零零七年十二月三十一日止年度採用節流措施後約1.4%。

經營業績

基於上述因素，經營業績由截至二零零六年十二月三十一日止年度約人民幣88,700,000元增加約259.6%至截至二零零七年十二月三十一日止年度約人民幣318,970,000元。經營利潤增加主要是由於確認扣除營業稅及附加費的出售預付租金一次性收益約人民幣174,940,000元所致。

財務成本淨額

財務成本淨額由截至二零零六年十二月三十一日止年度約人民幣22,540,000元增加約24.4%至截至二零零七年十二月三十一日止年度約人民幣28,040,000元。財務成本淨額增加主要由於在該兩個回顧年度本集團撥充營運資金的銀行借貸利息開支及拓展業務的資本開支增加所致。

INCOME TAX (EXPENSE)/CREDIT

We are not liable to pay any income tax expense for the year ended 31 December 2007 as our principal operating subsidiary, 廣東興發鋁業有限公司(Guangdong Xingfa Aluminium Co., Ltd.) (“Xingfa Aluminium”), is a wholly foreign owned enterprise established in 2006. According to the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises, Xingfa Aluminium, being an enterprise with foreign investment and is entitled to tax concessions whereby the profit for the first two financial years beginning with the first profit-making year is exempted from income tax in the PRC and the profit for each of the subsequent three years is taxed at 50% of the prevailing tax rate set by the local authority. No provision for PRC income tax has been made for the year ended 31 December 2007. However, during the year ended 31 December 2007, a land appreciation tax provision of approximately RMB2.08 million was recognised which was arisen from the disposal of lease prepayments. Overall, we recorded an income tax credit of approximately RMB0.68 million for the year ended 31 December 2007.

The effective tax rate of the Group for the year ended 31 December 2006 was approximately 8.9% whereas no provision for PRC income has been made for the year ended 31 December 2007. Such reduction is mainly attributable to the tax concessions enjoyed by Xingfa Aluminium since its net profit was exempted from income tax in the PRC for its second profit-making year. Further, the gain on disposal of lease prepayments recorded by Xingfa Aluminium for the year ended 31 December 2007 in the PRC was also exempted from income tax in the PRC as mentioned above.

所得稅(開支)/抵免

由於本集團主要營運附屬公司廣東興發鋁業有限公司(「興發鋁業」)為於二零零六年成立的全外資企業,故本集團於截至二零零七年十二月三十一日止年度毋須支付任何所得稅開支。根據中國外商投資企業及外國企業所得稅法,興發鋁業為全外資企業,可獲稅項減免,自首個獲利年度起計兩個財政年度豁免繳納中國所得稅,而其後三年各年之溢利將按地方當局頒佈的適用稅率50%繳納稅項。截至二零零七年十二月三十一日止年度,並無就中國所得稅作出撥備。然而,截至二零零七年十二月三十一日止年度期間,由於出售預付租金而確認土地增值稅撥備約人民幣2,080,000元。整體而言,本集團於截至二零零七年十二月三十一日止年度錄得所得稅抵免約人民幣680,000元。

本集團截至二零零六年十二月三十一日止年度的實際稅率約為8.9%,而截至二零零七年十二月三十一日止年度並無作出任何中國所得稅撥備,實際稅率下跌主要是由於興發鋁業在第二個獲利年度純利獲豁免繳納中國所得稅而享有稅項減免。此外,截至二零零七年十二月三十一日止年度於中國出售興發鋁業的預付租金收益亦如上文所述獲豁免繳納中國所得稅。

PROFIT FOR THE YEAR AND THE NET PROFIT MARGIN

As a result of the foregoing factors, the profit for the year increased significantly by approximately 383.7% from RMB60.29 million for the year ended 31 December 2006 to approximately RMB291.60 million for the year ended 31 December 2007. The increase in the net profit margin from approximately 3.2% to 13.6% during these two years of review was mainly attributable to the recognition of a one-off gain of approximately RMB172.86 million on disposal of lease prepayments in respect of the piece of land with a site area of approximately 138,719 sq.m. owned by Xingfa Aluminium, net of business tax, surcharges and land appreciation tax. Without accounting for the one-off gain of approximately RMB172.86 million, the net profit margin would have increased from approximately 3.2% to 5.5% during the year under review.

ANALYSIS OF FINANCIAL POSITION

Current and quick ratios

The following table sets out the summary of our Group's current and quick ratios as at 31 December 2006 and 2007:

		As at 31 December 2007 於 二零零七年 十二月三十一日	As at 31 December 2006 於 二零零六年 十二月三十一日
Current Ratio (Note)	流動比率 (附註)	1.69	1.08
Quick Ratio (Note)	速動比率 (附註)	1.25	0.90

Note: Current ratio is calculated based on the total current assets divided by the total current liabilities at the end of the year.

Quick ratio is calculated based on the difference between the total current assets and the inventories divided by the total current liabilities at the end of the year.

As at 31 December 2007, the current ratio and the quick ratio of our Group had increased slightly to approximately 1.69 and 1.25, respectively, which was mainly attributable to the combined effects of (i) increase in inventories of approximately RMB66.47 million to cope with the business expansion; (ii) increase in cash and cash equivalents of approximately RMB90.32 million as a result of the

年內溢利及純利率

基於上述因素，年內溢利由截至二零零六年十二月三十一日止年度之人民幣60,290,000元大幅增加約383.7%至截至二零零七年十二月三十一日止年度約人民幣291,600,000元。於該兩個回顧年度純利率由約3.2%上升至13.6%，主要是由於確認扣除營業稅、附加費及土地增值稅後出售興發鋁業地盤面積約138,719平方米土地的預付租金的一次性收益約人民幣172,860,000元所致。不計入一次性收益約人民幣172,860,000元，於回顧年度內，純利率由約3.2%增至5.5%。

財務狀況分析

流動及速動比率

下表載列本集團於二零零六年及二零零七年十二月三十一日的流動及速動比率概要：

	As at 31 December 2007 於 二零零七年 十二月三十一日	As at 31 December 2006 於 二零零六年 十二月三十一日
流動比率 (附註)	1.69	1.08
速動比率 (附註)	1.25	0.90

附註：流動比率以年終的流動資產總值除以流動負債總值計算。

速動比率以年終的流動資產總值與存貨的差額除以流動負債總值計算。

於二零零七年十二月三十一日，本集團的流動比率及速動比率分別微升至約1.69及1.25，主要是由於(i)為應付業務擴充增加存貨約人民幣66,470,000元；(ii)出售預付租金約人民幣208,080,000元所收代價減

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receipt of the consideration with respect to the disposal of lease prepayments of approximately RMB208.08 million less dividend payment of approximately RMB118.96 million in 2007 and (iii) derecognition of loans and borrowings and trade and other payables of approximately RMB212.50 million and approximately RMB324.64 million respectively of Xingfa Group and Xingfa Innovation as a result of Reorganisation of our Group.

Gearing Ratio

The following table sets out the summary of our Group's gearing ratio as at 31 December 2006 and 2007:

	As at 31 December 2007 於 二零零七年 十二月三十一日	As at 31 December 2006 於 二零零六年 十二月三十一日
Gearing Ratio (<i>Note</i>)	35.5%	31.5%

Note: Gearing ratio is calculated based on the loans and borrowings divided by total assets and multiplied by 100%.

As at 31 December 2007, our gearing ratio was increased to approximately 35.5% which was mainly due to the decrease in total assets as a result of derecognition of total assets of approximately RMB707.36 million of Xingfa Group and Xingfa Innovation pursuant to the Reorganisation of our Group.

Inventory Turnover Days

The following table sets out the summary of the Group's inventory turnover days during the two years ended 31 December 2006 and 2007:

	Year ended 31 December 2007 截至二零零七年 十二月三十一日 止年度	Year ended 31 December 2006 截至二零零六年 十二月三十一日 止年度
Inventory Turnover Days (<i>Note</i>)	39	29

Note: Inventory turnover days is calculated based on the average of the beginning and ending inventory balance for the year divided by the total cost of sales during the year multiplied by 365 days.

二零零七年股息分派約人民幣118,960,000元所得現金及現金等價物增加約人民幣90,320,000元；及(iii)因本集團重組而終止確認廣東興發及興發創新的銀行貸款以及交易及其他應付款項分別約人民幣212,500,000元及約人民幣324,640,000元的合併影響所致。

負債資產比率

下表載列本集團於二零零六年及二零零七年十二月三十一日的負債資產比率概要：

	As at 31 December 2007 於 二零零七年 十二月三十一日	As at 31 December 2006 於 二零零六年 十二月三十一日
負債資產比率	35.5%	31.5%

附註： 負債資產比率以銀行貸款除以資產總值再乘以100%計算。

於二零零七年十二月三十一日，主要由於本集團重組而終止確認廣東興發及興發創新的資產總值約人民幣707,360,000元，故本集團資產總值減少，令負債資產比率增至約35.5%。

存貨周轉期

下表載列本集團截至二零零六年及二零零七年十二月三十一日止兩個年度內存貨周轉期概要：

	Year ended 31 December 2007 截至二零零七年 十二月三十一日 止年度	Year ended 31 December 2006 截至二零零六年 十二月三十一日 止年度
存貨周轉期	39	29

附註： 存貨周轉期以年初及年終存貨結餘的平均數除以年內的銷售成本總額再乘以365日計算。

Inventories balance as at the respective years end during the two year ended 31 December 2006 and 2007 represents our raw materials, work in progress and the unsold finished goods.

Our inventory turnover days were approximately 29 and 39 during the two years ended 31 December 2006 and 2007. The increase inventory turnover days from approximately 29 days in 2006 to approximately 39 days in 2007 was due to the increase in inventory of aluminium ingots for production for construction materials to meet with delivery demand for the several significant construction projects such as the Burj Tower Project in Dubai. Despite a deemed appropriation of approximately RMB28.35 million of inventories was made as a result of Reorganisation in 2007, there is no material impact on the analysis of inventory turnover days. Our Group has not made any material provisions for inventory obsolescence during the two years ended 31 December 2006 and 2007. Aluminium ingots, our Group's primary raw material, is not generally susceptible to obsolescence by passage of time. Our Group has not experienced any material shortage of inventory during the two years ended 31 December 2006 and 2007.

Debtors' turnover days

The following table sets out the summary of our Group's debtors' turnover days during the two years ended 31 December 2006 and 2007:

		Year ended 31 December 2007 截至二零零七年 十二月三十一日 止年度	Year ended 31 December 2006 截至二零零六年 十二月三十一日 止年度
Debtors' turnover days (Note)	應收賬款記賬期 (附註)	65	55

Note: Debtors' turnover days is calculated based on the average of the beginning and ending balance of trade and bills receivables for the year divided by turnover during the year multiplied by 365 days.

於截至二零零六年及二零零七年十二月三十一日止兩個年度各年終的存貨結餘為原材料、在製品及未售出製成品。

截至二零零六年及二零零七年十二月三十一日止兩個年度，本集團的存貨周轉期分別約為29日及39日。存貨周轉期由二零零六年約29日增至二零零七年約39日是為應付多個大型建築項目（如杜拜的比斯塔項目）的付運需求而提高用作製造建築材料的鋁錠存貨。於二零零七年，除因重組產生約人民幣28,350,000元的視同分配存貨外，重組對存貨周轉期分析的影響不大。截至二零零六年及二零零七年十二月三十一日止兩個年度，本集團並無為陳舊存貨作任何重大撥備。本集團的主要原材料鋁錠一般不會隨時間流逝而過時。本集團於截至二零零六年及二零零七年十二月三十一日止兩個年度並無遇到任何重大存貨短缺。

應收賬款記賬期

下表載列本集團截至二零零六年及二零零七年十二月三十一日止兩個年度內應收賬款記賬期概要：

	Year ended 31 December 2007 截至二零零七年 十二月三十一日 止年度	Year ended 31 December 2006 截至二零零六年 十二月三十一日 止年度
Debtors' turnover days (Note)	65	55

附註：應收賬款記賬期以年初及年終的交易應收款項及應收票據結餘的平均數除以年內的收入再乘以365日計算。

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Trade receivables balance as at the respective year end during the two years ended 31 December 2006 and 2007 represents the outstanding amounts receivable by us from our customers which have been granted with credit period. Normally, we require our customers to settle our invoices by cash on delivery. The granting of credit to customers is assessed on a case-by-case basis and we may grant credit terms of 30 to 60 days on a rolling basis to our customers with whom we have maintained a longer business relationship.

The debtors' turnover days was increased from approximately 55 days for the year ended 31 December 2006 to approximately 65 days for the year ended 31 December 2007. The increase was mainly attributable to the combined effects of (i) the increase in turnover in the fourth quarter of 2007 by approximately RMB169.52 million or 32.7% as compared to fourth quarter in 2006 which caused an increase in trade receivables from approximately RMB253.43 million to approximately RMB279.99 million as at 31 December 2006 and 31 December 2007 respectively and (ii) more customers utilised bills for settlement as evidenced by the increase in bills receivables by approximately 8.2% from approximately RMB110.96 million at 31 December 2006 to approximately RMB120.05 million at 31 December 2007.

Creditors' turnover days

The following table sets out the summary of our Group's creditors' turnover days during the two years ended 31 December 2006 and 2007:

		Year ended 31 December 2007 截至二零零七年 十二月三十一日 止年度	Year ended 31 December 2006 截至二零零六年 十二月三十一日 止年度
Creditors' turnover days (<i>Note</i>)	應收賬款記賬期 (<i>附註</i>)	53	76

Note: Creditors' turnover days is calculated based on the average of the beginning and ending balance of trade and bills payables for the year divided by the total cost of sales during the year multiplied by 365 days.

於截至二零零六年及二零零七年十二月三十一日止兩個年度各年終的交易應收款項結餘為本集團應收該等獲授信貸期客戶所欠款項。一般而言，本集團要求客戶以貨到付款的方式結算賬單。給予客戶的信貸期按個別情況釐定，本集團或會持續向與本集團有長期業務關係的客戶授出30至60日的信貸期。

應收賬款的記賬期由截至二零零六年十二月三十一日止年度約55日增至截至二零零七年十二月三十一日止年度約65日，增加主要由於(i)二零零七年第四季的收入較二零零六年第四季增加約人民幣169,520,000元(升幅約32.7%)，令交易應收款項由二零零六年十二月三十一日約人民幣253,430,000元增至二零零七年十二月三十一日約人民幣279,990,000元；及(ii)更多客戶選擇以票據結賬二者的合併影響所致。更多客戶選擇以票據結賬的趨勢使應收票據由二零零六年十二月三十一日約人民幣110,960,000元增加約8.2%至二零零七年十二月三十一日約人民幣120,050,000元。

應付賬款記賬期

下表載列本集團截至二零零六年及二零零七年十二月三十一日止兩個年度內應付賬款記賬期概要：

Year ended 31 December 2007 截至二零零七年 十二月三十一日 止年度	Year ended 31 December 2006 截至二零零六年 十二月三十一日 止年度
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附註： 應付賬款記賬期以年初及年終的交易應付款項及應付票據結餘的平均數除以年內的銷售成本總額再乘以365日計算。

Trade payables balance as at the respective year end during the two years ended 31 December 2006 and 2007 represents the outstanding amounts payable by us to our suppliers of raw materials. The credit periods granted by various suppliers generally range from 30 days to 60 days during the two years ended 31 December 2006 and 2007.

Our creditors' turnover days were approximately 76 and 53 during the two years ended 31 December 2006 and 2007, respectively. The creditors' turnover days of 2007 was in line with the credit terms of 30 days to 60 days granted by our Group's suppliers to our Group. Creditor's turnover days decreased gradually over the two years ended 31 December 2006 and 2007. As at 31 December 2006 and 2007, approximately RMB267.20 million and approximately RMB100.20 million of bills payables respectively remained on the balance sheet which were settled after year end date which relevant trade payables decreased accordingly due to such significant bills payables' balances. This led to the decrease in creditor's turnover days from 76 days for year ended 31 December 2006 to approximately 53 days for year ended 31 December 2007. Further, as a result of the Reorganisation, trade and bills payables amounted to approximately RMB244.90 million was de-recognised and retained by our Predecessor Entities (as defined in the prospectus of the Company dated 17 March 2008). This further decreased our creditors' turnover days for the year ended 31 December 2007.

於截至二零零六年及二零零七年十二月三十一日止兩個年度各年終的交易應付款項結餘為本集團應付原材料供應商的欠款。於截至二零零六年及二零零七年十二月三十一日止兩個年度，各供應商給予的信貸期一般介乎30日至60日。

截至二零零六年及二零零七年十二月三十一日止兩個年度，本集團的應付賬款記賬期分別為約76日及53日。二零零七年應付賬款記賬期與供應商授予本集團介乎30日至60日的信貸期一致。於截至二零零六年及二零零七年十二月三十一日止兩個年度內，應付賬款記賬期逐步縮短。於二零零六年及二零零七年十二月三十一日，大額應付票據結餘分別約人民幣267,200,000元及約人民幣100,200,000元（已於年結日後結算）仍然於資產負債表列賬，因而導致相關交易應付款減少，令應付賬款記賬期縮短，由截至二零零六十二月三十一日止年度的76日縮短至截至二零零七年十二月三十一日止年度的53日。此外，重組完成後，交易應付款項及應付票據約人民幣244,900,000元解除確認，並由前身公司保留（誠如本公司於二零零八年三月十七日刊發的招股章程所定義）。有關款項令截至二零零七年十二月三十一日止年度的應付賬款記賬期進一步縮短。

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash flow

The table below summarises the Group's cash flow during the two years ended 31 December 2006 and 31 December 2007:

Net cash used in operating activities	經營業務所耗現金淨額
Net cash generated from investing activities	投資活動所得現金淨額
Net cash generated from financing activities	融資活動所得現金淨額

流動資金、財務資源及資本架構

現金流量

下表概述本集團截至二零零六年十二月三十一日及二零零七年十二月三十一日止兩個年度的現金流量：

	2007 二零零七年 RMB' million 人民幣百萬元	2006 二零零六年 RMB' million 人民幣百萬元
Net cash used in operating activities	(145.62)	(92.49)
Net cash generated from investing activities	213.94	38.93
Net cash generated from financing activities	22.00	49.68

Management Discussion and Analysis 管理層討論及分析

We generally finance our operations through a combination of shareholders' equity, internally generated cash flows and bank borrowings. Following the issuance of new shares in March 2008, we expect to finance our capital expenditure and operating requirements through internally generated cash flows, net proceeds from the issuance of new shares and our cash and cash equivalents. Our Directors believe that on a long-term basis, our liquidity will be funded from operations and, if necessary, additional equity financing or bank borrowings.

Capital expenditures

Capital expenditure was used for acquisition of property, plant and equipment. For the year ended 31 December 2007, the Group's capital expenditure were approximately RMB61.06 million. The significant capital expenditures during the year ended 31 December 2007 were mainly for acquisition of plant and equipment for the Sanshui Factory and payment for lease prepayments.

Borrowing

At the close of business on 31 December 2007, we had total loans and borrowings of approximately RMB377.00 million as set forth below:

		<i>RMB'000</i> 人民幣千元
Unsecured bank loans — current	無抵押銀行貸款—即期	180,000
Secured bank loans — current	有抵押銀行貸款—即期	117,000
Secured bank loans — non-current	有抵押銀行貸款—非即期	80,000
Total	總計	377,000

As of 31 December 2007, our total loans and borrowings amounted to approximately RMB377.00 million. We had banking facilities in the aggregate amount of approximately RMB763.00 million, which consisted of bank loans of approximately RMB377.00 million and issued bills payable and letter of credit of approximately RMB172.08 million and available banking facilities of approximately RMB213.92 million.

本集團一般透過股東權益、內部產生的現金流量及銀行借貸作為營運資金。於二零零八年三月完成發行新股後，本集團預期將透過內部產生的現金流量、發行新股所得款項淨額及現金和現金等價物作為資本開支及營運資金。本公司董事相信，長遠而言本集團的流動資金將來自營運及（如有需要）額外股本融資或銀行借貸。

資本開支

資本開支乃用作收購物業、機器及設備。截至二零零七年十二月三十一日止年度，本集團的資本開支約為人民幣61,060,000元。截至二零零七年十二月三十一日止年度之大額資本開支乃主要作為就三水廠房收購機器及設備以及支付預付租金。

借貸

於二零零七年十二月三十一日營業時間結束時，本集團合共約人民幣377,000,000元的總銀行貸款如下：

於二零零七年十二月三十一日，本集團的銀行貸款總額為約人民幣377,000,000元。本集團共有約人民幣763,000,000元的銀行融資，包括銀行貸款約人民幣377,000,000元、已發行應付票據及信用證約人民幣172,080,000元及可動用銀行融資約人民幣213,920,000元。

Except as disclosed in this annual report, we did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts under acceptances (other than normal trade bills), acceptance credits, hire purchased commitments, mortgages and charges, material contingent liabilities or guarantees outstanding at the close of business on 31 December 2007.

Pledge of assets

Certain assets of the Group have been pledged to secure the bank borrowings of the Group. For details, please refer to notes 19 and 22 in notes to the combined financial statements.

Capital commitment

As at the close of business on 31 December 2007, we had capital commitments contracted but not provided for in respect of acquisition of property, plant and equipment of approximately RMB40.88 million.

Contingent liabilities

As at 31 December 2007, our Group has issued financial guarantees with an aggregate amount of approximately RMB38 million to several banks in respect of certain bank facilities granted to the Predecessor Entities.

Our Group is also covered by a cross guarantee arrangement issued by our Group and the Predecessor Entities to a bank in respect of banking facilities granted to our Group and the Predecessor Entities which remains in force so long as our Group or the Predecessor Entities has drawn down under the banking facilities. Under the guarantee, our Group and the Predecessor Entities that are a party to the guarantee are jointly and severally liable for all and any of the borrowings of each of them from the bank which is the beneficiary of the guarantee.

As at 31 December 2007, our Directors do not consider it probable that a claim will be made against our Group under any of the above guarantees. The maximum liability of our Group at 31 December 2007 under the guarantees issued is the facilities drawn down by the Predecessor Entities of approximately RMB38 million.

除本年報所披露者外，於二零零七年十二月三十一日營業時間結束時，本集團概無任何其他已發行及未償還或已授權或以其他方式增設但未發行之債務證券、有期貸款、其他借貸或屬借貸性質之債務，包括銀行透支及承兌責任（一般交易票據除外）或承兌信貸或租購承擔、按揭及抵押、重大或然負債或擔保。

資產抵押

本集團若干資產已抵押作為本集團銀行借貸的擔保。有關詳情請參閱合併財務報表附註19及22。

資本承擔

於二零零七年十二月三十一日營業時間結束時，本集團就收購物業、機器及設備已訂約但未撥備的資本承擔約人民幣40,880,000元。

或然負債

於二零零七年十二月三十一日，本集團已就前身公司獲授的若干銀行融資向多家銀行作出總額約人民幣38,000,000元的財務擔保。

本集團亦與前身公司就本集團獲授的銀行融資向銀行作出交互擔保，該等擔保於彼等根據銀行融資期支取貸款間一直有效。根據擔保，身為擔保方的本集團及前身公司共同及個別對所有及任何銀行（為擔保的受益人）提供的借貸負責。

於二零零七年十二月三十一日，本公司董事認為，本集團不大可能就上述任何擔保面臨申索。於二零零七年十二月三十一日，本集團根據所作擔保而須承擔的負債上限為前身公司動用的融資約人民幣38,000,000元。

Market Risk

We are, in the normal course of business, exposed to market risk such as foreign currencies risk, interest rate risk, commodity price risk on aluminium, credit risk and liquidity risk. Our risk management strategy aims to minimise the adverse effects of these risks on our financial performance.

Foreign Currency Risk

As the Group's principal activities are carried out in the PRC, the Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the operations in the PRC, RMB, to which they relate. The transactions in foreign currency are primarily denominated in USD. The Group currently does not have a policy to exercise fair value hedges on foreign currency risk as the impact of foreign currency on the Group's total cost of sales are minimal. However, management monitors foreign currency exposure to ensure that the net exposure is kept to an acceptable level and will consider hedging significant transactions should the need arise.

Interest Rate Risk

The Group adopts a policy of ensuring that over 50% of its exposure to changes in interest rates on borrowings is on a fixed rate basis. The Group's loans and borrowings are mainly short-term and on fixed rate basis for the Track Record Period. The interest rates and terms of repayment of the Group's loans and borrowings are disclosed in note 22 in notes to the combined financial statements in this annual report.

市場風險

於一般業務過程中，本集團面對的市場風險包括外匯風險、利率風險、鋁商品價格風險、信貸風險及流動資金風險等。本集團的風險管理策略旨在將該等風險對本集團財務表現的不利影響減至最低。

外幣風險

由於本集團的主要業務在中國進行，故本集團銷售及採購並非以營運所在地功能貨幣人民幣計值，故面臨外匯風險。外匯交易主要以美元列值。由於外匯對本集團總銷售成本的影響輕微，故本集團現時並無利用公平值對沖外幣風險的政策。然而，管理層監控外幣風險，確保淨風險維持在可接受水平，並考慮在需要時對沖重大交易。

利率風險

本集團採取政策確保超過50%之借貸利率變動風險來自固定利率。於營業紀錄期間，本集團銀行貸款主要為短期及具固定利率。本集團銀行貸款之利率及還款期於本年報合併財務報表附註22披露。本集團並無將在收益表按公平值計值的定息金融資產及負債列賬，亦無任何有關二零零六年及二零零七年期間利率的衍生工具。因此，於呈報日期之利率變動不會影響損益表。

Commodity Price Risk on aluminium

Aluminium ingots are the major raw material of the Group's products which account for approximately 80% of total cost of sales in 2006 and 2007. Fluctuations on commodity price of aluminium will have a significant impact on the Group's earnings, cash flows as well as the value of the inventories. The Group uses its future contracts traded on the Shanghai Future Exchange to reduce its risks arising from fluctuations in aluminium price. The Group enters futures based on the inventories on hand, expected usage of aluminium and sales requirements. The Group considers that it is not cost effective to maintain a highly effective hedge on transaction basis. Generally, the Group enters into futures contracts if the sales order of a particular customer exceed 25 tonnes. Given the Group applied its future contracts in the above-mentioned way, however, such application does not meet the definition of hedge accounting under IFRSs. Hence, the Group has not adopt hedge accounting.

The notional contract value and the related terms of the commodity futures contracts of the Group are summarised as below:

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Purchase contracts	採購合約		
Volume (tonne)	數量 (噸)	700	3,220
Market value	市值	12,631	66,633
Notional contract value	合約面值	13,353	63,650
Fair value	公平值	(722)	2,983

鋁商品價格風險

於二零零六年及二零零七年期間，鋁錠為本集團產品的主要原材料，佔總銷售成本約80%。鋁商品價格波動會對本集團的盈利、現金流量及存貨價值有重大影響。本集團在上海期貨交易所買賣期貨合約，降低鋁價格波動的風險。本集團根據手頭存貨、預期鋁用量及銷售要求進行期貨交易。本集團認為，就各項交易進行高效對沖並不符合成本效益。一般而言，本集團與個別客戶訂立的銷售訂單期貨合約超過25噸。雖然本集團採用上述遠期合約，但有關用途不符合國際財務會計準則的對沖會計定義，故本集團並無採用對沖會計。

本集團商品期貨合約的合約面值及相關條款概述如下：

Contract maturity date

合約到期日

		January, February, March and April 2007 二零零七年 一月、二月、三月 及四月 2007 RMB'000 人民幣千元	January, February and March 2008 二零零八年 一月、二月 及三月 2006 RMB'000 人民幣千元
Sales contracts	銷售合約		
Volume (tonne)	數量 (噸)	700	320
Market value	市值	12,631	6,755
Notional contract value	合約面值	13,441	6,254
Fair value	公平值	810	(501)
Contract maturity date	合約到期日	January and February 2007 二零零七年一月 及二月	January, February and March 2008 二零零八年 一月、二月及三月

The market value of futures contracts is based on quoted market price at the balance sheet date. The unrealised holding gains/ (losses) on the futures contracts remeasured at fair value were approximately RMB2,482,000 and RMB88,000 as at 31 December 2006 and 2007 respectively and the changes in the fair value were recognised in the combined income statements.

Pursuant to the Reorganisation, certain derivative financial instruments with an aggregate fair value totalling approximately RMB188,000 were retained by the Predecessor Entities and had been reflected as deemed appropriation to the equity holders of the Company for the year ended 31 December 2007.

期貨合約市值以結算日市場報價計算。於二零零六年及二零零七年十二月三十一日，按公平值重新計量的期貨合約未變現的持有收益/（虧損）分別為約人民幣2,482,000元及人民幣88,000元，而公平值變動於合併收益表中確認。

根據重組，公平值合共約人民幣188,000元之若干衍生金融工具由前身公司保留，並於截至二零零七年十二月三十一日止年度列為視同分配予本公司股權持有人。

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and other receivables.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Approximately 5% to 15% of the Group's revenue is attributable to sales transactions with a single customer for the years ended 31 December 2006 and 2007.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available. Credit limit is established for each customer which represents the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed annually. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis. The Group chases the customers to settle the due balances and monitors the settlement progress on an ongoing basis. The Group has a concentration of credit risk of the total trade and other receivables due from the Group's largest debtor and the five largest debtors as follows:

		2007 二零零七年	2006 二零零六年
Due from	應收以下人士款項		
— largest debtor	— 最大債務人	18%	7%
— five largest debtors	— 五大債務人	52%	28%

信貸風險

信貸風險指倘客戶或金融工具交易方不能履行合約責任而導致本集團財務虧損的風險。有關風險主要來自本集團的應收客戶款項及其他應收款項。

交易及其他應收款項

本集團的信貸風險主要受各客戶的不同情況影響。本集團客戶基礎的統計數據（包括客戶營運行業及國家的違約風險）對信貸風險產生的影響較小。截至二零零六年及二零零七年十二月三十一日止年度，本集團約5%至15%收益來自與單一客戶的銷售交易。

本集團已訂立信貸政策，於提供標準付款及交付條款及條件前，個別分析各新客戶的信貸評級。本集團的審閱包括外部評級（如適用）。各客戶的信貸限額為毋須經董事會批准，但須每年檢討的最高公開數額。不符合本集團信貸標準的客戶可以預付形式與本集團交易。本集團會追討客戶結清到期餘額，並持續監察結算進度。本集團的信貸風險集中，以下為應收本集團最大債務人及五大債務人的交易及其他應收款項總額：

Management Discussion and Analysis 管理層討論及分析

The maximum exposure of credit risk is represented by the carrying amount of each financial asset in the combined balance sheets, including derivative financial instruments. Except for the financial guarantees given by the Group as disclosed in note 27 in notes to the combined financial statements in this annual report, the Group does not provide guarantees which would expose the Group to the credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the respective balance sheet dates is disclosed in note 27 in notes to the combine financial statements in this annual report.

The Group's business is managed on a worldwide basis, but mainly participates in five principal economic environments. The maximum exposure to credit risk for trade receivables and bills receivable on the basis of geographical location of customers are as follows:

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
The PRC	中國	373,213	315,278
Europe	歐洲	13,672	1,346
North America	北美洲	1,710	4,647
Hong Kong	香港	7,206	31,379
Asia Pacific (other than the PRC and Hong Kong)	亞太地區 (不包括中國及香港)	4,240	11,734
Total	總計	400,041	364,384

Normally, the Group does not obtain collateral from customers. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

最大信貸風險為合併資產負債表內各項金融資產之賬面值，包括衍生金融工具。除本年報附註27所披露由本集團提供之財務擔保外，本集團不會就所面臨的信貸風險提供擔保。於各結算日有關該等財務擔保所面臨的最大信貸風險於本年報合併財務報表附註內附註27披露。

本集團業務遍及世界各地，惟主要在五個主要經濟環境營運。按客戶所在地區分析的交易應收款項及應收票據所涉最大信貸風險如下：

本集團一般不接受客戶提供的抵押品。本集團就交易及其他應收款項之估計虧損作出減值撥備。該撥備的主要部分為就同類資產組別所產生但尚未識別虧損作出的特定虧損撥備。綜合虧損撥備乃根據同類金融資產過往之付款統計數據釐定。

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Group use activity-based costing to cost its products, which assists it in monitoring cash flow requirements. Typically the Group ensures that it has sufficient cash on demand to meet expected operation expenses for a period of 11 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the lines of credit to mitigate liquidity risk with the maximum banking facilities and amounts utilised at the respective balance sheet dates are as disclosed in note 22 to notes to the financial statements in this annual report.

SUBSEQUENT EVENT

Save as disclosed elsewhere in this announcement, on 31 March 2008, the Company completed its global initial public offering and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited.

流動資金風險

流動資金風險指本集團無法履行到期的財務責任風險。本集團的政策乃定期監察流動資金需求及遵守借貸契約的情況，確保維持充足現金儲備及獲主要財務機構提供足夠信貸資金，以應付短期及長遠的流動資金需求。

本集團採用作業成本法支付產品成本，以便監管現金流量需求。具體而言，本集團確保有足夠現金應付11天的預期營運開支，包括應付融資責任，惟不包括如自然災害等無法合理預計的特殊情況之潛在影響。此外，本集團維持信貸額以減低流動資金風險，於各結算日已動用的銀行信貸及數額上限於合併財務報表附註22披露。

結算日後事項

除本公佈另有披露者外，於二零零八年三月三十一日，本公司完成全球首次公開發售，而其股份已於香港聯合交易所有限公司主板上市。

PROSPECTS

We are one of the leading aluminium profiles manufacturers in the PRC and are principally engaged in the manufacture and sale of aluminium profiles. Our Group was awarded as the “No. 1 of the Top-Ten National Aluminium Profiles Enterprises” by the CNFA in 2003 and such status was confirmed by CNFA in February 2008.

Our aggregate annual design production capacity of aluminium profiles at the Chancheng Factory and the Sanshui Factory was approximately 113,400 tonnes as at 31 December 2007. The relocation of production operation from the Chancheng Factory to the Sanshui Factory will begin in May 2008. Up to September 2007, five smelters and eight extruders in the Sanshui Factory were installed and currently in parallel run. Our Directors expect the entire relocation process will be completed in December 2009. Upon integration of production facilities originally located at the Chancheng Factory and new production facilities to be acquired until June 2010, the Sanshui Factory is expected to have an annual designed production capacity of aluminium profiles of approximately 150,000 tonnes in 2010.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The proceeds from the Company's issue of new shares on the Stock Exchange in March 2008, after deduction of related issuance expenses, amounted to approximately HK\$207.19 million. These net proceeds have been temporarily placed in short-term deposits with licensed banks in Hong Kong as at the date of this report. The Directors intend to apply these net proceeds in the manner as set out in the prospectus of the Company dated 17 March 2008.

