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

(incorporated in the Cayman Islands with limited liability)

(Stock code: 98)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

1. Turnover increased by approximately 33% to RMB3,067.5 million (2010: RMB2,305.7 million).

2. Sales volume rose by approximately 30% to 140,635 tonnes (2010: 108,470 tonnes).

3. Gross profit increased by approximately 9% to RMB254.0 million (2010: RMB234.0 million).

4. Profit for the year dropped by approximately 80% to RMB14.8 million (2010: RMB72.9 million).

5. Earnings per share were RMB0.035 (2010: RMB0.174).

6. The Board does not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: RMB0.035 per ordinary share).

RESULTS

The board of directors (the "**Directors**" or the "**Board**") of Xingfa Aluminium Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**", "**our Group**", "**we**" or "**us**") prepared under International Financial Reporting Standards ("**IFRS**") for the year ended 31 December 2011, together with the comparative figures for the corresponding financial year ended 31 December 2010 and the relevant explanatory notes as set out below.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011
(Expressed in Renminbi)

	Note	**2011**	2010
		RMB'000	*RMB'000*
Turnover	*3*	**3,067,450**	2,305,749
Cost of sales		**(2,813,498)**	(2,071,700)
Gross profit		**253,952**	234,049
Other revenue	*4*	**13,343**	6,803
Other net loss	*4*	**(3,970)**	(1,802)
Distribution costs		**(47,075)**	(35,920)
Administrative expenses		**(119,491)**	(83,378)
Profit from operation		**96,759**	119,752
Finance costs	*5*	**(78,371)**	(36,825)
Profit before taxation	*5*	**18,388**	82,927
Income tax expenses	*6*	**(3,576)**	(10,044)
Profit for the year		**14,812**	72,883
Basic and diluted earnings per share (RMB yuan)	*8*	**0.035**	0.174

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011
(Expressed in Renminbi)

	2011	2010
	RMB'000	*RMB'000*
Profit for the year	**14,812**	72,883
Other comprehensive income for the year		
Exchange differences on translation of financial statements of operations outside the People's Republic of China (the "PRC")	**(2,188)**	(1,036)
Total comprehensive income for the year attributable to equity shareholders of the Company	**12,624**	71,847

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011
(Expressed in Renminbi)

	Note	**2011**	2010
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**1,331,446**	976,726
Lease prepayments		**379,957**	379,919
Prepayment for machinery		**56,326**	107,050
Deferred tax assets		**39,191**	25,726
		1,806,920	1,489,421
Current assets			
Trading securities		**1,005**	–
Inventories		**389,117**	393,534
Derivative financial instruments		**–**	1,324
Trade and other receivables	*9*	**1,275,835**	632,406
Pledged deposits		**194,962**	77,017
Cash and cash equivalents		**244,222**	144,926
		2,105,141	1,249,207
Current liabilities			
Trade and other payables	*10*	**1,258,246**	559,286
Loans and borrowings		**1,061,527**	706,036
Obligations under finance leases		**24,430**	23,271
Derivative financial instruments		**5,117**	520
Current tax payables		**32,097**	23,996
		2,381,417	1,313,109
Net current liabilities		**(276,276)**	(63,902)
Total assets less current liabilities		**1,530,644**	1,425,519
Non-current liabilities			
Loans and borrowings		**643,000**	545,000
Obligations under finance leases		**–**	24,408
Deferred income		**112,237**	78,698
		755,237	648,106
Net assets		**775,407**	777,413
Capital and reserves			
Share capital		**3,731**	3,731
Reserves		**771,676**	773,682
Total equity		**775,407**	777,413

