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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

FINANCIAL HIGHLIGHTS

1. Turnover increased by 24.3% to approximately RMB2,007.1million (1H13: RMB1,615.3 million).

2. Sales volume rose by 30.0% to approximately 108,300 tonnes (1H13: 83,300 tonnes).

3. Gross profit increased by 44.1% to approximately RMB288.3 million (1H13: RMB200.1 million).

4. Profit for the period increased by 75.1% to approximately RMB82.3 million (1H13: RMB47.0 million).

5. Earnings per share were RMB0.20 (1H13: RMB0.11).

RESULTS

The board of directors (the "Directors" or the "Board") of Xingfa Aluminium Holdings Limited (the "Company" or "Xingfa Aluminium") is pleased to announce the unaudited 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 six months ended 30 June 2014 ("1H14"), together with the comparative figures for the corresponding period in 2013 ("1H13") and the relevant explanatory notes as set out below. The consolidated results are unaudited, but have been reviewed by the Company's independent auditors, KPMG, and the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2014 – unaudited
(Expressed in Renminbi)

		For the six months ended 30 June	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Turnover	*3*	**2,007,142**	1,615,258
Cost of sales		**(1,718,813)**	(1,415,175)
Gross profit		**288,329**	200,083
Other revenue	*4*	**17,786**	26,966
Other net loss	*4*	**(118)**	(2,051)
Distribution costs		**(36,032)**	(28,903)
Administrative expenses		**(90,397)**	(76,247)
Profit from operations		**179,568**	119,848
Finance costs	*5*	**(75,796)**	(60,372)
Share of losses of an associate		**(385)**	–
Profit before taxation	*5*	**103,387**	59,476
Income tax expenses	*6*	**(21,122)**	(12,439)
Profit for the period attributable to equity shareholders of the Company		**82,265**	47,037
Basic and diluted earnings per share *(RMB yuan)*	*8*	**0.20**	0.11

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2014 – unaudited
(Expressed in Renminbi)

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Profit for the period	**82,265**	47,037
Other comprehensive income for the period		
Exchange differences on translation of financial statements of operations outside the People's Republic of China (the "PRC") which may be reclassified subsequently to profit or loss	**77**	(99)
Total comprehensive income for the period attributable to equity shareholders of the Company	**82,342**	46,938

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Non-current assets			
Property, plant and equipment		**1,887,362**	1,832,942
Lease prepayments		**364,270**	363,274
Deferred tax assets		**15,054**	20,995
Non-current financial assets		**11,912**	11,912
Interest in an associate		**3,237**	–
		2,281,835	2,229,123
Current assets			
Inventories		**584,133**	445,701
Derivative financial instruments		**413**	–
Trade and other receivables	*9*	**1,190,471**	1,252,169
Pledged deposits		**302,117**	77,016
Cash and cash equivalents		**315,391**	240,919
		2,392,525	2,015,805
Current liabilities			
Trade and other payables	*10*	**1,171,680**	833,616
Loans and borrowings		**2,022,025**	1,786,999
Obligations under finance leases		**26,117**	26,024
Current tax payables		**16,556**	32,975
		3,236,378	2,679,614
Net current liabilities		**(843,853)**	(663,809)
Total assets less current liabilities		**1,437,982**	1,565,314
Non-current liabilities			
Loans and borrowings		**316,500**	495,690
Obligations under finance leases		**18,593**	30,422
Deferred income		**61,398**	63,458
		396,491	589,570
Net assets		**1,041,491**	975,744
Capital and reserves			
Share capital		**3,731**	3,731
Reserves		**1,037,760**	972,013
Total equity		**1,041,491**	975,744

