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 2013

FINANCIAL HIGHLIGHTS

1. Turnover increased by approximately 10% to RMB3,907.5 million (2012: RMB3,546.6 million).

2. Sales volume rose by approximately 14% to 201,851 tonnes (2012: 176,303 tonnes).

3. Gross profit increased by approximately 28% to RMB510.0 million (2012: RMB397.0 million).

4. Profit for the year increased by approximately 51% to RMB130.6 million (2012: RMB86.6 million).

5. Earnings per share were RMB0.312 (2012: RMB0.207).

6. The Board recommended the payment of a final dividend for the year ended 31 December 2013 of HK$0.05 (2012: HK$0.05) 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 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 2013, together with the comparative figures for the corresponding financial year ended 31 December 2012 and the relevant explanatory notes as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013
(Expressed in Renminbi)

	Note	**2013** *RMB'000*	2012 *RMB'000*
Turnover	*2*	**3,907,457**	3,546,566
Cost of sales		**(3,397,441)**	(3,149,522)
Gross profit		**510,016**	397,044
Other revenue	*3*	**44,565**	44,069
Other net loss	*3*	**(2,705)**	(5,864)
Distribution costs		**(70,174)**	(52,458)
Administrative expenses		**(181,625)**	(148,995)
Profit from operations		**300,077**	233,796
Finance costs	*4(a)*	**(131,185)**	(124,100)
Profit before taxation	*4*	**168,892**	109,696
Income tax expenses	*5*	**(38,292)**	(23,136)
Profit for the year attributable to equity shareholders of the Company		**130,600**	86,560
Basic and diluted earnings per share *(RMB yuan)*	*7*	**0.312**	0.207

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013
(Expressed in Renminbi)

	2013	2012
	RMB'000	*RMB'000*
Profit for the year	**130,600**	86,560
Other comprehensive income for the year		
Exchange differences on translation of financial statements of operations outside the People's Republic of China (the "**PRC**")	**(635)**	404
Total comprehensive income for the year attributable to equity shareholders of the Company	**129,965**	86,964

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013
(Expressed in Renminbi)

	Note	**2013** **RMB'000**	2012 RMB'000
Non-current assets			
Property, plant and equipment		**1,832,942**	1,560,832
Lease prepayments		**363,274**	371,616
Prepayment for machinery		**–**	11,001
Deferred tax assets		**20,995**	27,745
Non-current financial assets		**11,912**	11,912
		2,229,123	1,983,106
Current assets			
Trading securities		**–**	1,000
Inventories		**445,701**	370,800
Trade and other receivables	*8*	**1,252,169**	1,100,618
Pledged deposits		**77,016**	107,813
Cash and cash equivalents		**240,919**	264,804
		2,015,805	1,845,035
Current liabilities			
Trade and other payables	*9*	**833,616**	830,869
Loans and borrowings		**1,786,999**	1,443,810
Obligations under finance leases		**26,024**	–
Current tax payables		**32,975**	30,575
		2,679,614	2,305,254
Net current liabilities		**(663,809)**	(460,219)
Total assets less current liabilities		**1,565,314**	1,522,887
Non-current liabilities			
Loans and borrowings		**495,690**	571,883
Obligation under finance leases		**30,422**	–
Deferred income		**63,458**	88,633
		589,570	660,516
Net assets		**975,744**	862,371
Capital and reserves			
Share capital		**3,731**	3,731
Reserves		**972,013**	858,640
Total equity		**975,744**	862,371

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013
(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 2012	3,731	196,160	6,200	209,822	77,388	(3,726)	285,832	775,407
Changes in equity for 2012:								
Profit for the year	–	–	–	–	–	–	86,560	86,560
Other comprehensive income	–	–	–	–	–	404	–	404
Total comprehensive income for the year	–	–	–	–	–	404	86,560	86,964
Appropriation to reserves	–	–	–	–	8,491	–	(8,491)	–
Balance at 31 December 2012	3,731	196,160	6,200	209,822	85,879	(3,322)	363,901	862,371
Balance at 1 January 2013	3,731	196,160	6,200	209,822	85,879	(3,322)	363,901	862,371
Changes in equity for 2013:								
Profit for the year	–	–	–	–	–	–	130,600	130,600
Other comprehensive income	–	–	–	–	–	(635)	–	(635)
Total comprehensive income for the year	–	–	–	–	–	(635)	130,600	129,965
Dividends approved in respect of the previous year	–	(16,592)	–	–	–	–	–	(16,592)
Appropriation to reserves	–	–	–	–	14,714	–	(14,714)	–
Balance at 31 December 2013	3,731	179,568	6,200	209,822	100,593	(3,957)	479,787	975,744