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company							
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Other reserve *RMB'000*	PRC statutory reserves *RMB'000*	Exchanges reserves *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
Balance at 1 January 2010	3,731	196,160	3,054	209,822	63,777	(502)	240,172	716,214
Changes in equity for 2010:								
Profit for the year	–	–	–	–	–	–	72,883	72,883
Other comprehensive income	–	–	–	–	–	(1,036)	–	(1,036)
Total comprehensive income for the year	–	–	–	–	–	(1,036)	72,883	71,847
Dividends approved in respect of the previous year	–	–	–	–	–	–	(13,794)	(13,794)
Capital contribution	–	–	3,146	–	–	–	–	3,146
Appropriation to reserves	–	–	–	–	10,630	–	(10,630)	–
Balance at 31 December 2010	3,731	196,160	6,200	209,822	74,407	(1,538)	288,631	777,413
Balance at 1 January 2011	3,731	196,160	6,200	209,822	74,407	(1,538)	288,631	777,413
Changes in equity for 2011:								
Profit for the year	–	–	–	–	–	–	14,812	14,812
Other comprehensive income	–	–	–	–	–	(2,188)	–	(2,188)
Total comprehensive income for the year	–	–	–	–	–	(2,188)	14,812	12,624
Dividends approved in respect of the previous year	–	–	–	–	–	–	(14,630)	(14,630)
Appropriation to reserves	–	–	–	–	2,981	–	(2,981)	–
Balance at 31 December 2011	3,731	196,160	6,200	209,822	77,388	(3,726)	285,832	775,407

Notes:

1 STATEMENT OF COMPLIANCE

The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2011 but are extracted from those audited consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2011 comprise the Company and its subsidiaries (collectively referred to as the "Group") and are expressed in Renminbi unless otherwise indicated.

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual IFRSs, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at 31 December 2011, the Group's current liabilities exceeded its current assets by RMB276,276,000 which indicated the existence of an uncertainty which may cast doubt on the Group's ability to continue as a going concern. As at 31 December 2011, the Group had undrawn banking facilities totaling RMB717,699,000 for working capital purposes. In addition, the Group is currently in the process of negotiating with certain banks to renew its current bank loans upon expiry or to obtain additional banking facilities in order to improve its liquidity position. The Directors have evaluated all the relevant facts available to them and are of the opinion that there are good track records or relationships with banks which would enhance the Group's ability to renew its current bank loans upon expiry or secure adequate banking facilities to enable the Group to continue to operate as a going concern and to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2 CHANGES IN ACCOUNTING POLICY

The IASB has issued a number of amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IAS 24 (revised 2009), *Related party disclosures*
- Improvements to IFRSs (2010)
- IFRIC 19, *Extinguishing financial liabilities with equity instruments*
- Amendments to IFRIC 14, IAS 19 – *The limit on a defined benefit asset, minimum funding requirements and their interaction – Prepayments of a minimum funding requirement*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendments to IFRIC 14 and IFRIC 19 have not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a defined benefit plan or debt for equity swap).

The impacts of other developments are discussed below:

- IAS 24 (revised 2009) simplifies the definition of "related party" and removes inconsistencies, which emphasises a symmetrical view of related party transactions. The revised standard also provides limited relief from disclosure of information by government-related entities in respect of transactions with the government to which the Group is related, or transactions with other entities related to the same government. These amendments have had no material impact on the Group's financial statements.

- Improvements to IFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in IFRS 7, Financial instruments: Disclosures. The disclosures about the Group's financial instruments have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

3 SEGMENT REPORTING

The Group manages its businesses by product lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has presented the following two reportable segments.

- Industrial aluminium profiles: this segment manufactures and sells plain aluminium profiles, mainly for industrial usage.

- Construction aluminium profiles: this segment manufactures and sells construction aluminium profiles, including anodic oxidation aluminium profiles, electrophoresis coating aluminium profiles, powder coating aluminium profiles and PVDF coating aluminium profiles. Construction aluminium profiles are widely used in architecture decoration.

All other segments include the provision of processing services and manufacture and sale of aluminium panels, moulds and spare parts.

(a) Segment results, assets and liabilities

In accordance with IFRS 8, segment information disclosed in the financial report has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results attributable to each reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The measure used for reporting segment profit is gross profit. The Group's senior executive management is provided with segment information concerning segment revenue and profit. Segment assets and liabilities are not reported to the Group's senior executive management regularly.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period ended 31 December 2011 and 2010 is set out below.