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2014 – unaudited
(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 2013	3,731	196,160	6,200	209,822	85,879	(3,322)	363,901	862,371
Changes in equity for the six months ended 30 June 2013								
Profit for the period	–	–	–	–	–	–	47,037	47,037
Other comprehensive income	–	–	–	–	–	(99)	–	(99)
Total comprehensive income for the period	–	–	–	–	–	(99)	47,037	46,938
Dividends	–	(16,592)	–	–	–	–	–	(16,592)
Balance at 30 June 2013 and 1 July 2013	3,731	179,568	6,200	209,822	85,879	(3,421)	410,938	892,717
Changes in equity for the six months ended 31 December 2013								
Profit for the period	–	–	–	–	–	–	83,563	83,563
Other comprehensive income	–	–	–	–	–	(536)	–	(536)
Total comprehensive income for the period	–	–	–	–	–	(536)	83,563	83,027
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
Balance at 1 January 2014	3,731	179,568	6,200	209,822	100,593	(3,957)	479,787	975,744
Changes in equity for the six months ended 30 June 2014								
Profit for the period	–	–	–	–	–	–	82,265	82,265
Other comprehensive income	–	–	–	–	–	77	–	77
Total comprehensive income for the period	–	–	–	–	–	77	82,265	82,342
Dividends	–	–	–	–	–	–	(16,595)	(16,595)
Appropriation to reserves	–	–	–	–	254	–	(254)	–
Balance at 30 June 2014	3,731	179,568	6,200	209,822	100,847	(3,880)	545,203	1,041,491

Notes:

1 BASIS OF PREPARATION

(a) The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), including compliance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, adopted by the International Accounting Standards Board ("IASB"). It was authorised for issue on 29 August 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

As at 30 June 2014, the Group's current liabilities exceeded its current assets by RMB843.9 million 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 RMB1,379,208,000 of the Group as at 30 June 2014 and a detailed review of the working capital forecast of the Group for the twelve-month period ending 30 June 2015, the Group will have the necessary liquid funds to finance its working capital and capital expenditure requirements. Accordingly, the interim financial report has been prepared on a going concern basis.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following 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 interim financial statements:

- Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities
- Amendments to IAS 32, Offsetting financial assets and financial liabilities
- Amendments to IAS 36, Recoverable amount disclosures for non-financial assets
- IFRIC 21, Levies

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

Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's interim financial report as the Company does not qualify to be an investment entity.

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on the Group's interim financial report as they are consistent with the policies already adopted by the Group.

Amendments to IAS 36, Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal. The Group did not have any impaired non-financial assets which require disclosure in the current accounting period under the amendments.

IFRIC 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on the Group's interim financial report as the guidance is consistent with the Group's existing accounting policies.

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 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 architectural decoration.

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

(a) Segment results, assets and liabilities

In accordance with IFRS 8, segment information disclosed in the interim 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 six months ended 30 June 2014 and 2013 respectively is set out below.

	Industrial aluminium profiles		**Construction aluminium profiles**		**All other segments**		**Total**	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment revenue								
Revenue from external customers	**339,543**	275,990	**1,624,479**	1,317,857	**43,120**	21,411	**2,007,142**	1,615,258
Reportable segment profit								
Gross profit	**39,327**	24,230	**241,865**	168,008	**7,137**	7,845	**288,329**	200,083

(b) **Reconciliations of reportable segment profit**

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Reportable segment profit derived from the Group's external customers	**288,329**	200,083
Other revenue	**17,786**	26,966
Other net loss	**(118)**	(2,051)
Distribution costs	**(36,032)**	(28,903)
Administrative expenses	**(90,397)**	(76,247)
Finance costs	**(75,796)**	(60,372)
Share of losses of an associate	**(385)**	–
Consolidated profit before taxation	**103,387**	59,476

4 OTHER REVENUE AND OTHER NET LOSS

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Other revenue		
Interest income	**2,607**	2,826
Rental income	**6,227**	632
Government grants		
– Unconditional subsidies	**3,590**	2,631
– Conditional subsidies	**5,362**	20,877
	17,786	26,966
Other net loss		
Net realised and unrealised gains on derivative financial instruments	**706**	–
Foreign exchange losses	**(661)**	(1,288)
Loss on disposal of property, plant and equipment	**(163)**	(763)
	(118)	(2,051)

5 PROFIT BEFORE TAXATION

(a) Finance costs

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Interest expenses on bank loans	**72,784**	64,095
Interest on discounted bills	**5,709**	2,165
Finance charges on obligations under finance lease	**1,655**	1,974
Less: interest expenses capitalised into construction in progress	**(4,352)**	(7,862)
	75,796	60,372

The borrowing costs have been capitalised at a rate of 5.91% to 6.6% (six months ended 30 June 2013: 6.05% to 6.90%) per annum.