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 2013 but are extracted from those consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2013 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 International Financial Reporting Standards, 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 2013, the Group's current liabilities exceeded its current assets by RMB663,809,000 which indicated the existence of an uncertainty which may cast doubt on the Group's ability to continue as a going concern. Notwithstanding the net current liabilities position, the Directors are of the opinion that, based on undrawn banking facilities of RMB1,053,840,000 of the Group as at 31 December 2013 and a detailed review of the working capital forecast of the Group for the year ending 31 December 2014, the Group will have the necessary liquid funds to finance its working capital and capital expenditure requirements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The IASB has issued a number of new IFRSs and amendments to IFRSs 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 consolidated financial statements:

- Amendments to IAS 1, Presentation of financial statements – Presentation of items of other comprehensive income
- IFRS 10, Consolidated financial statements
- IFRS 12, Disclosure of interests in other entities
- IFRS 13, Fair value measurement
- Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

Impacts of the adoption of other new or amended IFRSs are discussed below:

Amendments to IAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the group has chosen to use the new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, Consolidated and separate financial statements relating to the preparation of consolidated financial statements and SIC 12 Consolidation – Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the group in respect of its involvement with other entities as at 1 January 2013.

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the group, the group has provided those disclosures in notes 14.

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the group, the group has provided those disclosures in notes 12 and 33. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the group's assets and liabilities.

Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, Financial instruments: Presentation and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The adoption of the amendments does not have an impact on these financial statements because the group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of IFRS 7 during the periods presented.

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

2 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 identified 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

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

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 year ended 31 December 2013 and 2012 is set out below:

	Industrial aluminium profiles		**Construction aluminium profiles**		**All other segments**		**Total**	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment revenue								
Revenue from external customers	**673,391**	731,318	**3,186,320**	2,759,303	**47,746**	55,945	**3,907,457**	3,546,566
Reportable segment profit								
Gross profit	**64,981**	88,614	**422,925**	289,949	**22,110**	18,481	**510,016**	397,044

(b) Reconciliations of reportable segment profit

	2013	2012
	RMB'000	*RMB'000*
Reportable segment profit derived from the Group's external customers	**510,016**	397,044
Other revenue	**44,565**	44,069
Other net loss	**(2,705)**	(5,864)
Distribution costs	**(70,174)**	(52,458)
Administrative expenses	**(181,625)**	(148,995)
Finance costs	**(131,185)**	(124,100)
Consolidated profit before taxation	**168,892**	109,696

3 OTHER REVENUE AND OTHER NET LOSS

	2013	2012
	RMB'000	*RMB'000*
Other revenue		
Interest income	**5,633**	7,227
Government grants		
– Unconditional subsidies	**6,023**	5,578
– Conditional subsidies	**26,204**	31,264
Rental income	**6,705**	–
	44,565	44,069
Other net loss		
Net loss on aluminium future contracts	**–**	(2,675)
Loss on disposal of property, plant and equipment	**(1,259)**	(2,187)
Net foreign exchange losses	**(1,446)**	(335)
Others	**–**	(667)
	(2,705)	(5,864)
	41,860	38,205

4 PROFIT BEFORE TAXATION

(a) Finance costs

	2013	2012
	RMB'000	*RMB'000*
Interest expenses on bank loans	**132,513**	139,203
Interest expenses on discounted bills	**7,926**	8,228
Finance charges on obligations under finance leases	**4,014**	801
Less: interest expenses capitalised into construction in progress	**(13,268)**	(24,132)
	131,185	124,100

(b) Other items

	2013	2012
	RMB'000	*RMB'000*
Depreciation	**94,958**	72,617
Amortisation of lease prepayments	**8,341**	8,341
Research and development costs	**7,859**	6,404
Impairment losses on trade and other receivables	**4,014**	113
Operating lease charges	**720**	564

5 INCOME TAX EXPENSES

	2013	2012
	RMB'000	*RMB'000*
Current tax		
Provision for PRC corporate income tax	**31,287**	11,274
Provision for Hong Kong Profits Tax	**255**	416
	31,542	11,690
Deferred tax		
Origination and reversal of temporary differences	**6,750**	11,446
	38,292	23,136

(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.

(b) The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2013 (2012: 16.5%).