	Industrial aluminium profiles		**Construction aluminium profiles**		**All other segments**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment revenue								
Revenue from external customers	**850,463**	503,641	**2,068,256**	1,665,897	**148,731**	136,211	**3,067,450**	2,305,749
Reportable segment profit								
Gross profit	**78,917**	70,111	**141,942**	140,638	**33,093**	23,300	**253,952**	234,049

(b) Reconciliations of reportable segment profit

	2011	2010
	RMB'000	*RMB'000*
Reportable segment profit derived from the Group's external customers	**253,952**	234,049
Other revenue	**13,343**	6,803
Other net loss	**(3,970)**	(1,802)
Distribution costs	**(47,075)**	(35,920)
Administrative expenses	**(119,491)**	(83,378)
Finance costs	**(78,371)**	(36,825)
Consolidated profit before taxation	**18,388**	82,927

4 OTHER REVENUE AND OTHER NET LOSS

	2011 *RMB'000*	2010 *RMB'000*
Other revenue		
Interest income	**4,320**	3,274
Government grants	**9,023**	3,501
Rental income	**–**	28
	13,343	6,803
Other net loss		
Net realised and unrealised gains/(losses) on derivative financial instruments		
– aluminium future contracts	**(3,217)**	(1,519)
– forward foreign exchange contracts	**520**	(437)
Loss on disposal of property, plant and Equipment	**(970)**	–
Foreign exchange losses	**(832)**	(333)
Others	**529**	487
	(3,970)	(1,802)

5 PROFIT BEFORE TAXATION

(a) Finance costs

	2011 *RMB'000*	2010 *RMB'000*
Interest expenses on bank loans	**102,741**	57,112
Finance charges on obligations under finance lease	**1,836**	2,704
Less: interest expenses capitalised into construction in progress	**(26,206)**	(22,991)
	78,371	36,825

(b) **Other items:**

	2011	2010
	RMB'000	*RMB'000*
Depreciation	**60,104**	50,765
Amortisation of lease prepayments	**8,341**	7,557
Research and development costs	**4,223**	3,596
Write down of inventories	**–**	1,100
Impairment loss on trade and other receivables	**460**	277
Operating lease charges	**819**	4,143

6 INCOME TAX EXPENSES

	2011	2010
	RMB'000	*RMB'000*
Current tax		
Provision for PRC income tax	**16,001**	18,987
Provision for Hong Kong Profits Tax	**1,040**	708
	17,041	19,695
Deferred tax		
Origination and reversal of temporary differences	**(13,465)**	(9,651)
	3,576	10,044

(a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI, respectively.

(b) The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2011.

(c) Pursuant to the income tax rules and regulations of the PRC, the PRC subsidiaries of the Group are liable to PRC corporate income tax as follows:

- Guangdong Xingfa Aluminium Co., Ltd. ("Guangdong Xingfa") is a wholly foreign owned enterprise and the prevailing tax rate of Guangdong Xingfa in 2011 is 25% (2010: 25%). Guangdong Xingfa was entitled to tax concessions whereby the profit for the first two financial years beginning with the first profit-making year is exempted from corporate 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. 2006 was the entity's first profit making year. In addition, Guangdong Xingfa is qualified as an "Advanced and New Technology Enterprise" and entitled to the preferential income tax rate of 15% from 2009 to 2011. The corporate income tax rate applicable to Guangdong Xingfa was 15% for 2011 (2010: 12.5%).

- All other PRC subsidiaries of the Group are limited liability companies established under the laws of the PRC and are wholly-owned subsidiaries of Guangdong Xingfa. They are liable to the PRC corporate income tax at a rate of 25% for 2011 (2010: 25%).

(d) In addition, the Group would be subject to withholding tax at the rate of 5% if profits generated by Guangdong Xingfa after 31 December 2007 were to be distributed. As Guangdong Xingfa is wholly owned by the Company, the Company controls the dividend policy of Guangdong Xingfa and it has determined that Guangdong Xingfa will not distribute post 1 January 2008 profits in the foreseeable future.

7 DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: RMB0.035 per ordinary share).

8 EARNINGS PER SHARE

The calculation of basic earnings per share during the year ended 31 December 2011 was based on the profit attributable to equity shareholders of the Company of RMB14,812,000 (2010: RMB72,883,000) and 418,000,000 shares (2010: 418,000,000 shares) in issue during the year ended 31 December 2011.

There were no dilutive potential ordinary shares in issue during the year ended 31 December 2010 and 2011, and therefore, the diluted earnings per share are the same as the basic earnings per share.

9 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors (net of impairment loss for bad and doubtful debts) and bills receivable with the following aging analysis as at the balance sheet date. The credit terms granted by the Group to customers generally range from 60 days to 90 days.