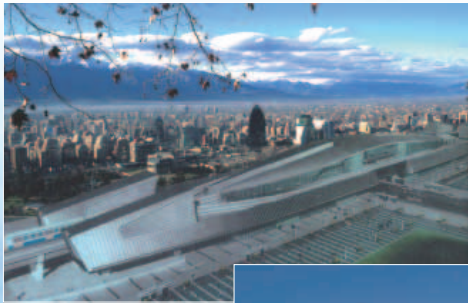
展望

本集團是中國的領先鋁型材製造商之一，主要從事製造及銷售鋁型材業務。本集團於二零零三年獲CNFA評為「中國鋁型材企業十強第一名」，並於二零零八年二月經CNFA再確認該地位。

於二零零七年十二月三十一日，本集團之禪城廠房及三水廠房的鋁型材設計年產能共約為113,400噸。自二零零八年五月起，生產業務將開始由禪城廠房轉往三水廠房。截至二零零七年九月，三水廠房的五個熔爐及八台擠壓機已安裝及投產。禪城廠房及三水廠房現時同時運作。本公司董事預期整個搬遷過程將於二零零九年十二月完成，屆時禪城廠房原有生產設施與將於二零一零年六月前購入的新生產設施結合後，二零一零年三水廠房的鋁型材設計年產能將達約150,000噸。

本公司首次公開發售之所得款項用途

本公司於二零零八年三月於聯交所發行新股份的所得款項（扣除有關發行開支）後約為207,190,000港元。於本報告日期，該等所得款項淨額已暫時於香港持牌銀行存放為短期存款。董事擬以本公司於二零零八年三月十七日刊發的招股章程內所載的方式使用該等所得款項淨額。



DIRECTORS

Executive Directors

Mr. Luo Su (羅蘇), aged 69, is the chairman of the Board, an executive Director and founder of the Group. He has over 18 years of experience in the aluminium profile industry. He is responsible for the overall management, operations, financial aspects, corporate directions and strategies of the Group. Mr. Luo is qualified as an 工業經濟師 (industrial economist) based on his previous experience with Nanhai Xingfa Aluminium Profiles Factory. Mr. Luo was certified as an outstanding entrepreneur of private enterprise by the People's Government of Foshan City in 2003, an outstanding entrepreneur by the China Non Ferrous Metals Industry Association in 2005 and received an outstanding Guangdong patent award for the patent titled 鋁合金扁鑄錠同水平熱頂鑄造裝置 (aluminium alloy flat ingot horizontal heat-top casting device) in 2005. Mr. Luo is a deputy to the 12th Session of the People's Congress of Foshan City for a term of five years from 2003 to 2008. Mr. Luo Su is the father-in-law of Mr. Liao Yuqing, an executive Director.

Mr. Luo Riming (羅日明), aged 51, is an executive Director and chief executive officer of the Company. He is responsible for the procurement and utilisation of equipment and infrastructure for the business of the Group. Mr. Luo is also responsible for the procurement of raw materials and the assessment and selection of suitable suppliers. He has over 15 years of experience in the aluminium profile industry. Mr. Luo joined the Group since the establishment of the Group in 1980s. Prior to joining the Group, Mr. Luo has worked at Nanhai Hardware Factory (township enterprise), Nanhai Power Supply Bureau, Nanzhuang Electric Appliance and Furniture Factory, Guangdong Xingfa Aluminium Profiles Factory and Xingfa Group. Mr. Luo obtained a bachelor's degree in economic management by the Guangdong Radio & TV University in 1998.

Mr. Liao Yuqing (廖玉慶), aged 39, is an executive Director. He is also the supervisor of the sales and marketing department in charge of the sales and marketing activities of the Group and is responsible for the planning, development, implementation and evaluation of the marketing strategies of the Group. Mr. Liao

董事

執行董事

羅蘇先生，69歲，本公司主席、執行董事兼本集團創辦人，擁有逾18年鋁型材行業經驗，負責本集團的整體管理、營運、財務事宜，制定公司宗旨及策略。羅先生曾任職南海興發鋁型材廠，獲頒工業經濟師資格，於二零零三年獲佛山市人民政府評為傑出私營企業家，於二零零五年獲中國有色金屬工業協會評為傑出企業家，其鋁合金扁鑄錠同水平熱頂鑄造裝置專利於二零零五年獲得廣東省傑出專利獎。羅先生於二零零三年至二零零八年五年間擔任佛山市第十二屆人大代表。羅蘇先生為執行董事廖玉慶先生的岳父。

羅日明先生，51歲，本公司執行董事兼行政總裁，負責本集團業務的設備及基礎設施採購及使用，亦負責採購原材料及評審並選定合適供應商，擁有逾15年鋁型材行業經驗。羅先生於二十世紀八十年代本集團成立時加入本集團之前曾於南莊五金廠、南海供電局、南莊電器家具廠、廣東興發鋁業有限公司及廣東興發工作。羅先生於一九九八年獲得廣東廣播電視大學經濟管理學士學位。

廖玉慶先生，39歲，本公司執行董事，兼任銷售及市場推廣部監事，負責銷售及市場推廣活動，並且規劃、開展、執行及檢討本集團的市場推廣策略。廖先生於一九九三年一月加入本集團。加入本集團前廖先

joined the Group in January 1993. Prior to that, Mr. Liao was in the military between 1986 to 1991. Mr. Liao worked at the Agricultural Bank of China Jiujiang Branch from 1991 to 1992. Mr. Liao is the son-in-law of Mr. Luo Su, the chairman of the Group and an executive Director.

Mr. Wang Zhihua (王志華), aged 37, is an executive Director. Mr. Wang is responsible for managing capital for operations, human resources, promotion and advertising schemes for products of the Group. Prior to joining the Group in January 2003, from 1992 to 1997, Mr. Wang worked at Guanglian Industrial Co., Ltd. and the Guangzhou Branch of Huaxia Securities Co., Ltd. Mr. Wang obtained a bachelor's degree in statistics from the Jiangxi University of Finance and Economics in 1992. Mr. Wang was certified as a securities agent for the period from September 2001 to September 2004 by the Securities Association of China.

Independent non-executive Directors

Mr. Chen Mo (陳默), aged 43, is an independent non-executive Director appointed on 29 February 2008. He has been a practising lawyer in the PRC since 1993 and has been a partner of Goldsun Law Firm (國信聯合律師事務所) since 1998. Mr. Chen was admitted as a lawyer by the Department of Justice of Guangdong Province in June 1989 and obtained 三級律師資格 (Third Grade Lawyer) from the Department of Personnel of Guangdong Province in 1999. Mr. Chen graduated from the Political Education Department of South China Normal University (華南師範大學) in 1986. He has been granted the《律師從事證券法律業務資格證書》(Certificate of Engaging in Securities Law Business) jointly by the Ministry of Justice and China Securities Regulatory Commission in 1996, the《律師從事集體科技企業產權界定法律業務資格證書》(Certificate of Engaging in Delimitation of Property Rights of Collective Science and Technology Enterprises) jointly by the Ministry of Justice, the Ministry of Science and Technology of the People's Republic of China and the State-owned Assets Supervision and Administration Commission of the State Council in 1998, and the《上市公司獨立董事培訓結業證》(Certificate of Completion of Training on Independent Directors of Listed Companies) by the China Securities Regulatory Commission and the School of Management of Fudan University jointly in 2001.

生於一九八六年至一九九一年服兵役，於一九九一年至一九九二年任職於中國農業銀行九江分行。廖先生為本集團主席兼執行董事羅蘇先生的女婿。

王志華先生，37歲，本公司執行董事，負責管理本集團的營運資金、人力資源、產品宣傳及廣告策劃。二零零三年一月加入本集團前，王先生自一九九二年至一九九七年於廣聯實業有限公司及華夏証券有限公司廣州分公司工作，於一九九二年獲頒發江西財經大學統計學學士學位，於二零零一年九月至二零零四年九月期間獲中國證券業協會認可證券代理的資格。

獨立非執行董事

陳默先生，43歲，於二零零八年二月二十九日獲委任為本公司獨立非執行董事。陳先生自一九九三年起為中國執業律師，自一九九八年起為國信聯合律師事務所合夥人，一九八九年六月獲委任為廣東省司法廳律師，其後於一九九九年獲得廣東省人事廳三級律師資格。陳先生於一九八六年畢業於華南師範大學政治教育系，於一九九六年獲司法部及中國證券監督管理委員會聯合頒發《律師從事證券法律業務資格證書》，於一九九八年獲司法部、中華人民共和國科學技術部及國務院國有資產監督管理委員會頒發《律師從事集體科技企業產權界定法律業務資格證書》，於二零零一年獲中國證券監督管理委員會及復旦大學管理學院聯合頒發《上市公司獨立董事培訓結業證》。

Directors and Senior Management 董事、高級管理人員及僱員

Mr. Ho, Kwan Yiu (何君堯), aged 45, is an independent non-executive Director appointed on 29 February 2008. Mr. Ho is a senior partner of a Hong Kong law firm where he acts as the head of that firm's litigation and also the principal representative of that firm's Guangzhou office. Mr. Ho was awarded the Postgraduate Certificate in Laws by the University of Hong Kong in 1986 and obtained his Bachelor of Laws degree from the Essex Institute of Higher Education (now known as Anglia Ruskin University) in 1987. Mr. Ho was first admitted as a solicitor in Hong Kong in 1988. He was also admitted as a solicitor in Singapore in 1995, England and Wales in 1997, and has been appointed as a China-appointed attesting officer since early 2006. Mr. Ho has over 20 years of legal practice experience.

On the community services aspect, Mr. Ho currently sits in the Law Society of Hong Kong as its Vice-President and Council Member. Besides, he was nominated as the Chairman of Duty Lawyer Service Council in 2005, Council member of the Duty Lawyer Service Council since 2002 and a member of other various government and advisory boards, such as the Legal Aid Services Council; the Board of Trustees and the Council of Lord Wilson Heritage Trust; the Costs Committee under S74(1)(d) of the Legal Practitioners Ordinance (Cap. 159); the Transport Advisory Committee of the Government of HKSAR. At the same time, Mr. Ho was also appointed as a Council member of Hong Kong Chamber of Commerce in China-Guangdong, an Arbitrator of Wuhan International Arbitration Court. Formerly, he served as a Co-opted Councillor of Heung Yee Kuk, the New Territories; a director, 3rd vice-chairman and chairman of the Board of Directors of Yan Oi Tong for the years 1993/1994, 1994/1995, 1995/1996 respectively.

Mr. Lam, Ying Hung Andy (林英鴻), aged 43, is an independent non-executive Director appointed on 29 February 2008. He is an associate member of various professional organisations, namely The Institute of Chartered Secretaries and Administrators, The Hong Kong Institute of Company Secretaries and The Hong Kong Institute of Bankers. Mr. Lam is also a fellow member of The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He obtained his master's degree in professional accounting from The Hong Kong Polytechnic University. Mr. Lam has over 20 years of experience in the accounting, banking and finance sectors and

何君堯先生，45歲，於二零零八年二月二十九日獲委任為獨立非執行董事。何先生是一間香港律師事務所的高級合夥人兼訴訟事務主管，亦為該行廣州辦事處首席代表。何先生於一九八六年取得香港大學法律研究生文憑，於一九八七年在Essex Institute of Higher Education (現稱安格利亞魯斯金大學)取得法律學士學位。何先生於一九八八年取得香港事務律師資格，於一九九五年取得新加坡事務律師，再於一九九七年取得英格蘭及威爾斯事務律師資格，自二零零六年初獲委任為中國委託公證人，擁有逾20年法律服務經驗。

在社會服務方面，何先生現為香港律師會副會長和理事。此外，何先生於二零零五年擔任當值律師服務理事會主席，自二零零二年擔任當值律師服務理事會成員，亦是多個政府部門及顧問機構的成員，包括法律援助服務局、衛奕信勳爵文物信託受託人委員會及香港特別行政區政府交通諮詢委員會。同時，何先生亦為中國香港（地區）商會－廣東理事局常務理事和武漢仲裁委員會國際仲裁院仲裁員。過往，何先生曾任法律執業者條例第159章第S74(1)(d)條之事務費委員會及新界鄉議局議會議員，於一九九三年至一九九四年、一九九四年至一九九五年及一九九五年至一九九六年間分別擔任仁愛堂董事局董事、第三屆副主席及主席。

林英鴻先生，43歲，於二零零八年二月二十九日獲委任為本公司獨立非執行董事。林先生為多家專業機構的會員，包括英國特許秘書及行政人員公會、香港公司秘書公會及香港銀行學會，亦是英國特許公認會計師公會及香港會計師公會資深會員。林先生在香港理工大學取得專業會計碩士學位，擁有逾20年會計、銀行和金融行業經驗，目前在私人空運貨物兼運輸公司偉程物流有限公司擔任總經理。林先生於二零零四年擔任騰龍青年商會會長，該商

currently is working as the General Manager of Viking Logistics Limited, a private company which is an airfreight operator and transportation company. Mr. Lam was also the president of Dragon Junior Chamber, a local chamber affiliated with Junior Chamber International Hong Kong in 2004 and was elected as the national vice president of the Junior Chamber International Hong Kong in 2005. From October 2004 to November 2005, Mr. Lam was an independent non-executive director and a member of the audit committee of Innovis Holdings Limited (now known as Sino Haijing Holdings Limited), the shares of which are listed on the Growth Enterprise Market of the Stock Exchange.

SENIOR MANAGEMENT

Mr. Wong Siu Ki (黃兆麒), aged 31, is the chief financial officer and company secretary of the Company. Mr. Wong joined the Group in August 2007. He is responsible for overall financial planning, financial reporting, budgeting and implementing the Group's business strategies. Prior to joining the Group, Mr. Wong worked in two international accounting firms from 1997 to 2003. Subsequently, between 2004 to 2007, Mr. Wong was appointed as the Finance Director (designate) cum Company Secretary to a company listed on the main board of the Stock Exchange of Singapore. Mr. Wong holds a bachelor's degree in Accountancy with First class honours from The Hong Kong Polytechnic University. Mr. Wong is a fellow member with The Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales.

Mr. Liu Yuntang (劉允棠), aged 39, is the deputy general manager of the Company and is responsible for production management of the Group. Mr. Liu joined Guangdong Xingfa Aluminium Profiles Factory in 1993. Prior to joining the Group in October 1993, Mr. Liu worked at Nanhai Guangdong Cable Factory Co., Ltd. from 1991 to 1993. Mr. Liu was granted a bachelor's degree in engineering by the Guangdong Mechanics Institute in 1991. He was certified as assistant engineer in 1993 by the Nanhai City Science Technology Committee and certified as engineer in 2001 by the Foshan City Human Resources Bureau.

會是國際青年商會香港總會的地方分支機構，並於二零零五年獲選為國際青年商會香港總會副會長。自二零零四年十月至二零零五年十一月，林先生為華智控股有限公司（現稱中國海景控股有限公司）獨立非執行董事及審核委員會成員，該公司股份於聯交所創業板上市。

高級管理人員

黃兆麒先生，31歲，財務總監兼公司秘書。黃先生於二零零七年八月加入本集團，全面負責財務策劃、財務申報、制定預算及執行本集團業務策略。加入本集團前，黃先生自一九九七年至二零零三年間先後在兩間國際會計師行工作，其後於二零零四年至二零零七年獲一家於新加坡交易所主板上市的公司委任為財務總監兼公司秘書。黃先生持有香港理工大學會計學學士（一級榮譽）學位，並為英國特許公認會計師公會資深會員、香港會計師公會會員及英格蘭及威爾斯特許會計師公會會員。

劉允棠先生，39歲，本公司副總經理，負責本集團的生產管理。劉先生於一九九三年加入廣東興發鋁業有限公司。於一九九三年十月加入本集團前，劉先生於一九九一年至一九九三年任職於南海廣東電纜廠。劉先生於一九九一年獲廣東機械學院學士學位。劉先生於一九九三年出任南海市科學技術委員會助理工程師，於二零零一年出任佛山市人力資源局工程師。

Directors and Senior Management 董事、高級管理人員及僱員

Mr. Wu Xikun (吳錫坤), aged 36, is the deputy general manager for technology and deputy chief engineer of the Company. Mr. Wu heads the research and development department and is responsible for the Group's production technology systems, development of new products branding. When Mr. Wu first joined the Group in July 1994, he worked at Guangdong Xingfa Aluminium Profiles Factory where he was a technician of the quality control section. Mr. Wu was granted a bachelor's degree in material science and engineering from the Guangdong University of Technology in 1994. Mr. Wu was nominated for the Top 10 Outstanding Youth of Foshan City in 2006.

Mr. Du Jinhong (杜錦洪), aged 52, is the deputy general manager of the Company and chief financial officer of Xingfa Aluminium and is responsible for all financial and accounting matters of Xingfa Aluminium. Prior to joining the Group in 1999, Mr. Du was the director (designate) of the finance department and chief financial officer of Xingfa Group from 1999 to 2005. From 1992 to 1999, Mr. Du worked at Nanhai Hengxing Architectural Ceramics Factory (1992 to 1993) and Nanzhuang Town Economy Development Head Office (1993 to 1999). He was certified as assistant accountant by the Nanhai City Science Technology Committee in 1993. Mr. Du holds a diploma in economics management granted by the Guangdong Administrative University in 1997.

吳錫坤先生，36歲，本公司技術部副總經理兼副總工程師。吳先生為研發部總監，負責本集團的生產技術系統及開發新產品品牌。於一九九四年七月首次加入本集團時，吳先生為廣東興發鋁業有限公司的質量監控部技術人員。吳先生於一九九四年獲廣東工業大學頒發材料科學與工程學士學位，於二零零六年獲選為佛山市十大傑出青年。

杜錦洪先生，52歲，興發鋁業副總經理兼財務總監，負責處理一切財務及會計事務。於一九九九年加入本集團前，杜先生於一九九九年至二零零五年擔任為廣東興發的財務部主管兼財務總監。自一九九二年至一九九九年，杜先生先後任職於南海市恒興建築陶瓷廠（一九九二年至一九九三年）及南莊鎮經濟發展總公司（一九九三年至一九九九年）。杜先生於一九九三年獲南海市科學技術委員會評為助理會計師，於一九九七年獲廣東行政學院頒發經濟管理文憑。

The directors (“**Directors**”) of Xingfa Aluminium Holdings Limited (the “**Company**”) present their first report together with the audited combined financial statements of the Company and its subsidiaries (collected referred to as the “**Group**”), for the year ended 31 December 2007.

GROUP REORGANISATION AND INITIAL PUBLIC OFFERING

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 13 September 2007 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Company became the holding company of the companies now comprising the Group on 29 February 2008 (the “**Group Reorganisation**”). Further details of the Group are set out in the prospectus of the Company dated 17 March 2008 (the “**Prospectus**”) and in note 1 in notes to the combined financial statements.

On 31 March 2008 (“**Listing Date**”), the shares of the Company (“**Shares**”) successfully commenced dealings on the Main Board of the Stock Exchange by offering initially 125,400,000 Shares (comprising 106,590,000 new Shares and 18,810,000 sale Shares) at a final offer price of HK\$2.28 per Share.

興發鋁業控股有限公司(「**本公司**」)董事(「**董事**」)呈報其首份報告，連同本公司及其附屬公司(統稱「**本集團**」)截至二零零七年十二月三十一日止年度的經審核合併財務報表。

集團重組及首次公開發售

本公司乃於二零零七年九月十三日根據開曼群島公司法第22章(一九六一年法例3，經綜合及修訂)於開曼群島註冊成立為獲豁免有限公司。根據重組計劃整頓本集團架構以籌備本公司股份於香港聯合交易所有限公司(「**聯交所**」)上市，本公司已於二零零八年二月二十九日成為本集團旗下公司的控股公司(「**集團重組**」)。本集團的進一步詳情載於本公司於二零零八年三月十七日刊發的售股章程(「**售股章程**」)及合併財務報表附註的附註1。

於二零零八年三月三十一日(「**上市日期**」)，本公司股份(「**股份**」)成功透過按最終發售價每股股份2.28港元首次發售125,400,000股股份(包括106,590,000股新股份及18,810,000股銷售股份)於聯交所主板上市。

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of other members of the Group are set out in note 1 in notes to the combined financial statements.

There were no significant changes in the nature of the Group's principal activities during the year under review.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2007 are set out in the combined income statement on page 69 of the annual report.

DIVIDENDS

Pursuant to the resolutions passed at the board of Directors' meetings on 13 December 2007 and 24 December 2007, interim dividends at an aggregate amount of RMB118,961,000 were declared by Xingfa Aluminium Pte. Ltd. (being the intermediate holding company of the Group) to its then shareholders. The amounts declared were fully paid in December 2007.

Except for the above, no dividends have been declared and paid by the companies now comprising the Group and the Predecessor Entities during the year or from the period after 31 December 2007 to the date of issue of the combined financial statements.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past three years is set out on page 184.

LOANS AND BORROWINGS

Details of the Group's loans and borrowings at the balance sheet date are set out in note 22 in notes to the combined financial statements.

主要業務

本公司的主要業務為投資控股。本集團其他成員公司的主要業務詳情載於合併財務報表附註的附註1。

於回顧年度內，本集團的主要業務性質並無重大變動。

業績及分配

本集團截止二零零七年十二月三十一日止年度的業績載於年報第69頁合併收益表。

股息

根據於二零零七年十二月三十一日及二零零七年十二月二十四日舉行的董事會會議上通過的決議案，Xingfa Aluminium Pte. Ltd. (即本集團的中介控股公司)向其當時的股東宣派中期股息總額人民幣118,961,000元。該款項已於二零零七年十二月全數支付。

除上述者外，於二零零七年十二月三十一日後至合併財務報表刊發日期止期間，現有本集團旗下公司及前身公司概無宣派及派付任何股息。

財務概要

本集團於過往三年的業績、資產及負債概要載於第184頁。

銀行貸款

本集團於結算日的銀行貸款詳情載於合併財務報表附註的附註22。

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Details of movements in the property, plant and equipment, and investment property of the Group during the year are set out in notes 12 and 13 in notes to the combined financial statements, respectively.

SHARE CAPITAL

Details of the Company's paid-in capital for the year ended 31 December 2007 are set out in note 24 in notes to the combined financial statements.

SHARE OPTION SCHEME

The Company adopted a share option scheme ("Scheme") on 29 February 2008. The purpose of the Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

Participants under the Scheme include directors and employees of the Group or any entity ("**Invested Entity**") in which the Group holds an equity interest; any suppliers, customers, advisers or consultants of the Group or any Invested Entity; any persons or entities that provide research development or other technological support to the Group or any Invested Entity; any holders of securities issued by any member of the Group or any Invested Entity; and any other groups or classes of participants whom the Board considers have contributed or will contribute to the Group.

The principal terms of the Scheme are summarised as follows:

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Group must not exceed 41,800,000 Shares, being 10% of Shares in issue on the date of listing of the Shares on the Stock Exchange unless approval of the shareholders of the Company ("**Shareholders**") has been obtained, and which must not in aggregate exceed 30% of the Shares in issue from time to time.

No share option was granted by the Company since its adoption. As at the date of this report, the total number of Shares available

物業、機器及設備以及投資物業

本集團於年內的物業、機器及設備以及投資物業的變動詳情分別載於合併財務報表附註的附註12及13。

股本及購股權

本公司截至二零零七年十二月三十一日止年度的實收股本詳情載於合併財務報表附註的附註24。

購股權計劃

購股權計劃本公司於二零零八年二月二十九日採納一項構股權計劃(「該計劃」)。該計劃旨在讓本集團向獲挑選參與者授出購股權作為彼等對本集團貢獻的鼓勵或獎勵。

計劃的參與者包括本集團或本集團持有股權的任何實體的董事及僱員(「**投資實體**」)；本集團或任何投資實體的任何供應商、客戶、顧問或諮詢人；向本集團或任何投資實體提供研發或其他科技支援的人士或實體；本集團任何成員公司或任何投資實體所發行證券的任何持有人；及任何董事會認為對本集團已/將作出貢獻的其他組別或類別的參與者。

該計劃的主要條款概述如下：

根據該計劃及本集團任何其他計劃將予授出的所有購股權獲行使而可予發行的最高股份數目不得超過41,800,000股股份，即股份於聯交所上市日期已發行股份的10%，除非已取得本公司股東(「**股東**」)批准，而在該情況下亦不得超過不時已發行股份的30%。

自採納起，本公司並無授出購股權。於本報告日期，根據該計劃可供發行的股份總

for issue under the Scheme is 41,800,000 Shares, which represents 10% of the issued Shares as at the date of listing of the Shares on the Stock Exchange.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each eligible participant (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the issued Shares from time to time.

The subscription price for the Shares under the Scheme shall be such price as the board of Directors (“Board”) may in its absolute discretion determine at the time of grant of the option but the subscription price shall not be less than the highest of (i) the closing price of a Share as stated in the Stock Exchange’s daily quotation sheets on the date of the Board approving the grant of an option, which must be a business day (“Offer Date”); (ii) the average closing price of a Share as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share.

An option may be exercised in whole or in part in accordance with the terms of the Scheme at any time during the period commencing immediately after the business day on which the option is deemed to be granted and accepted in accordance with the Scheme (“Commencement Date”) and expiring on such date of the expiry of the option as the Board may in its absolute discretion determine and which shall not exceed ten years from the Commencement Date but subject to the provisions for early termination thereof as set out in the Scheme.

Upon acceptance of the grant of an option, the grantee shall pay HK\$1.00 to the Company as nominal consideration for the grant.

The Scheme shall be valid and effective for a period of 10 years commencing on 31 March 2008.

Details of the Scheme are set out in the Prospectus.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s articles of association (“Articles”) or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

數為 41,800,000 股股份，相當於股份於聯交所上市日期已發行股份的 10%。

於任何 12 個月期間發行予每名合資格參與者的購股權獲行使而已發行及將予發行股份的最高數目(包括已行使及未行使購股權)，不得超過當時已發行股份 1%。

購股權項下股份的認購價將為董事會(「董事會」)可能於授出購股權時全權酌情釐定的有關價格，惟認購價不得低於下列的最高者：(i) 於董事會批發授出購股權日期(必須為營業日(「發售日期」))股份於聯交所每日報價表所示的收市價；(ii) 緊接發售日期前五個營業日股份於聯交所每日報價表所示的平均收市價；及(iii) 股份面值。

購股權可於緊隨被視為已根據該計劃獲授出及接納的營業日後開始(「開始日期」)至董事會可能全權酌情決定該購股權屆滿日期的期間內隨時根據該計劃的條款獲全數或部分行使，有關期間不得超過開始日期起十年，惟須受該計劃所載的提早終止條文所限。

於接納授出購股權後，承授人須向本公司支付 1.00 港元作為授出的名義代價。

該計劃由二零零八年三月三十一日起 10 年內有效及生效。

該計劃的詳情載於售股章程。

優先購買權

本公司的組織章程細則(「細則」)或開曼群島(即本公司註冊成立的司法權區)法例並無優先購買權的條文，使本公司有義務按比例基準向現有股東提呈新股份。

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

As at 31 December 2007, the Shares were not listed on the Stock Exchange. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year under review.

RESERVES

Details of movements in the reserves of the Group during the year are set out in note 25 in notes to the combined financial statements and in the combined statement of changes in equity.

DISTRIBUTABLE RESERVES

There was not reserve available for distribution to shareholders by the Company as at 31 December 2007.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2007, sales to the Group's five largest customers accounted for 27.5% (2006: 21.5%) of the Group's turnover. Hang Fat Aluminium Profiles Company Limited, which was beneficially owned by Mr. Luo Su, Mr. Luo Riming and Mr. Liao Yuqing (each being an executive Director) during the year ended 31 December 2007, was one of the five largest customers of the Group for the year ended 31 December 2007.

For the year ended 31 December 2007, purchases from the five largest suppliers accounted for approximately 72.7% (2006: 80.2%) of the Group's total cost of purchase whereas purchases from the largest supplier accounted for approximately 43.5% (2006: 46.1%) of the Group's total cost of purchase and.

Save as disclosed above, none of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers during the year ended 31 December 2007.

購買、出售或贖回本公司上市證券

於二零零七年十二月三十一日，股份並未於聯交所上市。於回顧年度內，本公司或其附屬公司概無購買、出售或贖回任何本公司上市證券。

儲備

本公司儲備於年內的變動詳情載於合併財務報表附註的附註25及合併權益變動表。

可供分派儲備

於二零零七年十二月三十一日，本公司並無儲備可供分派予股東。

主要客戶及供應商

截至二零零七年十二月三十一日止年度，本集團五大客戶所佔銷售額佔本集團收入27.5%（二零零六年：21.5%）。截至二零零七年十二月三十一日止年度，恒發鋁型材有限公司（由執行董事羅蘇先生、羅日明先生及廖玉慶先生實益擁有）為本集團於截至二零零七年十二月三十一日止年度的五大客戶之一。

截至二零零七年十二月三十一日止年度，五大供應商的採購額佔本集團總採購成本約72.7%（二零零六年：80.2%），而向最大供應商的採購額佔本集團總採購成本約43.5%（二零零六年：46.1%）。

除上文所披露者外，於截至二零零七年十二月三十一日止年度內，董事或彼等任何聯繫人士或任何股東（就董事所深知，擁有本公司已發行股本5%以上）概無擁有本集團五大客戶或五大供應商的任何實益權益。

DIRECTORS

The Directors during the year under review and up to the date of this report were:

Executive Directors

- Mr. LUO Su (*Chairman*)
(appointed on 13 September 2007)
Mr. LUO Riming (*Chief executive officer*)
(appointed on 13 September 2007)
Mr. LIAO Yuqing
(appointed on 13 September 2007)
Mr. WANG Zhihua
(appointed on 22 September 2007)

Independent non-executive Directors:

- Mr. CHEN Mo
(appointed on 29 February 2008)
Mr. HO, Kwan Yiu
(appointed on 29 February 2008)
Mr. LAM, Ying Hung Andy
(appointed on 29 February 2008)

Pursuant to article 112 of the Articles, any Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office only until the next following general meeting of the Company.

By virtue of article 112 of the Articles, the office of all the Directors, namely Mr. Luo Su, Mr. Luo Riming, Mr. Liao Yuqing, Mr. Wang Zhihua, all being executive Directors, Mr. Chen Mo, Mr. Ho, Kwan Yiu and Mr. Lam, Ying Hung Andy, all being independent non-executive Directors, will end at the forthcoming annual general meeting of the Company (“**Annual General Meeting**”). All the Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

Each of the executive Directors has entered into a service agreement with the Company for a fixed term of three years commencing from 1 March 2008.

董事

於回顧年度內及截至本報告日期的董事如下：

執行董事

- 羅蘇先生 (*主席*)
(於二零零七年九月十三日獲委任)
羅日明先生 (*行政總裁*)
(於二零零七年九月十三日獲委任)
廖玉慶先生
(於二零零七年九月十三日獲委任)
王志華先生
(於二零零七年九月二十二日獲委任)

獨立非執行董事：

- 陳默先生
(於二零零八年二月二十九日獲委任)
何君堯先生
(於二零零八年二月二十九日獲委任)
林英鴻先生
(於二零零八年二月二十九日獲委任)

根據細則第112條，任何獲董事會委任以填補臨時空缺或作為新增董事的董事的任期僅直至本公司下屆股東大會為止。

根據細則第112條，全體董事羅蘇先生、羅日明先生、廖玉慶先生、王志華先生（全體均為執行董事）、陳默先生、何君堯先生及林英鴻先生（全體均為獨立非執行董事）的任期將於本公司應屆股東週年大會（「股東週年大會」）上結束。全體董事將合資格於股東週年大會上膺選連任。

每名執行董事已與本公司訂立服務協議，由二零零八年三月一日起固定為期三年。

Each of the independent non-executive Directors have been appointed for a fixed term of two years commencing from 1 March 2008.

Save as disclosed above, none of the Directors proposed for re-election at the Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Company considered all the independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 32 to 36 of the annual report.

HUMAN RESOURCES

As at 31 December 2007, the Group had approximately 2,502 employees. The Group's total staff costs, including wages and basic salaries, directors' remuneration, commission, bonus, benefits in kind and retirement benefits scheme contribution was amounted to approximately RMB43.48 million (2006: RMB33.12 million).

The Group's emolument policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability, the Group may also provide discretionary bonuses to its employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the Group's executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved.

The principal elements of the Group's remuneration packages include basic salaries and discretionary bonuses.

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to combined income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

每名獨立非執行董事已獲委任固定任期，由二零零八年三月一日起為期兩年。

除上文所披露者外，概無建議於股東週年大會上重選之董事與本公司或其任何附屬公司訂立本集團不可於一年內免付賠償（法定賠償除外）而予以終止的服務合約。

本公司已根據聯交所證券上市規則（「上市規則」）第3.13自每名獨立非執行董事取得有關其獨立性的年度確認書，本公司認為全體獨立非執行董事均為獨立人士。

董事及高級管理層履歷

本集團董事及高級管理層的履歷詳情載於年報第32至36頁。

人力資源

於二零零七年十二月三十一日，本集團聘用約2,502名僱員。本集團的員工成本總額約為人民幣43,480,000元（二零零六年：人民幣33,120,000元），包括工資及基本薪金、董事酬金、佣金、花紅、實物福利及退休計劃供款。

本集團的酬金政策乃根據個別僱員的表現制定，並會定期進行檢討。視乎本集團的盈利能力而定，本集團亦可向其僱員提供酌情花紅，作為彼等對本集團作出貢獻的獎勵。有關本集團執行董事酬金組合的酬金政策主要旨在透過將執行董事的薪酬與其按所達到公司目標計量的表現掛鉤，讓本集團可挽留及激勵執行董事。

本集團酬金組合的主要部份包括基本薪金及酌情花紅。

本集團根據強制性公積金計劃條例為其所有香港僱員設立一項強積金計劃。所有於香港的僱員均須加入強積金計劃。供款按僱員基本薪金的某一百分比作出，並根據強積金計劃之規則於應予支付時在合併收益賬扣除。強積金計劃之資產與本集團的其他資產分開處理，由一獨立管理之基金持有。在向強積金計劃供款時，本集團僱主供款將全數歸屬於僱員所有。

The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at 31 December 2007. The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in a statemanaged retirement benefits scheme operated by the local government. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefits schemes. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

During the year, the total amounts contributed by the Group to the schemes and cost charged to the combined income statement represents contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in the paragraph headed "Share Option Scheme" in this report.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 28 in notes to the combined financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of the companies which have become its subsidiaries upon the Group Reorganisation was a party during the year under review.

於二零零七年十二月三十一日，並無失效之供款以供來年扣減應付供款。本集團於中國之附屬公司遵照中國之適用規則，參與一項國家管理由當地政府經營的退休福利計劃。附屬公司須按工資成本的指定百分比比率向退休福利計劃供款。本集團就退休福利計劃之唯一責任為作出指定供款。

本年度本集團向計劃供款總額及於合併收益表扣除之成本，代表本集團根據計劃規則按指定比率向計劃應付之供款數額。

董事袍金須於股東大會上獲得股東批准，其他酬金則由本公司董事會參照董事的職務、職責及表現以及本集團業績釐定。

為鼓勵董事及合資格僱員，本公司已採納一項購股權計劃，計劃詳情載於本報告「購股權計劃」一段內。

董事於合約的權益

除合併財務報表附註28所披露者外，於回顧年度內，概無董事於本公司、其控股公司或任何於集團重組後成為其附屬公司的公司所訂立任何對本集團業務重要的合約中直接或間接擁有重大權益。

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2007, the Shares were not listed on the Stock Exchange.

As at the Listing Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“SFO”)) as recorded in the register required to be kept by the Company under section 352 of the SFO, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

董事於本公司及其相聯法團的股份、相關股份及債權證中的權益

於二零零七年十二月三十一日，股份並未於聯交所上市。

於上市日期，按本公司須根據香港法例第571章證券及期貨條例（「證券及期貨條例」）須予保存的登記冊所記錄，或根據上市規則附錄十所載上市公司董事進行證券交易的標準守則必須知會本公司及聯交所的資料，各董事及本公司主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債權證的權益及淡倉如下：

Company/Name of associated corporations 公司 / 相聯法團名稱	Name of directors 董事姓名	Capacity 身份	Number and class of securities 證券數目及類別 (Note 1) (附註 1)	Percentage shareholding in the same class of securities as at the Listing Date 佔於上市日期同類證券持股量百分比
Company 本公司	LUO Su 羅蘇	Beneficial owner 實益擁有人	136,978,600 ordinary Shares (L) 136,978,600 股 普通股 (L)	32.77%
Company 本公司	LUO Riming 羅日明	Beneficial owner 實益擁有人	96,495,300 ordinary Shares (L) 96,495,300 股 普通股 (L)	23.09%
Company 本公司	LIAO Yuqing 廖玉慶先生	Beneficial owner 實益擁有人	59,126,100 ordinary Shares (L) 59,126,100 股 普通股	14.15%

Notes:

(1) The letter “L” represents the director’s interests in the shares.