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

- Guangdong Xingfa Aluminium Co., Ltd. ("**Guangdong Xingfa**") was qualified as an "Advanced and New Technology Enterprise" and entitled to the preferential income tax rate of 15% from 2012 to 2014. The corporate income tax rate applicable to Guangdong Xingfa was 15% for 2013 (2012:15%).

- 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 2013 (2012: 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.

6 DIVIDENDS

The Board recommended the payment of a final dividend for the year ended 31 December 2013 of HK$0.05 per ordinary share (2012: HK$0.05).

7 EARNINGS PER SHARE

The calculation of basic earnings per share during the year ended 31 December 2013 was based on the profit attributable to equity shareholders of the Company of RMB130,600,000 (2012: RMB86,560,000) and 418,000,000 shares (2012: 418,000,000 shares) in issue during the year ended 31 December 2013.

There were no dilutive potential ordinary shares in issue during the year ended 31 December 2012 and 2013, and therefore, the diluted earnings per share are the same as the basic earnings per share.

8 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the aging analysis of trade debtors and bills receivables (which are included in trade and other receivables), base on the invoice date and net of allowance for doubtful debts, is as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 1 month	**667,559**	575,303
1 to 3 months	**303,420**	192,144
3 to 6 months	**139,651**	179,532
Over 6 months	**44,619**	8,661
Trade debtors and bills receivable, net of allowance for doubtful debts	**1,155,249**	955,640
Other receivables, prepayments and deposits	**96,920**	144,978
	1,252,169	1,100,618

Certain bills receivable with carrying value of RMB229,613,000 were pledged as securities for bank loans of the Group as at 31 December 2013 (2012: RMB82,302,000).

9 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the aging analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 1 month	**105,137**	229,052
1 to 3 months	**263,682**	148,745
3 to 6 months	**152,280**	279,102
Over 6 months	**18,283**	12,549
Total creditors and bills payable	**539,382**	669,448
Other payables and accruals	**278,545**	149,288
Deferred income	**15,689**	12,133
	833,616	830,869

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 one of the largest provides 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 2008. In 2012, Xingfa Aluminium was further awarded as the No. 1 of the Top-Twenty National Aluminium Profiles Enterprises by CNFA.

In 2013, we are excited to see the fruitful returns from the capacity expansion plan executed for the past few years. Sichuan Chengdu plant, Jiangxi Yichun plant and Henan Qinyang plant have all became profit engines to the Group. With a view to becoming an 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 return increases our market share in the long-run.

Turnover

Turnover and sales volume recorded approximately RMB3,907.5 million and 201,851 tonnes for the year ended 31 December 2013 ("**Year**") respectively (2012: RMB3,546.6 million and 176,303 tonnes). The increase in turnover during the Year was mainly due to the increase in sales volume.

Riding on the successful execution of our marketing strategies and expansion of our sales channels, our sales volume increased by approximately 14% year-on-year to 201,851 tonnes in the Year. In particular, construction aluminium profiles increased by approximately 19% year-on-year to 162,439 tonnes in the Year (2012: 136,973 tonnes). Meanwhile, our sales volume for industrial aluminium profiles increased slightly by approximately 0.2% year-on-year to 39,412 tonnes (2012: 39,330 tonnes).

Cost of sales

Our cost of sales increased by approximately 7.9% year-on-year to RMB3,397.4 million in the Year (2012: RMB3,149.5 million) which was aligned with the increase in turnover.

Gross profit and gross profit margin

Gross profit margin increased to 13.1% during the Year (2012: 11.2%) whilst sales to production ratio slightly decreased to 97.2% (2012: 99.6%).

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

	2013	2012
Average gross profit margin	**13.1%**	11.2%
– Industrial aluminium profiles	**9.6%**	12.1%
– Construction aluminium profiles	**13.3%**	10.5%

With the completion of investments in Sichuan Chengdu, Jiangxi Yichun, Henan Qinyang and Guangdong Sanshui plants, each plant has its own production specialty. This specialty improved the whole production logistics starting from orders acceptance to delivery for each plant, thereby resolving our production mismatch amongst four plants in the long run. As a result of better division of labour in production specialty, better economy scale of production can be achieved to lower the unit cost. It helped both increase in production volume and in return improved the gross profit margin.

Meanwhile, sales orders with higher gross profit margin were concluded for the environmental friendly and energy saving aluminium profiles, representing approximately 22% and 18% of sales orders for construction aluminium profiles and overall aluminium profiles respectively. The drop in average unit cost as a result of better division of labour definitely improved the average gross profit margin for construction aluminium profiles. As such, these changes in product mix contributed to the improvement of the overall gross profit margin to 13.1% in the Year.