	2011 ***RMB'000***	2010 *RMB'000*
Current	**772,413**	590,207
1 to 3 month past due	**328,677**	13,192
3 to 6 month past due	**13,400**	–
More than 6 months past due	**3,587**	–
Trade debtors and bills receivable, net of allowance for doubtful debts	**1,118,077**	603,399
Other receivables, prepayments and deposits	**157,758**	29,007
	1,275,835	632,406

Certain trade receivables with carrying value of RMB11,242,000 were pledged for bank loans as at 31 December 2011 (2010: Nil).

10 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors and bills payable with the following aging analysis as of the balance sheet date. The credit terms granted by various suppliers range from 15 days to 180 days.

	2011	2010
	RMB'000	*RMB'000*
Due within 1 month or on demand	**491,232**	246,014
Due after 1 month but within 3 months	**227,934**	92,395
Due after 3 months but within 6 months	**328,525**	40,889
Total creditors and bills payable	**1,047,691**	379,298
Other payables and accruals	**198,413**	174,686
Deferred income	**12,142**	5,302
	1,258,246	559,286

MANAGEMENT DISCUSSION AND ANALYSIS

Review of operations

Xingfa Aluminium is one of the leading aluminium profiles manufacturers in the PRC and principally engaged in the manufacture and sale of aluminium profiles which are applied as construction and industrial materials. Currently, we are the largest provider of electricity conductive aluminium profile for metro vehicles in the PRC. Leveraging on our advanced R&D capability and commitment to quality, our Group has established extensive and stable sales networks in the PRC and overseas for the past 20 years. Xingfa Aluminium was awarded as the No.1 of the Top-Ten National Aluminium Profiles Enterprises by the China Non-Ferrous Metals Fabrication Industrial Association ("CNFA") in 2003, and such status was re-confirmed by CNFA in February 2008.

With the completion of capital investments at Sichuan Chengdu and Jiangxi Yichuan plants, these two plants have commenced trial production in the second half of 2011, adding a long-term growth momentum to the Group. Besides, Henan Biyang plant will commence trial production in the second half of 2012, it marked another milestone to the Group. With the aim to become all-round and one-stop aluminum service provider in the PRC, these strategically-located plants allow Xingfa Aluminium to access to our clientele closely and tape our products to the market in a more convenient and cost-effective way. Therefore, it in returns increases our market share in the long-run.

Turnover

Turnover and sales volume recorded approximately RMB3,067.5 million and 140,635 tonnes for the year ended 31 December 2011 respectively (2010: RMB2,305.7 million and 108,470 tonnes). The increase in turnover during the year was mainly due to the increase in sales volume and increase in average selling price ("ASP").

As benefited from the continuous economic development in China, the demand for aluminium profiles increased generally. Our sales volume increased by approximately 30% year-on-year to 140,635 tonnes in 2011. In particular, our sales volume for industrial aluminium profiles increased by approximately 65% year-on-year to 44,680 tonnes (2010: 27,120 tonnes). The recovery of shipping industry contributed to the increase in sales orders received from cold storage containers. On the other hand, construction aluminium profiles also increased gently by approximately 18% year-on-year to 95,955 tonnes in 2011 (2010: 81,350 tonnes).

Our ASP constitutes the average market price of aluminium ingots and our average processing fee which we billed our customers. In 2011, our average processing fee increased steadily.

Cost of sales

Our cost of sales increased by approximately 36% year-on-year to RMB2,813.5 million in 2011 (2010: RMB2,071.7 million) which was aligned with the increase in turnover.

Gross profit and gross profit margin

Gross profit margin dropped slightly to 8.3% during the year (2010: 10.2%) whilst sales to production ratio also remained at 97.5% (2010: 97.5%).

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

	2011	2010
Average gross profit margin	**8.3%**	10.2%
– Industrial aluminium profiles	**9.3%**	13.9%
– Construction aluminium profiles	**6.9%**	8.4%

In 2011, the increase in production costs comprising mainly the labour and electricity costs and depreciation eroded the average gross profit margin. This adverse factor caused the drop of gross profit margin for industrial aluminium profiles by 4.6 percentage points to 9.3%. For construction aluminium profiles, the Group was able to increase the processing fee to neutralize the above-mentioned impact, resulting in a slight drop of gross profit margin to 6.9% in 2011.

Other revenue and other net loss

Our Group recorded other revenue and other net loss of approximately RMB9.4 million for the year ended 31 December 2011 (2010: RMB5.0 million).

