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 2014

FINANCIAL HIGHLIGHTS

1. Turnover increased by approximately 24% to RMB4,843.9 million (2013: RMB3,907.5 million).

2. Sales volume rose by approximately 28% to 258,443 tonnes (2013: 201,851 tonnes).

3. Gross profit increased by approximately 49% to RMB757.6 million (2013: RMB510.0 million).

4. Profit for the year increased by approximately 72% to RMB224.6 million (2013: RMB130.6 million).

5. Earnings per share were RMB0.537 (2013: RMB0.312).

6. The Board recommended the payment of a final dividend for the year ended 31 December 2014 of HK$0.09 (2013: 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 2014, together with the comparative figures for the corresponding financial year ended 31 December 2013 and the relevant explanatory notes as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014
(Expressed in Renminbi)

	Note	**2014** *RMB'000*	2013 *RMB'000*
Turnover	*2*	**4,843,915**	3,907,457
Cost of sales		**(4,086,288)**	(3,397,441)
Gross profit		**757,627**	510,016
Other revenue	*3*	**38,465**	44,565
Other net loss	*3*	**(6,589)**	(2,705)
Distribution costs		**(102,277)**	(70,174)
Administrative expenses		**(258,676)**	(181,625)
Profit from operations		**428,550**	300,077
Finance costs	*4(a)*	**(157,586)**	(131,185)
Share of loss of an associate		**(1,705)**	–
Profit before taxation	*4*	**269,259**	168,892
Income tax	*5*	**(44,653)**	(38,292)
Profit for the year attributable to equity shareholders of the Company		**224,606**	130,600
Basic and diluted earnings per share *(RMB yuan)*	*7*	**0.537**	0.312

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014
(Expressed in Renminbi)

	2014	2013
	RMB'000	*RMB'000*
Profit for the year	**224,606**	130,600
Other comprehensive income for the year		
Exchange differences on translation of financial statements of operations outside the People's Republic of China (the "PRC")	**206**	(635)
Total comprehensive income for the year attributable to equity shareholders of the Company	**224,812**	129,965

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014
(Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		**1,882,739**	1,832,942
Lease prepayments		**308,527**	363,274
Deferred tax assets		**39,654**	20,995
Interest in an associate		**941**	–
Non-current financial assets		**–**	11,912
		2,231,861	2,229,123
Current assets			
Inventories	*8*	**631,607**	445,701
Trade and other receivables	*9*	**1,538,206**	1,252,169
Pledged deposits		**330,214**	77,016
Cash and cash equivalents		**305,856**	240,919
		2,805,883	2,015,805
Current liabilities			
Trade and other payables	*10*	**1,728,259**	833,616
Loans and borrowings		**1,723,782**	1,786,999
Obligations under finance leases		**26,212**	26,024
Current tax payables		**26,119**	32,975
		3,504,372	2,679,614
Net current liabilities		**(698,489)**	(663,809)
Total assets less current liabilities		**1,533,372**	1,565,314
Non-current liabilities			
Loans and borrowings		**279,250**	495,690
Obligation under finance leases		**6,314**	30,422
Deferred income		**63,847**	63,458
		349,411	589,570
Net assets		**1,183,961**	975,744
Capital and reserves			
Share capital		**3,731**	3,731
Reserves		**1,180,230**	972,013
Total equity		**1,183,961**	975,744

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company							
	Share capital	Share premium	Capital reserve	Other reserve	PRC statutory reserves	Exchanges reserves	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*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 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
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 2014:								
Profit for the year	–	–	–	–	–	–	224,606	224,606
Other comprehensive income	–	–	–	–	–	206	–	206
Total comprehensive income for the year	–	–	–	–	–	206	224,606	224,812
Dividends approved in respect of the previous year	–	–	–	–	–	–	(16,595)	(16,595)
Appropriation to reserves	–	–	–	–	36,459	–	(36,459)	–
Balance at 31 December 2014	3,731	179,568	6,200	209,822	137,052	(3,751)	651,339	1,183,961

Notes:

1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2014 but are extracted from those consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries (collectively referred to as the "**Group**") and are expressed in Renminbi unless otherwise indicated.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual IFRSs promulgated by the International Accounting Standards Board (the "**IASB**"), International Accounting Standards ("**IASs**") and related Interpretations. These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at 31 December 2014, the Group's current liabilities exceeded its current assets by RMB698,489,000 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 RMB1,105,281,000 of the Group as at 31 December 2014 and a detailed review of the working capital forecast of the Group for the year ending 31 December 2015, 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 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 these financial statements 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 these financial statements 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.