附註：

(1) 字母「L」指董事於股份的權益。

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the year under review were rights to acquire benefits by means of the acquisitions of Shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

Save as disclosed in the Prospectus, none of the Directors hold any interests in any competing business against the Company or any of its subsidiaries for the year ended 31 December.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO PART XV OF THE SFO

As at 31 December 2007, the Shares were not listed on the Stock Exchange.

Save as disclosed in the paragraph headed "Directors' Interests in shares, underlying shares and debentures of the Company and its associated corporations" above, as at the Listing Date, no other person had interests or short positions in the shares and underlying shares of the Company which are required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

董事購買股份的權利

於回顧年度內任何時間概無授予董事或彼等各自的配偶或未成年子女可購入本公司股份或債權證而獲益的權利，或由彼等行使任何該等權利；或由本公司或其任何附屬公司安排致令董事可於任何其他法人團體獲得該等權利。

董事於競爭業務的權益

除售股章程所披露者外，截至二零零七年十二月三十一日止年度，董事概無任何與本公司或附屬公司進行競爭的業務擁有任何權益。

須根據證券及期貨條例第XV部須披露彼等的權益的主要股東及其他人士

於二零零七年十二月三十一日，該等股份並無於聯交所上市。

除上文「董事於本公司及其相聯法團的股份、相關股份及債權證中的權益」一段所披露者外，於上市日期，概無其他人士於本公司的股份及相關股份中擁有權益或淡倉而須記錄於本公司根據證券及期貨條例第336條而存置的登記冊內。

CONNECTED TRANSACTIONS

關連交易

A. The following entities are connected parties of the Company and had transactions with the Group during the year ended 31 December 2007:

A. 以下公司為本公司的關連人士，並於截至二零零七年十二月三十一日止年度內與本集團進行交易：

Name of the entity 公司名稱	Connection with the Company as at 31 December 2007 於二零零七年十二月三十一日與本公司的關係
廣東興發集團有限公司 (Guangdong Xingfa Group Co., Ltd.) (“Xingfa Group”) 廣東興發集團有限公司 (「廣東興發」)	Owned as to 46%, 33% and 21% by Mr. Luo Su, Mr. Luo Riming and Mr. Liao Yuqing respectively. Mr. Luo Su, Mr. Luo Riming and Mr. Liao Yuqing are the controlling Shareholders (as defined in the Listing Rules) and each of them is an executive Director. 分別由羅蘇先生、羅日明先生及廖玉慶先生擁有46%、33%及21%。羅蘇先生、羅日明先生及廖玉慶先生為控股股東(定義見上市規則)，而彼等各自為執行董事。
廣東興發創新股份有限公司 (Guangdong Xingfa Innovation Co., Ltd.) (“Xingfa Innovation”) 廣東興發創新股份有限公司 (「興發創新」)	Owned as to 91.3% by Xingfa Group. 由廣東興發擁有91.3%。
佛山立興塗料有限公司 (Foshan Leahin Coating Co., Ltd.) (“Leahin Coating”). 佛山立興塗料有限公司 (「立興塗料」)	Owned as to 51% by Xingfa Group. 由廣東興發擁有51%。
佛山市興發幕牆門窗有限公司 (Foshan Xingfa Curtain Wall, Door & Window Co., Ltd.) (“Xingfa Curtain Wall”) 佛山市興發幕牆門窗有限公司 (「興發幕牆」)	Owned as to 46% by Mr. Luo Su, as to 33% by Mr. Luo Riming and as to 21% by Mr. Liao Yuqing. Mr. Luo Su, Mr. Luo Riming and Mr. Liao Yuqing are the controlling Shareholders and each of them is an executive Director. 分別由羅蘇先生、羅日明先生及廖玉慶先生擁有46%、33%及21%。羅蘇先生、羅日明先生及廖玉慶先生為控股股東，而彼等各自為執行董事。
佛山興高鋁業有限公司 (Foshan Xinggao Aluminium Co., Ltd.) (“Xinggao Aluminium”) 佛山興高鋁業有限公司 (「興高鋁業」)	Owned as to 46% by Mr. Luo Zhiyong (the son of Mr. Luo Su), as to 33% by Mr. Luo Riming and as to 21% by Mr. Liao Yuqing. Mr. Luo Riming and Mr. Liao Yuqing are the controlling Shareholders and each of them is an executive Director. 分別由羅志勇先生(羅蘇先生的兒子)、羅日明先生及廖玉慶先生擁有46%、33%及21%。羅日明先生及廖玉慶先生為控股股東，而彼等各自為執行董事。

- B. During the year ended 31 December 2007, the following continuing connected transactions are exempt from the reporting, announcement or independent Shareholders' approval requirement under Rule 14A.33 of the Listing Rules and are included herein for information only.
1. Pursuant to a lease agreement entered into between 廣東興發鋁業有限公司 (Guangdong Xingfa Aluminium Co., Ltd.) ("Xingfa Aluminium") and Leahin Coating dated 28 December 2006 (as varied and supplemented by a supplemental agreement dated 4 March 2008), Leahin Coating leased from Xingfa Aluminium a portion of an industrial building with a total gross floor area of approximately 2,228 sq.m. situated at No. 82 West Longjin Road, Nanzhuang Town, Chancheng District, Foshan City, Guangdong Province, the People's Republic of China which is used as warehouse for a term commenced from 1 January 2007 and ending on 31 December 2008 at an annual rental of RMB160,416.
 2. Pursuant to a lease agreement entered into between Xingfa Aluminium and Xingfa Curtain Wall dated 26 December 2006 (as varied and supplemented by a supplemental agreement dated 4 March 2008), Xingfa Curtain Wall leased from Xingfa Aluminium a portion of an industrial building with a total gross floor area of approximately 2,350 sq.m. situated at No. 82 West Longjin Road, Nanzhuang Town, Chancheng District, Foshan City, Guangdong Province, the People's Republic of China which is used as warehouse for a term commenced from 1 January 2007 and ending on 30 September 2010 at an annual rental of RMB169,200.
- B. 於截至二零零七年十二月三十一日止年度內，下列持續關連交易獲豁免遵守上市規則第14A.33條項下申報、公佈及獨立股東批准的規定，並載列於本報告內以供參考。
1. 根據廣東興發鋁業有限公司（「興發鋁業」）與立興塗料於二零零六年十二月二十八日訂立的租賃協議（經二零零八年三月四日訂立的補充協議修訂及補充），立興塗料向興發鋁業租用中華人民共和國廣東省佛山市禪城區南莊鎮龍津西路82號總建築面積約2,228平方米工業大樓其中部分用作倉庫及辦公大樓，自二零零七年一月一日起至二零零八年十二月三十一日屆滿，年租人民幣160,416元。
 2. 根據興發鋁業與興發幕牆於二零零六年十二月二十六日訂立的租賃協議（經二零零八年三月四日訂立的補充協議修訂及補充），興發幕牆向興發鋁業租用中華人民共和國廣東省佛山市禪城區南莊鎮龍津西路82號總建築面積約2,350平方米工業大樓其中部分用作倉庫，自二零零七年一月一日起至二零一零年九月三十日屆滿，年租人民幣169,200元。

C. During the year ended 31 December 2007, the following continuing connected transactions are non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules and waivers from strict compliance with the announcement and independent Shareholders' approval requirement have been sought from the Stock Exchange.

1. The following is a brief description of the continuing connected transactions:

Category 類別	Description 詳情
<p>1. Leasing of machinery by Xingfa Aluminium from Xingfa Group</p> <p>興發鋁業向廣東興發租用機器</p>	<p>On 28 July 2007, Xingfa Aluminium entered into a machinery lease agreement with Xingfa Group (the "First Machinery Lease Agreement"). Pursuant to the First Machinery Lease Agreement, Xingfa Group leases 102 units of machinery and equipment in relation to the production of aluminium profiles owned by it to Xingfa Aluminium. The term of the First Machinery Lease Agreement commenced from 28 July 2007 and will end on 31 December 2009, subject to early termination by Xingfa Aluminium serving three-month written notice to Xingfa Group. Pursuant to the First Machinery Lease Agreement, the annual rental is RMB2,543,000. The rental for the period from 28 July 2007 to 31 December 2007 shall be payable by Xingfa Aluminium in December 2007. The annual rental for the two years ending 31 December 2008 and 2009 shall be payable in advance within the first month after the commencement of each calendar year.</p> <p>於二零零七年七月二十八日，興發鋁業與廣東興發訂立一份機器租賃協議（「第一機器租賃協議」）。根據第一機器租賃協議，根據第一機器租賃協議，廣東興發向興發鋁業出租所擁有生產鋁型材的102組機器及設備。第一機器租賃協議自二零零七年七月二十八日開始，至二零零九年十二月三十一日屆滿，期間興發鋁業可向廣東興發發出三個月書面通知提早終止。根據第一機器租賃協議，年租為人民幣2,543,000元。興發鋁業須於二零零七年十二月支付二零零七年七月二十八日至二零零七年十二月三十一日期間的租金。截至二零零八年及二零零九年十二月三十一日止兩年度的年租須於各曆年開始後首個月內預先支付。</p>

C. 於截至二零零七年十二月三十一日止年度，列持續關連交易獲為上市規則第14A.35條項下的非豁免持續關連交易，並已向聯交所尋求豁免嚴格遵守公佈及獨立股東批准的規定。

1. 以下為持續關連交易的簡介：

Category 類別	Description 詳情
2. Leasing of machinery by Xingfa Aluminium from Xingfa Innovation	<p>On 28 July 2007, Xingfa Aluminium entered into the a machinery lease agreement (the “Second Machinery Lease Agreement”) with Xingfa Innovation. Pursuant to the Second Machinery Lease Agreement, Xingfa Innovation leases 16 units of machinery and equipment in relation to the production of aluminium profiles owned by it to Xingfa Aluminium. The term of the Second Machinery Lease Agreement commenced from 28 July 2007 and will end on 31 December 2009, subject to early termination by Xingfa Aluminium serving three-month written notice to Xingfa Innovation. Pursuant to the Second Machinery Lease Agreement, the annual rental is RMB860,000. The rental for the period from 28 July 2007 to 31 December 2007 shall be payable by Xingfa Aluminium in December 2007. The annual rental for the two years ending 31 December 2008 and 2009 shall be payable in advance within the first month after the commencement of each calendar year.</p>
興發鋁業向興發創新租用機器	<p>二零零七年七月二十八日，興發鋁業與興發創新訂立一份機器租賃協議(「第二機器租賃協議」)。根據第二機器租賃協議，興發創新向興發鋁業出租所擁有生產鋁型材的16台機器及設備。第二機器租賃協議自二零零七年七月二十八日開始，至二零零九年十二月三十一日屆滿，期間興發鋁業可向興發創新發出三個月書面通知提早終止。根據第二機器租賃協議，年租為人民幣860,000元。興發鋁業須於二零零七年十二月支付二零零七年七月二十八日至二零零七年十二月三十一日期間的租金。截至二零零八年及二零零九年十二月三十一日止兩年度的年租須於各曆年開始後首個月預先支付。</p>

Category 類別	Description 詳情
3. Leasing of machinery by Xingfa Aluminium from Xinggao Aluminium Co., Ltd.)	<p>On 31 August 2007, Xingfa Aluminium (Sanshui Branch) entered into a machinery lease agreement (the “Third Machinery Lease Agreement”) with Xinggao Aluminium. Pursuant to the Third Machinery Lease Agreement, Xinggao Aluminium leases one unit of aluminium extruder of an annual designed extrusion capacity of approximately 24,000 tonnes to Xingfa Aluminium (Sanshui Branch). The term of the Third Machinery Lease Agreement commenced from 31 August 2007 and will end on 31 December 2009, subject to early termination by Xingfa Aluminium (Sanshui Branch) serving three-month written notice to Xinggao Aluminium. Pursuant to the Third Machinery Lease Agreement, the annual rental is RMB2,781,000. The rental for the period 31 August 2007 to 31 December 2007 was paid by Xingfa Aluminium (Sanshui Branch) in December 2007. The annual rental for the two years ending 31 December 2008 and 2009 shall be payable in advance within the first month after the commencement of each calendar year.</p>
興發鋁業向興高鋁業有限公司租用機器	<p>二零零七年八月三十一日，興發鋁業三水分公司與興高鋁業訂立一份機器租賃協議(「第三機器租賃協議」)。根據第三機器租賃協議，興高鋁業向興發鋁業三水分公司出租一組設計擠壓年產能約24,000噸的鋁材擠壓機。第三機器租賃協議自二零零七年八月三十一日開始，於二零零九年十二月三十一日屆滿，期間興發鋁業三水分公司可向興高鋁業發出三個月書面通知提早終止。根據第三機器租賃協議，年租為人民幣2,781,000元。興發鋁業三水分公司已於二零零七年十二月支付二零零七年八月三十一日至二零零七年十二月三十一日期間的租金。截至二零零八年及二零零九年十二月三十一日止兩年度的年租須於各曆年開始後首個月預先支付。</p>

Category 類別	Description 詳情
<p>4. Leasing of properties at Sanshui by Xingfa Aluminium (Sanshui Branch) from Xinggao Aluminium 興發鋁業三水分公司向興高鋁業租用位於三水市的物業</p>	<p>On 31 August 2007, Xingfa Aluminium (Sanshui Branch) entered into a lease agreement (the “Sanshui Lease Agreement”) with Xinggao Aluminium, pursuant to which Xingfa Aluminium (Sanshui Branch) has agreed to lease from Xinggao Aluminium two industrial buildings and a dormitory situated in Sanshui (the “Sanshui Leased Property”), and such additional buildings and structures constructed and delivered to our Group for our use. The term of the Sanshui Lease Agreement commenced from 31 August 2007 and will end on 31 December 2009, subject to early termination by Xingfa Aluminium (Sanshui Branch) serving three-month written notice to Xinggao Aluminium. As at 31 August 2007, the Sanshui Leased Property comprised two industrial buildings and a dormitory having an aggregate gross floor area of approximately 34,322 sq.m.. The annual rental for that portion of Sanshui Leased Property is RMB2,504,000. The parties agreed that the annual rental per sq.m. for the additional building and structures to be constructed and delivered to our Group for use during the term of the Sanshui Lease Agreement is RMB72.</p> <p>二零零七年八月三十一日，興發鋁業三水分公司與興高鋁業訂立一份租賃協議（「三水租賃協議」），據此，興發鋁業三水分公司同意向興高鋁業租用三水市的兩幢工廠大廈及一幢宿舍（「三水租賃物業」），以及已落成並已向本集團交付供本集團使用的其他相關樓宇及建築物。三水租賃協議自二零零七年八月三十一日開始，至二零零九年十二月三十一日屆滿，期間興發鋁業三水分公司可向興高鋁業發出三個月書面通知提早終止。於二零零七年八月三十一日，三水租賃物業包括總建築面積約34,322平方米的兩幢工廠大廈及一幢宿舍。該部分三水租賃物業的年租為人民幣2,504,000元。訂約方同意，於三水租賃協議有效期內落成並向本集團交付供本集團使用的其他相關樓宇及建築物的年租為每平方米人民幣72元。</p>

Category 類別	Description 詳情
5. Leasing of properties at Chancheng by Xingfa Aluminium from Xingfa Group and Xingfa Innovation 興發鋁業向廣東興發及興發創新租用位於禪城的物業	<p>Xingfa Aluminium entered into following lease agreements with Xingfa Group and Xingfa Innovation respectively, each dated as of 28 July 2007, in respect of certain properties at our Chancheng Factory (the “Chancheng Lease Agreements”), pursuant to which:</p> <p>二零零七年七月二十八日，興發鋁業分別與廣東興發及興發創新就本集團禪城廠房的若干物業訂立下列租賃協議（「禪城租賃協議」）據此：</p> <ul style="list-style-type: none"> (i) Xingfa Aluminium leased from Xingfa Group 12 industrial buildings, a dormitory, a research building and various structures with a total gross floor area of approximately 45,518.86 sq.m. situated at No. 23 Renhe Road, Nanzhuang Town, Chancheng District, Foshan City, Guangdong Province, the PRC; and 興發鋁業向廣東興發租用中國廣東省佛山市禪城區南莊鎮人和路23號的十二幢工廠大廈、一幢宿舍、一幢研發大樓及多幢構築物，總建築面積約45,518.86平方米；及 (ii) Xingfa Aluminium leased from Xingfa Innovation 3 industrial buildings, 3 warehouses, an exhibition hall, Levels 1 to 5 of an 8-storey office building and various structures with a total gross floor area of approximately 29,840.65 sq.m. and various structures situated at No. 54 Renhe Road, Nanzhuang Town, Chancheng District, Foshan City, Guangdong Province, the PRC. 興發鋁業向興發創新租用中國廣東省佛山市禪城區南莊鎮人和路54號的三幢工廠大廈、三個倉庫、一個展覽廳、一幢8層高寫字樓的1至5樓和多個構築物，總建築面積約29,840.65平方米。

Category 類別	Description 詳情
	<p>The term of the Chancheng Lease Agreements commenced from 28 July 2007 and will end on 31 December 2009, subject to early termination by Xingfa Aluminium serving three-month written notice to Xingfa Group and Xingfa Innovation respectively. The maximum aggregate rental payable by our Group to Xingfa Group and Xingfa Innovation under the Chancheng Lease Agreements for each of the two years ending 31 December 2008 and 2009 will be RMB8,731,000 and RMB8,731,000 respectively. The annual rental for the two years ending 31 December 2009 shall be payable in advance within the first month after the commencement of each calendar year and shall be adjusted in December of each year with reference to the actual area occupied by our Group during the year.</p> <p>禪城租賃協議二零零七年七月二十八日開始，至二零零九年十二月三十一日屆滿，期間興發鋁業可分別向廣東興發及興發創新發出三個月書面通知提早終止。根據禪城租賃協議，截至二零零八年及二零零九年十二月三十一日止兩年度各年，本集團應付廣東興發及興發創新的租金總額上限分別為人民幣8,731,000元及人民幣8,731,000元。截至二零零九年十二月三十一日止兩年度的年租須於各曆年開始後首個月預先支付，並須參考本集團年內實際佔用面積於每年十二月作出調整。</p>
6. Purchase of coating materials by Xingfa Aluminium from Leahin Coating 興發鋁業向立興塗料購買噴塗原材料	<p>During the year ended 31 December 2007, Xingfa Aluminium purchased from Leahin Coating paint materials for use in the surface finishing process.</p> <p>For the year ended 31 December 2007, Xingfa Aluminium spent approximately RMB13,631,000 on purchasing paint materials from Leahin Coating.</p> <p>於截至二零零七年十二月三十一日止年度內，興發鋁業向立興塗料購買用於表面處理程序的噴塗原材料。</p> <p>截至二零零七年十二月三十一日止年度，興發鋁業動用約人民幣13,631,000元向立興塗料購買噴塗原材料</p>

Category 類別	Description 詳情
7. Sale of aluminium profiles by Xingfa Aluminium to Xingfa Curtain Wall 興發鋁業向興發幕牆銷售鋁 型材	<p>During the year ended 31 December 2007, Xingfa Aluminium sold to Xingfa Curtain Wall certain construction materials specified by Xingfa Curtain Wall. The construction materials purchased by Xingfa Curtain Wall were further processed into window and curtain wall and sold to its customers.</p> <p>For the year ended 31 December 2007, Xingfa Aluminium sold construction materials to Xingfa Curtain Wall for approximately RMB14,408,000.</p> <p>於截至二零零七年十二月三十一日止年度內，興發鋁業向興發幕牆出售興發幕牆指定的若干建材。興發幕牆會將購入之建材再加工成窗戶及幕牆後向其客戶出售。</p> <p>截至二零零七年十二月三十一日止年度，興發鋁業銷售予興發幕牆的建材約人民幣14,408,000元。</p>

2. Set out below is the annual caps of each of the continuing connected transactions:

2. 下文載列每項持續關連交易的年度上限：

Category 類別	Description 詳情	Annual caps 年度上限		
		For the year ending 31 December 2008 截至二零零八年 十二月三十一日 止年度	For the year ending 31 December 2009 截至二零零九年 十二月三十一日 止年度	For the year ending 31 December 2010 截至二零一零年 十二月三十一日 止年度
1.	Leasing of machinery by Xingfa Aluminium from Xingfa Group 興發鋁業向廣東興發租用機器	RMB2,543,000 人民幣2,543,000元	RMB2,543,000 人民幣2,543,000元	Not applicable 不適用
2.	Leasing of machinery by Xingfa Aluminium from Xingfa Innovation 興發鋁業向興發創新租用機器	RMB860,000 人民幣860,000元	RMB860,000 人民幣860,000元	Not applicable 不適用
3.	Leasing of machinery by Xingfa Aluminium from Xinggao Aluminium 興發鋁業向興高鋁業租用機器	RMB2,781,000 人民幣2,781,000元	RMB2,781,000 人民幣2,781,000元	Not applicable 不適用
4.	Leasing of properties at Sanshui by Xingfa Aluminium (Sanshui Branch) from Xinggao Aluminium 興發鋁業三水分公司向興高鋁業租用位於三水市的物業	RMB8,000,000 人民幣8,000,000元	RMB16,000,000 人民幣16,000,000元	Not applicable 不適用
5.	Leasing of properties at Chancheng by Xingfa Aluminium from Xingfa Group and Xingfa Innovation 興發鋁業向廣東興發及興發創新租用位於禪城的物業	RMB8,731,000 人民幣8,731,000元	RMB8,731,000 人民幣8,731,000元	Not applicable 不適用
6.	Purchase of coating materials by Xingfa Aluminium from Leahin Coating 興發鋁業向立興塗料購買噴塗原材料	RMB25,000,000 人民幣25,000,000元	RMB35,000,000 人民幣35,000,000元	RMB50,000,000 人民幣50,000,000元
7.	Sale of aluminium profiles by Xingfa Aluminium to Xingfa Curtain Wall 興發鋁業向興發幕牆銷售鋁型材	RMB50,000,000 人民幣50,000,000元	RMB70,000,000 人民幣70,000,000元	RMB100,000,000 人民幣100,000,000元

3. Views of the independent non-executive Directors:

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Company;
- (2) on normal commercial terms or terms no less favourable to the Company than terms available to or from independent third parties; and
- (3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

D. The Directors confirm that in respect of the connected transactions and the continuing connected transactions mentioned above, the Company has complied the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

KPMG, the auditors of the Company, have performed certain agreed-upon procedures on the continuing connected transactions pursuant to Rule 14A.38 of the Listing Rules and confirmed the Board in writing that the transactions:

- (i) have been approved by the Board;
- (ii) are in accordance with the pricing policies of the Group; and
- (iii) have been entered into in accordance with the terms and conditions under the relevant agreements governing the transactions.

3. 獨立非執行董事的觀點：

獨立非執行董事已審閱上持續關連交易，並確認該等交易乃：

- (1) 本公司一般及日常業務過程中進行；
- (2) 按一般商業條款或不遜於本公司向獨立第三方提供或取得的條款進行；及
- (3) 根據有關規管協定，並按公平合理的條款進行，且符合本公司股東的整體利益。

D. 董事就上述關連交易及持續關連交易確認，本公司已遵守根據上市規則第14A章的披露規定。

本公司核數師畢馬威會計師事務所已根據上市規則第14A.38條就持續關連交易進行若干協定程序，並以書面形式向董事會確認該等交易：

- (i) 已獲董事會批准；
- (ii) 為根據本集團的定價政策；及
- (iii) 已根據規管該等交易的相關協議項下的條款及條件進行。

CORPORATE GOVERNANCE

After the listing of the Shares on the Stock Exchange on the Listing Date, the Company has complied fully with the requirements under the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Listing Rules. The Company’s corporate governance report for the year under review are set out in pages 60 to 68 of the annual report.

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct in relation to securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year under review.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the provisions and recommended practices of the CG Code on 29 February 2008. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. At present, members of the audit committee comprise Mr. LAM, Ying Hung Andy (chairman), Mr. CHEN Mo and Mr. HO, Kwan Yiu, being the three independent non-executive directors of the Company.

The Group’s combined financial statements for the year ended 31 December 2007 have been reviewed by the audit committee, who is of the opinion that such statement complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

企業管治

股份於上市日期於聯交所上市後，本公司已全面遵守上市規則附錄14所載的企業管治常規守則（「企業管治守則」）的規定。本公司於回顧年度內的企業管治報告載於年報第60至68頁。

本公司亦已採納上市規則附錄10所載上市公司董事進行證券交易的標準守則（「標準守則」）作為其本身有關證券交易之操守守則。經向全體董事作出具體查詢後，全體董事確認彼等於整個回顧年度內均已遵守標準守則所載的規定標準。

審核委員會

本公司已根據企業管治守則的條文及建議常規，於二零零八年二月二十九日成立審核委員會。審核委員會的主要職責為審閱及監察本集團的財務申報程序及內部監控系統。目前，審核委員會由本公司三名獨立非執行董事林英鴻先生（主席）、陳默先生及何君堯先生組成。

本集團截至二零零七年十二月三十一日止年度的合併財務報表已由審核委員會審閱，其認為該報表已符合適用會計準則、聯交所及法定規定，並已作出足夠披露。

REMUNERATION COMMITTEE

The Company established a remuneration committee on 29 February 2008 with terms of reference in compliance with the CG Code. The remuneration committee comprises Mr. HO, Kwan Yiu (chairman), Mr. CHEN Mo, Mr. LAM, Ying Hung Andy and Mr. LUO Su. The primary duties of the remuneration committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management.

NOMINATION COMMITTEE

The Company established a nomination committee on 29 February 2008 with terms of reference in compliance with the CG Code. The nominated committee comprises Mr. LUO Su (chairman), Mr. HO, Kwan Yiu, Mr. CHEN Mo and Mr. LAM, Ying Hung Andy. The nomination committee is mainly responsible for making recommendations to the board of Directors on appointment of Directors and management of board succession.

SUBSEQUENT EVENTS

Details of subsequent events occurring after the balance sheet date are set out in note 32 in notes to the combined financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as at the date of this report.

AUDITORS

The financial statements have been audited by KPMG who retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint KPMG as auditors of the Company.

On behalf of the Board of Directors

LUO Su
Chairman

Hong Kong, 21 April 2008

薪酬委員會

本公司已遵守企業管治守則，於二零零八年二月十九日成立薪酬委員會，並以書面界定其職權範圍。薪酬委員會由何君堯先生(主席)、陳默先生及林英鴻先生組成。薪酬委員會的主要職責為檢討及釐定薪酬組合、花紅及其他應付董事及高級管理層的酬金。

提名委員會

本公司遵守企業管治守則，於二零零八年二月二十九日成立提名委員會，並以書面界定其職權範圍。提名委員會由羅蘇先生(主席)、何君堯先生、陳默先生及林英鴻先生組成。提名委員會的主要職責為就獲提名為本集團董事及高級管理層的人士向董事會作出推薦意見。

結算日後事項

於結算日後發生之重大事項之詳情，載於合併財務報表附註的附註32。

足夠公眾持股量

本公司根據公開資料及就董事所知，自本公司於本報告日期，本公司一直維持足夠公眾持股量。

核數師

財務報表已經畢馬威會計師事務所審核，而畢馬威會計師事務所將告退，並符合資產膺選連任。於應屆股東週年大會上將提呈一項決議案以續聘畢馬威會計師事務所為本公司核數師。

代表董事會

主席
羅蘇

香港，二零零八年四月二十一日

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 to the Rules (“Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) as its own code of corporate governance. The directors of the Company (“Directors”) consider that since the listing of the shares of the Company on the Main Board of the Stock Exchange on 31 March 2008 (“Listing Date”), the Company has complied with the code provisions under the CG Code.

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the shareholders.

Set out below is a detailed discussion of the corporate governance practices adopted and observed by the Company from the Listing Date up to the date of this report (“Review Period”).

A. DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Listing Rules as its own securities dealing code for the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Review Period.

企業管治常規

本公司已採納香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄14所載的企業管治常規守則（「企業管治守則」）作為其本身的企業管治守則。本公司董事（「董事」）認為，自本公司股份於二零零八年三月三十一日在聯交所主板上市（「上市日期」）起，本公司已遵守企業管治守則項下之守則條文。

董事致力維持本公司的公司管治，確保具有正式及具透明度程序保障及盡提升股東權益。

下文載列本公司由上市日期至本報告日期（「回顧期間」）所採納及遵守的企業管治常規的詳細討論。

A. 董事進行之證券交易

本公司已採納上市規則附錄10所載上市公司董事進行證券交易的標準守則（「標準守則」）作為其本身董事進行證券交易的守則。經向全體董事作出具體查詢後，全體董事確認彼等於整個回顧期間均已遵守標準守則所載的規定標準。

B. BOARD OF DIRECTORS

(i) Board composition

The Board currently comprises a combination of executive Directors and independent non-executive Directors. As at the date of this report, the board of Directors (“**Board**”) consisted the following Directors:

Executive Directors

Mr. LUO Su (*Chairman*)
Mr. LUO Riming (*Chief executive officer*)
Mr. LIAO Yuqing
Mr. WANG Zhihua

Independent non-executive Directors

Mr. CHEN Mo
Mr. HO, Kwan Yiu
Mr. LAM, Ying Hung Andy

The executive Directors, with the assistance from the senior management, form the core management team of the Company. The executive Directors have the overall responsibility for formulating the business strategies and development plan of the Group and the senior management are responsible for supervising and executing the plans of the Company and its subsidiaries (together, the “**Group**”).

B. 董事會

(i) 董事會之組成

董事會現時由執行董事及獨立非執行董事組成。於本報告日期，董事會（「**董事會**」）包括以下董事：

執行董事

羅蘇先生 (*主席*)
羅日明先生 (*行政總裁*)
廖玉慶先生
王志華先生

獨立非執行董事

陳默先生
何君堯先生
林英鴻先生

在高級管理層的協助下，以執行董事為主形成本公司的核心管理隊伍。執行董事肩負為本集團制訂業務策略及發展計劃的整體責任，高級管理層則負責監察及執行本公司及其附屬公司（統稱「**本集團**」）之計劃。

(ii) Board meetings

During the Review Period, there was one full board meeting held, at which:

- the Directors approved the annual results of the Group for the year ended 31 December 2007 and reviewed the results announcement, annual report and the circular to the shareholders of the Company in relation to the general and repurchase mandates proposal and re-election of the Directors retiring by rotation; and
- the Directors also reviewed the continuing connected transactions carried on by the Group during the year ended 31 December 2007.

Prior notice convening the Board meeting was despatched to the Directors setting out the matters to be discussed. At the meeting, the Directors were provided with the relevant documents to be discussed and approved. The company secretary of the Company is responsible for keeping minutes for the Board meetings.

(iii) Attendance record

The following is the attendance record of the board meetings held by the Board during the Review Period:

Executive Directors

Mr. LUO Su (*Chairman*)
Mr. LUO Riming (*Chief executive officer*)
Mr. LIAO Yuqing
Mr. WANG Zhihua

Independent non-executive Directors

Mr. CHEN Mo
Mr. HO, Kwan Yiu
Mr. LAM, Ying Hung Andy

執行董事

羅蘇先生 (主席)
羅日明先生 (行政總裁)
廖玉慶先生
王志華先生

獨立非執行董事

陳默先生
何君堯先生
林英鴻先生

(ii) 董事會會議

回顧期間，曾舉行一次董事會全體會議，會上：

- 董事批准本集團截至二零零七年十二月三十一日止年度的全年業績，並審閱業績公佈、年報、有關授出一般及購回授權建議及董事輪席退任致本公司股東的通函；及
- 董事亦審閱本集團於截至二零零七年十二月三十一日止年度內進行的持續關連交易。

載有將於董事會會議上商討事項的通告已在會議召開前寄發予董事。會議上，董事獲提供將予考慮及批准的有關文件。本公司的公司秘書負責將董事會會議記錄存檔。

(iii) 出席記錄

以下為董事會於回顧期間所舉行的董事會會議出席記錄：

		Attendance at meeting 出席會議
Executive Directors		
Mr. LUO Su (<i>Chairman</i>)	羅蘇先生 (主席)	1/1
Mr. LUO Riming (<i>Chief executive officer</i>)	羅日明先生 (行政總裁)	1/1
Mr. LIAO Yuqing	廖玉慶先生	1/1
Mr. WANG Zhihua	王志華先生	1/1
Independent non-executive Directors		
Mr. CHEN Mo	陳默先生	1/1
Mr. HO, Kwan Yiu	何君堯先生	1/1
Mr. LAM, Ying Hung Andy	林英鴻先生	1/1

(iv) Independent non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed three independent non-executive Directors. The Board considers that all independent non-executive Directors have appropriate and sufficient industry or finance experience and qualifications to carry out their duties so as to protect the interests of shareholders of the Company. One of the independent non-executive Directors, Mr. LAM, Ying Hung Andy, has over 20 years in the accounting, banking and finance sectors and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has also received their annual written confirmations from all independent non-executive Directors in respect of their independence. The Board considers that all independent non-executive Directors are being considered to be independent.

(v) Relationship among members of the Board

Mr. LIAO Yuqing, an executive Director, is the son-in-law of Mr. LUO Su, an executive Director and the chairman of the Board. Save as aforesaid, there is no other family relationship between any of the Directors or chief executive officer. All of them are free to exercise their independent judgment.

(iv) 獨立非執行董事

為符合上市規則第3.10(1)條，本公司委任三名獨立非執行董事。董事會認為全體獨立非執行董事均具有合適及充足的業界或財務經驗及資格，以履行彼等的職責，以保障本公司股東的權益。其中一名獨立非執行董事林英鴻先生，在會計、銀行及財務界擁有逾20年經驗，並為英國特許會計師公會及香港會計師公會資深會員。

於彼等各自的委任前，各獨立非執行董事已向聯交所提交確認彼等之獨立性的書面聲明，並承諾其後如有情況改變而可能影響彼等的獨立性，則彼等將在實際可行情況下盡快知會聯交所。本公司亦已接獲全體獨立非執行董事就其獨立性而發出的年度書面確認。董事會認為全體獨立非執行董事均被視作獨立。

(v) 董事會成員間的關係

執行董事廖玉慶先生為執行董事兼董事會主席羅蘇先生的女婿。除上述者外，任何董事或行政總裁之間概無任何其他家族關係。彼等全體均可作出獨立判斷。

C. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the chairman and the chief executive officer are segregated. Mr. LUO Su is the chairman of the Board who is chiefly responsible for managing the Board and while Mr. LUO Riming is the chief executive officer of the Company who takes charge of the supervision of the execution of the policies determined by the Board. The chairman also chairs the Board meetings and briefs the Board members on the issues discussed at the Board meetings.

D. INDEPENDENT NON-EXECUTIVE DIRECTORS

All the independent non-executive Directors have been appointed for a fixed term of two years commencing from 1 March 2008.

The independent non-executive Directors have attended the Board meeting and provided independent judgment on the issues discussed.

E. REMUNERATION OF DIRECTORS

The Company established a remuneration committee on 29 February 2008 with written terms of reference in compliance with the CG Code. The remuneration committee comprises Mr. HO, Kwan Yiu (chairman), Mr. CHEN Mo, Mr. LAM, Ying Hung Andy and Mr. LUO Su. The primary duties of the remuneration committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management.