For the year ended 31 December 2011, more government grants of approximately RMB9.0 million were received as a result of the recognition of our successful capital investments in Sichuan Chengdu and Jiangxi Yichuan plants in the past two years (2010: RMB3.5 million). However, it was offset by the loss of aluminum future contracts of approximately RMB3.2 million (2010: RMB1.5 million) and loss of disposal of fixed assets of RMB1 million (2010: Nil) arising from the relocation of production facilities from Guangdong Nanzhung plant to Guangdong Sanshui plant.

Distribution costs

Distribution costs increased by approximately 31% to approximately RMB47.1 million for the year ended 31 December 2011 (2010: RMB35.9 million), whilst our distribution expenses as a percentage of turnover remained steady at approximately 1.5% (2010: 1.6%).

Administrative expenses

Administrative expenses recorded approximately RMB119.5 million for the year ended 31 December 2011, which was approximately 43% higher than that in 2010 (2010: RMB83.4 million) and our administrative expenses as a percentage of turnover rose to approximately 3.9% (2010: 3.6%). Such increase was mainly attributable to the increase in staff cost and related expenses and arrangement fees for banking facilities for the three new plants.

Finance costs

Finance costs increased by approximately 113% to approximately RMB78.4 million for the year ended 31 December 2011 (2010: RMB36.8 million) mainly due to the increase in average loans and borrowings in 2011 to finance the capital expenditures incurred for the three new plants.

Profit for the year and the net profit margin

In 2011, our Group recorded profit for the year of approximately RMB14.8 million (2010: RMB72.9 million) while the net profit margin stood at approximately 0.5% (2010: 3.2%).

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 2010 and 2011:

	31 December 2011	31 December 2010
Current Ratio *(Note)*	**0.88**	0.95
Quick Ratio *(Note)*	**0.72**	0.65

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.

More borrowings and bills payable remained unsettled at year end. Meanwhile, less stock was reserved as at 31 December 2011 because of the Spring Festival Holiday at January 2012. Therefore, current ratio reduced while quick ratio increased.

Gearing ratio

The following table sets out the summary of our Group's gearing ratio as at 31 December 2011 and 2010:

	31 December 2011	31 December 2010
Gearing ratio *(Note)*	**44.2%**	47.4%

Note:

Gearing ratio is calculated based on the loans and borrowings and obligations under finance leases divided by total assets and multiplied by 100%.

After the completion of capital investments at the three new plants, gearing ratio reduced slightly and maintained less than 45%.

Inventory Turnover Days

The following table sets out the summary of our Group's inventory turnover days during the years ended 31 December 2011 and 2010:

	For the year ended 31 December	
	2011	2010
Inventory Turnover Days *(Note)*	**51**	56

Note:

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

Inventories balance as at the respective years ended 31 December 2011 and 2010 represents our raw materials, work in progress and the unsold finished goods.

Inventory turnover days remained steadily for the years ended 31 December 2011 and 2010.

Debtors' Turnover days

The following table sets out the summary of our Group's debtors turnover days during the years ended 31 December 2011 and 2010:

	For the year ended 31 December	
	2011	2010
Debtors' Turnover Days *(Note)*	**102**	84

Note:

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

The increase in debtors' turnover days was mainly due to more sales were concluded in the fourth quarter of 2011, which these customers have longer credit periods.

Creditors' Turnover days

The following table sets out the summary of our Group's creditors turnover days during the years ended 31 December 2011 and 2010:

	For the year ended 31 December	
	2011	2010
Creditors' Turnover Days *(Note)*	**93**	50

Note:

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

More bills payables with longer repayment period were issued and remained unsettled at year-end, which caused the increase in creditors' turnover days.

Cash flow

The table below summarises our Group's cash flow during the years ended 31 December 2011 and 2010:

	For the year ended 31 December	
	2011	2010
	RMB'million	*RMB'million*
Net cash generated from operating activities	**275.7**	167.6
Net cash used in investing activities	**(513.5)**	(632.1)
Net cash generated from financing activities	**338.1**	331.7

We generally finance our operations through a combination of shareholders' equity, internally generated cash flows, bank borrowings 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 and lease prepayment. During 2011, our Group's capital expenditures were approximately RMB401.1 million (2010: RMB652 million). The significant capital expenditures during the year were mainly for the acquisition of plant and equipment for the Guangdong Sanshui factory and the three new plants at Sichuan Chengdu, Jiangxi Yichun and Henan Biyang.