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 these financial statements as the guidance is consistent with the Group's existing accounting policies.

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 and property under development for sale.

(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 2014 and 2013 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	**795,350**	673,391	**3,916,755**	3,186,320	**131,810**	47,746	**4,843,915**	3,907,457
Reportable segment profit								
Gross profit	**114,614**	64,981	**617,970**	422,925	**25,043**	22,110	**757,627**	510,016

(b) Reconciliations of reportable segment profit

	2014	2013
	RMB'000	*RMB'000*
Reportable segment profit derived from the Group's external customers	**757,627**	510,016
Other revenue	**38,465**	44,565
Other net loss	**(6,589)**	(2,705)
Distribution costs	**(102,277)**	(70,174)
Administrative expenses	**(258,676)**	(181,625)
Finance costs	**(157,586)**	(131,185)
Share of loss of an associate	**(1,705)**	–
Consolidated profit before taxation	**269,259**	168,892

3 OTHER REVENUE AND OTHER NET LOSS

	2014 *RMB'000*	2013 *RMB'000*
Other revenue		
Interest income	**6,631**	5,633
Government grants		
– Unconditional subsidies	**5,229**	6,023
– Conditional subsidies	**13,043**	26,204
Rental income	**13,056**	6,705
Others	**506**	–
	38,465	44,565
Other net loss		
Net loss on aluminium future contracts	**(762)**	–
Loss on disposal of property, plant and equipment	**(4,876)**	(1,259)
Net foreign exchange losses	**(951)**	(1,446)
	(6,589)	(2,705)
	31,876	41,860

4 PROFIT BEFORE TAXATION

(a) Finance costs

	2014 *RMB'000*	2013 *RMB'000*
Interest expenses on bank loans	**149,593**	132,513
Interest expenses on discounted bills	**11,847**	7,926
Finance charges on obligations under finance leases	**2,910**	4,014
Less: interest expenses capitalised into construction in progress	**(6,764)**	(13,268)
	157,586	131,185

(b) Other items

	2014	2013
	RMB'000	*RMB'000*
Depreciation	**132,683**	94,958
Amortisation of lease prepayments	**7,359**	8,341
Impairment losses on trade and other receivables	**10,063**	4,014
Impairment losses on non-current financial assets	**11,912**	–
Operating lease charges	**915**	720

5 INCOME TAX EXPENSES

	2014	2013
	RMB'000	*RMB'000*
Current tax		
Provision for PRC corporate income tax	**52,206**	31,287
Provision for Hong Kong Profits Tax	**–**	255
Provision for PRC land appreciation tax	**11,106**	–
	63,312	31,542
Deferred tax		
Origination and reversal of temporary differences	**(18,659)**	6,750
	44,653	38,292

(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 2014 (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 Co., Ltd. ("**Guangdong Xingfa**"), Xingfa Aluminium Chengdu Co., Ltd. ("**Xingfa Chengdu**") and Guangdong Xingfa Aluminium (Jiangxi) Co., Ltd ("**Xingfa Jiangxi**") for the year ended 31 December 2014.

- Guangdong Xingfa is qualified as a "High-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 year ended 31 December 2014 (2013: 15%).

- Xingfa Jiangxi has applied for the "High-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 year ended 31 December 2014.

- Xingfa Chengdu is qualified as a "High-New-Technology Enterprise" and entitled to the preferential income tax rate of 15% from 2014 to 2016. The corporate income tax rate applicable to Xingfa Chengdu is 15% for the year ended 31 December 2014 (2013: 25%).

(d) Guangdong Xingfa was subject to assessment and levying of PRC land appreciation tax for the transfer of the land use right to its subsidiary, Foshan Xingfa Real Estate Co., Ltd. ("Xingfa Real Estate"). It was calculated at 7% of the transfer transaction price.

(e) 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 2014 of HK$0.09 per ordinary share (2013: HK$0.05).

7 EARNINGS PER SHARE

The calculation of basic earnings per share during the year ended 31 December 2014 was based on the profit attributable to equity shareholders of the Company of RMB224,606,000 (2013: RMB130,600,000) and 418,000,000 shares (2013: 418,000,000 shares) in issue during the year ended 31 December 2014.