C. 主席及行政總裁

主席及行政總裁兩者角色分立。羅蘇先生為董事會主席，主要負責管理董事會，而羅日明先生則為本公司行政總裁，負責監察及落實董事會釐定的政策。主席亦主持董事會會議，並向董事會成員簡介將於董事會會議上商討的事項。

D. 獨立非執行董事

全體獨立非執行董事的固定委任年期由二零零八年三月一日開始，為期兩年。

獨立非執行董事已出席董事會會議，並就所商討的事項提供獨立判斷。

E. 董事薪酬

本公司已遵守企業管治守則，於二零零八年二月十九日成立薪酬委員會，並以書面界定其職權範圍。薪酬委員會由何君堯先生（主席）、陳默先生、林英鴻先生及羅蘇組成。薪酬委員會的主要職責為檢討及釐定薪酬組合、花紅及其他應付董事及高級管理層的酬金。

The remuneration committee has not held any meeting during the Review Period as the remuneration package and the service agreement of each Director have been considered and approved at a full Board meeting held before the establishment of the remuneration committee. After the Listing Date, there is no new Director appointed. It is the Company's policy that the remuneration package of each Director and senior management shall be determined by reference to the duties, responsibilities, experience and qualifications of each candidate.

F. NOMINATION OF DIRECTORS

The Company established a nomination committee on 29 February 2008 with written terms of reference in compliance with the CG Code. The nomination committee comprises Mr. LUO Su (chairman), Mr. HO, Kwan Yiu, Mr. CHEN Mo and Mr. LAM, Ying Hung Andy. The primary duties of the nomination committee are to make recommendations to the Board on the nominees for appointment as Directors and senior management of the Group.

The nomination committee has not held any meeting during the Review Period as the Company has not appointed any new Director after the Listing Date.

Before the listing of the Company, the Directors have been provided with briefing on their duties and responsibilities as a director of a listed company and the compliance issues under the Listing Rules.

According to the articles of association of the Company, one-third of the Directors are subject to retirement by rotation or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from the office and offer themselves for re-election. The Directors to be retired by rotation shall be those who have been longest in office since their last appointment.

由於每名董事的薪酬組合及服務協議已在薪酬委員會成立前的一次董事會全體全議上獲省覽及批准，故薪酬委員會於回顧期間並無舉行任何會議。上市日期後，並無委任任何新董事。根據本公司政策，每名董事及高級管理層之薪酬組合須參考各候選人的職責、責任、經驗及資格而釐定。

F. 提名董事

本公司遵守企業管治守則，於二零零八年二月二十九日成立提名委員會，並以書面界定其職權範圍。提名委員會由羅蘇先生（主席）、何君堯先生、陳默先生及林英鴻先生組成。提名委員會的主要職責為就獲提名為本集團董事及高級管理層的人士向董事會作出推薦意見。

由於本公司於上市日期後並無委任任何新董事，故提名委員會於回顧期間並無舉行任何會議。

於本公司上市前，董事已獲提供有關彼等作為上市公司董事的職責及責任，以及於上市規則項下的合規事項。

根據本公司的組織章程細則，三分之一董事須輪席退任，（如數目並非三或三的倍數，則為最接近但不少於三分一的整數）須退任並可重選連任。將予輪席退任之董事須為自彼等上一次獲委任起計任期為最長者。

At a full Board meeting held on 21 April 2008, the Directors have reviewed the performance of the Directors who will retire at the forthcoming annual general meeting of the Company and approved to recommend the re-election of such Directors at the forthcoming annual general meeting of the Company.

G. AUDITORS' REMUNERATION

For the year ended 31 December 2007, apart from the provisions of annual audit services, the Group's external auditor, KPMG, was also the reporting accountants of the Company in relation to the listing. The Company has not appointed KPMG to provide non-audit services. A breakdown of the remuneration of the Group's external auditor is as follows:

Audit service	審核服務	
Annual audit services	年度審核服務	330
Reporting accountants in relation to the listing	有關上市之申報會計師	6,350

H. AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the provisions and recommended practices of the CG Code on 29 February 2008. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. At present, members of the audit committee comprise Mr. LAM, Ying Hung

在二零零八年四月二十一日舉行的董事會全體會議上，董事檢討將於即將舉行的本公司股東週年大會上退任董事的表現，並批准推薦該等董事於即將舉行的本公司股東週年大會上重選連任。

G. 核數師酬金

於截至二零零七年十二月三十一日止年度，除提供年度審核服務外，本公司的外聘核數師畢馬威會計師事務所亦為本公司有關上市的申報會計師。本公司並無委任畢馬威會計師事務所提供非審核服務。本集團支付予外聘核數師的酬金分析如下：

For the year ended
31 December 2007
截至二零零七年
十二月三十一日
止年度
(HK\$'000)
(千港元)

H. 審核委員會

本公司已根據企業管治守則的條文及建議常規，於二零零八年二月二十九日成立審核委員會。審核委員會的主要職責為審閱及監察本集團的財務申報程序及內部監控系統。目前，審核委員會由本公司三名獨立非執行董事林英鴻先生（主席）、陳默

Andy (chairman), Mr. CHEN Mo and Mr. HO, Kwan Yiu, being the three independent non-executive Directors of the Company.

先生及何君堯先生組成。

Up to the date of this report, the audit committee has held one meeting, at which:

截至本報告日期，審核委員會已舉行一次會議，會上：

- the audit committee members have reviewed and discussed with the external auditors of the Company the Group's combined financial statements for the year ended 31 December 2007, who is of the opinion that such statement complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made; and
- the audit committee also reviewed the reasonableness and fairness of the continuing connected transactions of the Company for the year ended 31 December 2007.

- 審核委員會成員就本集團截至二零零七年十二月三十一日止年度的合併財務報表作出閱審及與本公司外聘核數師進行商討，認為該報表符合適用會計準則、聯交所及法例規定，亦已作出足夠披露；及

- 審核委員會亦已檢討本公司截至二零零七年十二月三十一日止年度的持續關連交易之合理性及公平性。

The following is the attendance record of the committee meeting held by the audit committee during the Review Period:

以下為審核委員會於回顧期間舉行委員會會議之出席紀錄：

		Attendance at meeting 出席會議
Mr. CHEN Mo	陳默先生	1/1
Mr. HO, Kwan Yiu	何君堯先生	1/1
Mr. LAM, Ying Hung Andy	林英鴻先生	1/1

I. DIRECTORS' AND AUDITORS' ACKNOWLEDGEMENT

All Directors acknowledge their responsibility for preparing the accounts for the year ended 31 December 2007.

The external auditors of the Company acknowledge their reporting responsibilities in the auditors' report on the combined financial statements for the year ended 31 December 2007.

J. INTERNAL CONTROL

With a view to enhancing the Group's internal control system, the Company has appointed Baker Tilly Hong Kong CPA to perform an internal control and systems review. The Group is in the process of improving and establishing the internal control measures as recommended by Baker Tilly Hong Kong CPA in certain areas, such as computer system and budget evaluation.

The Board acknowledged that it is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board will conduct periodical review on the progress of the improvement and enhancement with an effort to enhance the internal control measures of the Group.

I. 董事及核數師確認

所有董事均已確認彼等編製截至二零零七年十二月三十一日止年度賬目的責任。

本公司外聘核數師已確認其於截至二零零七年十二月三十一日止年度合併財務報表核數師報告內的申報責任。

J. 內部監控

為加強本集團的內部監控系統，本公司已委任香港天華會計師事務所審閱內部監控及系統。本集團現正按香港天華會計師事務所的推薦意見於若干方面改善及成立內部監控措施，如電腦系統及預算核算。

董事確認本公司其負責本公司的內部監控系統，並檢討其效益。董事會將定期檢討提升及強化過程，致力加強本集團的內部監控措施。



Independent auditor's report to the shareholders of
Xingfa Aluminium Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the combined financial statements of Xingfa Aluminium Holdings Limited (the "Company") and the subsidiaries as set out in note 1(b) now comprising the group (hereinafter collectively referred to as the "Group"), set out on pages 71 to 171, which comprise the combined balance sheet as at 31 December 2007, and the combined income statement, the combined statement of changes in equity and the combined cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The combined financial statements have been prepared in accordance with the "Basis of presentation" set out in note 1(c) and the accounting policies set out in note 2.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

致興發鋁業控股有限公司各股東
(於開曼群島註冊成立之有限公司)

我們已審核了刊載於第71頁至171頁興發鋁業控股有限公司(「貴公司」)及合併財務報表附註1(b)所列公司(以下合稱「貴集團」)的合併財務報表。此合併財務報表包括於二零零七年十二月三十一日的合併資產負債表和截至該日止年度的合併損益表、合併權益變動表和合併現金流量表,以及主要會計政策概要及其他附註。合併財務報表根據附註1(c)的編制基礎及附註2的會計政策編制。

董事對財務報表的責任

按照國際會計準則委員會公布的國際財務報告準則編製及公允地列報上述財務報表是貴公司董事的責任。這種責任包括設計、實施和維護與編制及公允地列報財務報表相關的內部控制,以使財務報表不存在由於舞弊或錯誤而導致的重大錯報,選擇和運用適當的會計政策;及按情況作出合理的會計估計。

核數師的責任

我們的責任是在實施審計工作的基礎上對上述財務報表發表審計意見,並僅向整體股東報告。除此以外,我們的報告書不可用作其他用途。我們概不就本報告書的內容,對任何其他人士負責或承擔法律責任。

Independent Auditor's Report on Combined Financial Statements 合併財務報表之獨立核數師報告

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the combined financial statements have been properly prepared in accordance with the "Basis of presentation" set out in note 1(c) and the accounting policies set out in note 2 and, on that basis, give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended as if the Group's reorganisation had been effected on 1 January 2006 and the Group structure had been in existence then.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
21 April 2008

我們按照香港會計師公會頒布的香港核數準則執行了審核工作。這些準則要求我們遵守道德規劃，計劃及實施審計工作以對上述財務報表是否不存在任何重大錯報獲取合理保證。

審核工作涉及實施審核程序，以獲取有關財務報表金額及披露的審核證據。選擇的審核程序取決於核數師的判斷，包括對由於舞弊或錯誤導致的財務報表重大錯報風險的評估。在進行該等風險評估時，核數師考慮與公司編制及公允地列報財務相關的內部控制，以設計恰當的審核程序，但目的並非為對公司的內部控制的有效性發表意見。審核工作還包括評價董事選用會計政策的恰當性和作出會計估計的合理性，以及評價財務報表的總體列報。

我們相信，我們獲得的審核證據是充分、適當的，已為我們的審核意見提供了基礎。

意見

我們認為，上述合併財務報表已根據附註1(c)的編制基礎及附註2的會計政策恰當地編制，並在此基礎上，真實和公允地反映貴集團於二零零七年十二月三十一日的財政狀況和貴集團截至該日止年度的利潤及現金流量，猶如貴集團之重組已於二零零六年一月一日生效及貴集團現有結構於當時已經存在。

畢馬威會計師事務所

執業會計師
香港中環遮打道10號太子大廈8樓
二零零八年四月二十一日

(Expressed in Renminbi)
(以人民幣列示)

Combined Income Statement
合併收益表
for the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

		Note	2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
		附註		
Turnover	收入	5	2,148,674	1,861,244
Cost of sales	銷售成本		(1,949,498)	(1,724,743)
Gross profit	毛利		199,176	136,501
Other net income	其他收入淨額	6	182,168	5,906
Distribution expenses	分銷開支		(32,529)	(21,419)
Administrative expenses	行政開支		(29,849)	(32,289)
Results from operating activities	經營業績		318,966	88,699
Finance income	財務收入	7(a)	2,435	2,368
Finance expenses	財務支出	7(a)	(30,478)	(24,903)
Net finance costs	財務成本淨額		(28,043)	(22,535)
Profit before income tax	除所得稅前溢利	7	290,923	66,164
Income tax (expenses)/credit	所得稅(開支)/抵免	8(a)	677	(5,875)
Profit for the year	年度溢利		291,600	60,289
Attributable to:	歸屬:			
Equity holders of the Company	本公司股權持有人		291,750	59,377
Minority interests	少數股東權益		(150)	912
Profit for the year	年度溢利		291,600	60,289
Dividends attributable to the year	年度應佔股息			
Dividends declared and paid during the year	年度已宣派及派付股息	25(d)	118,961	—
Basic and diluted earnings per share (RMB yuan)	每股基本及攤薄盈利 (人民幣元)	11	0.94	0.19

The notes on pages 79 to 171 form part of these financial statements.

第79頁至第171頁所載附註為本財務報表的一部分。

Combined Balance Sheet

合併資產負債表

at 31 December 2007
於二零零七年十二月三十一日

(Expressed in Renminbi)
(以人民幣列示)

			2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
		Note 附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	12	139,007	191,847
Investment property	投資物業	13	—	3,756
Lease prepayments	預付租金	14	—	81,484
Total non-current assets	非流動資產總值		139,007	277,087
Current assets	流動資產			
Inventories	存貨	16	239,625	173,156
Derivative financial instruments	衍生金融工具	17	810	2,983
Trade and other receivables	交易及其他應收款項	18	488,300	475,540
Amounts due from related parties	應收關連方款項	28(c)(i)	4,845	170,931
Pledged deposits	有抵押存款	19	32,422	135,687
Cash and cash equivalents	現金及現金等價物	20	146,411	56,088
Assets classified as held for sale	列為持作待售資產	21	10,486	—
Total current assets	流動資產總值		922,899	1,014,385
Current liabilities	流動負債			
Loans and borrowings	銀行貸款	22	297,000	406,700
Trade and other payables	交易及其他應付款項	23	245,323	527,287
Amounts due to related parties	應付關連方款項	28(c)(ii)	1,447	568
Derivative financial instruments	衍生金融工具	17	722	501
Current tax payables	應付即期稅項	15(a)	2,086	3,941
			546,578	938,997
Net current assets	流動資產淨值		376,321	75,388

(Expressed in Renminbi)
(以人民幣列示)

Combined Balance Sheet
合併資產負債表
at 31 December 2007
於二零零七年十二月三十一日

			2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
		Note 附註		
Total assets less current liabilities	總資產減流動負債		515,328	352,475
Non-current liabilities	非流動負債			
Loans and borrowings	銀行貸款	22	80,000	—
Deferred tax liabilities	遞延稅項負債	15(b)	—	235
			80,000	235
Net assets	資產淨額		435,328	352,240
Capital and reserves	股本及儲備			
Paid-in capital	實繳股本	24	210,000	225,000
Reserves	儲備	25	225,328	98,101
Total equity attributable to equity holders of the Company	本公司股權持有人應佔權益總額		435,328	323,101
Minority interests	少數股東權益		—	29,139
Total equity	權益總額		435,328	352,240

Approved and authorised for issue by the board of directors on 21 April 2008.

於二零零八年四月二十一日獲董事會批准及授權刊發。

Luo Su
Chairman
主席
羅蘇

Luo Riming
Chief Executive Officer
行政總裁
羅日明

The notes on pages 79 to 171 form part of these financial statements.

第79頁至第171頁所載附註為本財務報表的一部分。

Combined Statement of Changes in Equity

合併權益變動表

for the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

(Expressed in Renminbi)
(以人民幣列示)

		Attributable to equity holders of the Company 本公司股權持有人應佔					
		PRC			Total	Minority interests	Total equity
		Paid-in capital	statutory reserves	Retained earnings			
		實繳股本	中國法定 儲備	保留盈利	總計	少數股東 權益	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Note 24)	(Note 25(a))				
		(附註24)	(附註25(a))				
At 1 January 2006	二零零六年一月 一日	155,041	29,664	39,019	223,724	28,227	251,951
Profit for the year	年度溢利	—	—	59,377	59,377	912	60,289
Transfer from retained earnings	轉撥自保留盈利	—	7,522	(7,522)	—	—	—
Deemed appropriation on reorganisation (Note 25 (b))	視為於重組中 轉撥 (附註 25(b))	(80,041)	—	(29,959)	(110,000)	—	(110,000)
Capitalisation (Note 24 (iv))	撥充資本 (附註 24(iv))	150,000	—	—	150,000	—	150,000
At 31 December 2006	二零零六年十二 月三十一日	225,000	37,186	60,915	323,101	29,139	352,240
At 1 January 2007	二零零七年一月 一日	225,000	37,186	60,915	323,101	29,139	352,240
Profit for the year	年度溢利	—	—	291,750	291,750	(150)	291,600
Transfer from retained earnings	轉撥自保留盈利	—	36,743	(36,743)	—	—	—
Dividend declared during the year (Note 25(d))	年內已宣派 股息 (附註 25(d))	—	—	(118,961)	(118,961)	—	(118,961)
Deemed appropriation on reorganisation (Note 25 (b))	視為於重組中 轉撥 (附註 25(b))	(75,000)	(26,049)	(19,513)	(120,562)	(28,989)	(149,551)
Capitalisation (Note 24 (iv))	撥充資本 (附註 24(iv))	60,000	—	—	60,000	—	60,000
At 31 December 2007	二零零七年十二 月三十一日	210,000	47,880	177,448	435,328	—	435,328

The notes on pages 79 to 171 form part of these financial statements.

第79頁至第171頁所載附註為本財務報表的一部分。

(Expressed in Renminbi)
(以人民幣列示)

Combined Cash Flow Statement
合併現金流量表
for the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Operating activities	經營業務		
Profit before taxation	除稅前溢利	290,923	66,164
Adjustments for:	經下列各項調整：		
Depreciation	折舊		
— Property, plant and equipment	— 物業、機器及設備	23,872	26,868
— Investment property	— 投資物業	94	187
Amortisation of lease prepayments	預付租金攤銷	1,143	1,852
Interest income on bank deposits	銀行存款利息收入	(2,435)	(2,368)
Interest expenses on bank loans	銀行借貸利息開支	26,211	23,471
Gain on disposal of lease prepayments	出售預付租金收益	(174,941)	—
Net losses/(gains) on disposal of property, plant and equipment	出售物業、機器及設備虧損/(收益)淨額	186	(35)
Unrealised net gain of derivative financial instruments	衍生金融工具未變現收益淨值	(88)	(2,482)
Operating profit before changes in working capital	經營資金變動前經營溢利	164,965	113,657
Change in inventories	存貨變動	(94,821)	(74,679)
Change in trade and other receivables	交易及其他應收款項變動	(254,817)	(252,649)
Change in trade and other payables	交易及其他應付款項變動	42,676	128,085
Cash used in operations	經營業務所用現金	(141,997)	(85,586)
Income tax paid	已付所得稅	(3,618)	(6,905)
Net cash used in operating activities	經營業務所用現金淨額	(145,615)	(92,491)

Combined Cash Flow Statement

合併現金流量表

for the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

(Expressed in Renminbi)
(以人民幣列示)

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Investing activities	投資活動		
Interest received	已收利息	2,435	2,368
Proceeds from pledged deposits	有抵押存款所得款項	160,971	245,713
Payment of pledged deposits	有抵押存款付款	(154,974)	(292,258)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備所得款項	—	112
Acquisition of property, plant and equipment	收購物業、機器及設備	(55,546)	(16,512)
Payment for lease prepayments	預付租金	(5,515)	(174)
Proceeds from disposal of lease prepayments	出售預付租金所得款項	208,078	—
Payment of business tax and surcharges on disposal of lease prepayments	出售預付租金所付營業稅及附加費	(9,754)	—
Advances to related parties	墊款予關連方	(48,124)	(126,364)
Repayment of advances to related parties	向關連方償還墊款	116,367	226,048

(Expressed in Renminbi)
(以人民幣列示)

Combined Cash Flow Statement
合併現金流量表
for the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Net cash generated from investing activities	投資活動所得現金淨額	213,938	38,933
Financing activities	融資活動		
Interest paid	已付利息	(26,211)	(23,471)
Cash distributed to equity holders on reorganisation	於重組中向股權持有人分派現金	(21,874)	—
Proceeds from loans and borrowings	銀行貸款所得款項	601,130	549,600
Repayment of loans and borrowings	償還銀行貸款	(418,330)	(476,900)
Dividends paid	已付股息	(118,961)	—
Advances from related parties	關連方墊款	14,565	550
Repayments of advances from related parties	關連方償還墊款	(8,319)	(99)
Net cash generated from financing activities	融資活動所得現金淨額	22,000	49,680
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加／(減少)淨額	90,323	(3,878)
Cash and cash equivalents at 1 January	於一月一日的現金及現金等價物	56,088	59,966
Cash and cash equivalents at 31 December	於十二月三十一日的現金及現金等價物	146,411	56,088

Notes to the combined cash flow statements

Non-cash transactions

- (i) For the year ended 31 December 2006, Xingfa Aluminium Pte Ltd. ("Xingfa SG") acquired the entire equity interest in Foshan Xingfa Aluminium Profiles Co., Ltd. ("Foshan Xingfa") from Hang Fat Aluminium Profiles Co., Ltd ("Hang Fat") at a consideration of RMB110,000,000. The consideration payable to Hang Fat was reflected as deemed appropriation to the equity holders of the Company.

合併現金流量表附註

非現金交易

- (i) 截至二零零六年十二月三十一日止年度，Xingfa Aluminium Pte. Ltd. (「興發SG」)向恒發鋁型材有限公司(「恒發」)收購佛山興發鋁型材有限公司(「佛山興發」)全部權益，代價為人民幣110,000,000元。應付予恒發的代價列為視作撥款予本公司股權持有人。

Combined Cash Flow Statement

合併現金流量表

for the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

(Expressed in Renminbi)
(以人民幣列示)

- (ii) Pursuant to a deed of debt assignment entered into between Xingfa SG, Hang Fat and a group of ultimate equity holders (referred to as the “Controlling Shareholders”) on 31 December 2006, Hang Fat assigned its rights in respect of an amount of RMB150,000,000 receivable from Xingfa SG, which included the consideration referred to in (i) above, to the Controlling Shareholders in consideration of a same amount. Following the debt assignment, 712 new shares of Xingfa SG were issued and allotted to the Controlling Shareholders in consideration of the capitalisation of the amount due to the Controlling Shareholders of RMB150,000,000 (Note 24(iv)(b)).
- (iii) In addition to (ii) above, Hang Fat also assigned its rights in respect of an amount of RMB15,116,000 receivable from Xingfa SG to the Controlling Shareholders in consideration of a same amount pursuant to a deed of debt assignment entered into between Xingfa SG, Hang Fat and the Controlling Shareholders on 31 July 2007. Following the debt assignment, 71 new shares of Xingfa SG were issued and allotted to the Controlling Shareholders in consideration of the capitalisation of the amount due to the Controlling Shareholders of RMB15,116,000 (Note 24(iv)(c)).
- (iv) For the year ended 31 December 2007, certain assets and liabilities (the “Retained Assets”) of the Guangdong Xingfa Group Co., Ltd. (“Xingfa Group”), Guangdong Xingfa Innovation Co., Ltd. (“Xingfa Innovation”) and Foshan Xingfa (collectively referred to as “Predecessor Entities”) with an aggregate amount of RMB149,551,000 which were related to the operations of manufacturing and sales of aluminium profiles (“Aluminium Profile Business”) were retained by Predecessor Entities. They were reflected as deemed appropriation to the equity holders of the Company (Note 25(b)).
- (v) Pursuant to a deed of debt assignment entered into between Xingfa SG, Xingfa Group and the Controlling Shareholders on 30 November 2007, Xingfa Group assigned its rights in respect of an amount of RMB44,884,000 receivable from Xingfa SG to the Controlling Shareholders in consideration of a same amount. Following the debt assignment, 214 new shares of Xingfa SG were issued and allotted to the Controlling Shareholders in consideration of the amounts due to the Controlling Shareholders of RMB44,884,000 (Note 24(iv)(d)).
- (ii) 根據興發SG、恒發與一組最終股權持有人（「控權股東」）於二零零六年十二月三十一日訂立的債務轉讓協議，恒發向控權股東轉讓有關應收興發SG款項人民幣150,000,000元之權利，包括上文(i)所述代價，轉讓予控權股東之代價為同等金額。完成債務轉讓後，控權股東獲發行及配發712股興發SG新股，代價為將應付控權股東款項人民幣150,000,000元撥充資本（附註24(iv)(b)）。
- (iii) 除上文(ii)所述者外，根據興發SG、恒發與本公司控權股東於二零零七年七月三十一日訂立的債務轉讓協議，恒發亦向控權股東轉讓有關應收興發SG款項人民幣15,116,000元之權利，代價為同等金額。債務轉讓後，控權股東獲發行及配發71股興發SG新股，代價為將應付予控權股東款項人民幣15,116,000元撥充資本（附註24(iv)(c)）。
- (iv) 截至二零零七年十二月三十一日止年度，有關鋁型材業務總額為人民幣149,551,000元的佛山興發鋁型材有限公司（「佛山興發」）、廣東興發集團有限公司（「廣東興發」）及廣東興發創新股份有限公司（「興發創新」）（統稱「前身公司」）若干資產及負債由前身公司保留（「保留資產」）。該等資產及負債列為視作撥款予本公司股權持有人（附註25(b)）。
- (v) 根據興發SG、廣東興發與控權股東於二零零七年十一月三十日訂立的債務轉讓協議，廣東興發將應收興發SG人民幣44,884,000元的權利以等額代價轉讓予控權股東。轉讓債務完成後，控權股東獲發行及配發214股興發SG新股，代價為上述應付控權股東款項人民幣44,884,000元（附註24(iv)(d)）。

The notes on pages 79 to 171 form part of these financial statements.

第79頁至第171頁所載附註為本財務報表的一部分。

(Expressed in Renminbi)
(以人民幣列示)

1. COMPANY BACKGROUND AND BASIS OF PRESENTATION

(a) General information

Xingfa Aluminium Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 13 September 2007 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

As at 31 December 2007, 10,000,000 nil-paid shares were held by a group of ultimate equity holders (referred to as the “Controlling Shareholders”). The Company did not carry on any business during the period from the date of incorporation to 31 December 2007. Accordingly, there was neither balance sheet item nor profit or loss item in the financial statement of the Company as at 31 December 2007.

These financial statements have been approved for issue by the Board of Directors on 21 April 2008.

(b) Reorganisation

Pursuant to a reorganisation (the “Reorganisation”) of the Company and its subsidiaries now comprising the group (the “Group”) completed on 29 February 2008 to rationalise the group structure for the public listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Aluminium Profile Business with relevant assets and liabilities of the Predecessor Entities were transferred to the subsidiaries now comprising the Group and the Company became the holding company of the subsidiaries now comprising the Group. The shares of the Company were listed on the Stock Exchange on 31 March 2008.

1. 公司背景及編製基準

(a) 一般資料

興發鋁業控股有限公司(「本公司」)乃於二零零七年九月十三日根據開曼群島公司法第22章(一九六一年法例3, 經綜合及修訂)於開曼群島註冊成立為受豁免有限公司。其註冊辦事處的地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。

於二零零七年十二月三十一日, 10,000,000股未繳股款的股份由一組最終股權持有人(稱為「控股股東」)持有。自註冊成立日期至二零零七年十二月三十一日期間, 本公司並無經營任何業務, 因此本公司於二零零七年十二月三十一日的財務報表並無資產負債表項目或損益賬項目。

董事會已於二零零八年四月二十一日批准刊發本財務報表。

(b) 重組

根據本公司及現時本集團旗下附屬公司(以下統稱「本集團」)於二零零八年二月二十九日完成重組(「重組」)整頓本集團架構, 以使本公司股份於香港聯合交易所有限公司(「聯交所」)主板公開上市, 鋁型材業務連同前身公司的有關資產及負債, 已轉讓予現時屬本集團旗下的附屬公司, 而本公司則成為現時本集團旗下附屬公司的控股公司。本公司股份於二零零八年三月三十一日於聯交所上市。

1. COMPANY BACKGROUND AND BASIS OF PRESENTATION

(b) Reorganisation (continued)

Details of the Reorganisation are set out in the prospectus dated 17 March 2008 (the “Prospectus”) issued by the Company.

The Company and its subsidiaries now comprising the Group as set out below are principally engaged in manufacturing and sales of aluminium profiles in the People’s Republic of China (the “PRC”).

1. 公司背景及編製基準(續)

(b) 重組(續)

有關重組的詳情載於本公司於二零零八年三月十七日刊發的售股章程(「售股章程」)。

下文所載本公司及現時本集團旗下附屬公司主要於中華人民共和國(「中國」)從事製造及銷售鋁型材業務。

Name of company 公司名稱	Place and date of incorporation/ establishment 註冊成立/成立地點 及日期	Issued and fully paid up/registered capital 已發行及繳足/註冊資本	Attributable equity interest 應佔權益		Principal activities 主要業務
			Direct 直接	Indirect 間接	
China Xingfa (BVI) Limited (“Xingfa BVI”)	The British Virgin Islands (the “BVI”) 2 October 2007 英屬處女群島	USD1,000	100%	—	Investment holding
China Xingfa(BVI) Limited (「興發 BVI」)	(「英屬處女群島」) 二零零七年十月二日	1,000 美元			投資控股
Xingfa Aluminium Pte Ltd. (“Xingfa SG”)	Singapore 3 April 2006	SGD43,666,000	—	100%	Investment holding
Xingfa Aluminium Pte Ltd. (「興發 SG」)	新加坡 二零零六年四月三日	43,666,000 新加坡元			投資控股
廣東興發鋁業有限公司 (Guangdong Xingfa Aluminium Co., Ltd.) (“Xingfa Aluminium”)*	the PRC 26 May 2006	RMB180,040,000	—	100%	Manufacturing and sales of aluminium profiles
廣東興發鋁業有限公司 (「興發鋁業」)*	中國 二零零六年五月二十六日	人民幣 180,040,000元			生產及銷售鋁型材

* This entity is a wholly owned foreign enterprise established in PRC.

* 該公司為於中國成立的外資企業

(Expressed in Renminbi)
(以人民幣列示)

1. COMPANY BACKGROUND AND BASIS OF PRESENTATION (continued)

(c) Basis of presentation

Note 1(b) describes the Reorganisation of the Group that took place prior to its listing on the Stock Exchange on 31 March 2008. Since the Reorganisation was not completed until 29 February 2008, the effect of the Reorganisation is not reflected in the Company's financial statements for the period from 13 September 2007 (date of incorporation) to 31 December 2007.

However, since all entities which took part in the Reorganisation were under common control of the Controlling Shareholders before and immediately after the Reorganisation and, consequently, there was a continuation of the risks and benefits to the Controlling Shareholders that existed prior to the Reorganisation. These combined financial statements have been prepared by using the merger basis of accounting as if the Aluminium Profile Business had been operated by the Group and the current group structure had been in existence throughout the periods presented.

Accordingly, the combined income statements, combined statements of changes in equity and combined cash flow statements of the Group for the years ended 31 December 2006 and 2007 include the results of operations of Aluminium Profile Business of the Predecessor Entities and the results of operations of the Company and its subsidiaries now comprising the Group for the years ended 31 December 2006 and 2007 (or where the companies were established/incorporated at a date later than 1 January 2006, for the periods from the date of establishment/incorporation to 31 December 2007).

1. 公司背景及編製基準(續)

(c) 編製基準

附註1(b)載述本集團於二零零八年三月三十一日在聯交所上市前進行重組之詳情。由於重組直至二零零八年二月二十九日完成，故此重組之影響不會於本公司自二零零七年九月十三日(註冊成立當日)至二零零七年十二月三十一日止期間的財務報表中反映。

然而，由於所有涉及重組之公司在重組之前或重組後當時均由控股股東共同控制，故控股股東在重組後繼續承擔及享有在重組前已存在之相關風險及利益。本合併財務報表根據合併會計法編制猶如鋁型材業務一直由本集團經營及現有集團架構已于所呈列期間一直存在。

因此，本集團的合併收益表、合併權益變動表及合併現金流量表計及前身公司鋁型材業務的經營業績及二零零六及二零零七年度(倘公司於二零零六年一月一日後成立/註冊成立，則為自成立/註冊成立日期起至二零零七年十二月三十一日止期間)本集團旗下公司的經營業績。

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Predecessor Entities' assets and liabilities which are related to the Aluminium Profile Business are combined using their existing book values from the Controlling Shareholders' perspective. The combined balance sheets of the Group as at 31 December 2006 have been prepared to present the state of affairs of the Aluminium Profile Business of the Predecessor Entities and the state of affairs of the Company's subsidiaries now comprising the Group as at 31 December 2006. The Retained Assets retained by the Predecessor Entities at 28 July 2007 were treated as deemed appropriation to the equity holders of the Company at 28 July 2007. Accordingly, the combined balance sheets as at 31 December 2007 have not included the Retained Assets but have been prepared to present the state of affairs of the Company and its subsidiaries now comprising the Group as at 31 December 2007.

All material intra-group transactions and balances have been eliminated on combination.

These combined financial statements do not form part of the Company's financial statements for the year ended 31 December 2007. However, they will form the basis of the comparative information in the Company's financial statements for the year ending 31 December 2008. This is because, when adopting the merger basis of accounting, in the period in which the Reorganisation is first reflected in the financial statements, the financial statement items for any comparative periods should be included in the financial statements as if the Reorganisation had taken place from the beginning of the earliest period presented.

2. 主要會計政策

(a) 合規聲明

前身公司有關鋁型材業務的資產及負債採用控權股東認為的現有賬面值合併入賬。截至二零零六年十二月三十一日的合併資產負債表，呈列前身公司鋁型材業務的財務狀況及於相關日期本集團旗下公司的財務狀況。由前身公司於二零零七年七月二十八日保留的保留資產視作二零零七年七月二十八日對本公司股權持有人的分配，因此，合併財務報表所載截至二零零七年十二月三十一日的合併資產負債表並不計及保留資產，惟呈列本公司及本集團旗下附屬公司於二零零七年十二月三十一日的財務狀況。

集團內部的所有重大交易及結餘已於合併入賬時撇銷。

雖然本合併財務報表不屬於截至二零零七年十二月三十一日止年度本公司財務報表，但可作為截至二零零八年十二月三十一日止年度財務報表之比較資料，原因在於採用合併會計法後，當財務報表首次涉及重組之期間，則任何比較期間之財務報表項目應包括在財務報表中，猶如重組自最新呈報之期間開始時已進行。

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which include all applicable individual IFRSs, International Accounting Standards (“IASs”) and related Interpretations, promulgated by the International Accounting Standards Board (the “IASB”). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

Up to the date of issue of these financial statements, the IASB issued a number of new and revised IFRSs. For the purpose of preparing these financial statements, the Group has adopted all these new and revised IFRSs throughout the years presented, except for any new standards or interpretation that are not yet effective for the accounting period ended 31 December 2007. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended 31 December 2007 are set out in Note 31.

A summary of the significant accounting policies adopted and consistently applied by the Group in the preparation of these financial statements is set out below.

2. 主要會計政策

(a) 合規聲明

本財務報表是按照國際會計準則委員會頒佈的國際財務報告準則編製。國際財務報告準則包括所有適用的國際財務報告準則、國際會計準則及相關詮釋。本財務報表亦符合香港公司條例的披露規定及香港聯交所證券上市規則的適用披露規定。

截至本財務報表刊發日期，國際會計準則委員會頒佈多項新訂及經修訂國際財務報告準則。編製本財務報表時，本集團於所呈列年度整段期間已採納所有該等新訂及經修訂國際財務報告準則，惟於截至二零零七年十二月三十一日止年度尚未生效的任何新訂準則或詮釋除外。已頒佈但於截至二零零七年十二月三十一日止年度尚未生效的經修訂及新訂會計準則及詮釋載於附註31。

本集團編製本財務報表所採用及貫徹使用的主要會計政策概述如下。

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(b) Basis of measurement

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (“functional currency”). These financial statements are presented in Renminbi (“RMB”), rounded to the nearest thousand except for per share data.

These financial statements are prepared on the historical cost basis except that the derivative financial instruments are measured at fair value (Note 2(f)(ii)). The methods used to measure fair value are set out in Note 3.

(c) Use of estimates and judgments

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgments made by management in application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in Note 30.