(b) Other items:

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Depreciation	**53,013**	46,959
Amortisation of lease prepayments	**3,843**	4,171
Research and development costs	**989**	1,008
Operating lease charges	**308**	250

6 INCOME TAX EXPENSES

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Current tax		
Provision for PRC income tax	**14,914**	6,074
Provision for Hong Kong Profits Tax	**267**	446
	15,181	6,520
Deferred tax		
Origination and reversal of temporary differences	**5,941**	5,919
	21,122	12,439

(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 for the six months ended 30 June 2014 is calculated by applying the estimated annual effective tax rate of 16.5% (2013: 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:

- All PRC subsidiaries of the Group are limited liability companies established under the laws of the PRC. They are liable to the PRC corporate income tax at a rate of 25% (2013: 25%) except Guangdong Xingfa Aluminium (Jiangxi) Co., Ltd ("Xingfa Jiangxi") for the six months ended 30 June 2014.

- Xingfa Jiangxi has applied for the "Advanced and New Technology Enterprise" in 2013 but finally been granted such status in the second quarter of 2014. This has entitled Xingfa Jiangxi to the preferential income tax rate of 15% from 2013 to 2015. Thus Xingfa Jiangxi made the income tax provision at the rate of 25% in 2013 then enjoyed the preferential tax rate of 15% subsequently in the corporate income tax filing for year 2013 in 2014. The corporate income tax rate applicable to Xingfa Jiangxi is 15% for the six months ended 30 June 2014.

- Guangdong Xingfa Aluminium Co., Ltd. ("Guangdong Xingfa") is 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 is 15% for the six months ended 30 June 2014 (2013: 15%).

(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. As at 30 June 2014, no provision of withholding tax was provided by Guangdong Xingfa.

7 DIVIDENDS

The Directors do not propose the payment of interim dividends for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

8 EARNINGS PER SHARE

The calculation of basic earnings per share during the six months ended 30 June 2014 was based on the profit attributable to equity shareholders of the Company of RMB82,265,000 (six months ended 30 June 2013: RMB47,037,000) and 418,000,000 shares (six months ended 30 June 2013: 418,000,000 shares) in issue during the six months ended 30 June 2014.

There were no dilutive potential ordinary shares in issue for the six months ended 30 June 2014 and 2013, and therefore, the diluted earnings per share are the same as the basic earnings per share.

9 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), based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Within 1 month	**576,886**	667,559
1 to 3 months	**348,598**	303,420
3 to 6 months	**137,945**	139,651
Over 6 months	**39,157**	44,619
Trade debtors and bills receivable, net of allowance for doubtful debts	**1,102,586**	1,155,249
Other receivables, prepayments and deposits	**87,885**	96,920
	1,190,471	1,252,169

Certain bills receivable with carrying value of RMB296,142,000 were pledged as securities for bank loans as at 30 June 2014 (31 December 2013: RMB229,613,000).

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 end of the reporting period based on the invoice date as follows:

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Within 1 month	**305,484**	105,137
1 to 3 months	**348,189**	263,682
3 to 6 months	**207,159**	152,280
Over 6 months	**43,640**	18,283
Trade creditors and bills payable	**904,472**	539,382
Other payables and accruals	**250,717**	278,545
Deferred income	**16,491**	15,689
	1,171,680	833,616

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 30 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 1H14, we are excited to see the fruitful returns from the capacity expansion plan executed in the past few years. With the aim to become an all-round and one-stop aluminum service provider in the PRC, our strategically-located plants allow Xingfa Aluminium to gain access to our clientele closely and tap our products to the market in more convenient and cost-effective ways. Therefore, it would increase our market share in the long-run.

Meanwhile, our associate – Jiangxi Province Jingxing Aluminium Panel Manufacturing Co., Ltd had commenced trial production successfully in 1H14 with an annual designed production capacity of 100,000 m^2. Given that the use of aluminium alloy construction panels in the PRC construction industry is still in its development stage, we believe that with the formation of this associate, our Group will engage in the construction aluminium panel business based in Jiangxi Province, PRC, as a pilot project to further open up the business opportunities for our Group's products in the PRC construction industry and to further broaden the product line of our Group.

Turnover

Turnover and sales volume were recorded approximately at RMB2,007.1 million and 108,300 tonnes respectively for 1H14 (1H13: RMB1,615.3 million and 83,300 tonnes respectively). The increase in turnover during the period under review was mainly contributed by the increase in sales orders for construction aluminium profiles. Such increase was driven by the execution of the capacity expansion plan in our new plants that perfectly met the increasing demand for aluminium profiles.