There were no dilutive potential ordinary shares in issue during the year ended 31 December 2014 and 2013, and therefore, the diluted earnings per share are the same as the basic earnings per share.

8 INVENTORIES

	2014	2013
	RMB'000	*RMB'000*
Aluminium profiles manufacturing		
Raw materials	**129,281**	149,197
Work in progress	**66,308**	68,246
Finished goods	**307,475**	228,258
	503,064	445,701
Property under development for sale		
Land use right	**47,388**	–
Deed tax	**4,760**	–
Construction cost	**76,395**	–
	128,543	–
	631,607	445,701

The balance of property under development for sale is expected to be recovered after more than one year.

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:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**772,594**	667,559
1 to 3 months	**393,214**	303,420
3 to 6 months	**176,092**	139,651
Over 6 months	**42,286**	44,619
Trade debtors and bills receivable, net of allowance for doubtful debts	**1,384,186**	1,155,249
Other receivables, prepayments and deposits	**154,020**	96,920
	1,538,206	1,252,169

Certain bills receivable with carrying value of RMB200,210,000 were pledged as securities for bank loans of the Group as at 31 December 2014 (2013: RMB229,613,000).

10 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:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**402,728**	105,137
1 to 3 months	**748,797**	263,682
3 to 6 months	**176,317**	152,280
Over 6 months	**46,516**	18,283
Total creditors and bills payable	**1,374,358**	539,382
Other payables and accruals	**335,944**	278,545
Deferred income	**17,957**	15,689
	1,728,259	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 one of the largest providers 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 2013, Xingfa Aluminium was further awarded as the No. 1 of the Top-Twenty National Aluminium Profiles Enterprises by CNFA.

2014 marked the Group's 30th anniversary and was our remarkable year with sales revenue, sales and production volumes and net profit reached record high. We are excited to see these 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 become profit engines to the Group. With a view to becoming an all-rounded 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.

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 recorded approximately RMB4,843.9 million and 258,443 tonnes for the year ended 31 December 2014 ("**Year**") respectively (2013: RMB3,907.5 million and 201,851 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 28% year-on-year to 258,443 tonnes in the Year. In particular, construction aluminium profiles increased by approximately 29% year-on-year to 209,690 tonnes in the Year (2013: 162,439 tonnes). Meanwhile, our sales volume for industrial aluminium profiles also increased by approximately 24% year-on-year to 48,753 tonnes (2013: 39,412 tonnes).

Cost of sales

Our cost of sales increased by approximately 20% year-on-year to RMB4,086.3 million in the Year (2013: RMB3,397.4 million) which was aligned with the increase in turnover.

Gross profit and gross profit margin

Gross profit margin increased to 15.6% during the Year (2013: 13.1%) whilst sales to production ratio slightly increased to 97.9% (2013: 97.2%).

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

	2014	2013
Average gross profit margin	**15.6%**	13.1%
– Industrial aluminium profiles	**14.4%**	9.6%
– Construction aluminium profiles	**15.8%**	13.3%

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 23.3% and 18.8% 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 and the implementation of cost saving measures 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 15.6% in the Year.

Other revenue and other net loss

Our Group recorded other revenue and other net loss of approximately RMB31.9 million for the Year (2013: RMB41.9 million).

For the Year, rental income for the leasing of warehouses at Sichuan Chengdu plant increased to approximately RMB13.1 million (2013: RMB6.7 million). However, it was offset by the decrease in government grants for the Year. During the Year, government grants of approximately RMB13.0 million were recorded as a result of the recognition of our successful capital investments in Sichuan Chengdu and Jiangxi Yichun plants (2013: RMB26.2 million). Besides, the replacement of aged smelting facilities also caused the loss of disposal of property, plant and equipment of approximately RMB4.9 million (2013: RMB1.3 million).

Distribution costs

Distribution costs increased by approximately 46% to approximately RMB102.3 million for the Year (2013: RMB70.2 million), whilst our distribution expenses as a percentage of turnover rose to approximately 2.1 % (2013: 1.8%). Such increase was mainly attributable to the increase of technology service fee by RMB15 million.

Administrative expenses

Administrative expenses were approximately RMB258.7 million for the Year, which was approximately 42.5% higher than that in 2013 (2013: RMB181.6 million) and our administrative expenses as a percentage of turnover rose to approximately 5.3% (2013: 4.6%). Such increase was mainly attributable to the allowance for doubtful debts of RMB10.1 million and impairment losses on non-current financial assets of RMB11.9 million in the Year. The increase in staff costs and related expenses and arrangement fees for banking facilities for the three new plants also led to the increase.