2. 主要會計政策 (續)

(b) 計量基準

本集團各公司之財務報表項目以最能反映與該公司相關的事項及環境之經濟特徵之貨幣(「功能貨幣」)計量。除每股股份數據外，財務資料已約整至最接近千元的人民幣(「人民幣」)呈列。

財務資料按歷史成本編製，惟按公平值計量的衍生金融工具除外(附註2(f)(ii))。計算公平值所用方法載於附註3。

(c) 所用估計及判斷

管理層編製財務資料時，須作出可能影響會計政策應用和所呈報資產、負債及收支金額的判斷、估計和假設。該等估計和相關假設乃根據過往經驗及管理層相信於該等情況下屬合理的各項其他因素作出，所得結果成為目前並無其他資料顯示之資產及負債賬面值判斷之基礎。實際結果可能與該等估計不同。

估計及相關假設會持續檢討。會計估計改變會在改變估計期間及受影響的任何未來期間確認。

管理層應用國際財務報告準則時所作出對財務報表有重大影響的判斷及很可能導致重大調整的估計載於附註30。

(Expressed in Renminbi)
(以人民幣列示)

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(d) Subsidiaries and controlled entities

- (i) Subsidiaries and controlled entities are entities controlled by the Group. Control exists when the Group has the power directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries and controlled entities are included in these financial statements from the date that control commences until the date that control ceases.
- (ii) Minority interests represent the portion of the net assets of subsidiaries and controlled entities attributed to interests that are not owned by the Company, whether directly and indirectly through subsidiaries and controlled entities, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the combined balance sheet within equity, separately from equity attributable to the equity holders of the Company. Minority interests in the results of the Group are presented on the face of the combined income statement as an allocation of the total profit or loss for the year between minority interests and the equity holders of the Company.
- (iii) Intra-group balances and any unrealised income and expenses arising from Intra-group transactions are eliminated in preparing these financial statements.

2. 主要會計政策(續)

(d) 附屬公司及受控公司

- (i) 附屬公司及受控公司指由本集團控制的公司。當本集團有權直接或間接控制公司的財務及經營政策，以自其業務中獲利，則該公司將視為受本集團控制。在評估控制權時，會考慮目前可行使的潛在投票權。附屬公司及受控公司之財務報表自控制開始當日起至控制結束當日期間計入合併財務報表。
- (ii) 少數股東權益指並非由本公司直接或透過附屬公司及受控公司間接擁有的股權所佔附屬公司及受控公司資產淨值部分，而本集團並無就此與該等股權持有人協定任何可能導致本集團整體須就符合金融負債定義的該等股權承擔訂約責任的其他條款。少數股東權益在合併資產負債表列於權益，但與本公司股權持有人應佔權益分開呈列。本集團業績中的少數股東權益於合併收益表中按少數股東權益及本公司股權持有人之間的年度溢利或虧損總額分配呈列。
- (iii) 集團內公司間交易的結餘以及任何未變現收支於編製本財務報表時抵銷。

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(e) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rates at that date. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to RMB at exchange rates ruling at the dates of the transactions. Foreign currency differences are recognised directly in equity.

(f) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, pledged deposits, cash and cash equivalents, loans and borrowings, trade and other payables and amounts due from/ (to) related parties.

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

2. 主要會計政策 (續)

(e) 外幣交易

外幣交易按交易當日匯率換算成本集團公司的相關功能貨幣。於呈報日期，以外幣計值的貨幣資產及負債則按當日匯率重新換算為功能貨幣。外幣重新換算產生的差額於損益確認。按歷史成本以外幣計值的非貨幣資產及負債按交易日的匯率換算。

海外業務的資產及負債按呈報日期之匯率換算為人民幣。海外業務收支按交易當日之匯率換算為人民幣。外幣差額直接於權益確認。

(f) 金融工具

(i) 非衍生金融工具

非衍生金融工具包括交易及其他應收款項、有抵押存款、現金及現金等價物、銀行貸款、交易及其他應付款項與應收 / (應付) 關連方款項。

交易及其他應收款項首先以公平值確認，其後以攤銷成本減呆賬減值撥備列賬，惟倘應收款項為向關連方所提供並無固定還款期的免息貸款或折現影響不大者，應收款項則以成本減呆賬減值撥備列賬。

(Expressed in Renminbi)
(以人民幣列示)

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(f) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Trade and other payables and amounts due to related parties are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with Note 2(n), trade and other payables and amounts due to related parties are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Cash and cash equivalents comprise cash balances and call deposits.

Accounting for finance income and expenses is set out in Note 2(t).

2. 主要會計政策(續)

(f) 金融工具(續)

(i) 非衍生金融工具(續)

銀行貸款首先以公平值減應佔交易成本確認。首次確認後，銀行貸款以攤銷成本、首次確認的金額與借貸期內損益賬確認之贖回價值差額加上任何利息及應付費用按實際利息法列賬。

交易及其他應付款項以及應付關連方款項首先以公平值確認。除根據附註2(n)計量之融資擔保負債外，交易及其他應付款項以及應付關連方款項隨後以攤銷成本列賬，惟倘折現影響不大，則以成本列賬。

現金及現金等價物包括現金結餘及通知存款。

財務收入及支出入賬方法載於附註2(t)。

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(f) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the assets. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the assets. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(ii) Derivative financial instruments

The Group uses aluminium futures contracts to mitigate its market risk on aluminium price fluctuations. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

The Group does not adopt hedge accounting. Derivative financial instruments are recognised initially at fair value, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value.

2. 主要會計政策 (續)

(f) 金融工具 (續)

(i) 非衍生金融工具 (續)

當本集團成為金融工具合約條文訂約方，則會確認該金融工具。倘本集團所持有關金融資產現金流之合約權利到期或將該金融資產轉讓予另一方而不再保留該資產的控制權或全部風險及回報，則該金融資產將不再獲確認。金融資產一般買賣乃於交易日期(即本集團承諾購買或出售有關資產的日期)入賬。倘合約列明之本集團責任到期、解除或註銷，則不會確認該金融負債。

(ii) 衍生金融工具

本集團以鋁期貨合約減輕鋁價波動的市場風險。根據其財務政策，本集團並無持有或發行衍生金融工具作交易用途。

本集團並無採納對沖會計處理法。衍生金融工具首先按公平值確認，涉及交易成本時於損益確認。首次確認後，衍生金融工具按公平值計量。

(Expressed in Renminbi)
(以人民幣列示)

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(f) Financial instruments (continued)

(ii) Derivative financial instruments (continued)

Changes in the fair values of derivative financial instruments are recognised directly in profit or loss under “other net income” as they arise.

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (Note 2(k)).

Cost includes expenditures that are directly attributable to the acquisition of an asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Construction in progress represents property, plant and equipment under construction and machinery pending installation, and is stated at cost less impairment losses (Note 2(k)).

2. 主要會計政策 (續)

(f) 金融工具 (續)

(ii) 衍生金融工具 (續)

衍生金融工具之公平值變動於產生時直接在損益賬中「其他收入淨額」確認。

(g) 物業、機器及設備

(i) 確認及計量

物業、機器及設備項目以成本減累計折舊和減值虧損計量(附註2(k))。

成本包括收購資產有關的直接開支。自建資產成本包括原材料成本、直接勞工費用、任何將資產投入擬定用途所需的其他直接成本、拆卸及搬遷項目以及恢復資產所在地原貌的成本。為相關設備主要功能購買軟件的費用撥作該設備成本一部分。

倘物業、機器及設備各部分使用年期不同，則會將各個主要部分分開入賬。

在建工程指在建物業、機器及設備與尚未安裝的機器，按成本減減值虧損(附註2(k))列賬。

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(g) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Cost comprises direct costs of construction during the construction and installation period. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when all of the activities necessary to prepare the assets for their intended use are substantially complete.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day serving of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of the lease and their estimated useful lives, being no more than 20 years after the date of completion. Leased assets are depreciated over the shorter of the lease term and their useful lives.

2. 主要會計政策 (續)

(g) 物業、機器及設備 (續)

(i) 確認及計量 (續)

成本包括建築及安裝期間的建築直接成本。當將資產投入擬定用途所需的所有準備工作大致完成時，不再將該等成本撥充資本，而在建工程會轉撥為物業、機器及設備。

(ii) 日後成本

倘部分物業、機器及設備項目的日後經濟利益將流入本集團，而其成本能可靠計量，則其重置成本按項目的賬面值確認。物業、機器及設備的日常服務成本於產生時在損益確認。

(iii) 折舊

折舊於物業、機器及設備項目各部分的估計可使用年期內按直線法於損益確認。位於租賃土地的持作自用樓宇於未屆滿的租期或估計可使用年期(不超過落成日期起計20年)之較短期間內折舊。租賃資產於租期或可使用年期之較短期間內折舊。

(Expressed in Renminbi)
 (以人民幣列示)

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(g) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives of other property, plant and equipment are as follows:

Plant and machinery	10-15 years
Motor vehicles	5-10 years
Office equipment and others	2-10 years

No depreciation is provided in respect of construction in progress until it is substantially complete and ready for its intended use. Upon completion and commissioning for operation, depreciation will be provided at the appropriate rates specified above.

Depreciation methods, useful life and residual value are reassessed at the reporting date.

(h) Lease prepayments

Lease prepayments represent cost of land use rights paid to the PRC government authorities. Land use rights are stated as cost less accumulated amortisation and impairment losses (Note 2(k)). Amortisation is recognised in profit or loss on a straight-line basis over the respective period of the rights.

2. 主要會計政策 (續)

(g) 物業、機器及設備 (續)

(iii) 折舊 (續)

其他物業、機器及設備之估計可使用年期如下：

廠房及機器	10至15年
汽車	5至10年
辦公室設備及其他	2至10年

除非在建工程已大致完成，並可作擬定用途，否則在建工程不會計提任何折舊。完成及投入經營後，折舊將按上文所載適當比率撥備。

折舊法、可使用年期及餘值會於報告日期重估。

(h) 預付租金

預付租金指付予中國政府部門的土地使用權成本。土地使用權按成本減累計攤銷及減值虧損(附註2(k))入賬。攤銷於各權利有效期內按直線法於損益確認。

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property comprises cost of building. Investment property is stated at cost less accumulated depreciation and impairment losses (Note 2(k)). Depreciation for investment property is recognised in profit or loss on a straight-line basis over the estimated useful lives of 20 years, after taking into account of its estimated residual values.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In case of manufactured inventories and work in progress, cost includes an appropriate share of the production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(k) Impairment of assets

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

2. 主要會計政策(續)

(i) 投資物業

投資物業為持作賺取租金收入或作資本增值或兩者兼有的物業。投資物業包括樓宇成本。投資物業按成本減累計折舊及減值虧損(附註2(k))入賬。投資物業折舊在計及估計餘值後，於估計可使用年期20年內按直線法在損益確認。

(j) 存貨

存貨以成本或可變現淨值之較低者計量。存貨成本按加權平均成本法計算，包括收購存貨及將存貨運至目前地點及變成現狀所涉開支。已製成的存貨及在製品的成本包括按一般產能計算的適當生產費用部分。可變現淨值為日常業務中的估計售價，減去估計完成生產及銷售所需的成本。

(k) 資產減值

(i) 金融資產

倘有客觀跡象顯示一項或多項事件對金融資產之估計未來現金流量有負面影響，則該金融資產視為已減值。

按攤銷成本計量的金融資產減值虧損以其賬面值與按原訂實際利率貼現的估計未來現金流量現值之差額計算。

(Expressed in Renminbi)
(以人民幣列示)

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(k) Impairment of assets (continued)

(i) Financial assets (continued)

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

2. 主要會計政策(續)

(k) 資產減值(續)

(i) 金融資產(續)

各項主要金融資產會分別測試有否減值。其他金融資產會以信貸風險特色分類評估。

所有減值虧損均於損益確認。

倘撥回客觀地與減值虧損確認後發生之事項有關連，則可撥回減值虧損。按攤銷成本計量之金融資產，撥回時須於損益確認。

(ii) 非金融資產

本集團非金融資產(存貨及遞延稅項資產除外)之眼面值會於各報告日期檢討，以釐定有否減值跡象。如有上述跡象，則須估計該資產的可收回金額。

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(k) Impairment of assets (continued)

(ii) Non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. 主要會計政策 (續)

(k) 資產減值 (續)

(ii) 非金融資產 (續)

倘資產或其現金產生單位的賬面值超過其可收回金額，方會確認減值虧損。現金產生單位是最基本的可識別資產類別，所產生的現金流量大致獨立於其他資產及類別。減值虧損於損益確認。所確認有關現金產生單位之減值虧損會先撥至減少該單位獲分配的任何商譽賬面值，然後按比例減少該單位（或一組單位）中的其他資產賬面值。

資產或現金產生單位的可收回金額為其使用價值或公平值減銷售成本兩者之較高者。評估使用價值時，估計未來現金流量會按可反映貨幣時間價值之現行市場評估及該資產特有風險的除稅前貼現率貼現成現值。

於各報告日期評估過往期間確認之減值虧損是否已減少或不再存在。倘釐定可收回金額的估計有變時，可撥回減值虧損。減值虧損僅於資產賬面值不超過假如並無確認減值虧損而應有的賬面值（已扣除折舊或攤銷）時方可撥回。

(Expressed in Renminbi)
(以人民幣列示)

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(l) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated to assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(m) Employee benefit

Obligations for contribution to defined contributed pension plans are recognised as an expense in profit or loss when they are due.

(n) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

2. 主要會計政策 (續)

(l) 持作待售非流動資產

預期主要通過出售而非持續使用收回之非流動資產(或出售資產及負債組合)歸類為持作待售資產。資產(出售組合之部分)於歸類為持作待售前會按照本集團之會計政策重新計量,其後資產(或出售組合)一般按賬面值或公平值減銷售成本之較低者計算。出售組合之任何減值虧損按比例分配至資產及負債,惟根據本集團會計政策持續計量的存貨、金融資產、遞延稅項資產、僱員福利資產及投資物業不會獲分配任何虧損。首次歸類為持作待售資產之減值虧損及其後重新計量時產生之收益或虧損於損益確認。倘收益超過任何累計減值虧損,則不會確認。

(m) 僱員福利

定額供款退休金計劃的責任於屆滿時在損益確認為開支。

(n) 已發行的財務擔保

財務擔保乃要求發行人(即擔保人)因特定債務人未能根據債務文據之條款於到期時還款引致的損失向擔保受益人(「持有人」)償付特定款項之合約。

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(n) Financial guarantees issued (continued)

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with Note 2(o) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group, under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(o) Provisions

Provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for. The Group did not have any detailed and formal restructuring plan up to the date of this report.

2. 主要會計政策 (續)

(n) 已發行的財務擔保 (續)

倘本集團發出財務擔保，該擔保之公平值(即交易價格，惟公平值可準確估計則除外)首先確認為交易及其他應付款項之遞延收入。因發出擔保而已收或應收的代價根據本集團適用於該資產類別之政策確認。

首先確認為遞延收入之擔保金額於擔保年期內在損益作為已發出的財務擔保之收入攤銷。此外，倘(i)擔保持有人可根據擔保向本集團催收款項；及(ii)向本集團提出的申索款額預期高於現時就該擔保於交易及其他應付款項列賬之數額(即最初確認之金額)減累計攤銷後撥備的金額，即須按照附註2(o)確認。

(o) 撥備

倘本集團須就過往事件承擔可準確估計的法定或推定責任，且很可能需要耗費經濟利益以履行責任，則會確認撥備。撥備乃通過按可反映金錢時間價值之現行市場評估及負債特有風險的除稅前利率將預期未來現金流量貼現而釐定。

倘本集團批准詳細正式的重組計劃，並已開始重組或公開宣佈進行重組，則會確認重組撥備。不會為日後的經營成本作出撥備。截至本報告日期，本集團尚未制定任何詳細正式的重組計劃。

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(p) Turnover

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates and excluding value added tax or other sales taxes. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards vary depending on the individual terms of contract of sales. For sales of aluminium profiles, transfer usually occurs when the product is received at the customer's warehouse; however, for some international shipments transfer occurs upon loading the goods onto the relevant carrier.

(ii) Services income

Revenue from services rendered is recognised in profit or loss upon the completion of transaction.

2. 主要會計政策(續)

(p) 收入

(i) 銷售貨品

銷售貨品之收入按已收或應收代價之公平值扣除退貨及補貼、貿易折扣及按成交量計算的回扣(不包括增值稅或其他銷售稅)計量。當貨品擁有權的重大風險及回報已轉交買方，並有可能收回代價，貨品的有關成本及可能退貨數額能準確估計且對貨品並無持續監管權時，方會確認收入。

風險及回報轉讓視乎銷售合約之個別條款而定。銷售鋁型材時，通常於客戶倉庫接收貨品時轉讓。然而，部分國際貨運的轉讓則於貨品裝載至有關集裝箱時進行。

(ii) 服務收入

提供服務之收入於完成交易後於損益確認。

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(q) Government grants

An unconditional government grant is recognised in profit or loss when the grant becomes receivable.

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same period in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

(r) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(s) Operating lease payment

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expenses, over the term of the lease.

2. 主要會計政策 (續)

(q) 政府補貼

無條件政府補貼於有權收取補貼時在損益確認。

倘可合理保證本集團能收取政府補貼且可符合有關條件，則政府補貼首先確認為遞延收入。補償本集團所涉開支之補貼於確認該等開支的相同期間有系統地在損益確認。補償本集團個別資產成本之補貼於資產可用年期內有系統地在損益確認。

(r) 租金收入

投資物業之租金收入於租期內按直線法在損益確認。租金優惠於租期內確認為總租金收入一部分。

(s) 經營租金

經營租金乃於租期內按直線法在損益確認。已收取的租金優惠於租期內確認為總租金開支一部分。

(Expressed in Renminbi)
(以人民幣列示)

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(t) Finance income and expenses

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings and foreign currency losses. All borrowing costs are recognised in profit or loss using effective interest method.

(u) Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

(v) Income tax expense

Income tax expense comprises current tax and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case they are recognised in equity.

2. 主要會計政策 (續)

(t) 財務收入及支出

財務收入包括投資款項之利息收入及外匯收益。利息收入以實際利息法在應計時確認。

財務支出包括借貸利息開支及外匯虧損。所有借貸成本均以實際利息法於損益確認。

(u) 研發成本

研究成本於所涉期間確認為開支。研發成本包括與研發活動直接相關的成本或可合理分配至該等活動的一切費用。鑑於本集團研發活動之性質，個別資產的有關成本僅可於開發後期當餘下開發成本極少時方可符合確認條件。因此，研究成本及開發成本一般於所涉期間確認為開支。

(v) 所得稅開支

所得稅開支包括即期及遞延稅項。所得稅開支於損益確認，惟倘與直接於權益確認之項目相關，則於權益確認。

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(v) Income tax expense (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2. 主要會計政策 (續)

(v) 所得稅開支 (續)

即期稅項乃根據年內應課稅收入按報告日期已實施或大致實施的稅率計算之預計應付稅項，並會按過往年度之應付稅項調整。

可扣稅與應課稅暫時差額分別產生的遞延稅項資產及負債即財務報告所載資產與負債賬面值與相關稅基的差額。遞延稅項資產亦會來自未動用稅務虧損及未動用稅務抵免。

除若干少數例外情況外，所有遞延稅項負債及所有遞延稅項資產(須可能有日後應課稅溢利可供動用該資產)均會確認。支持確認可扣稅暫時差額所產生遞延稅項資產的日後應課稅溢利包括撥回現有應課稅暫時差額所產生溢利，惟該等差額須與相同稅務機關及相同課稅公司有關，並預期於可扣稅暫時差額預期撥回的同一期間或遞延稅項資產所產生稅務虧損可撥回或結轉的各期間內撥回。釐定現有應課稅暫時差額是否支持確認未動用稅務虧損及抵免所產生遞延稅項資產的條件相同，即與同一稅務機關及課稅公司有關且預期於稅務虧損或抵免動用的期間撥回的差額會計算在內。

(Expressed in Renminbi)
(以人民幣列示)

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(v) Income tax expense (continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2. 主要會計政策 (續)

(v) 所得稅開支 (續)

確認遞延稅項資產與負債的少數例外情況為首次確認可影響會計或應課稅溢利的資產或負債(並非業務合併一部分)產生的暫時差額,以及有關投資附屬公司的暫時差額,如為應課稅差額,則集團可控制撥回時間及該等差額於可見將來應不會撥回者,而如為可扣稅差額,即於可見將來或會撥回者。

所確認遞延稅項金額乃根據預期資產及負債賬面值變現或結算方式,按結算日已頒佈或實質頒佈的稅率計算。遞延稅項資產及負債不會貼現。

於各結算日會檢討遞延稅項資產的賬面值,並會減少至不可能有足夠應課稅溢利供相關稅務優惠動用為止。有關減少會於應有足夠應課稅溢利時撥回。

分派股息產生的額外所得稅會於確認支付相關股息的負債時確認。

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(v) Income tax expense (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. 主要會計政策(續)

(v) 所得稅開支(續)

結餘與遞延稅務結餘以及相關增減會分開呈列，且不會對銷。倘本公司或本集團可合法將即期稅項資產與即期稅項負債對銷，並符合下列其他條件，則可將即期稅項資產與即期稅項負債以及遞延稅項資產與遞延稅項負債互相對銷：

- 如為即期稅項資產及負債，本公司或本集團擬按淨額結算，或同時變現資產及結算負債；或
- 如為遞延稅項資產及負債，則須與同一稅務機關所徵收所得稅有關：
 - 同一應稅實體；或
 - 不同應稅實體，計劃在預期有重大金額的遞延稅項負債或資產須予清償或收回的每個未來期間，按淨額基準變現本期稅項資產及清償本期稅項負債，或同時變現及清償該資產及該負債。

(Expressed in Renminbi)
(以人民幣列示)

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(w) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is a member of key management personnel of the Group or the Group's parent, or, a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individual;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2. 主要會計政策 (續)

(w) 關連方

編製本財務資料時，倘符合下列條件，則視為本集團之關連方：

- (i) 該方能夠直接或透過一間或多間中介機構間接控制本集團或對本集團的財務及經營決策發揮重大影響力，或共同控制本集團；
- (ii) 本集團與該方受共同控制；
- (iii) 該方為本集團的聯營公司或本集團為合營夥伴的合營企業；
- (iv) 該方為本集團或本集團母公司之主要管理人員或有關人員的親屬，或受有關人員控制、共同控制或重大影響的公司；
- (v) 該方為第(i)項所指人士的親屬或受該等人士控制、共同控制或重大影響的公司；或
- (vi) 該方為以本集團或其任何關連方僱員為受益人的離職後福利計劃。

個別人士的親屬指與公司進行買賣時預期可影響相關個別人士或受相關人士影響的家族成員。

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. No segment information is presented in respect of the Group's business segment as the Group is principally engaged in the manufacturing and sales of aluminium profiles.

3. DETERMINATION OF FAIR VALUE

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset and liability.

(i) Derivatives financial instruments

The fair value of future aluminium contract is based on their listed market price.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

2. 主要會計政策 (續)

(x) 分部報告

分部指本集團內負責提供相關產品或服務(業務分部)，或在特定經濟環境(地區分部)提供產品或服務的不同部分，各分部所承受的風險及獲得的回報互不相同。由於本集團主要從事鋁型材生產及銷售業務，故並無呈列有關本集團業務分部的分部資料。

3. 計算公平值

本集團多項會計政策及披露須要厘定金融及非金融資產及負債之公平值。用作計量及/或披露的公平值乃根據以下方法釐定。有關計算公平值時所作假設的其他資料(如適用)在相關資產及負債的相關附註披露。

(i) 衍生金融工具

鋁期貨合約之公平值乃按市場報價計算。

(ii) 非衍生金融負債

用作披露的公平值乃根據未來本金及利息現金流量按報告日期的市場利率折現之現值計算。

(Expressed in Renminbi)
 (以人民幣列示)

4. SEGMENT REPORTING

Geographical segment information is the Group's sole reporting format. In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of customers. The Group's assets and liabilities are almost located in the PRC and accordingly, no analysis of segment assets, liabilities and capital expenditure is presented.

Geographical segments

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Turnover	收入	1,962,703	1,599,121
The PRC	中國		
North America	北美洲	40,387	57,395
Europe	歐洲	24,098	60,107
Hong Kong	香港	60,381	43,650
Asia Pacific (other than the PRC and Hong Kong)	亞太區 (不包括中國及香港)	50,334	84,653
Others	其他	10,771	16,318
Total	總計	2,148,674	1,861,244

4. 分部報告

地區分部資料為本集團的唯一報告方式。呈列地區分部資料時，分部收益乃按客戶所在地區劃分。本集團的資產及負債大部分位於中國，故並無呈列分部資產、負債及資本開支分析。

地區分部

5. TURNOVER

The Group is principally engaged in the manufacturing and sale of aluminium profiles. Turnover represents the sales value of goods supplied to customers. Turnover excludes value added taxes or other sales taxes and is after allowance for goods returned and deduction of any trade discounts. The amount of each significant category of revenue recognised in turnover during the year is as follows:

5. 收入

本集團主要從事鋁型材生產及銷售。收入指向客戶供應的產品售價。收入不包括增值稅或其他銷售稅，並已扣除退貨撥備及任何貿易折扣。於年內已確認收入之各個重要收益類別金額如下：

		2007 二零零七年 <i>RMB'000</i> 人民幣千元	2006 二零零六年 <i>RMB'000</i> 人民幣千元
Manufacture and sale of aluminium profiles	生產及銷售鋁型材	2,039,331	1,807,621
Manufacture and sale of aluminium panels, moulds and spare parts	生產及銷售鋁板、 模具及零部件	108,920	42,099
Provision of processing services	提供加工服務	423	11,524
		2,148,674	1,861,244

(Expressed in Renminbi)
(以人民幣列示)

6. OTHER NET INCOME

6. 其他收入淨額

			2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
		Note 附註		
Compensation from patent infringements	專利侵權賠償	<i>i</i>	936	3,540
Government grants	政府補貼	<i>ii</i>	415	1,845
Rental income	租金收入			
— investment property	— 投資物業		329	329
— others	— 其他		78	56
Realised net gains/(losses) on settlement of derivative financial instruments	結算衍生金融工具已變現收益/(虧損)淨額		3,159	(2,985)
Unrealised net gains of derivative financial instruments	衍生金融工具未變現收益淨額	17	88	2,482
Gain on disposal of lease prepayments	出售預付租金收益	14(iv)	174,941	—
Services income generated from design and installation of aluminium panels	設計及安裝鋁板所得服務收入		1,668	388
Others	其他		554	251
			182,168	5,906

(i) The Group received compensation from patent infringers in connection with certain litigations.

(ii) Government grants in form of cash subsidies were received from several bureaux of the local government. The entitlement of certain government grants was unconditional and was under the discretion of the relevant bureaux. They were granted for future development of the Group. The entitlement of the remaining government grants was conditional. They were granted for subsidising certain research projects, exporting activities of the Group, and maintaining the status of the Group's brand name "Xingfa" as a well-known trademark in the PRC. The relevant conditions included, among other things, completion of research projects, achievement of certain export amounts and keeping the relevant trademark registered and used consecutively for more than three years. The Group was entitled to these grants when the respective conditions were fulfilled and approvals were obtained from the relevant bureaux.

(i) 本集團已收取有關若干訴訟的專利侵權賠償。

(ii) 本集團獲若干地方政府發放政府現金補貼。若干政府補貼金由相關部門酌情無條件發出，作本集團日後發展之用。其餘政府補貼金為有條件授出，作為本集團多個研究項目、出口業務及維持本集團「興發」品牌作為中國知名商標的津貼。有關條件包括完成研究項目、達成若干目標出口額及註冊有關商標註冊並連續使用超過三年等。本集團於達成相關條件及取得有關當局的批准後獲發有關補貼。

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance income and expenses:

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Interest income on bank deposits	銀行存款利息收入	(2,435)	(2,368)
Finance income	財務收入	(2,435)	(2,368)
Interest expense on bank loans	銀行貸款利息開支	26,211	23,471
Net foreign exchange losses	外匯虧損淨額	4,267	1,432
Finance expenses	財務支出	30,478	24,903
Net finance costs	財務成本淨額	28,043	22,535

(b) Staff costs:

Salaries, wages and other benefits	薪金、工資及其他福利	41,438	31,075
Contributions to defined contribution retirement plan	向定額供款計劃供款	2,041	2,047
		43,479	33,122

Staff costs included directors' remuneration (Note 9).

The employees of the Group in the PRC participate in a defined contribution retirement scheme operated by the local government whereby the Group is required to contribute to the scheme at a rate of 10% of the eligible employees' basic salary. The local government authority is responsible for the entire pension obligations payable to the employees.

The Group has no other obligations for payment of retirement and other post-retirement benefits to the employees other than the contribution described above.

7. 除稅前溢利

除稅前溢利已(扣除)/計入：

(a) 財務收入及支出：

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Interest income on bank deposits	銀行存款利息收入	(2,435)	(2,368)
Finance income	財務收入	(2,435)	(2,368)
Interest expense on bank loans	銀行貸款利息開支	26,211	23,471
Net foreign exchange losses	外匯虧損淨額	4,267	1,432
Finance expenses	財務支出	30,478	24,903
Net finance costs	財務成本淨額	28,043	22,535

(b) 員工成本

Salaries, wages and other benefits	薪金、工資及其他福利	41,438	31,075
Contributions to defined contribution retirement plan	向定額供款計劃供款	2,041	2,047
		43,479	33,122

員工成本包括董事酬金(附註9)。

本集團的中國僱員參與地方政府經營的定額供款退休計劃，據此，本集團須按合資格僱員基本薪金的10%向計劃供款。地方政府機關全權負責向僱員支付退休金。

除上述供款外，本集團再無為僱員退休及其他退休後福利供款的其他責任。

(Expressed in Renminbi)
(以人民幣列示)

7. PROFIT BEFORE TAXATION (continued)

Profit before taxation is arrived at after charging/(crediting)
(continued):

(c) Other items:

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Depreciation	折舊		
— Property, plant and equipment	— 物業、機器及設備	23,872	26,868
— Investment property	— 投資物業	94	187
Amortisation of lease prepayments	預付租金攤銷	1,143	1,852
Research and development costs (ii)	研發成本 (ii)	2,265	2,113
Auditors' remuneration	核數師酬金	195	221
Cost of inventories (i)	存貨成本 (i)	1,949,498	1,724,743
Operating lease charges: minimum lease payments	經營租金：最低租金		
— plants and machineries	— 廠房及機器	2,345	—
— properties	— 物業	4,473	—

(i) Cost of inventories for the year ended 31 December 2007 includes RMB53,363,000 (2006: RMB49,962,000) relating to staff costs, depreciation, amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

(ii) Research and development costs include staff costs of RMB1,102,000 for the year ended 31 December 2007 (2006: RMB651,000) which amount is also included in Note 7(b).

7. 除稅前溢利(續)

除稅前溢利已(扣除)/計入：(續)

(c) 其他項目

(i) 截至二零零七年十二月三十一日止年度，存貨成本包括與員工成本、折舊及攤銷開支有關人民幣53,363,000元(二零零六年：人民幣49,962,000元)，已計入上文或附註7(b)分開披露的各類開支總額。存貨成本計入銷售成本。

(ii) 截至二零零七年十二月三十一日止年度，研發成本包括員工成本人民幣1,102,000元(二零零六年：人民幣651,000元)，已計入附註7(b)中。

8. INCOME TAX EXPENSES/(CREDIT)

(a) Income tax expenses/(credit) in the combined income statement represents:

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Current tax	即期稅項		
Provision for PRC income tax	中國所得稅撥備	—	5,175
Provision for PRC land appreciation tax	中國土地增值稅撥備	2,081	—
		2,081	5,175
Deferred tax	遞延稅項		
Origination and reversal of temporary differences	臨時差額產生及撥回	(2,818)	700
Effect of tax rate change	稅率改變之影響	60	—
		(2,758)	700
		(677)	5,875

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. No provision for Singapore Corporate Profits Tax and Hong Kong Profits Tax was made as the Group has no assessable profits subject to Singapore Corporate Profits Tax and Hong Kong Profits Tax during the year (2006: Nil).

8. 所得稅開支／(抵免)

(a) 合併收益表內的所得稅開支／(抵免)指：

根據開曼群島及英屬處女群島的規則及規例，本集團毋須繳納開曼群島及英屬處女群島的任何所得稅。於年內，由於本集團並無賺取任何須繳納新加坡企業所得稅及香港利得稅的應課稅溢利，故並無就新加坡企業所得稅及香港利得稅撥備(二零零六年：無)。

(Expressed in Renminbi)
(以人民幣列示)

8. INCOME TAX EXPENSES/(CREDIT)

(continued)

(a) Income tax expenses/(credit) in the combined income statement represents: (continued)

Pursuant to the income tax rules and regulations of the PRC, the PRC entities of the Group and the Predecessor Entities are liable to PRC enterprise income tax as follows:

- Xingfa Aluminium is a wholly foreign owned enterprise and is entitled to tax concessions whereby the profit for the first two financial years beginning with the first profit-making year is exempted from income tax in the PRC and the profit for each of the subsequent three years is taxed at 50% of the prevailing tax rate set by the local authority. No provision for PRC income tax has been made during 2007 and 2006 as 2006 is the entity's first profit-making year.
- 廣東興發集團有限公司 (Guangdong Xingfa Group Co., Ltd.) is a limited liability company established under the laws of the PRC. It is liable to the PRC enterprise income tax at a rate of 33%.
- 佛山興發鋁型材有限公司 (Foshan Xingfa Aluminium Profiles Co., Ltd.) is located in the coastal economic open zone of Foshan, pursuant to the Income Tax Law of the PRC for Enterprises with Foreign Investment & Foreign Enterprises and relevant rules, the income tax rate applicable to the entity is 27%.
- 廣東興發創新股份有限公司 (Guangdong Xingfa Innovation Co., Ltd.) is recognised as an Advanced Technology Enterprise according to the approval from Guangdong Provincial Department of Science and Technology. Pursuant to the approval of Local Tax Bureau of Foshan in 2003, income tax rate applicable to the entity is 15%.

8. 所得稅開支／(抵免)(續)

a) 合併收益表內的所得稅開支／(抵免)指：(續)

根據中國所得稅規則及規例，本集團的中國公司及前身公司須按下列方式繳納中國企業所得稅：

- 興發鋁業為全外資企業，享有稅項寬免，首個獲利年度起計兩個財政年度獲豁免中國所得稅，其後三年各年按地方機關制定的當時稅率的50%繳稅。由於二零零六年為該公司的首個獲利年度，故並無就二零零七年及二零零六年計提中國所得稅撥備。
- 廣東興發集團有限公司為根據中國法律成立的有限公司，須按稅率33%繳納中國企業所得稅。
- 佛山興發鋁型材有限公司位於佛山市沿海經濟開發區，根據中國外商投資企業和外國企業所得稅法及相關規則，該公司適用的所得稅稅率為27%。
- 廣東興發創新股份有限公司獲廣東省科學技術廳認可為高新技術企業。根據佛山市地方稅務局於二零零三年的批文，該公司適用的所得稅稅率為15%。

8. INCOME TAX EXPENSES/(CREDIT)

(continued)

(a) Income tax expenses/(credit) in the combined income statement represents: (continued)

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC (the "new tax law") which has taken effect on 1 January 2008. In December 2007, the Implementation Rules of the Corporate Income Tax Law of the PRC and "Guo Fa [2007] No. 39" were promulgated to specify certain implementation details and grandfathering arrangements of the new tax law. As a result of the new tax law, Xingfa Aluminium is subject to a unified tax rate of 25% and will continue to enjoy the existing preferential tax treatment until the end of above mentioned tax holidays.

Pursuant to the new tax law passed on 16 March 2007, a 10% withholding tax will be levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign investors. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 are exempted from the withholding tax.

The financial impacts due to the new tax law have been reflected in these financial statements.