Other revenue and other net loss

Our Group recorded other revenue and other net loss of approximately RMB41.9 million for the Year (2012: RMB38.2 million).

The increase in other revenue for the Year was mainly attributable to the increase in rental income for the leasing of warehouses of RMB6.7 million at Sichuan Chengdu plant in 2013 (2012: Nil).

Meanwhile, no gain/loss for the aluminium future contracts recorded in the Year (2012: loss of aluminium future contracts of RMB2.7 million). Besides, loss of disposal of fixed assets of RMB1.3 million (2012: RMB2.2 million) arising from the relocation of production facilities from Guangdong Nanzhung plant to Guangdong Sanshui plant was recorded in 2013. These two factors also helped reduced other net losses in the Year.

However, it was offset by the decrease in government grants in the Year. For the Year, government grants of approximately RMB26.2 million were recorded as a result of the recognition of our successful capital investments in Sichuan Chengdu and Jiangxi Yichun plants and operation results in Henan Qinyang plant (2012: RMB31.3 million).

Distribution costs

Distribution costs increased by approximately 34% to approximately RMB70.2 million for the Year (2012: RMB52.5 million), whilst our distribution expenses as a percentage of turnover rose to approximately 1.8% (2012: 1.5%).

Administrative expenses

Administrative expenses recorded approximately RMB181.6 million for the Year, which was approximately 22% higher than that in 2012 (2012: RMB149.0 million) and our administrative expenses as a percentage of turnover rose to approximately 4.6% (2012: 4.2%). 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 5.7% to approximately RMB131.2 million for the year ended 31 December 2013 (2012: RMB124.1 million) mainly due to the increase in average loans and borrowings in 2013 in financing our working capital needs.

Profit for the year and the net profit margin

In the Year, our Group recorded profit for the year of approximately RMB130.6 million (2012: RMB86.6 million) while the net profit margin improved to approximately 3.3% (2012: 2.4%). Such improvement was mainly attributable to (i) the release in production capacities of our headquarters and manufacturing bases and increase in orders due to the successful implementation of strategies in the adjustment of marketing models and expansion of sales channels; and (ii) an improvement in our gross margin by implementing energy conservation and consumption reduction technical measures as well as internally enhancing our cost control.

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 2012 and 2013:

	2013	2012
Current Ratio *(Note)*	**0.75**	0.80
Quick Ratio *(Note)*	**0.59**	0.64

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.

Both ratios dropped as the Group has assumed more loans and borrowings to finance the working capital needs.

Gearing ratio

The following table sets out the summary of our Group's gearing ratio as at 31 December 2012 and 2013:

	2013	2012
Gearing ratio *(Note)*	**55.1%**	52.7%

Note:

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

Gearing ratio increased since the Group has assumed more loans and borrowings to finance the working capital and capital expenditure needs.

Inventory Turnover Days

The following table sets out the summary of our Group's inventory turnover days during the years ended 31 December 2012 and 2013:

	2013	2012
Inventory Turnover Days *(Note)*	**44**	44

Note:

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

Inventories balance as at the respective years ended 31 December 2012 and 2013 represents our raw materials, work in progress and the unsold finished goods.

Inventory turnover days remained steady in both years.

Debtors' Turnover days

The following table sets out the summary of our Group's debtors turnover days during the years ended 31 December 2012 and 2013:

	2013	2012
Debtors' Turnover Days *(Note)*	**99**	102

Note:

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

Debtors' turnover days remained steady in both years.

Creditors' Turnover days

The following table sets out the summary of our Group's creditors turnover days during the years ended 31 December 2012 and 2013:

	2013	2012
Creditors' Turnover Days *(Note)*	**65**	78

Note:

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

The decrease in creditors' turnover days was mainly due to the Group obtained more short-term loans for settlement of balances due to suppliers.

Cash flow

The table below summarises our Group's cash flow during the years ended 31 December 2012 and 2013:

	2013	2012
	RMB'million	*RMB'million*
Net cash generated from operating activities	**69.8**	48.5
Net cash used in investing activities	**(196.1)**	(189.9)
Net cash generated from financing activities	**103.6**	162.1

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 2013, our Group's capital expenditures were approximately RMB307.1 million (2012: RMB272.4 million). The significant capital expenditures during the year were mainly for the acquisition of plant and equipment for the Guangdong Sanshui plant and the three new plants at Sichuan Chengdu, Jiangxi Yichun and Henan Qinyang.