Finance costs

Finance costs were increased by approximately 20% to approximately RMB157.6 million for the Year (2013: RMB131.2 million) mainly due to the increase in average loans and borrowings in 2014 in financing our working capital needs.

Profit for the Year and the net profit margin

During the Year, our Group recorded profit for the year of approximately RMB224.6 million (2013: RMB130.6 million) while the net profit margin improved to approximately 4.6% (2013: 3.3%). 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 2013 and 2014:

	2014	2013
Current Ratio *(Note)*	**0.80**	0.75
Quick Ratio *(Note)*	**0.62**	0.59

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.

During the Year, our Group has started the process of developing a commercial property for resale. This property under development led to the increase in current assets and thus improved current ratio.

Excluding this impact, both ratios remained steady in the Year.

Gearing ratio

The following table sets out the summary of our Group's gearing ratio as at 31 December 2013 and 2014:

	2014	2013
Gearing ratio *(Note)*	**40.4%**	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%.

In the Year, the Group has repaid more long-term loans and borrowings which led to the improvement in gearing ratio.

Inventory Turnover Days

The following table sets out the summary of our Group's inventory turnover days during the years ended 31 December 2013 and 2014:

	2014	2013
Inventory Turnover Days *(Note)*	**48**	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 2013 and 2014 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 2013 and 2014:

	2014	2013
Debtors' Turnover Days *(Note)*	**96**	99

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 2013 and 2014:

	2014	2013
Creditors' Turnover Days *(Note)*	**85**	65

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 implementation of more strengthened payment control led to the increase in creditors' turnover days.

Cash flow

The table below summarises our Group's cash flow during the years ended 31 December 2013 and 2014:

	2014	2013
	RMB'million	*RMB'million*
Net cash generated from operating activities	**1,094.5**	69.8
Net cash used in investing activities	**(545.1)**	(196.1)
Net cash generated from financing activities	**(485.2)**	103.6

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 the Year, our Group's capital expenditures were approximately RMB294.7 million (2013: RMB307.1 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 2014, our Group's loans and borrowings amounted to approximately RMB2,003.1 million (31 December 2013: RMB2,282.7 million).

Banking facilities and guarantee

As at 31 December 2014, the banking facilities of our Group amounted to approximately RMB3,235.9 million (31 December 2013: RMB3,455.3 million), of which approximately RMB2,130.6 million were utilised (31 December 2013: RMB2,401.4 million).

No banking facilities were guaranteed by related parties.

Human resources

As at 31 December 2014, our Group employed a total of approximately 5,714 full time employees in the PRC which included management staff, technicians, salespersons and workers. In 2014, our Group's total expenses on the remuneration of employees were approximately RMB420.2 million, represented 8.7% 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 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 to control 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

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 2015. 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. Besides, the establishment of the newly established associate allows the Group to open up the business opportunities of construction aluminium panel business.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK$0.09 per ordinary share for the year ended 31 December 2014 (2013: HK$0.05) held by shareholders of the Company whose names appear on the register of members of the Company on Friday, 12 June 2015.

The final dividend will be paid in Hong Kong Dollars and will be paid on or around 26 June 2015 to shareholders whose names appear on the register of members of the Company on Friday, 12 June 2015.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the right to attend the forthcoming annual general meeting to be held on Friday, 29 May 2015, the register of members of the Company will be closed from Wednesday, 27 May 2015 to Friday, 29 May 2015 (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, 26 May 2015.

For the purpose of determining the entitlement to the final dividend, the register of members of the Company will be closed from Wednesday, 10 June 2015 to Friday, 12 June 2015 (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, 9 June 2015.

CORPORATE GOVERNANCE

In the opinion of the Directors, save as mentioned below, the Company had met all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the year ended 31 December 2014.

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 2014, the Board has held two full board meetings. Instead, 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 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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. After having made specific enquiry with all Directors, the 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 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 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 the Group's financial reporting process and internal control measures.

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

The audit committee of the Company has met with the management and external auditors of the Company and has reviewed the consolidated results of the Group for the year ended 31 December 2014.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

PUBLICATION OF 2014 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xingfa.com), and the 2014 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

Foshan China, 27 March 2015

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