During the period under review, the sales volume for construction aluminium profiles increased by approximately 29% to approximately 87,100 tonnes (1H13: 67,300 tonnes). Meanwhile, the sales volume for industrial aluminium profiles increased by approximately 33% to approximately 21,200 tonnes in 1H14 (1H13: 16,000 tonnes).

Cost of sales

Cost of sales increased from approximately RMB1,415.2 million in 1H13 to approximately RMB1,718.8 million in 1H14 which was in line with the increase in turnover.

Gross profit and gross profit margin

Gross profit margin improved to 14.4% (1H13: 12.4%), whilst sales to production ratio stood at 93.2% in 1H14 (1H13: 94.1%).

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

	For the six months ended 30 June	
	2014	2013
Average gross profit margin	**14.4%**	12.4%
– Industrial aluminium profiles	**11.6%**	8.8%
– Construction aluminium profiles	**14.9%**	12.8%

With the completion of investments in plants throughout the PRC, each plant has its own production specialty which improved the whole production logistics starting from order acceptance to delivery in each plant. The improvement could resolve our production mismatch amongst these three plants in the long run. As a result of better division of labour in production specialty, better economy of scale in production can be achieved to lower the unit cost. At the same time, it helped to increase the production volume and thus improved the average gross profit margin.

Meanwhile, the average processing fee of industrial aluminium profiles and construction aluminium profiles increased by approximately 3% and 5% respectively comparing to that in 1H13. As such, the overall gross profit margin increased to 14.4% in 1H14.

Other revenue and other net loss

Our Group recorded other revenue of approximately RMB17.8 million for 1H14 (1H13: RMB27.0 million) and other net loss of approximately RMB0.1 million for 1H14 (1H13: RMB2.1 million).

The decrease of other revenue in 1H14 was mainly due to the decrease of government grants of approximately RMB14.6 million but this was partly offset by the increase of rental income of approximately RMB5.6 million.

Distribution costs

Distribution costs increased by approximately 24.6% to approximately RMB36.0 million for 1H14 (1H13: RMB28.9 million), whilst our distribution costs as a percentage of turnover remained steady at approximately 1.8% (1H13: 1.8%).

Administrative expenses

Administrative expenses was recorded at approximately RMB90.4 million for 1H14, which was approximately 18.6% higher than that in 1H13 (1H13: RMB76.2 million) and our administrative expenses as a percentage of turnover remained steady at 4.5% (1H13: 4.7%).

Finance costs

Finance costs increased by approximately 25.5% to approximately RMB75.8 million for 1H14 (1H13: RMB60.4 million). It was mainly due to the increase of short-term loans and increase in the amount of discounted or endorsed bills in 1H14. Meanwhile, less interest expenses were being capitalized because most of the capital expenditures of the Group were completed in 1H14.

Profit for the period and the net profit margin

Our Group recorded a profit of approximately RMB82.3 million for 1H14 (1H13: RMB47.0 million) and the net profit margin improved to approximately 4.1% (1H13: 2.9%). Such improvement was mainly attributable to (i) the increase in sales volume and (ii) the improved gross profit margin as a result of better internal cost control.

ANALYSIS OF FINANCIAL POSITION

Current and quick ratios

The following table sets out our Group's current and quick ratios as at 30 June 2014 and 31 December 2013:

	At 30 June 2014	At 31 December 2013
Current Ratio *(Note)*	**0.74**	0.75
Quick Ratio *(Note)*	**0.56**	0.59

Note:

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

Both ratios remained steady in 1H14 as compared to that at 31 December 2013.

Gearing ratio

The following table sets out our Group's gearing ratio as at 30 June 2014 and 31 December 2013:

	At 30 June 2014	At 31 December 2013
Gearing ratio *(Note)*	**51.0%**	55.1%

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 dropped since the Group has assumed more bank acceptance bills to finance the working capital needs.

Inventory Turnover Days

The following table sets out our Group's inventory turnover days during the six months ended 30 June 2014 and 2013:

	For the six months ended 30 June	
	2014	2013
Inventory Turnover Days *(Note)*	**54**	55

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 periods multiplied by 181 days.

Inventories balance as at the respective periods ended 30 June 2014 and 2013 represents our raw materials, work in progress and the unsold finished goods.