8. 所得稅開支／(抵免)(續)

a) 合併收益表內的所得稅開支／(抵免)指：(續)

二零零七年三月十六日，第十屆全國人民代表大會第五次全體會議通過中國企業所得稅法(「新稅法」)，新稅法於二零零八年一月一日生效。《中國企業所得稅法實施條例》及「國發[2007]第39號」於二零零七年十二月頒佈，具體說明新稅法若干實施詳情及不追溯安排。實施新稅法後，興發鋁業需按統一稅率25%繳稅，並會繼續享有現有稅務優惠，直至稅務優惠期完結為止。

根據於二零零七年三月十六日通過的新稅法，中國向境外投資者派付的股息須繳納10%預扣稅，於二零零八年一月一日起生效。倘中國與境外投資者的司法權區之間有稅務優惠安排，則可應用較低的預扣稅率。於二零零八年二月二十二日，稅務當局頒佈財稅(2008)第1號，規定以二零零七年十二月三十一日的保留盈利宣派及匯出中國的股息獲豁免預扣稅。

有關新稅法的財務影響已載述於本財務資料。

(Expressed in Renminbi)
(以人民幣列示)

8. INCOME TAX EXPENSES/(CREDIT)

(continued)

(a) Income tax expenses/(credit) in the combined income statement represents: (continued)

Pursuant to “Fo Fu Ban [2003] No. 46” and “Fo Di Shui Fa [2003] No. 68” issued by the relevant government authorities in Foshan, the land appreciation tax rate applicable to the Group is 1% on the sales proceed on disposal of land use right. Gain on disposal of land use right, net of land appreciation tax and surcharges, is subject to the relevant income tax rules and regulations of the PRC as mentioned above.

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Profit before income tax	除所得稅前溢利	290,923	66,164
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdiction concerned	按相關司法權區適用稅率計算的除稅前溢利的名義稅項	96,004	21,834
Effect of tax rate change	稅率變動的影響	60	—
Tax effect of non-deductible expenses	不可扣稅開支的稅務影響	1,673	1,936
Effect of tax concession	稅項優惠影響	(99,808)	(17,895)
Tax effect on land appreciation tax	土地增值稅的稅項影響	(687)	—
Provision for land appreciation tax	土地增值稅撥備	2,081	—
Income tax (credit)/expenses	所得稅(抵免)/開支	(677)	5,875

Effect of tax concession represents the difference between standard income tax rate and preferential income tax rate enjoyed by the Group as set out in Note 8(a).

8. 所得稅開支/(抵免)(續)

a) 合併收益表內的所得稅開支/(抵免)指：(續)

根據佛山市相關政府機關頒佈的「佛府辦[2003]46號」及「佛地稅發[2003]68號」，本集團須按出售土地使用權之銷售所得款項的1%繳納土地增值稅。出售土地使用權的收益(扣除土地增值稅及附加費)須按上文所述中國相關所得稅法例及法規繳稅。

(b) 按適用稅率計算的所得稅開支與會計溢利對賬：

稅項優惠影響指分別按標準所得稅稅率與按附註8(a)所載本集團享有的優惠所得稅稅率繳稅之差額。

9. DIRECTORS' REMUNERATION

Details of directors' remuneration of the Group are as follows:

9. 董事酬金

本集團董事酬金詳情如下：

		2007 二零零七年				
		Fees	Salary, allowance and benefits in kind	Contribution to retirement benefit plan	Bonus	Total
		袍金	薪金、津貼及 實物利益	退休福利 計劃供款	花紅	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors	執行董事					
Mr Luo Su	羅蘇先生	—	118	—	—	118
Mr Luo Riming	羅日明先生	—	121	7	—	128
Mr Liao Yuqing	廖玉慶先生	—	121	7	—	128
Mr Wang Zhihua	王志華先生	—	52	3	20	75
Independent non-executive directors	獨立非執行董事					
Mr Chen Mo	陳默先生	—	—	—	—	—
Mr Ho Kwan Yiu	何君堯先生	—	—	—	—	—
Mr Lam Ying Hung, Andy	林英鴻先生	—	—	—	—	—
Total	合計	—	412	17	20	449

(Expressed in Renminbi)
(以人民幣列示)

9. DIRECTORS' REMUNERATION (continued)

9. 董事酬金 (續)

Details of directors' remuneration of the Group are as follows: (continued)

本集團董事酬金詳情如下：(續)

		2006 二零零六年				
		Salary, allowance and benefits	Contribution to retirement benefit plan	Bonus	Total	
		Fees 袍金	in kind 薪金、津貼及 實物利益	Retirement 福利 計劃供款	花紅	合計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Executive directors	執行董事					
Mr Luo Su	羅蘇先生	—	96	—	—	96
Mr Luo Riming	羅日明先生	—	100	7	—	107
Mr Liao Yuqing	廖玉慶先生	—	100	7	—	107
Mr Wang Zhihua	王志華先生	—	37	3	5	45
Independent non-executive directors	獨立非執行董事					
Mr Chen Mo	陳默先生	—	—	—	—	—
Mr Ho Kwan Yiu	何君堯先生	—	—	—	—	—
Mr Lam Ying Hung, Andy	林英鴻先生	—	—	—	—	—
Total	合計	—	333	17	5	355

9. DIRECTORS' REMUNERATION (continued)

An analysis of directors' remuneration by the number of directors and remuneration range is as follows:

	2007 二零零七年 Number of directors 董事人數	2006 二零零六年 Number of directors 董事人數
Nil to Hong Kong Dollars ("HKD") 1,000,000	零港元至 1,000,000 港元	
	7	7

10. SENIOR MANAGEMENT REMUNERATION

Of the five individuals with the highest emoluments, three are directors whose emoluments are disclosed in Note 9 during the year (2006: three). The aggregate of the emoluments in respect of the remaining two individuals (2006: two) are as follows:

	2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Basic salaries, allowances and other benefits	基本薪金、津貼及其他福利	128
Contribution to retirement benefit plan	退休福利計劃供款	9
Bonus	花紅	40
		177

9. 董事酬金(續)

按董事人數及薪酬範圍的董事薪酬分析如下：

	2007 二零零七年 Number of directors 董事人數	2006 二零零六年 Number of directors 董事人數
Nil to Hong Kong Dollars ("HKD") 1,000,000	零港元至 1,000,000 港元	
	7	7

10. 高級管理人員薪酬

五名最高薪酬人士中，三名為董事，(二零零六年：三名)彼等本年度兩名的酬金於附註9披露(二零零六年：三名)。其餘兩名最高薪酬人士(二零零六年：兩名)的酬金總額如下：

	2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Basic salaries, allowances and other benefits	基本薪金、津貼及其他福利	128
Contribution to retirement benefit plan	退休福利計劃供款	9
Bonus	花紅	40
		177

(Expressed in Renminbi)
(以人民幣列示)

10. SENIOR MANAGEMENT REMUNERATION

(continued)

		2007 二零零七年 Number of individuals 人數	2006 二零零六年 Number of individuals 人數
Nil to HKD 1,000,000	零港元至 1,000,000 港元	2	2

11. EARNINGS PER SHARE

The calculation of basic earnings per share during the year ended 31 December 2007 was based on the profit attributable to equity holders of the Company of RMB291,750,000 (2006: RMB59,377,000) and the 311,410,000 (2006: 311,410,000) shares in issue and issuable, comprising 10,000,000 ordinary shares as at 31 December 2007, 10,000,000 ordinary shares issued pursuant to the Reorganisation, and 291,410,000 ordinary shares issued pursuant to the capitalisation issue as detailed in the prospectus dated 17 March 2008 issued by the Company as if the shares were outstanding throughout both 2006 and 2007.

There were no dilutive potential ordinary shares in issue for the years ended 31 December 2006 and 2007, and therefore, diluted earnings per share are the same as the basic earnings per share.

10. 高級管理人員薪酬(續)

11. 每股盈利

截至二零零七年十二月三十一日止年度的每股基本盈利乃根據於二零零七年十二月三十一日本公司股權持有人應佔溢利人民幣291,750,000元(二零零六年: 人民幣59,377,000元)及已發行及可發行股份311,410,000股(二零零六年: 311,410,000股)(包括10,000,000股普通股、根據重組已發行的10,000,000股普通股,及根據資本化發行(詳情見本公司於二零零八年三月十七日刊發的售股章程)而發行的291,410,000股普通股,猶如該等股份於二零零六年及二零零七年一直已發行計算。

截至二零零六年及二零零七年十二月三十一日止兩個年度,並無潛在攤薄普通股,故每股攤薄盈利與每股基本盈利相同。

12. PROPERTY, PLANT AND EQUIPMENT

12. 物業、機器及設備

		Buildings	Plant, machinery	Motor Vehicles	Office equipment and others 辦公室設備	Construction in progress	Total
		樓宇	廠房及機器	汽車	及其他	在建工程	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Cost:	成本：						
At 1 January 2006	二零零六年一月一日	108,605	218,890	7,137	7,052	2,219	343,903
Additions	添置	3,465	8,093	439	1,550	2,965	16,512
Disposals	出售	—	—	(1,540)	—	—	(1,540)
Transfer from construction in progress	轉撥自在建項目	2,955	2,229	—	—	(5,184)	—
At 31 December 2006	二零零六年 十二月三十一日	115,025	229,212	6,036	8,602	—	358,875
Accumulated depreciation:	累計折舊：						
At 1 January 2006	二零零六年一月一日	(46,190)	(86,635)	(5,465)	(3,333)	—	(141,623)
Charge for the year	本年度支出	(5,691)	(19,798)	(452)	(927)	—	(26,868)
Written back on disposals	出售撥回	—	—	1,463	—	—	1,463
At 31 December 2006	二零零六年 十二月三十一日	(51,881)	(106,433)	(4,454)	(4,260)	—	(167,028)
Net book value:	賬面淨值：						
At 31 December 2006	二零零六年 十二月三十一日	63,144	122,779	1,582	4,342	—	191,847

(Expressed in Renminbi)
(以人民幣列示)

12. PROPERTY, PLANT AND EQUIPMENT
(continued)

12. 物業、機器及設備 (續)

		Buildings	Plant, machinery	Motor Vehicles	Office equipment and others 辦公室設備	Construction in progress	Total
		樓宇	廠房及機器	汽車	及其他	在建工程	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Cost:	成本：						
At 1 January 2007	二零零七年一月一日	115,025	229,212	6,036	8,602	—	358,875
Additions	添置	1,253	36,295	2,260	2,926	12,812	55,546
Disposals	出售	(661)	—	—	—	—	(661)
Transfer from construction in progress	轉撥自在建項目	—	9,563	—	49	(9,612)	—
Transfer to assets held for sale	轉撥至持作待售資產	(2,281)	—	—	—	—	(2,281)
Deemed disposal upon reorganisation (iii)	視作於重組時分配 (iii)	(113,336)	(22,447)	(4,012)	(5,714)	—	(145,509)
At 31 December 2007	二零零七年 十二月三十一日	—	252,623	4,284	5,863	3,200	265,970
Accumulated depreciation:	累計折舊：						
At 1 January 2007	二零零七年一月一日	(51,881)	(106,433)	(4,454)	(4,260)	—	(167,028)
Charge for the year	本年度支出	(3,247)	(19,556)	(383)	(686)	—	(23,872)
Written back on disposals	出售撥回	475	—	—	—	—	475
Transfer to assets held for sale	轉撥至持作待售資產	453	—	—	—	—	453
Deemed disposal upon reorganisation (iii)	視作於重組時分配 (iii)	54,200	2,101	2,973	3,735	—	63,009
At 31 December 2007	二零零七年 十二月三十一日	—	(123,888)	(1,864)	(1,211)	—	(126,963)
Net book value:	賬面淨值：						
At 31 December 2007	二零零七年 十二月三十一日	—	128,735	2,420	4,652	3,200	139,007

12. PROPERTY, PLANT AND EQUIPMENT

(continued)

- (i) All property, plant and equipment owned by the Group are located in the PRC. Buildings represented medium-term leasehold properties.
- (ii) There was no property, plant and equipment pledged as securities for bank loans as at 31 December 2007 (2006: RMB47,768,000) (Note 22(b)(ii)).
- (iii) Pursuant to the Reorganisation, certain property, plant and equipment with aggregate net book value of RMB82,500,000 were retained by the Predecessor Entities (Note 25(b)) and had been reflected as deemed appropriation to equity holders of the Company for the year ended 31 December 2007. These property, plant and equipment were leased to the Group under operating leases with effective from 28 July 2007 (Note 28(a)(ii)).

12. 物業、機器及設備 (續)

- (i) 本集團持有的全部物業、機器及設備均位於中國。該等樓宇為中期租賃物業。
- (ii) 於二零零七年十二月三十一日，並無若干物業、機器及設備已抵押作為銀行貸款的擔保(二零零六年：人民幣47,768,000元)(附註22(b)(ii))。
- (iii) 根據重組，賬面淨值合共人民幣82,500,000元之若干物業、機器及設備由前身公司(附註25(b))保留，並列為於截至二零零七年十二月三十一日止年度視作分配予本公司股權持有人。該等物業、機器及設備已根據於二零零七年七月二十八日生效的經營租約出租予本集團(附註28(a)(ii))。

(Expressed in Renminbi)
(以人民幣列示)

13. INVESTMENT PROPERTY

13. 投資物業

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Cost:	成本：		
At 1 January	一月一日	4,162	4,162
Transfer to assets held for sale	轉撥至持作待售資產	(4,162)	—
At 31 December	十二月三十一日	—	4,162
Accumulated depreciation:	累計折舊：		
At 1 January	一月一日	(406)	(219)
Charge for the year	本年度支出	(94)	(187)
Transfer to assets held for sale	轉撥至持作待售資產	500	—
At 31 December	十二月三十一日	—	(406)
Carrying amount:	賬面值：		
At 31 December	十二月三十一日	—	3,756

The Group leased out investment property under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases include contingent rentals. The investment property represented medium-term leasehold properties held in the PRC.

The aggregate fair value of the investment property as at 31 December 2006 on an open market basis was RMB3,832,000. The valuation was carried out by an independent firm of surveyors Jones Lang LaSalle Sallmanns Limited, who have among their staff, Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

本集團根據經營租約出租投資物業。該等租約初步一般為期一至五年，磋商所有條款後可選擇續租。該兩項租約概無包括或然租金。投資物業為於中國持有的中期租賃物業。

於二零零六年十二月三十一日，按公開市值計算的投資物業公平總值人民幣3,832,000元。獨立測量師仲量聯行西門有限公司負責有關估值，該公司人員為香港測量師學會會員，近年曾為相關地點及類別物業估值。

14. LEASE PREPAYMENTS

14. 預付租金

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Cost:	成本：		
At 1 January	一月一日	91,205	91,031
Addition	添置	5,515	174
Disposal	出售	(25,250)	—
Transfer to assets held for sale	轉撥至持作待售資產	(5,470)	—
Deemed disposal upon Reorganisation	視作於重組時分配	(66,000)	—
At 31 December	十二月三十一日	—	91,205
Accumulated amortisation:	累計攤銷：		
At 1 January	一月一日	(9,721)	(7,869)
Charge for the year	於年度支出	(1,143)	(1,852)
Disposal	出售	1,867	—
Transfer to assets held for sale	轉撥至持作待售資產	474	—
Deemed disposal upon Reorganisation	視作於重組時分配	8,523	—
At 31 December	十二月三十一日	—	(9,721)
Carrying amount:	賬面值：		
At 31 December	十二月三十一日	—	81,484

- (i) Interests in leasehold land represent prepayments of land use rights premium to the PRC authorities. The Group's leasehold land is located in the PRC, on which the Group's manufacturing plants were built. The Group is granted land use rights for a period of 42 years to 50 years.
- (ii) As at 31 December 2007, there was no land use rights being pledged to banks for bank loans obtained (2006: RMB74,414,000) (Note 22(b)(ii)).

- (i) 租賃土地權益指預付中國機構之土地使用權費用。本集團之租賃土地位於中國，其上建有本集團生產廠房。本集團取得為期42年至50年之土地使用權。
- (ii) 於二零零七年十二月三十一日，並無土地使用權已向銀行抵押作為所獲銀行貸款之擔保(二零零六年：人民幣74,414,000元)(附註22(b)(ii))。

(Expressed in Renminbi)
(以人民幣列示)

14. LEASE PREPAYMENT (continued)

- (iii) Pursuant to the Reorganisation, land use rights (area of approximately 144,355 square metres) with an aggregate carrying value of RMB57,477,000 were retained by the Predecessor Entities and had been reflected as deemed appropriation to equity holders of the Company for the year ended 31 December 2007 (Note 25(b)). These land use rights were leased to the Group under operating leases for 29 months effective from 28 July 2007 (Note 28(a)(ii)).
- (iv) The land use rights (area of approximately 138,719 square metres) of Xingfa Aluminium with an aggregate carrying value of RMB23,383,000 were sold to an independent third party during the year at a consideration of RMB208,078,000. Gain on disposal of lease prepayments, net of business tax and surcharges, amounting to RMB174,941,000 was included in other net income (Note 6).

14. 預付租金 (續)

- (iii) 根據重組，賬面值合共人民幣57,477,000元之土地使用權(面積約144,355平方米)由前身公司保留，並於截至二零零七年十二月三十一日止年度列為視作分配予本公司股權持有人(附註25(b))。該等土地使用權已根據經營租約(自二零零七年七月二十八日起生效，為期29個月)出租予本集團(附註28(a)(ii))。
- (iv) 興發鋁業將賬面總值人民幣23,383,000元的土地使用權(面積約138,719平方米)於截至二零零七年十二月三十一日止年度售予該獨立第三方，代價為人民幣208,078,000元。出售該預付租金之收益(扣除營業稅及附加費)人民幣174,941,000元計入其他收入淨額(附註6)。

15. INCOME TAX IN THE COMBINED
 BALANCE SHEET

(a) Current taxation in the combined balance sheet represents:

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
At 1 January	於一月一日	3,941	5,671
Provision for PRC income tax (Note 8(a))	中國所得稅撥備 (附註 8(a))	—	5,175
Provision for PRC land appreciation tax (Note 8(a))	中國土地增值稅撥備 (附註 8(a))	2,081	—
PRC income tax paid	已付中國所得稅	(1,537)	(6,905)
PRC land appreciation tax paid	已付中國土地增值稅	(2,081)	—
Deemed disposal upon Reorganisation (Note 25(b))	視作於重組時分配(附 註 25(b))	(318)	—
At 31 December	於十二月三十一日	2,086	3,941

15. 合併資產負債表內的所得稅
 (續)

(a) 合併資產負債表內的即期
 稅項為：

(Expressed in Renminbi)
(以人民幣列示)

15. INCOME TAX IN THE COMBINED
BALANCE SHEET (continued)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the combined balance sheet and the movements during the year are as follows:

		Depreciation charges in excess of related depreciation allowance 超過相關折舊撥備之折舊費用 RMB'000 人民幣千元	Tax losses 稅項虧損 RMB'000 人民幣千元	Change in fair value of derivative financial instrument 衍生金融工具之公平值變動 RMB'000 人民幣千元	Impairment loss on bad and doubtful debt 呆壞賬減值虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Deferred tax arising from:	產生自下列項目之遞延稅項：					
At 1 January 2006	於二零零六年一月一日	73	—	(25)	417	465
Recognised in profit or loss	於損益表確認	96	—	(796)	—	(700)
At 31 December 2006	於二零零六年十二月三十一日	169	—	(821)	417	(235)
At 1 January 2007	於二零零七年一月一日	169	—	(821)	417	(235)
Recognised in profit or loss	於損益表確認	65	1,995	758	—	2,818
Effect of tax rate change	稅率改變的影響	(40)	—	—	(20)	(60)
Deem disposal upon reorganisation (Note 25(b))	視作於重組時分配 (附註25(b))	(194)	(1,995)	63	(397)	(2,523)
At 31 December 2007	於二零零七年十二月三十一日	—	—	—	—	—

15. 合併資產負債表內的所得稅
(續)

(b) 已確認遞延稅項資產及負債：

合併資產負債表內確認的遞延所得稅資產/(負債)部分及年內變動如下：

15. INCOME TAX IN THE COMBINED
 BALANCE SHEET (continued)

(c) Retained earnings of the subsidiary in the
 PRC

At 31 December 2007, the Group had undistributed profits of RMB205,153,000 retained by its subsidiary in the PRC. The Directors consider that no provision of deferred taxation liabilities is required for these undistributed profits as the declaration and remittance of these retained profits out of the PRC is currently exempted from the payment of withholding tax (Note 8(a)).

16. INVENTORIES

Raw materials	原材料
Work in progress	在製品
Finished goods	製成品

Certain inventories with aggregate carrying value of RMB53,773,000 were pledged as securities for bank loans of the Group as at 31 December 2007 (2006: RMB75,578,000) (Note 22(b)(ii)).

Pursuant to the Reorganisation, certain inventories with an aggregate carrying value of RMB28,352,000 were retained by the Predecessor Entities and had been reflected as deemed appropriation to equity holders of the Company for the year ended 31 December 2007 (Note 25(b)).

15. 合併資產負債表內的所得稅
 (續)

(c) 中國附屬公司保留盈利

二零零七年十二月三十一日，本集團未分派溢利為人民幣205,153,000元，由中國附屬公司保留。由於現時將保留溢利宣派及匯出中國境外獲豁免支付預扣稅(附註8(a))，故董事認為毋須就該等未分派溢利作出遞延稅負債撥備。

16. 存貨

2007	2006
二零零七年	二零零六年
RMB'000	RMB'000
人民幣千元	人民幣千元
165,773	105,828
11,724	13,979
62,128	53,349
239,625	173,156

於二零零七年十二月三十一日，賬面總值為人民幣53,773,000元(二零零六年：人民幣75,578,000元)之若干存貨抵押作本集團銀行貸款之擔保(附註22(b)(ii))。

根據重組，賬面總值人民幣28,352,000元之若干存貨由前身公司保留，並於截至二零零七年十二月三十一日止年度列為視作分配予本公司股權持有人(附註25(b))。

(Expressed in Renminbi)
(以人民幣列示)

17. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses commodity futures contracts to mitigate its market risk of aluminium price fluctuation. The Group's policy on the mitigation of market risk of aluminium price fluctuation is set out in Note 29(a)(i). The notional contract value and the related terms are summarised as below:

17. 衍生金融工具

本集團使用商品期貨合約緩解鋁價波動的市場風險。本集團減輕鋁價波動市場風險的政策載於附註29(a)(i)。名義合約面值及相關條款概述如下：

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Purchase contracts	採購合約		
Volume (tonne)	數量(噸)	700	3,220
Market value	市值	12,631	66,633
Notional contract value	名義合約面值	13,353	63,650
Fair value	公平值	(722)	2,983
Contract maturity date	合約到期日	January, February, and March 2008 二零零八年 一月、二月及 三月	January, February, March and April 2007 二零零七年 一月、二月、 三月及四月
Sales contracts	銷售合約		
Volume (tonne)	數量(噸)	700	320
Market value	市值	12,631	6,755
Notional contract value	名義合約面值	13,441	6,254
Fair value	公平值	810	(501)
Contract maturity date	合約到期日	January, February, and March 2008 二零零八年 一月、二月及 三月	January and February 2007 二零零七年 一月及二月

17. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

The market value of futures contracts is based on quoted market price at the balance sheet date. The unrealised holding gains/(losses) on the futures contracts remeasured at fair value were RMB88,000 as at 31 December 2007 (2006: RMB2,482,000) and the changes in the fair value were recognised in the combined income statements (Note 6).

Pursuant to the Reorganisation, certain derivative financial instruments with an aggregate fair value totalling RMB188,000 were retained by the Predecessor Entities and had been reflected as deemed appropriation to the equity holders of the Company for the year ended 31 December 2007 (Note 25(b)). The notional contract value and the related terms of derivative financial instruments retained by the Predecessor Entities are summarised as below:

17. 衍生金融工具

期貨合約市值以結算日市場報價計算。於二零零七年十二月三十一日，按公平值重新計量的期貨合約未變現的持有收益/(虧損)為人民幣88,000元(二零零六年：人民幣2,482,000元)，而公平值變動於合併收益表中確認(附註6)。

根據重組，公平值合共人民幣188,000元之若干衍生金融工具由前身公司保留，並於截至二零零七年十二月三十一日止年度列為視作分配予本公司股權持有人(附註25(b))。由前身公司保留的衍生金融工具之名義合約面值及相關條款概述如下：

		RMB'000 人民幣千元
Purchase contracts	採購合約	
Volume (tonne)	數量(噸)	3,230
Market value	市值	63,633
Notional contract value	名義合約面值	<u>63,445</u>
Fair value	公平值	<u>188</u>
Contract maturity date	合約到期日	August, September and October 2007 二零零七年 八月、九月 及十月

(Expressed in Renminbi)
(以人民幣列示)

18. TRADE AND OTHER RECEIVABLES

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Trade receivables	交易應收款項	279,992	253,429
Bills receivable	應收票據	120,049	110,955
Other receivables	其他應收款項	88,259	111,156
		488,300	475,540

The Group's credit policy is set out in Note 29(b).

Included in trade and other receivables are trade receivables (net of impairment loss for bad and doubtful debts) and bills receivable with the following aging analysis as of the balance sheet date. The credit period ranges from 30 days to 60 days, according to the credit history of each customer.

18. 交易及其他應收款項

本集團之信貸政策載於附註29(b)。

於結算日，計入交易及其他應收款項的交易應收款項(扣除呆壞賬減值虧損)及應收票據於結算日的賬齡分析如下。信貸期根據每位客戶的信貸紀錄而定，介乎30日至60日。

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Current	即期	400,041	358,560
3 to 6 months past due	逾期三至六個月	—	4,189
More than 6 months but less than 12 months past due	逾期六個月以上但十二個月以下	—	1,635
Amounts past due	逾期金額	—	5,824
At 31 December	於十二月三十一日	400,041	364,384

Movement in allowance for impairment in respect of trade and other receivables are set out in Note 29(b).

Included in bills receivable are bills discounted to banks with recourse amounted to RMB7,000,000 as at 31 December 2007 (2006: RMB8,200,000). The proceeds from discounted bills are included in the secured bank loans as set out in Note 22(b)(ii).

有關交易及其他應收款項的減值撥備變動載於附註29(b)。

於二零零七年十二月三十一日的應收票據包括銀行附有追索權的貼現票據人民幣7,000,000元(二零零六年：人民幣8,200,000元)。貼現票據所得款項計入附註22(b)(ii)所載的有抵押銀行貸款。

18. TRADE AND OTHER RECEIVABLES

(continued)

Pursuant to the Reorganisation, certain bills receivable and trade and other receivables with an aggregate carrying value of RMB244,351,000 were retained by the Predecessor Entities and had been reflected as deemed appropriation to equity holders of the Company for year ended 31 December 2007 (Note 25(b)).

19. PLEDGED DEPOSITS

Bank deposits have been pledged to bank as securities for certain banking facilities (Note 22 and 23). Pursuant to the Reorganisation, certain pledged deposits with an aggregate carrying amount totalling RMB97,268,000 were retained by the Predecessor Entities and had been reflected as deemed appropriation to equity holders of the Company for the year ended 31 December 2007 (Note 25(b)).

20. CASH AND CASH EQUIVALENTS

Pursuant to the Reorganisation, certain cash and cash equivalents with an aggregate carrying amount totalling RMB21,874,000 were retained by the Predecessor Entities and had been reflected as deemed appropriation to equity holders of the Company for the year ended 31 December 2007 (Note 25(b)).

Cash and cash equivalents denominated in RMB are deposited with several state-controlled banks in the PRC in the ordinary course of business. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

18. 交易及其他應收款項(續)

根據重組，賬面總值人民幣244,351,000元之若干應收票據以及交易及其他應收款項由前身公司保留，並已於截至二零零七年十二月三十一日止年度列為視作分配予本公司股權持有人(附註25(b))。

19. 有抵押存款

銀行存款已抵押予銀行作為若干銀行信貸之擔保(附註22及23)。根據重組，賬面總值人民幣97,268,000元之若干有抵押存款由前身公司保留，並已於截至二零零七年十二月三十一日止年度列為視作分配予本公司股權持有人(附註25(b))。

20. 現金及現金等價物

2007	2006
二零零七年	二零零六年
RMB'000	RMB'000
人民幣千元	人民幣千元

Cash and bank balance	現金及銀行結餘	146,411	56,088
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根據重組，賬面總值人民幣21,874,000元之若干現金及現金等價物由前身公司保留，並已於截至二零零七年十二月三十一日止年度列為視作分配予本公司股權持有人(附註25(b))。

日常業務過程中，以人民幣計值的現金及現金等價物存入中國多家國控銀行。人民幣為不可自由兌換的貨幣，而將資金匯出中國境外須遵守中國政府的外匯限制。

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 (以人民幣列示)

21. ASSETS CLASSIFIED AS HELD FOR SALE

As part of the Reorganisation, the Group has reviewed the operating structure of the Group and has concluded to sell certain lease prepayments, property, plant and equipment and investment property which are believed that they would not contribute significant financial effect to the Group in the future.

Efforts to sell these assets have commenced in early 2007. Pursuant to two conditional sale and purchase agreements entered into between the Group and a related party on 12 October 2007 and 6 December 2007, the Group agreed to dispose of the above assets to the related party at an aggregate consideration of RMB23,000,000 (Note 28(b)(vi)). The agreements are conditional and are subject to the completion of transferring of the title deeds of the above assets. The directors consider that the transactions could be completed before June 2008. The rental income generated from the investment property were RMB329,000 for the years ended 31 December 2007. (2006: RMB329,000)

21. 列為持作待售資產

為進行重組，本集團已檢討經營架構，並決定出售認為日後不會對本集團有重大財務影響的若干預付租金、物業、機器及設備與投資物業。

於二零零七年初已開始致力出售該等資產。根據本集團與一名關連人士於二零零七年十月十二日及二零零七年十二月六日訂立的兩項有條件銷售協議，本集團以總代價人民幣23,000,000元向該關連人士出售上述資產(附註28(b)(vi))。該等協議須待完成轉讓上述資產的所有權契據後方可作實。董事認為該等交易將於二零零八年六月前完成。截至二零零七年十二月三十一日止年度投資物業所得租金收入為人民幣329,000元(二零零六年：人民幣329,000元)。

		31 December 2007 二零零七年 十二月三十一日 RMB'000 人民幣千元
Lease prepayments (Note 14)	預付租金(附註 14)	4,996
Property, plant and equipment (Note 12)	物業、機器及設備(附註 12)	1,828
Investment property (Note 13)	投資物業(附註 13)	3,662
Total	總計	10,486

At 31 December 2007, certain property and investment property of the Group with an aggregate carrying value of RMB5,490,000 did not have title certificates.

於二零零七年十二月三十一日，本集團賬面總值為人民幣5,490,000元的若干物業及投資物業並無業權證。

22. LOANS AND BORROWINGS

22. 銀行貸款

(a) Loans and borrowings were repayable as follows:

(a) 銀行貸款到期日如下：

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Bank loans	銀行貸款		
— repayable within one year	— 須於一年內償還	297,000	406,700
— repayable after one year but within two years	— 須於一年後但兩年內償還	40,000	—
— repayable after two years but within five years	— 須於兩年後但五年內償還	40,000	—
		377,000	406,700
Less: loans and borrowings repayable within one year classified as current liabilities	減：歸類為流動負債且須於一年內償還的銀行貸款	(297,000)	(406,700)
		80,000	—

(Expressed in Renminbi)
(以人民幣列示)

22. LOANS AND BORROWINGS (continued)

(b) Terms

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Secured bank loans:	有抵押銀行貸款：		
— Fixed interest rate ranging from 5.31%–6.75% per annum	— 固定年利率介乎 5.31% 至 6.75%	102,000	195,200
— Fixed interest rate at 6.75% per annum for the first year. Variable interest rate at prevailing market interest rate for the remaining years	— 首年按固定年利率 6.75%，其後各年按當時市場利率釐定之浮動利率	95,000	—
Unsecured bank loans:	無抵押銀行貸款：		
— Fixed interest rate ranging from 5.31%–7.25% per annum	— 固定年利率介乎 5.31% 至 7.25%	100,000	161,500
— Variable interest rate at prevailing market interest rate	— 按現行市場利率厘定之浮動利率	80,000	50,000
		377,000	406,700

(i) Pursuant to the Reorganisation, the Predecessor Entities have obtained the consents of relevant banks to transfer the operations of Aluminium Profile Business together with the selected assets and liabilities to the subsidiaries now comprising the Group. Pursuant to the relevant PRC Laws, bank borrowings totaling RMB212,500,000 would not be included in the liabilities assumed by the subsidiaries now comprising the Group after the Reorganisation and were retained by the Predecessor Entities. They had been reflected as deemed appropriation to equity holders of the Company for the year ended 31 December 2007 (Note 25(b)).

(i) 根據重組，前身公司獲得相關銀行同意，將鋁型材業務以及指定資產及負債轉讓予本集團旗下附屬公司。根據相關中國法律，總額人民幣212,500,000元的銀行借貸不會計入重組後本集團旗下附屬公司所承擔的負債，並由前身公司保留。該等銀行借貸已於截至二零零七年十二月三十一日止年度列為視作分配予(附註25(b))。

22. LOANS AND BORROWINGS (continued)

(b) Terms (continued)

- (ii) The secured bank loans were secured by the following assets of the Group as at the balance sheet date.

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Carrying value of assets:	資產賬面值：		
Lease prepayments (Note 14)	預付租金(附註14)	—	74,414
Property, plant and equipment (Note 12)	物業、機器及設備(附註12)	—	47,768
Inventories (Note 16)	存貨(附註16)	53,773	75,578
Bills receivable (Note 18)	應收票據(附註18)	7,000	8,200
Total	總計	60,773	205,960

Bank loans amounted to RMB190,000,000 as at 31 December 2007 were also secured by certain property, plant and equipments and lease prepayments of a related party with carrying value of RMB153,370,000 (Note 28(b)(v)).

22. 銀行貸款(續)

(b) 條款(續)

- (ii) 於結算日，有抵押銀行貸款以本集團以下資產作抵押。

於二零零七年十二月三十一日人民幣190,000,000元的銀行貸款由關連人士以賬面值分別人民幣153,370,000元的若干物業、機器及設備與預付租金作抵押(附註28(b)(v))。

(Expressed in Renminbi)
(以人民幣列示)

22. LOANS AND BORROWINGS (continued)

(b) Terms (continued)

- (iii) Certain bank loans amounted to RMB370,000,000 (2006: RMB310,500,000) were guaranteed by certain related parties as disclosed in Note 28(b)(iv).

Among the guaranteed bank loans, bank loans amounted to RMB15,000,000 were also guaranteed by a third party as at 31 December 2006.

- (iv) All of the bank loans are denominated in RMB.
- (v) The Group has total banking facilities amounted to RMB763,000,000 as at 31 December 2007 (2006: RMB798,000,000) which were utilised to the extent of RMB438,175,000 (2006: RMB549,076,000).

22. 銀行貸款 (續)

(b) 條款 (續)

- (iii) 誠如附註28(b)(iv)所披露，為數人民幣370,000,000元(二零零六年：人民幣310,500,000元)的若干銀行貸款由若干關連方擔保。

於二零零六年十二月三十一日，有擔保銀行貸款中人民幣15,000,000元的銀行貸款亦由第三方擔保。

- (iv) 所有銀行貸款均以人民幣計值。
- (v) 本集團於二零零七年十二月三十一日共有銀行信貸總額人民幣763,000,000元(二零零六年：人民幣798,000,000元)，其中人民幣438,175,000元(二零零六年：人民幣549,076,000元)已動用。

23. TRADE AND OTHER PAYABLES

23. 交易及其他應付款項

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Trade payables	交易應付款項	53,578	142,689
Bills payable	應付票據	100,197	267,200
Other payables and accruals	其他應付款項及應計費用	90,744	113,313
Deferred income	遞延收入	804	4,085
		245,323	527,287

Included in trade and other payables are trade payables and bills payable with the following aging analysis as of the balance sheet date. The credit period granted by various suppliers ranges from 30 days to 60 days.