Loans and borrowings

As at 31 December 2011, our Group's loans and borrowings amounted to approximately RMB1,704.5 million (31 December 2010: RMB1,251.0 million).

Banking facilities and guarantee

As at 31 December 2011, the banking facilities of our Group amounted to approximately RMB 2,860.7 million (31 December 2010: RMB2,270.3 million), of which approximately RMB2,143.0 million were utilised (31 December 2010: RMB1,345.5 million)

Certain banking facilities amounted to RMB 251.3 million (31 December 2010: RMB 291.5 million) were guaranteed by certain related parties.

Human resources

As at 31 December 2011, our Group employed a total of approximately 3,963 full time employees in the PRC which included management staff, technicians, salespersons and workers. In 2011, our Group's total expenses on the remuneration of employees were RMB146.2 million, represented 4.8% of the turnover of our Group. Our Group's emolument policies are formulated on the performance of individual employees, which will be reviewed regularly every year. Apart from the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for the PRC employees) and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance.

Significant investment held, material acquisition and disposal of subsidiaries and associated companies

There was no material acquisitions and disposal of subsidiaries and associated companies during the year under review.

PROSPECTS

In 2011, we have executed our capacity expansion plan successfully at the three new plants in Sichuan Chengdu, Jiangxi Yichun and Henan Biyang. This organic growth tied perfectly with the demand growth ahead to extend our market coverage from South-East China to also South-West and South-East China. In the second half of 2012, Henan Biyang plant will commence trial production. Together with another three established plants, our annual designed production capacity will reach 200,000 tonnes of aluminium profiles per annum, thereby increasing our market share in the long-run.

In view of the fragile global economic environment, strengthening balance sheet management, optimizing product mix and enhancing operating efficiency will be our main focuses in 2012. In addition, since Guangxin Group, a state-owned enterprise, has become our major shareholder, more synergy will be achieved in sharing corporate resources including but not limited to corporate finance, investment opportunities etc.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: RMB0.035 per ordinary share).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the right to attend the forthcoming annual general meeting ("**AGM**") of the Company to be held on Thursday, 31 May 2012, the register of members of the Company will be closed from Tuesday, 29 May 2012 to Thursday, 31 May 2012, both dates inclusive. During such period, no transfer of shares will be registered. In order to qualify for the attendance in the forthcoming AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 28 May 2012.

CORPORATE GOVERNANCE

Our Company has fully complied with the applicable code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors' securities transactions. After having made specific enquiry with all Directors, our Company has received confirmations from all Directors that they have complied with the required standards set out in the Model Code for the year ended 31 December 2011.

The Company has also adopted procedures on terms no less exacting than the Model Code in respect of the securities transactions of the employees who are likely to be in possession of unpublished price-sensitive information.

REVIEW BY THE AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company has an audit committee which is accountable to the Board and the primary duties of the audit committee include the review and supervision of our Group's financial reporting process and internal control measures.

The audit committee is composed of three independent non-executive Directors of the Company namely, Mr. CHEN Mo, Mr. HO Kwan Yiu and Mr. LAM Ying Hung Andy. Mr. LAM serves as the chairman of the audit Committee of our Company. The chairman of the audit committee has professional qualification and experience in financial matters.

The audit committee of our Company has met with the management and external auditors of our Company and has reviewed the consolidated results of our Group for the year ended 31 December 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2011.

PUBLICATION OF 2011 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xingfa.com), and the 2011 annual report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Company and the Stock Exchange in due course.

On behalf of the Board of
Xingfa Aluminium Holdings Limited
LIU Libin
Chairman

Hong Kong, 29 March 2012

As at the date of this announcement, the Board comprises the following members:

Executive Directors:	Mr. LIU Libin *(Chairman)* Mr. LUO Su *(Honorary Chairman)* Mr. LUO Riming *(Chief Executive Officer)* Mr. LIAO Yuqing Mr. DAI Feng Mr. LAW Yung Koon Mr. WANG Zhihua
Non-executive Directors:	Mr. CHEN Shengguang Mr. WONG Siu Ki
Independent non-executive Directors:	Mr. CHEN Mo Mr. HO Kwan Yiu Mr. LAM Ying Hung Andy