Inventory turnover days remained steady during the period under review as compared to the same period of last year.

Debtors' Turnover Days

The following table sets out our Group's debtors' turnover days during the six months ended 30 June 2014 and 2013:

	For the six months ended 30 June	
	2014	2013
Debtors' Turnover Days *(Note)*	**101**	109

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 periods multiplied by 181 days.

Debtors' turnover days remained steady during the period under review as compared to the same period of last year.

Creditors' Turnover Days

The following table sets out our Group's creditors' turnover days during the six months ended 30 June 2014 and 2013:

	For the six months ended 30 June	
	2014	2013
Creditors' Turnover Days *(Note)*	**76**	82

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 periods multiplied by 181 days.

Debtors' turnover days remained steady during the period under review as compared to the same period of last year.

Cash flow

The table below summarises our Group's cash flow during the six months ended 30 June 2014 and 2013:

	For the six months ended 30 June	
	2014	2013
	RMB'million	*RMB'million*
Net cash generated from/(used in) operating activities	**504.6**	(116.4)
Net cash used in investing activities	**(381.3)**	(86.3)
Net cash (used in)/generated from financing activities	**(49.0)**	132.0

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 the acquisition of property, plant and equipment and lease prepayment. During 1H14, our Group's capital expenditures were approximately RMB154.8 million. The significant capital expenditures during the period were mainly for the acquisition of plant and equipment for our new plants throughout the PRC.

Loans and borrowings

As at 30 June 2014, our Group's loans and borrowings amounted to approximately RMB2,338.5 million (31 December 2013: RMB2,282.7 million).

Banking facilities

As at 30 June 2014, the banking facilities of our Group amounted to approximately RMB3,833.4 million (31 December 2013: RMB3,455.3 million), of which approximately RMB2,454.2 million were utilised (31 December 2013: RMB2,401.4 million).

Human resources

As at 30 June 2014, our Group employed a total of approximately 5,314 full time employees in the PRC which included management staff, technicians, salespersons and workers. In 1H14, our Group's total expenses on the remuneration of employees were approximately RMB148.9 million, represented 7.4% 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 PRC employees) and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment results of individual performance.

Newly established associate

As disclosed in the announcement of the Company dated 8 April 2014, Guangdong Xingfa has established a non-wholly owned entity with 80% stake, namely 江西省景興鋁模板製造有限公司 (in English for identification only, Jiangxi Province Jingxing Aluminium Panel Manufacturing Co., Ltd.) ("Jiangxi Jingxing"). 20% of the equity interest of Jiangxi Jingxing was owned by 廣州景興建築科技有限公司 (in English for identification only, Guangzhou Jingxing Construction Technology Ltd.). According to the contractual arrangement that determines the direction of the relevant activities of Jiangxi Jingxing, the Group does not have rights sufficient to give it power over Jiangxi Jingxing. Thus the Group deems Jiangxi Jingxing as an associate for accounting purpose notwithstanding the fact that the Group holds 80% stake in Jiangxi Jingxing. This associate is principally engaged in the business of production and sales of aluminium panels and systems, storing, refurbishing and sales of old aluminium panels and systems and its pre-assembly business, repairing of panel systems, and the production, alteration and repairing of construction panel systems and related products.

PROSPECTS

Strengthening balance sheet management, optimizing product mix and enhancing operating efficiency will be our main focuses in the second half of 2014. Besides, the establishment of the associate allows the Group to open up the business opportunities of construction aluminium panel business.

INTERIM DIVIDEND

The Directors do not propose the payment of interim dividend for the six months ended 30 June 2014 (1H13: Nil).

CORPORATE GOVERNANCE

In the opinion of the Directors, 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 1H14.

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 six months ended 30 June 2014, the Board has held one full board meeting. The Company has deviated from this code provision as the Board has discussed the company matters through exchange of emails and informal meetings 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 Directors (including independent non-executive Directors 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 six months ended 30 June 2014.

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 inside 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 and one non-executive Director namely, Mr. CHEN Shengguang. Mr. LAM, who has professional qualification and experience in financial matters, serves as the chairman of the audit committee.

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 six months ended 30 June 2014.

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 six months ended 30 June 2014.

PUBLICATION OF 2014 INTERIM 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 2014 interim 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 Stock Exchange and the Company in due course.

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

Foshan, 29 August 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 *(Chief Financial Officer)* 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