Loans and borrowings

As at 31 December 2013, our Group's loans and borrowings amounted to approximately RMB2,282.7 million (31 December 2012: RMB2,015.7 million).

Banking facilities and guarantee

As at 31 December 2013, the banking facilities of our Group amounted to approximately RMB3,455.3 million (31 December 2012: RMB3,152.9 million), of which approximately RMB2,401.4 million were utilised (31 December 2012: RMB2,272.2 million).

No banking facilities were guaranteed by related parties.

Human resources

As at 31 December 2013, our Group employed a total of approximately 5,034 full time employees in the PRC which included management staff, technicians, salespersons and workers. In 2013, our Group's total expenses on the remuneration of employees were RMB281.9 million, represented 7.21% 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.

Newly established subsidiary

As disclosed in the announcement of the Company dated 28 March 2013 in relation to the commencement of development of a piece of land in Foshan, the Group has formulated a plan to develop Xingfa Aluminium Headquarters Building（興發鋁業總部大廈）on a piece of land situated in Nanchuang County, Foshan City, Guangdong Province, the PRC ("**Project**") which will consist of a office premises building, business building and a commercial podium. The Group has obtained the approvals for the Project from the relevant government authorities. In connection with the Project, on 5 June 2013, Guangdong Xingfa, a wholly owned subsidiary of the Group, contributed RMB8,000,000 by cash to set up a new entity, Foshan Xingfa Real Estate Co., Ltd in Foshan. Its principle activity is development, sale and management of properties.

PROSPECTS

Following the successful capacity expansion plan at the three new plants in Sichuan Chengdu, Jiangxi Yichun and Henan Qinyang, 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. These plants will become the critical income sources of the Group in the future. Riding on these powerful engines, our profit and market share will be increased in the long-run.

In line with our prudent approach and in view of the fragile global economic environment, strengthening balance sheet management, optimizing product mix and enhancing operating efficiency are still our main focuses in 2014. Meanwhile, aiming to develop Xingfa as an all rounded and one-stop aluminium service provider, we are actively looking for business opportunities for both semi-upstream and downstream merger and acquisitions in China.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK$0.05 per ordinary share for the year ended 31 December 2013 (2012: HK$0.05) held by shareholders of the Company whose name appear on the register of members of the Company on Friday, 13 June 2014.

The final dividend will be paid in Hong Kong Dollars and it will be paid on or around 27 June 2014 to shareholders whose names appear on the register of members of the Company on Friday, 13 June 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the right to attend the forthcoming annual general meeting to be held on Friday, 30 May 2014, the register of members of the Company will be closed from Wednesday, 28 May 2014 to Friday, 30 May 2014 (both days inclusive). During such period, no transfer of the shares in the Company will be registered. In order to qualify for the attendance in the annual general meeting, all transfers, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 27 May 2014.

For the purpose of determining the entitlement to the final dividend, the register of members of the Company will be closed from Wednesday, 11 June 2014 to Friday, 13 June 2014 (both days inclusive). During such period, no transfer of the shares in the Company will be registered. In order to qualify for the final dividend, all transfers, 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 the above address not later than 4:30 p.m. on Tuesday, 10 June 2014.

CORPORATE GOVERNANCE

In the opinion of the directors of the Company, save as mentioned below, the Company had complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2013.

According to the code provision A.1.1 of the Corporate Governance Code, the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2013, the Board has held two full board meetings. Instead, the Board has discussed the company matters through exchange of emails and informal meeting among the Directors and obtaining board consent through circulating written resolutions.

Code Provision of A.2.7 of the Corporate Governance Code requires the Chairman of the Board to hold meetings at least annually with the non-executive Director (including independent non-executive Director) without the executive Directors present. As Mr. Liu Libin, the Chairman of the Board, is also an executive Director, the Company has deviated from this code provision as it is not applicable. Currently, the Chairman may communicate with the non-executive Directors on a one-to-one or group basis periodically to understand their concerns, to discuss pertinent issues and to ensure that there is access to adequate and complete information.

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 2013.

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 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 and one non-executive Director namely, Mr. CHEN Shengguang. 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 2013.

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 for the year ended 31 December 2013.

PUBLICATION OF 2013 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 2013 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, 31 March 2014

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 Director:	Mr. CHEN Shengguang
Independent non-executive Directors:	Mr. CHEN Mo Mr. HO Kwan Yiu Mr. LAM Ying Hung Andy Mr. LIANG Shibin
Alternate Director to Mr. LIU Libin:	Mr. WONG Siu Ki