於結算日，計入交易及其他應付款項為以下賬齡分析的交易應付款項及應付票據。由不同供應商授予的信貸期介乎30日至60日。

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Due within 1 month or on demand	一個月內到期或應要求償還	21,239	137,605
Due after 1 month but within 3 months	一個月後但三個月內到期	76,536	123,334
Due after 3 months but within 6 months	三個月後但六個月內到期	56,000	148,950
		153,775	409,889

(i) Bills payable as at 31 December 2006 and 2007 were secured by pledged bank deposits in Note 19.

(i) 於二零零六年及二零零七年十二月三十一日，應付票據以附註19披露的有抵押銀行存款作擔保。

(ii) Deferred income consists of deferred government grants. The grants from local government were conditional and the conditions would be fulfilled upon the completion of several research projects and the approval obtained from the relevant authorities. These grants will be recognised as other income when the conditions are fulfilled.

(ii) 遞延收入包括遞延政府補貼。地方政府的補貼為有條件，而相關條件於多個研究項目完成及取得相關部門批准後方告達成。該等補貼將於條件達成時確認為其他收入。

(Expressed in Renminbi)
(以人民幣列示)

23. TRADE AND OTHER PAYABLES (continued)

- (iii) Pursuant to the Reorganisation, the Predecessor Entities have obtained the consents of relevant banks and creditors to transfer the operations of Aluminium Profile Business together with the selected assets and liabilities to the subsidiaries now comprising the Group. Pursuant to the relevant PRC Laws, bills payable and amounts due to creditors of RMB182,000,000 and RMB142,640,000 respectively would not be included in the liabilities assumed by the subsidiaries now comprising the Group after the Reorganisation and were retained by the Predecessor Entities. They had been reflected as deemed appropriation to equity holders of the Company for the year ended 31 December 2007 (Note 25(b)).

24. PAID-IN CAPITAL

For the purpose of these financial statements, the paid-in capital in the combined balance sheet was presented as follows:

- (i) As at 1 January 2006, the paid-in capital represented an aggregate amount of paid-in capital of Predecessor Entities, after elimination of investments in subsidiaries.
- (ii) Xingfa SG was incorporated on 3 April 2006 and became the holding company of the subsidiaries now comprising the Group. The paid-in capital as at 31 December 2006 represented the aggregate amounts of paid-in capital of Xingfa SG and Xingfa Group, after elimination of investments in subsidiaries.
- (iii) The paid-in capital as at 31 December 2007 represented the aggregate amounts of paid-in capital of the Company and Xingfa SG.

23. 交易及其他應付款項(續)

- (iii) 根據重組，前身公司已獲得相關銀行及債權人的同意，將鋁型材業務和指定資產及負債轉讓予現時本集團旗下的附屬公司。根據相關中國法例，應付票據和應付債權人款項分別為人民幣182,000,000元及人民幣142,640,000元，均不會計入於重組後現時本集團旗下的附屬公司所承擔的負債，並由前身公司保留。該等應付票據及應付款項已於截至二零零七年十二月三十一日止年度列為視作分配予本公司股權持有人。(附註25(b))

24. 實繳股本

編製本財務報表時，於各年末合併資產負債表內的實繳股本呈列如下：

- (i) 於二零零六年十二月三十一日，實繳股本指已扣除於附屬公司投資的前身公司實繳股本總額。
- (ii) 興發SG於二零零六年四月三日註冊成立並成為本集團現時旗下附屬公司之控股公司，於二零零六年十二月三十一日，實繳股本指已扣除於附屬公司投資的興發SG及廣東興發實繳股本總額。
- (iii) 於二零零七年十二月三十一日之實繳股本指本公司及興發SG實繳股本總額。

24. PAID-IN CAPITAL (continued)

- (iv) The share capital of Xingfa SG as at 31 December 2007 consisted of 1,000 ordinary shares. The ordinary shares were paid up in either cash or capitalisation of amount due to the Controlling Shareholders detailed as follows:
- (a) On 3 April 2006, Xingfa SG was incorporated in Singapore. On the same day, 3 shares of Xingfa SG were issued and allotted to the Controlling Shareholders in consideration of cash of Singapore Dollars (“SGD”) 3.00 (equivalent to approximately RMB14.00).
- (b) Pursuant to shareholders’ resolution of Xingfa SG on 31 December 2006, 712 new shares of Xingfa SG were issued and allotted to the Controlling Shareholders in consideration of capitalisation of the amounts due to the Controlling Shareholders of RMB150,000,000.
- (c) Pursuant to shareholders’ resolution of Xingfa SG on 31 July 2007, 71 new shares of Xingfa SG were issued and allotted to the Controlling Shareholders in consideration of capitalisation of the amounts due to the Controlling Shareholders of RMB15,116,000.
- (d) Pursuant to shareholders’ resolution of Xingfa SG on 30 November 2007, 214 new shares of Xingfa SG were issued and allotted to the Controlling Shareholders in consideration of capitalisation of the amounts due to the Controlling Shareholders of RMB44,884,000.
- (v) The Company was incorporated on 13 September 2007 with an authorised capital of HKD100,000 divided into 10,000,000 shares of HKD0.01 each and 10,000,000 nil-paid shares were issued thereafter. At 31 December 2007, 10,000,000 nil-paid shares were held by the Controlling Shareholders. After the completion of the Reorganisation on 29 February 2008, the paid-up capital of Xingfa SG was transferred from the Controlling Shareholders to the Company.

24. 實繳股本 (續)

- (iv) 於二零零七年十二月三十一日之興發SG股本包括1,000股普通股。該等普通股的股款以現金或將應付控權股東款項撥充股本方式繳足，詳情如下：
- (a) 於二零零六年四月三日，興發SG於新加坡註冊成立。同日，向控權股東發行及配發3股興發SG股份，現金代價為3.00新加坡元(約等於人民幣14.00元)。
- (b) 根據二零零六年十二月三十一日興發SG的股東決議案，向控權股東發行及配發712股興發SG新股，代價為將應付控權股東款項人民幣150,000,000元撥充股本。
- (c) 根據二零零七年七月三十一日興發SG的股東決議案，向控權股東發行及配發71股興發SG新股，代價為將應付控權股東款項人民幣15,116,000元撥充股本。
- (d) 根據興發SG於二零零七年十一月三十日的股東決議案，控權股東獲發行及配發214股興發SG新股，代價為將應付控權股東款項人民幣44,884,000元撥充股本。
- (v) 本公司於二零零七年九月十三日註冊成立，法定股本為100,000港元，分為10,000,000股每股面值0.01港元的股份，其後發行10,000,000股未繳股款股份。於二零零七年十二月三十一日，10,000,000股未繳股款股份由控權股東持有。於二零零八年二月二十九日完成重組後，興發SG的繳足股本由控權股東轉讓予本公司。

25. RESERVES

(a) PRC statutory reserves

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the Predecessor Entities and the subsidiary which are incorporated in the PRC. Transfers to the reserves were approved by the respective boards of directors.

(i) Statutory surplus reserves

Predecessor Entities which are domestic companies with limited liabilities in the PRC are required to transfer 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders. Statutory surplus reserve can be used to make good previous year's losses, if any, and may be converted into paid-up capital by issuing additional capital to the equity holders in proportion to their existing equity interests, provided that the balance after such conversion is not less than 25% of their registered capital.

(ii) Statutory public welfare fund

Prior to 1 January 2006, the Predecessor Entities which are domestic companies with limited liabilities in the PRC are required to appropriate 5% to 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the statutory public welfare fund. This fund can only be utilised on capital items for the collective benefit of the employees of the Predecessor Entities. The fund is non-distributable other than on liquidation. The transfer to this fund must be made before distribution of a dividend to equity holders.

25 儲備

(a) 中國法定儲備

中國法定儲備乃根據有關中國規則及規定以及前身公司和於中國註冊成立之附屬公司的組織章程細則設立，有關儲備撥款已由各相關公司董事會批准。

(i) 法定盈餘儲備

屬中國境內有限公司的前身公司須根據中國會計規則及規例將純利10%轉撥至法定盈餘儲備，直至儲備結餘相當於註冊資本50%。轉撥至該儲備須於向股權持有人分派股息前進行。法定盈餘儲備可用作抵償過往年度的虧損(如有)，並可藉向股權持有人發行額外股本轉換為繳足股本，按股東現有權益分配予股東，惟轉換後餘額不得少於註冊資本之25%。

(ii) 法定公益金

二零零六年一月一日前，按中國會計規則及規例的規定，屬中國境內有限公司的前身公司須將純利5%至10%撥入法定公益金。該基金僅可用於符合該等前身公司僱員的集體利益的資本項目。該基金不可分派(清盤除外)。撥款予該基金須在分派股息予股權持有人前進行。

25. RESERVES (continued)

(a) PRC statutory reserves (continued)

(ii) Statutory public welfare fund (continued)

Pursuant to the revised PRC Company Law, the Predecessor Entities are no longer required by law to make profit appropriations to the statutory public welfare fund commencing from 1 January 2006. The balance of the statutory public welfare fund as at 31 December 2005 of RMB8,219,000 was transferred to the statutory surplus reserve on 1 January 2006.

(iii) Statutory general reserve

Foshan Xingfa and Xingfa Aluminium, which are wholly foreign owned enterprises in the PRC, are required to transfer at least 10% of their net profit, as determined under the PRC accounting rules and regulations, to statutory general reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders. Statutory general reserve can be used to make good previous years' losses, if any, and may be converted into paid-up capital by issuing additional capital to the equity holders in proportion to their existing equity interests provided that the balance after such issue is not less than 25% of the registered capital.

(b) Reorganisation

The deemed appropriation represented the following assets and liabilities retained by the Predecessor Entities during the Reorganisation and reflected in the combined statement of changes in equity for the year ended 31 December 2007.

25 儲備 (續)

(a) 中國法定儲備 (續)

(ii) 法定公益金 (續)

根據經修訂的中國公司法，前身公司自二零零六年一月一日起毋須再根據法律規定將溢利撥入法定公益金。二零零五年十二月三十一日的法定公益金結餘人民幣8,219,000元已於二零零六年一月一日轉撥至法定盈餘儲備。

(iii) 法定一般儲備

中國全外資公司佛山興發及興發鋁業須根據中國會計規則及規例將各自不少於10%的純利撥至法定一般儲備，直至儲備餘額達註冊資本的50%。撥款至該儲備須於分派股息予股權持有人前進行。法定一般儲備可用於抵償過往年度之虧損(如有)，並可通過向股權持有人按現有權益發行額外股本而轉換成繳足資本，惟發行後結餘不得少於註冊資本的25%。

(b) 重組

視作分配指下列於重組中由前身公司保留，並於截至二零零七年十二月三十一日止年度之合併權益變動表中反映的資產之負債：

(Expressed in Renminbi)
(以人民幣列示)

25. RESERVES (continued)

(b) Reorganisation (continued)

		Note 附註	RMB '000 人民幣千元
Assets			
Property, plant and equipment	資產 物業、機器及設備	12(iii)	82,500
Lease prepayments	預付租金	14(iii)	57,477
Deferred tax assets	遞延稅項資產	15(b)	2,523
Inventories	存貨	16	28,352
Derivative financial instruments	衍生金融工具	17	188
Trade and other receivables	交易及其他應收款項	18	244,351
Amounts due from related parties	應收關連方款項	28(c)	172,831
Pledged deposits	有抵押存款	19	97,268
Cash and cash equivalents	現金及現金等價物	20	21,874
			707,364
Liabilities			
Loans and borrowings	負債 銀行貸款	22(b)(i)	(212,500)
Trade and other payables	交易及其他應付款項	23(iii)	(324,640)
Amounts due to related parties	應付關連方款項	28(c)	(20,355)
Current tax payables	應付即期稅項	15(a)	(318)
			(557,813)
Net assets	資產淨值		149,551

(c) Distributable reserves

There was no reserve available for distribution to equity holders by the Company as at 31 December 2007. On the basis set out in Note 1 (c), the aggregate amount of distributable reserves of the subsidiaries now comprising the Group as at 31 December 2007 were RMB177,448,000 (2006: RMB60,915,000). The Group's capital management policy is set out in Note 29(d).

25 儲備 (續)

(b) 重組 (續)

		Note 附註	RMB '000 人民幣千元
Assets			
Property, plant and equipment	資產 物業、機器及設備	12(iii)	82,500
Lease prepayments	預付租金	14(iii)	57,477
Deferred tax assets	遞延稅項資產	15(b)	2,523
Inventories	存貨	16	28,352
Derivative financial instruments	衍生金融工具	17	188
Trade and other receivables	交易及其他應收款項	18	244,351
Amounts due from related parties	應收關連方款項	28(c)	172,831
Pledged deposits	有抵押存款	19	97,268
Cash and cash equivalents	現金及現金等價物	20	21,874
			707,364
Liabilities			
Loans and borrowings	負債 銀行貸款	22(b)(i)	(212,500)
Trade and other payables	交易及其他應付款項	23(iii)	(324,640)
Amounts due to related parties	應付關連方款項	28(c)	(20,355)
Current tax payables	應付即期稅項	15(a)	(318)
			(557,813)
Net assets	資產淨值		149,551

(c) 可供分派儲備

於二零零七年十二月三十一日，本公司並無可供分派予股權持有人的儲備。根據上文附註1(c)所載基準，本集團現時旗下公司於二零零七年十二月三十一日的可供分派儲備總額為人民幣177,448,000元(二零零六年：人民幣60,915,000元)。本集團的資本管理政策載於附註29(d)。

25. RESERVES (continued)

(d) Dividends

Pursuant to the resolutions passed at the Board of Directors' meetings of Xingfa SG on 13 December 2007 and 24 December 2007, interim dividends at an aggregate amount of RMB118,961,000 were declared by Xingfa SG to the then equity holders. The amounts declared were fully paid in December 2007. The directors consider that the dividend payment during the year is not indicative of the future dividend policy of the Company.

Except for the above, no dividends have been declared and paid by the subsidiaries now comprising the Group and the Predecessor Entities during the year or from the period after 31 December 2007 to the date of issue of these financial statements.

26. COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at 31 December not provided for in the financial statements were as follows:

Property, plant and equipment	物業、機器及設備
— Contracted for but not provided for	— 已訂約但未撥備

25 儲備 (續)

(d) 股息

根據於二零零七年十二月十三日及二零零七年十二月二十四日興發SG董事會會議通過的決議案，興發SG向當時股權持有人宣派中期股息共人民幣118,961,000元。所宣派款項已於二零零七年十二月付清。董事認為本年內的股息分派並非本公司日後股息政策的指標。

除上述者外，本集團旗下附屬公司及前身公司於本年內或自二零零七年十二月三十一日後至本財務報表日期期間概無宣派及派付股息。

26. 承擔

(a) 資本承擔

於各結算日，於財務資料並無撥備的未履行資本承擔如下：

2007	2006
二零零七年	二零零六年
RMB'000	RMB'000
人民幣千元	人民幣千元

40,883

812

(Expressed in Renminbi)
 (以人民幣列示)

26. COMMITMENTS (continued)

(b) Operating lease commitments

At 31 December 2006 and 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Within 1 year	一年內	4,355	—

The significant leasing arrangements under operating leases of the Group are set out in Note 28(a)(ii). The leasing arrangements are cancellable upon a 3 months' notice from the Group. Hence, operating lease commitments represent the aggregate amount of 3 months' rental expenses.

於二零零六年及二零零七年十二月三十一日，本集團根據不可撤銷經營租約應付的未來最低租金總額如下：

本集團經營租約下的主要租賃安排載於附註28(a)(ii)。租賃安排可由本集團發出三個月通知而取消。因此，經營租約承擔為該三個月的租金開支總額。

27. CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2007, the Group has issued financial guarantees with an aggregate amount of RMB48,000,000 to several banks in respect of certain banking facilities granted to the Predecessor Entities. The guarantees will expire in 2009.

The Group is also covered by a cross guarantee arrangement issued by the Group and the Predecessor Entities to a bank in respect of banking facilities granted to the Group and the Predecessor Entities which remains in force so long as the Group or the Predecessor Entities has drawn down under the banking facilities. Under the guarantee, the Group and the Predecessor Entities that are a party to the guarantee are jointly and severally liable for all and any of the borrowings of each of them from the bank which is the beneficiary of the guarantee.

The directors do not consider it probable that a claim will be made against the Group under any of the above guarantees. The maximum liability of the Group at 31 December 2007 under the guarantees issued was RMB38,000,000 (2006: Nil) (Note 28(b) (iv)).

27. 或然負債

於二零零七年十二月三十一日，本集團已就前身公司獲授的若干銀行信貸向多家銀行發出總額為人民幣48,000,000元的財務擔保。該擔保將於二零零九年到期。

本集團亦為本集團及前身公司就各自所獲授銀行信貸向銀行發出的相互擔保安排的受擔保人，本集團或前身公司根據銀行信貸支取貸款，則此擔保一直有效。根據該項擔保，本集團及前身公司作為擔保訂約方共同及個別負責各自從銀行借取之所有及任何借貸，而銀行為擔保之受益人。

董事認為本集團不大可能因任何上述擔保而遭提出申索。於二零零七年十二月三十一日，本集團根據已發出擔保的負債上限為人民幣38,000,000元(二零零六年：無)(附註28(b)(iv))。

28. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

During the year ended 31 December 2007, the directors are of the view that related parties of the Group include the following individuals/companies:

Name of related party 關連方名稱	Relationship with the Group 與本集團關係
Luo Su 羅蘇	Controlling Shareholder 控權股東
Luo Riming 羅日明	Controlling Shareholder 控權股東
Liao Yuqing 廖玉慶	Controlling Shareholder 控權股東
Liu Yuntang 劉允棠	Key management personnel 主要管理人員
Chen Hongzai 陳洪再	Key management personnel 主要管理人員
Hong Fat 恒發	Effectively owned by the Controlling Shareholders 由控權股東實際擁有

28. 重大關連方交易

除本財務報表所披露的關連方資料外，本集團亦進行以下重大關連方交易。

於截至二零零七年十二月三十一日止年度，董事認為以下人士／公司為本集團的關連方：

(Expressed in Renminbi)
 (以人民幣列示)

28. MATERIAL RELATED PARTY
 TRANSACTIONS (continued)

28. 重大關連方交易 (續)

Name of related party 關連方名稱	Relationship with the Group 與本集團關係
Foshan Leahin Coating Co., Ltd. (“Leahin Coating”) (佛山立興塗料有限公司) (i)	Effectively owned by the Controlling Shareholders
佛山立興塗料有限公司(「立興塗料」) (i)	由控股股東實際擁有
Foshan Xinggao Aluminium Co., Ltd. (“Xinggao Aluminium”) (佛山市興高鋁業有限公司) (i)	Effectively owned by the Controlling Shareholders
佛山市興高鋁業有限公司(「興高鋁業」) (i)	由控股股東實際擁有
Foshan Xinghui Ceramics Co., Ltd. (“Foshan Xinghui”) (佛山市興輝陶瓷有限公司) (i)	Effectively owned by the Controlling Shareholders
佛山市興輝陶瓷有限公司(「佛山興輝」) (i)	由控股股東實際擁有
Foshan Xingfa Curtain Wall, Door & Window Co., Ltd. (“Xingfa Curtain Wall”) (佛山市興發幕牆門窗有限公司) (i)	Effectively owned by the Controlling Shareholders
佛山市興發幕牆門窗有限公司(「興發幕牆」) (i)	由控股股東實際擁有
Xingfa Group (ii)	Effectively owned by the Controlling Shareholders
廣東興發 (ii)	由控股股東實際擁有
Xingfa Innovation (ii)	Effectively owned by the Controlling Shareholders
興發創新 (ii)	由控股股東實際擁有
(i) The English translation of the company names is for reference only. The official names of these companies are in Chinese.	(i) 該等公司的英文譯名僅供參考。該等公司的正式名稱為中文名稱。
(ii) Following the consummation of the transfer of operations of Aluminium Profiles Business from the Predecessor Entities to the subsidiaries now comprising the Group on 28 July 2007, these Predecessor Entities have become related parties of the Group from that date.	(ii) 於二零零七年七月二十八日，前身公司向本集團現時旗下附屬公司轉讓鋁型材業務完成後，該等前身公司自當日起成為本集團之關連方。

28. MATERIAL RELATED PARTY
 TRANSACTIONS (continued)

(a) Recurring transactions

Particulars of significant transactions between the Group and the above related parties during the years are as follows:

28. 重大關連方交易(續)

(a) 持續交易

本集團與上述關連方於當年進行的重大交易詳情如下：

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
(i) Sales and purchases	(i) 買賣		
Sales of goods	銷售貨品		
Hang Fat	恒發	88,638	39,656
Xingfa Curtain Wall	興發幕牆	14,408	3,172
Total	總計	103,046	42,828
Purchases of raw materials	購買原材料		
Hang Fat	恒發	36,769	99,079
Leahin Coating	立興塗料	13,631	16,888
Xingfa Group	廣東興發	8,946	—
Xingfa Innovation	興發創新	18,165	—
Total	總計	77,511	115,967

(Expressed in Renminbi)
(以人民幣列示)

28. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(a) Recurring transactions (continued)

(ii) Operating lease arrangements

On 28 July 2007, the Group has entered into certain lease agreements with Xingfa Group and Xingfa Innovation respectively in respect of leasing of certain land use rights, building and machineries from them under operating leases. All leases run for a period from 28 July 2007 to 31 December 2009, with options to renew the leases when all terms are renegotiated. Aggregate annual lease payment payable to Xingfa Group and Xingfa Innovation amounted to RMB9,173,000 and RMB2,961,000 respectively. The leasing arrangements are cancellable upon a 3 months' notice from the Group. None of the leases includes contingent rentals.

On 31 August 2007, the Group has entered into certain operating lease agreements with Xinggao Aluminium in respect of leasing of certain land use rights, buildings and machineries for an aggregate annual lease payment of RMB5,285,000. All leases run for a period from 31 August 2007 to 31 December 2009, with options to renew the leases when all terms are renegotiated. The leasing arrangements are cancellable upon a 3 months' notice from the Group. None of the leases includes contingent rentals.

28. 重大關連方交易(續)

(a) 持續交易

(ii) 經營租賃安排

二零零七年七月二十八日，本集團分別與廣東興發及興發創新訂立有關根據經營租約向該等公司租用若干土地使用權、樓宇及機器的若干租賃協議。所有租約有效期為二零零七年七月二十八日至二零零九年十二月三十一日，重新協商所有條款後可選擇續租。應付廣東興發及興發創新的年度租賃款項總額分別為人民幣9,173,000元及人民幣2,961,000元。本集團可於三個月前發出通知取消租賃安排。租約概無或然租金。

於二零零七年八月三十一日，本集團與興高鋁業訂立若干經營租約，租用若干土地使用權、樓宇及機器，年租總額為人民幣5,285,000元。租期為二零零七年八月三十一日至二零零九年十二月三十一日的租約均可於協商所有條款後續租。本集團可於三個月前發出通知取消租賃安排。租約概不包括或然租金。

28. MATERIAL RELATED PARTY
 TRANSACTIONS (continued)

(a) Recurring transactions (continued)

(ii) Operating lease arrangements (continued)

The annual lease payments of the above lease transactions were determined with reference to the market annual rental for similar arrangements provided by Jones Lang LaSalle Sallmanns Limited.

The directors are of the opinion that the above transactions with related parties were conducted on normal commercial terms in the ordinary course of business and the terms are fair and reasonable so far as the shareholders of the Company are concerned.

(b) Non-recurring transactions

(i) Sales of goods

28. 重大關連方交易 (續)

(a) 持續交易

(ii) 經營租賃安排

上述租賃交易之年度租金乃參考仲量聯行西門有限公司按類似安排下的市場年租釐定。

董事認為，上述與關連方進行的交易乃於日常業務中按一般商業條款進行，條款對本公司股東公平合理。

(b) 非持續交易

(i) 銷售貨物

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Xinggao Aluminium	興高鋁業	2,219	1,098

(Expressed in Renminbi)
(以人民幣列示)

28. MATERIAL RELATED PARTY
TRANSACTIONS (continued)

(b) Non-recurring transactions (continued)

(ii) Rental income

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Leahin Coating	立興塗料	160	160
Xingfa Curtain Wall	興發幕牆	169	169
Total	總計	329	329

(iii) Short-term advances to/(from) related parties

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Xinggao Aluminium	興高鋁業	24,700	55,764
Foshan Xinghui	佛山興輝	6,000	70,600
Xingfa Group	廣東興發	17,424	—
Total	總計	48,124	126,364
Xingfa Curtain Wall	興發幕牆	(9,000)	—
Xingfa Group	廣東興發	(5,368)	—
Hang Fat	恒發	(197)	(550)
Total	總計	(14,565)	(550)

Advances to/(from) related parties are unsecured, interest free and have no fixed terms of repayment.

28. 重大關連方交易 (續)

(b) 非持續交易 (續)

(ii) 租金收入

(iii) 關連方獲得 / (提供) 的短期墊款

關連方獲得 / (提供) 的墊款為無抵押、免息且無固定還款期。

28. MATERIAL RELATED PARTY
 TRANSACTIONS (continued)

(b) Non-recurring transactions (continued)

(iv) Financial guarantees

Certain bank loans were guaranteed by the following related parties as at the balance sheet date.

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Luo Su	羅蘇	—	50,000
Luo Su, Luo Riming, Chen Hongzai, and Liao Yuqing	羅蘇、羅日明、陳洪再及廖玉慶	—	163,000
Luo Su, Luo Riming, Chen Hongzai, Liao Yuqing and Liu Yuntang	羅蘇、羅日明、陳洪再、廖玉慶及劉允棠	—	15,000
Foshan Xinghui	佛山興輝	—	5,000
Foshan Xinghui, Luo Su, Luo Riming, Chen Hongzai and Liao Yuqing	佛山興輝、羅蘇、羅日明、陳洪再及廖玉慶	—	7,500
Leahin Coating, Foshan Xinghui, Xinggao Aluminium, Luo Su, Chen Hongzai, Luo Riming and Liao Yuqing	立興塗料、佛山興輝、興高鋁業、羅蘇、陳洪再、羅日明及廖玉慶	—	70,000

28. 重大關連方交易 (續)

(b) 非持續交易 (續)

(iv) 財務擔保

於結算日，若干銀行貸款由下列關連方擔保。

(Expressed in Renminbi)
 (以人民幣列示)

28. MATERIAL RELATED PARTY
 TRANSACTIONS (continued)

(b) Non-recurring transactions (continued)

(iv) Financial guarantees (continued)

28. 重大關連方交易 (續)

(b) 非持續交易 (續)

(iv) 財務擔保 (續)

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Xingfa Group, Leahin Coating, Foshan Xinghui, Xinggao Aluminium, Luo Su, Chen Hongzai, Luo Riming and Liao Yuqing	廣東興發、立興塗料、 佛山興輝、興高鋁 業、羅蘇、陳洪再、 羅日明及廖玉慶	190,000	—
Xingfa Group, Luo Su, Chen Hongzai, Luo Riming and Liao Yuqing	廣東興發、羅蘇、陳 洪再、羅日明及廖 玉慶	30,000	—
Xingfa Group, Foshan Xinghui, Xinggao Aluminium, Luo Su, Chen Hongzai, Luo Riming and Liao Yuqing	廣東興發、佛山興輝、 興高鋁業、羅蘇、 陳洪再、羅日明及 廖玉慶	70,000	—
Xingfa Group, Foshan Xinghui, Luo Su, Luo Riming, Chen Hongzai and Liao Yuqing	廣東興發、佛山興輝、 羅蘇、羅日明、陳 洪再及廖玉慶	50,000	—
Xingfa Group, Xingfa Innovation, Foshan Xinghui, Luo Su, Luo Riming and Liao Yuqing	廣東興發、興發創新、 佛山興輝、羅蘇、 羅日明及廖玉慶	30,000	—
Total	總計	370,000	310,500

28. MATERIAL RELATED PARTY
TRANSACTIONS (continued)

(b) Non-recurring transactions (continued)

(iv) Financial guarantees (continued)

The Group issued financial guarantees to banks in respect of certain banking facilities amounted to RMB48,000,000 to Xingfa Group as at 31 December 2007 (2006: Nil). Such guarantees were utilised to the extent of RMB38,000,000 as at 31 December 2007 (Note 27).

(v) Bank loans secured by assets of a Predecessor Entity

Certain bank loans amounted to RMB 190,000,000 as at 31 December 2007 were secured by certain property, plant and equipments and lease prepayments of a Predecessor Entity with aggregate carrying values of RMB 153,370,000 (2006: Nil).

(vi) Disposal of assets to Xingfa Curtain Wall

Pursuant to two conditional sale and purchase agreements entered into between the Group and Xingfa Curtain Wall on 12 October 2007 and 6 December 2007, the Group agreed to dispose of certain lease prepayments, property, plant and equipment and investment property to Xingfa Curtain Wall at an aggregate consideration of RMB23,000,000 (Note 21). The agreements are conditional and are subject to the completion of transferring of the title deeds of these assets.

The directors are of the opinion that the above transactions with related parties were conducted on normal commercial terms in the ordinary course of business and the terms are fair and reasonable so far as the equity holders of the Company are concerned.

28. 重大關連方交易 (續)

(b) 非持續交易 (續)

(iv) 財務擔保 (續)

本集團為廣東興發於二零零七年十二月三十一日所獲若干銀行信貸人民幣48,000,000元向銀行發出財務擔保(二零零六年:無)。於二零零七年十二月三十一日,有關擔保已動用人民幣38,000,000元(附註27)。

(v) 以興高鋁業資產抵押的銀行貸款

於二零零七年十二月三十一日,若干銀行貸款人民幣190,000,000元由興高鋁業賬面總值為人民幣153,370,000元(二零零六年:無)的若干物業、機器及設備和預付租金抵押。

(vi) 向興發幕牆出售資產

根據本集團與興發幕牆於二零零七年十月十二日及二零零七年十二月六日訂立的兩項有條件買賣協議,本集團同意以總代價人民幣23,000,000元(附註21)向興發幕牆出售若干預付租金、物業、機器及設備和投資物業。該等協議須待完成轉讓該等資產的所有權契據後方可作實。

董事認為,上述與關連方進行的交易乃於日常業務中按一般商業條款進行,條款對本公司股東公平合理。

(Expressed in Renminbi)
(以人民幣列示)

28. MATERIAL RELATED PARTY
TRANSACTIONS (continued)

(c) Balances with related parties

As at each balance sheet date, the Group had the following balances with related parties:

(i) Trade and other receivables

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Trade related	與貿易有關		
Hang Fat	恒發	6,265	31,379
Subtotal	小計	6,265	31,379
Non-trade related	與非貿易有關		
Xinggao Aluminium	興高鋁業	—	57,252
Foshan Xinghui	佛山興輝	—	113,534
Leahin Coating	立興塗料	—	145
Xingfa Innovation	興發創新	189	—
Xingfa Group	廣東興發	4,656	—
Subtotal	小計	4,845	170,931
Total	總計	11,110	202,310

28. 重大關連方交易 (續)

(c) 與關連方的結餘

截至各結算日，本集團與關連方的結餘如下：

(i) 交易及其他應收款項

28. MATERIAL RELATED PARTY
 TRANSACTIONS (continued)

(c) Balances with related parties (continued)

(ii) Trade and other payables

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Trade related	與貿易有關		
Leahin Coating	立興塗料	3,138	5,552
Subtotal	小計	3,138	5,552
Non-trade related	與非貿易有關		
Hang Fat	恒發	747	550
Xingfa Curtain Wall	興發幕牆	700	18
Subtotal	小計	1,447	568
Total	總計	4,585	6,120

The amounts due from/(to) related parties are unsecured, interest free and have no fixed terms of repayment.

Pursuant to the Reorganisation, certain amount due from/(to) related parties with an aggregate carrying amount totalling RMB172,831,000 and RMB20,355,000 were retained by the Predecessor Entities and had been reflected as deemed appropriation to equity holders of the Company for the year ended 31 December 2007 (Note 25(b)).

28. 重大關連方交易 (續)

(c) 與關連方的結餘 (續)

(ii) 交易及其他應付款項

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Trade related	與貿易有關		
Leahin Coating	立興塗料	3,138	5,552
Subtotal	小計	3,138	5,552
Non-trade related	與非貿易有關		
Hang Fat	恒發	747	550
Xingfa Curtain Wall	興發幕牆	700	18
Subtotal	小計	1,447	568
Total	總計	4,585	6,120

應收 / (應付) 關連方款項為無抵押、免息且無固定還款期。

根據重組，賬面總值分別為人民幣172,831,000元及人民幣20,355,000元的若干應收 / (應付) 關連方款項由前身公司保留，並於截至二零零七年十二月三十一日止年度列入視作分配予本公司股權持有人 (附註25(b))。

(Expressed in Renminbi)
(以人民幣列示)

28. MATERIAL RELATED PARTY
TRANSACTIONS (continued)

(d) Key management personnel compensation

Remuneration for key management personnel, including the amounts paid to the Group's directors as disclosed in Note 9 and the senior management as disclosed in Note 10, is as follows:

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Short-term employee benefits	短期僱員福利	705	506
Contribution to retirement benefit plan	退休福利計劃供款	31	28
Total	總計	736	534

Total remuneration is included in "staff costs" (Note 7(b)).

(e) Contributions to defined contribution retirement plans

The Group participates in defined contribution retirement plans organised by municipal and provincial governments for its employees in the PRC.

The details of the Group's defined contribution retirement plan are described in Note 7(b). There was no material outstanding contribution to post-employment benefit plans as at 31 December 2007.

28. 重大關連方交易 (續)

(d) 主要管理人員酬金

主要管理人員之酬金(包括附註9及附註10分別所披露支付予本集團董事及高級管理人員的金額)如下：

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Short-term employee benefits	短期僱員福利	705	506
Contribution to retirement benefit plan	退休福利計劃供款	31	28
Total	總計	736	534

酬金總額計入「員工成本」(附註7(b))。

(e) 向定額供款退休計劃供款

本集團為其中國僱員參與省市政府組織的定額供款退休計劃。

本集團的定額供款退休計劃詳情載於附註7(b)。於二零零七年十二月三十一日，並無重大欠付退休後福利計劃供款。

29. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- **market risk;**
- **credit risk; and**
- **liquidity risk**

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Market risk

Increasing market fluctuations may result in significant cash-flow and profit volatility risk for the Group. The Group's income or the values of its holding of financial instruments are affected by changes in commodity price of aluminium, foreign exchange rate and interest rate. The objective of market risk management is to manage and control market risk exposures within the acceptable parameters, while minimising the costs on managing the risk.

29. 金融風險管理

本集團因使用金融工具而面臨以下風險：

- **市場風險**
- **信貸風險**
- **流動資金風險**

本附註呈列有關本集團所面臨之上述各類風險、本集團計量及管理風險之目標、政策及程序以及本集團資金管理的資料。

董事會對建立及監督本集團的風險管理架構全權負責。本集團制定風險管理政策以識別及分析本集團所面臨的風險、設定適當風險上限及控制措施，監控風險並維持在上限以內。本集團定期檢討風險管理政策及系統，以反映市場狀況及本集團業務之變動。本集團旨在透過培訓及管理準則與程序，發展具紀律且積極的環境，讓所有僱員瞭解彼等之職能及責任。

(a) 市場風險

市場日益波動或會導致本集團面臨重大現金流量及溢利波動風險。本集團之收入或所持金融工具的價值受鋁商品價格、外匯匯率及利率變化的影響。市場風險管理旨在管理及控制市場風險在可接受的水平，同時將風險管理成本減至最低。

29. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

The Group seeks to manage and control the market risks primarily through its regular operating and financial activities, and uses derivative instruments when deemed appropriate. All such transactions are carried out within the guidelines set by the Board of Directors.

(i) Commodity price risk on aluminium

Aluminium ingots are the major raw materials of the Group's products which account for approximately 80% of total cost of sales. Fluctuations on commodity price of aluminium will have a significant impact on the Group's earnings, cash flows as well as the value of the inventories. The Group uses its futures contracts traded on the Shanghai Futures Exchange to reduce its risks arising from fluctuations in aluminium price. The Group enters futures based on the inventories on hand, expected usage of aluminium and sales requirements. The Group considers that it is not cost effective to maintain a highly effective hedge on transaction basis.

The outstanding balances of future contracts entered as at the balance sheet dates are disclosed in Note 17.

29. 金融風險管理 (續)

(a) 市場風險 (續)

本集團主要通過一般營運及財務活動與使用衍生工具(如適用)管理及控制市場風險。所有相關交易均按董事會制定的指引進行。

(i) 鋁商品價格風險

鋁錠為本集團產品的主要原材料，佔總銷售成本約80%。鋁商品價格波動會對本集團的盈利、現金流量及存貨價值有重大影響。本集團在上海期貨交易所買賣期貨合約，降低鋁價格波動的風險。本集團根據手頭存貨、預期鋁用量及銷售要求進行期貨交易。本集團認為，就各項交易進行高效對沖並不符合成本效益。

於各結算日所訂立期貨合約之欠款結餘披露於附註17。

29. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Foreign currency risk

As the Group's principal activities are carried out in the PRC, the Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the operations in the PRC, RMB, to which they relate. The transactions in foreign currency are primarily denominated in United States Dollars ("USD"). The Group currently does not have a policy to exercise fair value hedges on foreign currency risk as the impact of foreign currency on the Group's total cost of sales is minimal. However, management monitors foreign currency exposure to ensure that the net exposure is kept to an acceptable level and will consider hedging significant transactions should the need arise. Included in assets and liabilities are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

29. 金融風險管理(續)

(a) 市場風險(續)

(ii) 外匯風險

由於本集團的主要業務在中國進行，故本集團銷售及採購並非以營運所在地功能貨幣人民幣計值，故面臨外匯風險。外匯交易主要以美元列值。由於外匯對本集團總銷售成本的影響輕微，故本集團現時並無利用公平值對沖外幣風險的政策。然而，管理層監控外幣風險，確保淨風險維持在可接受水平，並考慮在需要時對沖重大交易。計入資產及負債而以公司功能貨幣以外貨幣列賬的款項如下：

		2007 二零零七年	2006 二零零六年
Trade and other receivables USD ('000)	交易及其他應收款項 美元(千元)	10,756	4,035
Cash and cash equivalents USD ('000)	現金及現金等價物 美元(千元)	145	459
HKD ('000)	港元(千元)	446	15
SGD ('000)	新加坡元(千元)	41	79
Trade and other payables USD ('000)	交易及其他應付款項 美元(千元)	841	—
HKD ('000)	港元(千元)	1,489	—

(Expressed in Renminbi)
 (以人民幣列示)

29. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Foreign currency risk (continued)

Sensitivity analysis

The following foreign currency sensitivity is calculated based on the major net foreign currency exposure of the Group as at the balance sheet date, assuming 5% shift of RMB against USD are as follows:

A 5% strengthening of the RMB against USD at 31 December would have decreased profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Effect in RMB'000	以人民幣千元列值
USD	美元

A 5% weakening of the RMB against the above currency at 31 December would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

29. 金融風險管理(續)

(a) 市場風險(續)

(ii) 外匯風險(續)

敏感度分析(續)

根據本集團於結算日的主要外匯淨風險計算的外匯敏感度分析如下(假設人民幣兌美元匯率調整5%)：

於十二月三十一日人民幣兌美元升值5%會使溢利按下文所示數額減少。該分析假設所有其他變量(尤其是利率)保持不變。

2007	2006
二零零七年	二零零六年

213	72
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假設所有其他變量保持不變，於十二月三十一日人民幣兌上述貨幣貶值5%會對上文所示貨幣金額產生等同但相反的影響。

29. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Interest rate risk

The Group adopts a policy of ensuring that over 50% of its exposure to changes in interest rates on borrowings is on a fixed rate basis. The Group's loans and borrowings are mainly short-term in nature and on fixed rate basis. The interest rates and terms of repayment of the Group's loans and borrowings are disclosed in Note 22.

Sensitivity analysis

A change of 100 basis points in interest rate would have increased or decreased profit by RMB as follows:

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千港元
Profit decrease as 100 basis points increase	溢利下降由於增加100個基本點	650	500

A 100 basis points decrease would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

29. 金融風險管理(續)

(a) 市場風險(續)

(iii) 利率風險

本集團採取政策確保超過50%之借貸利率變動風險來自固定利率。本集團銀行貸款主要為短期及具固定利率。本集團銀行貸款之利率及還款期於附註22披露。

敏感度分析

利率增減100個基本點會增加或減少以人民幣列值的溢利如下：

假設所有其他變量保持不變，減少100個基本點會對上文所示貨幣金額產生等同但相反的影響。

(Expressed in Renminbi)
 (以人民幣列示)

29. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

Effective interest rates

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date. Majority of these items mature in the next 12 months.

		2007 二零零七年	2006 二零零六年
Variable rate instruments	浮息工具		
Cash and cash equivalents	現金及現金等價物	0.77%	0.72%
Bank loans	銀行貸款	7.05%	6.58%
Fixed rate instruments	定息工具		
Pledged deposits	有抵押存款	3.13%	2.25%
Bank loans	銀行貸款	6.45%	6.32%

29. 金融風險管理(續)

(a) 市場風險(續)

(iii) 利率風險

實際利率

就賺取收入之金融資產及計息金融負債而言，下表呈列其於結算日之平均實際利率。大部分有關項目於未來十二個月內到期。

29. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iv) Fair value

The carrying amounts of all financial assets and liabilities approximate their respective fair values as at the balance sheet date.

The following methods and assumptions were used to estimate the fair value for each class of financial instruments:

- (a) Cash and cash equivalents, pledged deposits, trade and other receivables, trade and other payables and amounts due from/(to) related parties.

The carrying amounts of these financial assets and liabilities approximate their fair value because of the short maturities of these instruments.

(b) Interest-bearing borrowings

The carrying amounts of interest-bearing borrowings approximate their fair value as majority of the borrowings are short-term in nature.

29. 金融風險管理(續)

(a) 市場風險(續)

(iv) 公平值

於結算日，所有金融資產及負債之賬面值均與其各自公平值相若。

下列方法及假設用來估計各類金融工具之公平值：

- (a) 現金及現金等價物、有抵押存款、交易及其他應收款項、交易及其他應付款項與應收/(應付)關連方款項。

由於此類工具短期內到期，故該等金融資產及負債之賬面值與其公平值相若。

(b) 計息借貸

由於計息借貸主要為短期借貸，故大部分計息借貸之賬面值與其公平值相若。

(Expressed in Renminbi)
(以人民幣列示)

29. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and other receivables.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Approximately 5% to 15% of the Group's revenue is attributable to sales transactions with a single customer for the years ended 31 December 2007 and 2006.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available. Credit limit is established for each customer which represents the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed annually. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis. The Group chases the customers to settle the due balances and monitors the settlement progress on an ongoing basis.

29. 金融風險管理 (續)

(b) 信貸風險

信貸風險指倘客戶或金融工具交易方不能履行合約責任而導致本集團財務虧損的風險，有關風險主要來自本集團的應收客戶款項及其他應收款項。

交易及其他應收款項

本集團的信貸風險主要受各客戶的不同情況影響。本集團客戶基礎的統計數據(包括客戶營運行業及國家的違約風險)對信貸風險產生之影響較小。截至二零零七年及二零零六年十二月三十一日止年度，本集團約5%至15%收益來自與單一客戶之銷售交易。

本集團已訂立信貸政策，於提供標準付款及交付條款及條件前，個別分析各新客戶的信貸評級。本集團的審閱包括外部評級(如適用)。各客戶的信貸限額毋須經董事會批准，但須每年檢討的最高信貸額度。不符合本集團信貸標準的客戶可以預付形式與本集團交易。本集團會追討客戶結清到期餘額，並持續監察結算進度。

29. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The Group has a concentration of credit risk of the total trade and other receivables due from the Group's largest debtor and the five largest debtors as follows:

		2007 二零零七年	2006 二零零六年
Due from	應收以下人士款項		
— largest debtor	— 最大債務人	18%	7%
— five largest debtors	— 五大債務人	52%	28%

The maximum exposure of credit risk is represented by the carrying amount of each financial asset in the combined balance sheet, including derivative financial instruments.

Except for the financial guarantees given by the Group as disclosed in Note 27, the Group does not provide guarantees which would expose the Group to the credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note 27.

29. 金融風險管理 (續)

(b) 信貸風險 (續)

本集團的信貸風險集中，以下為本集團最大債務人及五大債務人之交易及其他應收款項總額：

		2007 二零零七年	2006 二零零六年
Due from	應收以下人士款項		
— largest debtor	— 最大債務人	18%	7%
— five largest debtors	— 五大債務人	52%	28%

最大信貸風險為合併資產負債表內各項金融資產之賬面值，包括衍生金融工具。

除附註27所披露由本集團提供之財務擔保外，本集團不會就所面臨的信貸風險提供擔保。於結算日有關該等財務擔保所面臨的最大信貸風險於附註27披露。

(Expressed in Renminbi)
 (以人民幣列示)

29. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The Group's business is managed on a worldwide basis, but mainly participates in five principal economic environments. The maximum exposure to credit risk for trade receivables and bills receivable on the basis of geographical location of customers are as follows:

		2007 二零零七年	2006 二零零六年
The PRC	中國	373,213	315,278
Europe	歐洲	13,672	1,346
North America	北美洲	1,710	4,647
Hong Kong	香港	7,206	31,379
Asia Pacific (other than the PRC and Hong Kong)	亞太地區(不包括中國及香港)	4,240	11,734
Total	總計	400,041	364,384

Normally, the Group does not obtain collateral from customers. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

29. 金融風險管理(續)

(b) 信貸風險(續)

本集團業務遍及世界各地，惟主要在五個主要經濟環境營運。按客戶所在地區分析的交易應收款項及應收票據所涉最大信貸風險如下：

本集團一般不接受客戶提供的抵押品。本集團就交易及其他應收款項之估計虧損作出減值撥備。該撥備的主要部分為就同類資產組別所產生但尚未確認為虧損而作出的特定虧損撥備。綜合虧損撥備乃根據同類金融資產過往之付款統計數據釐定。

29. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Impairment losses

The movements in the allowance for impairment in respect of trade and other receivables during the year are as follows:

		2007 二零零七年	2006 二零零六年
Balance at 1 January	於一月一日的結餘	2,244	2,244
Deemed disposal upon Reorganisation	確認之減值虧損視作於重組時出售	(1,774)	—
Balance at 31 December	於十二月三十一日的結餘	470	2,244

Based on past experience, except for the above amounts that the customers were unable to repay the outstanding balance, the Group believes that no impairment allowance is necessary in respect of trade and other receivables not past due; over 99% of the total balances, which includes the amount owed by the Group's most significant customer, and which relates to customers that have a good track record with the Group.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

29. 金融風險管理 (續)

(b) 信貸風險 (續)

減值虧損

於本年度內有關交易及其他應收款項的減值撥備變動如下：

		2007 二零零七年	2006 二零零六年
Balance at 1 January	於一月一日的結餘	2,244	2,244
Deemed disposal upon Reorganisation	確認之減值虧損視作於重組時出售	(1,774)	—
Balance at 31 December	於十二月三十一日的結餘	470	2,244

基於過往的經驗，除上述客戶無法償還的欠款餘額外，本集團相信毋須就未到期之交易及其他應收款項作減值撥備，超過99%的結餘(包括本集團最大客戶所欠款項)乃與和本集團保持良好營業紀錄的客戶有關。

(c) 流動資金風險

流動資金風險指本集團無法履行到期的財務責任風險。本集團的政策乃定期監察流動資金需求及遵守借貸契約的情況，確保維持充足現金儲備及獲主要財務機構提供足夠信貸資金，以應付短期及長遠的流動資金需求。

29. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The Group use activity-based costing to cost its products, which assists it in monitoring cash flow requirements. Typically the Group ensures that it has sufficient cash on demand to meet expected operation expenses for a period of 11 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the lines of credit to mitigate liquidity risk. The maximum banking facilities and amounts utilised at the balance sheet date are as disclosed in Note 22.

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity holders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

29. 金融風險管理 (續)

(c) 流動資金風險 (續)

本集團採用作業成本法支付產品成本，以便監管現金流量需求。具體而言，本集團確保有足夠現金應付11天的預期營運開支，包括應付融資責任，惟不包括如自然災害等無法合理預計的特殊情況之潛在影響。此外，本集團維持信貸額以減低流動資金風險，於各結算日信貸額上限及已動用的銀行信貸於附註22披露。

(d) 資本管理

本集團的主要資本管理目標為保障本集團持續經營的能力，按恰當風險水平為產品及服務定價，並以合理成本取得融資，以繼續為股權持有人提供回報。

本集團定期檢討及積極管理其資本架構，以在維持較高借貸水平可能帶來較高股東回報與取得充裕資金狀況所帶來的裨益及保障之間的平衡，並就經濟環境的轉變對資本架構進行調整。

29. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital management (continued)

The Group monitors its capital structure on the basis of a net debt-to-capital ratio. For this purpose, net debt is defined as interest-bearing loans less cash and cash equivalents, and the capital is defined as the total shareholders' equity. The net debt-to-capital ratio at 31 December 2007 was 53.0%. It is the management's intention to maintain the ratio in the range of 55% to 65% in the future. To achieve this end, the Group may adjust the amount of dividends paid to equity holders, issue new shares or raise new debt financing.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

30. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty are as follows:

The methods, estimates and judgments the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgments, on matters that are inherently uncertain. The critical accounting judgments in applying the Group's accounting policies are described below.

(a) Depreciation

Property, plant and equipment and investment property are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value.

The Group reviews annually the useful life of an asset and its residual value, if any. The depreciation expense for future years is adjusted if there are significant changes from previous estimation.

29. 金融風險管理(續)

(d) 資本管理(續)

本集團按淨負債資產比率監控股本架構。就此而言，淨負債指計息貸款減現金及現金等價物，而資本則指股東權益總額。於二零零七年十二月三十一日，淨負債資產比率為53.0%。管理層有意於日後將該比率維持於介乎55%至65%。本集團或可通過調整派付予股權持有人之股息金額、發行新股或獲取新債務融資維持上述比率。

本公司及其任何附屬公司概不受外界資本規定限制。

30. 主要會計估計及判斷

估計不確定因素的主要來源如下：

董事在應用本集團會計政策時所採用的方法、估計及判斷，對本集團財務狀況及經營業績有重大影響。部分會計政策要求本集團對不確定的事項作出估計及判斷。應用本集團會計政策時所作出的主要會計判斷如下：

(a) 折舊

物業、機器及設備與投資物業經計及估計剩餘價值後，在估計可使用年期內以直線法折舊。

本集團每年檢討資產的可使用年限及剩餘價值(如有)。倘過往估計有重大改變，則調整日後年度的折舊開支。

30. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Impairments

- (i) In considering the impairment losses that may be required for certain property, plant and equipment, investment property and lease prepayments, recoverable amount of these assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.
- (ii) Impairment losses for bad and doubtful debts are assessed and provided based on the directors' regular review of aging analysis and evaluation of collectibility. A considerable level of judgment is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment losses would affect the net profit or loss in future years.

30. 主要會計估計及判斷

(b) 減值

- (i) 考慮若干物業、機器及設備、投資物業及預付租金的減值虧損時，須釐定該等資產的可收回數額。可收回款項為淨售價與使用值兩者之較高者。由於未必能取得該等資產的既有市場報價，故難以精確估計售價。釐定使用值時，將預期有關資產所得現金流量貼現至其現值時，需要對收入水平及營運成本等項目作出重大判斷。本集團會運用一切可得資料，釐定可收回款項之合理約數，包括根據對收入及營運成本等項目之合理且可以證據支持之假設和預測作出之估計。
- (ii) 呆壞賬減值虧損按董事定期檢討的賬齡分析和可收回程度評估進行評估及撥備。董事在評估各客戶的信用評級及過往收賬紀錄時使用大量判斷。

上述減值虧損的任何增減均會影響未來年度的純利或虧損淨值。

31. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2007

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ended 31 December 2007 and which have not been adopted in these financial statements.

Of these developments, the following relate to matter that may be relevant to the Group's operations and the combined financial statements:

31. 於截至二零零七年十二月三十一日止年度已頒佈但未生效的修訂、新準則及詮釋的潛在影響

截至本財務報表的刊發日期，國際會計準則理事會已頒佈多項於營業截至二零零七年十二月三十一日止年度會計期間尚未生效的修訂、新準則及詮釋，而本財務報表並無採納該等修訂、新準則及詮釋。

基於有關變動，下列修訂、新準則及詮釋可能與本集團的經營及財務資料有關：

	Effective for accounting periods beginning on or after 於下列日期或之後開 始的會計期間生效
IAS 1 Presentation of Financial Statements 國際會計準則第1號	1 January 2009 二零零九年一月一日
IAS 23 Borrowing Costs 國際會計準則第23號	1 January 2009 二零零九年一月一日
IFRS 8 Operating Segments 國際財務報告準則第8號	1 January 2009 二零零九年一月一日

The directors have confirmed that the Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

董事確認，本集團正評估預期首次應用該等修訂、新準則及新詮釋期間的影響。迄今為止，本集團認為採納上述修訂、新準則及詮釋不會嚴重影響本集團的經營業績及財務狀況。

32. SUBSEQUENT EVENTS

(a) Group reorganisation

The Company was incorporated in the Cayman Islands on 13 September 2007. The subsidiaries now comprising the Group underwent and completed a reorganisation for the listing of the Company's shares on the Stock Exchange on 29 February 2008. As a result of the Reorganisation, the Company became the holding company of the Group (*Note 1(b)*).

(b) Authorised share capital

Pursuant to the resolutions in writing passed by the equity holder of the Company on 29 February 2008, the equity holder approved the increase of the authorised share capital of the Company to 1,000,000,000 shares with a par value of HKD0.01 each.

(c) Listing of the Company's shares

On 31 March 2008, the Company was successfully listed on the Stock Exchange following the completion of its global offering of 125,400,000 shares to the investors.

32. 結算日後事項

(a) 集團重組

本公司於二零零七年九月十三日在開曼群島註冊成立。為本公司股份於二零零八年二月二十九日在香港聯交所主板上市，本集團旗下附屬公司已進行並完成重組。重組後，本公司成為本集團的控股公司(附註1(b))。

(b) 法定股本

根據本公司股東於二零零八年二月二十九日通過的書面決議，股東批准本公司法定股本增至1,000,000,000股每股面值0.01港元的股份。

(c) 本公司股份上市發行

於二零零八年三月三十一日，本公司於完成全球發售125,400,000股股份後，成功在香港聯交所上市。

Independent Auditor's Report on Company's Financial Statements 本公司財務報表之獨立核數師報告



Independent auditor's report to the shareholders of
Xingfa Aluminium Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Xingfa Aluminium Holdings Limited (the "Company") set out on pages 174 to 183, which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the period from 13 September 2007 (date of incorporation) to 31 December 2007, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

致興發鋁業控股有限公司各股東
(於開曼群島註冊成立之有限公司)

我們已審核了刊載於第174頁至183頁興發鋁業控股有限公司（「貴公司」）的財務報表，包括於二零零七年十二月三十一日的資產負債表和由二零零七年九月十三日（註冊成立當日）至二零零七年十二月三十一日止期間的損益表、權益變動表和現金流量表，以及主要會計政策概要及其他附註。

董事對財務報表的責任

按照國際會計準則委員會公布的國際財務報告準則編製及公允地列報上述財務報表是貴公司董事的責任。這種責任包括設計、實施和維護與編制及公允地列報財務報表相關的內部控制，以使財務報表不存在由於舞弊或錯誤而導致的重大錯報，選擇和運用適當的會計政策；及按情況作出合理的會計估計。

核數師的責任

我們的責任是在實施審計工作的基礎上對上述財務報表發表審計意見，並僅向整體股東報告。除此以外，我們的報告書不可用作其他用途。我們概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

Independent Auditor's Report on Company's Financial Statements 本公司財務報表之獨立核數師報告

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2007 and of its result and cash flows for the period from 13 September 2007 (date of incorporation) to 31 December 2007 in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
21 April 2008

我們按照香港會計師公會頒布之香港核數準則執行了審核工作。這些準則要求我們遵守道德規程，計劃及實施審計工作以對上述財務報表是否不存在任何重大錯報獲取合理保證。

審核工作涉及實施審核程序，以獲取有關財務報表金額及披露的審核證據。選擇的審核程序取決於核數師的判斷，包括對由於舞弊或錯誤導致的財務報表重大錯報風險的評估。在進行該等風險評估時，核數師考慮與公司編制及公允地列報財務相關的內部控制，以設計恰當的審核程序，但目的並非為對公司的內部控制的有效性發表意見。審核工作還包括評價董事選用會計政策的恰當性和作出會計估計的合理性，以及評價財務報表的總體列報。

我們相信，我們獲得的審核證據是充分、適當的，已為我們的審核意見提供了基礎。

意見

我們認為，上述財務報表已真實和公允地反映貴公司於二零零七年十二月三十一日的財政狀況和貴公司由二零零七年九月十三日（註冊成立當日）至二零零七年十二月三十一日止期間的業績及現金流量，並已按照國際財務報告準則及香港公司條例的披露規定編制。

畢馬威會計師事務所

執業會計師
香港中環
遮打道10號
太子大廈8樓
二零零八年四月二十一日

Income Statement

收益表

for the period from 13 September 2007 (date of incorporation) to 31 December 2007
由二零零七年九月十三日(註冊成立當日)至二零零七年十二月三十一日止期間

(Expressed in Renminbi)

		<i>RMB</i> 人民幣
Turnover	營業額	—
Profit for the period	本期利潤	—

The notes on pages 178 to 183 form part of these financial statements.

第178至183頁之附註為財務報表之組成部分。

(Expressed in Renminbi)
(以人民幣列示)

Balance Sheet
資產負債表
as at 31 December 2007
於二零零七年三月三十一日

		Note 附註	RMB 人民幣
Non-current assets	非流動資產		—
Current assets	流動資產		—
Current liabilities	流動負債		—
Net current assets	流動資產淨值		—
Total assets less current liabilities	總資產減流動負債		—
Non-current liabilities	非流動負債		—
Net assets	資產淨值		—
Share capital	股本	5	—

Approved and authorised for issue by the board of directors on 21 April 2008.

Luo Su
Chairman
主席
羅蘇

已於二零零八年四月二十一日經董事會批准並授權刊發。

Luo Riming
Chief Executive Officer
行政總裁
羅日明

The notes on pages 178 to 183 form part of these financial statements.

第178至183頁之附註為財務報表之組成部分。

Statement of Changes in Equity

權益變動表

for the period from 13 September 2007 (date of incorporation) to 31 December 2007
由二零零七年九月十三日(註冊成立當日)至二零零七年十二月三十一日止期間

(Expressed in Renminbi)

		Note	Share capital
		附註	股本
			RMB
			人民幣
Issue of share at date of incorporation	註冊成立當日發行股份	5	—
Balance at 31 December 2007	二零零七年十二月三十一日之結餘		—

The notes on pages 178 to 183 form part of these financial statements.

第178至183頁之附註為財務報表之組成部分。

(Expressed in Renminbi)
(以人民幣列示)

Cash Flow Statement
現金流量表
for the period from 13 September 2007 (date of incorporation) to 31 December 2007
由二零零七年九月十三日(註冊成立當日)至二零零七年十二月三十一日止期間

		<i>RMB</i> 人民幣
Cash flow from operating activity	經營活動之現金流量	—
Cash flow from investing activity	投資活動之現金流量	—
Cash flow from financing activity	融資活動之現金流量	—
Cash and cash equivalents at end of the period	期末之現金及現金等值項目	—

The notes on pages 178 to 183 form part of these financial statements.

第178至183頁之附註為財務報表之組成部分。

1. COMPANY BACKGROUND

(a) General information

Xingfa Aluminium Holdings Limited (the "Company") was incorporated in the Cayman Islands on 13 September 2007 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

These financial statements have been approved for issue by the Board of Directors on 21 April 2008.

(b) Reorganisation

Pursuant to a reorganisation (the "Reorganisation") of the Company and its subsidiaries now comprising the group (the "Group") completed on 29 February 2008 to rationalise the Group structure for the public listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the business operations of manufacturing and sales of aluminium profiles (the "Aluminium Profile Business"), with relevant assets and liabilities of the Guangdong Xingfa Group Co., Ltd., Guangdong Xingfa Innovation Co., Ltd. and Foshan Xingfa Aluminium Profiles Co., Ltd. (collectively referred to as the "Predecessor Entities"), were transferred to the subsidiaries now comprising the Group and the Company became the holding company of the subsidiaries now comprising the Group. The Predecessor Entities, the Company and the subsidiaries now comprising the Group are under common control of a group of ultimate equity holders (referred to as the "Controlling Shareholders").

1. 公司背景

(a) 一般資料

興發鋁業控股有限公司(「本公司」)根據開曼群島公司法(一九六一年第3號法案第22章,經整合及修訂)於二零零七年九月十三日於開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處之地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。

財務報表於二零零八年四月二十一日經董事會批准發出。

(b) 重組

根據於二零零八年二月二十九日完成本公司與現時旗下公司(「本集團」)的重組(「重組」),以完成本公司股份於香港聯合交易所有限公司(「聯交所」)主板公開上市,廣東興發集團有限公司(「廣東興發」)、廣東興發創新股有限公司(「興發創新」)、佛山興發鋁型材有限公司(「佛山興發」)(以下統稱「前身公司」)的生產及銷售鋁型材業務(「鋁型材業務」)以及有關資產及負債已轉讓予本集團的各附屬公司,本公司成為本集團現時旗下附屬公司的控股公司。前身公司,本公司及本集團現時旗下附屬公司由同一組最終股權持有人(「控股股東」)控制。

(Expressed in Renminbi)
(以人民幣列示)

1. COMPANY BACKGROUND (continued)

(b) Reorganisation (continued)

The shares of the Company were listed on the Stock Exchange on 31 March 2008. Details of the Reorganisation are set out in the prospectus dated 17 March 2008 issued by the Company.

The Company and its subsidiaries now comprising the Group are principally engaged in the Aluminium Profile Business in the People's Republic of China (the "PRC").

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which include all applicable individual IFRSs, International Accounting Standards ("IASs") and related Interpretations, promulgated by the International Accounting Standards Board (the "IASB"). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

Up to the date of issue of these financial statements, the IASB issued a number of new and revised IFRSs. For the purpose of preparing these financial statements, the Company has adopted all these new and revised IFRSs throughout the period presented, except for any new standards or interpretation that are not yet effective for the accounting period ended 31 December 2007. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended 31 December 2007 are set out in Note 7.

1. 公司背景 (續)

(b) 重組 (續)

本公司股份於二零零八年三月三十一日在聯交所主板上市。有關重組的詳情載於本公司於二零零八年三月十七日刊發的售股章程。

本公司及本集團現時旗下附屬公司主要在中華人民共和國(「中國」)從事鋁型材業務。

2. 主要會計政策

(a) 合規聲明

本財務報表是按照國際會計準則委員會頒佈的國際財務報告準則編製。國際財務報告準則包括所有適用的國際財務報告準則、國際會計準則及相關詮釋。本財務報表亦符合香港公司條例的披露規定及香港聯交所證券上市規則的適用披露規定。

截至本財務報表刊發之日，國際會計準則委員會頒佈多項新訂及經修訂國際財務報告準則。編製本財務資料時，本集團於營業紀錄期間已採納所有該等新訂及經修訂國際財務報告準則，惟於營業紀錄期間尚未生效的任何新訂準則或詮釋除外。已頒佈但於截至二零零七年十二月三十一日止的會計期間尚未生效的經修訂及新訂會計準則及詮釋載於附註7。

2. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(b) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. The directors consider that there are no critical accounting estimates or area of judgement required in the preparation of these financial statements.

(c) Basis of measurement

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("functional currency"). These financial statements are presented in Renminbi ("RMB"), which is the Company's functional and presentation currency.

These financial statements are prepared on the historical cost basis.

(d) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rates at that date. Foreign currency differences arising on retranslation are recognised in profit or loss.

2. 主要會計政策 (續)

(b) 所用估計及判斷

管理層編製財務資料時，須作出可能影響會計政策應用和所呈報資產、負債及收支金額的判斷、估計和假設。該等估計和相關假設乃根據過往經驗及管理層相信於該等情況下屬合理的各項其他因素作出，所得結果成為目前並無其他資料顯示之資產及負債賬面值判斷之基礎。董事認為編製本財務報表不需採用若干關鍵會計估算及行使其判斷。

(c) 計量基準

本公司之財務報表項目以最能反映與該公司相關的事項及環境之經濟特徵之貨幣（「功能貨幣」）計量。

本財務報表按歷史成本編製。

(d) 外幣交易

外幣交易按交易當日匯率換算成本集團公司的相關功能貨幣。於呈報日期，以外幣計值的貨幣資產及負債則按當日匯率重新換算為功能貨幣。外幣重新換算產生的差額於損益確認。

(Expressed in Renminbi)
(以人民幣列示)

3. DIRECTORS' REMUNERATION

No director received any emolument from the Company during the period from 13 September 2007 (date of incorporation) to 31 March 2007.

4. DIVIDEND

No dividend has been declared during the period from 13 September 2007 (date of incorporation) to 31 December 2007.

5. SHARE CAPITAL

The Company was incorporated on 13 September 2007 with an authorised capital of HKD100,000 divided into 10,000,000 shares of HKD0.01 each and 10,000,000 nil-paid shares were issued thereafter. At 31 December 2007, 10,000,000 nil-paid shares were held by the Controlling Shareholders.

3. 董事酬金

本公司由二零零七年九月十三日(註冊成立當日)至二零零七年三月三十一日期間並無向董事派發任何酬金。

4. 股息

由二零零七年九月十三日(註冊成立當日)至二零零七年三月三十一日期間並無宣派股息。

5. 股本

本公司於二零零七年九月十三日註冊成立，法定股本為100,000港元，分為10,000,000股每股面值0.01港元的股份，其後發行10,000,000股未繳股款股份。於二零零七年十二月三十一日，10,000,000股未繳股款股份由控權股東持有。

6. SUBSEQUENT EVENTS

(a) Group reorganisation

The subsidiaries now comprising the Group underwent and completed a reorganisation for the listing of the Company's shares on the Stock Exchange on 29 February 2008. As a result of the Reorganisation, the Company became the holding company of the Group. Details of the subsidiaries are as follows:

Name of company 公司名稱	Place and date of incorporation/ establishment 註冊成立/成立地點 及日期	Issued and fully paid up/registered capital 已發行及繳足/ 註冊資本	Attributable equity interest 應佔權益		Principal activities 主要業務
			Direct 直接	Indirect 間接	
China Xingfa (BVI) Limited 興發BVI 「處女群島」	The British Virgin Islands (the "BVI") 2 October 2007 英屬處女群島 二零零七年十月二日	USD1,000 1,000美元	100%	—	Investment holding 投資控股
Xingfa Aluminium Pte Ltd. 興發SG	Singapore 3 April 2006 新加坡 二零零六年四月三日	SGD43,666,000 43,666,000 新加坡元	—	100%	Investment holding 投資控股
Guangdong Xingfa Aluminium Co., Ltd.* 興發鋁業(i)	the PRC 26 2006 中國 二零零六年 五月二十六日	RMB180,040,000 人民幣 180,040,000元	—	100%	Manufacturing and sales of aluminium profiles 生產及銷售鋁型材

* This entity is a wholly owned foreign enterprise established in the PRC.

6. 結算日後事項

(a) 集團重組

為籌備本公司股份於二零零八年二月二十九日在香港聯交所主板上市，本集團現時旗下公司已進行並完成重組。重組後，本公司成為本集團的控股公司。該等公司之詳情如下：

(i) 該公司為於中國成立的全外資企業。

(Expressed in Renminbi)
(以人民幣列示)

6. SUBSEQUENT EVENTS (continued)

(b) Authorised share capital

Pursuant to the resolutions in writing passed by the equity holders of the Company on 29 February 2008, the equity holders approved the increase of the authorised share capital of the Company to 1,000,000,000 shares with a par value of HKD0.01 each.

(c) Listing of Company's Shares

On 31 March 2008, the Company was successfully listed on the Stock Exchange following the completion of its global offering of 125,400,000 shares to the investors.

7. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2007

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2007 and which have not been adopted in these financial statements.

Of these developments, the following relate to matter that may be relevant to the Company's operations and these financial statements:

IAS 1 Presentation of Financial Statements
國際會計準則第1號財務報表的呈列

The directors have confirmed that the Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

6. 結算日後事項 (續)

(b) 法定股本

根據本公司股東於二零零八年二月二十九日通過的書面決議，股東批准本公司法定股本增至1,000,000,000股每股面值0.01港元的股份。

(c) 公司股份上市發行

於二零零八年三月三十一日，本公司完成全球發出125,400,000股股份後，成功在香港聯交所上市。

7. 至二零零七年十二月三十一日已頒佈但未生效的修訂、新準則及詮釋的潛在影響

截至本財務報表刊發日期，國際會計準則理事會已頒佈多項至二零零七年十二月三十一日尚未生效的修訂、新準則及詮釋，而本財務報表並無採納該等修訂、新準則及詮釋。

基於有關變動，下列修訂、新準則及詮釋可能與本集團的經營及財務資料有關：

**Effective for
accounting periods
beginning on or after
於下列日期或之
後開始的會計期間生效**

1 January 2009
二零零九年一月一日

董事確認，本集團正評估預期首次應用該等修訂、新準則及新詮釋期間的影響。迄今為止，本集團認為採納上述修訂、新準則及詮釋不會嚴重影響本集團的經營業績及財務狀況。

Three Years Summary

三年概要

(Expressed in Renminbi)

(以人民幣列示)

SUMMARY FINANCIAL INFORMATION

Summary of the published results and assets, liabilities and minority interests of the Group for the last three financial years is set out below:

RESULTS

		For the year ended 31 December 截至十二月三十一日止年度		
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Turnover	營業額	2,148,674	1,861,244	1,309,103
Profit before income tax	除所得稅前溢利	290,923	66,164	36,877
Income tax (expenses)/credit	所得稅(開支)/抵免	677	(5,875)	(11,062)
Profit for the year	本年度溢利	291,600	60,289	25,815
Attributable to:	應佔:			
Equity holders of the Company	本公司股權持有人	291,750	59,377	24,774
Minority interests	少數股東權益	(150)	912	1,041

ASSETS, LIABILITIES AND MINORITY INTERESTS

		As at 31 December 於十二月三十一日		
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Total assets	總資產	1,061,906	1,291,472	990,941
Total liabilities	總負債	(626,578)	(939,232)	(738,990)
Minority interests	少數股東權益	—	29,139	28,227
Total equity	總權益	435,328	352,240	251,951

The summary above does not form part of the audited combined financial statements.

財務資料概要

過去三個財務年度的已刊發業績及資產、負債及本集團少數股東權益載列如下:

業績

		For the year ended 31 December 截至十二月三十一日止年度		
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
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Minority interests	少數股東權益	(150)	912	1,041

資產、負債及少數股東權益

		As at 31 December 於十二月三十一日		
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Total assets	總資產	1,061,906	1,291,472	990,941
Total liabilities	總負債	(626,578)	(939,232)	(738,990)
Minority interests	少數股東權益	—	29,139	28,227
Total equity	總權益	435,328	352,240	251,951

上述概要並不組成經審核合併財務報表的一部分。

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