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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 2015

FINANCIAL HIGHLIGHTS

1. Revenue increased by 9.6% to approximately RMB2,199.7 million (1H14: RMB2,007.1 million).
2. Sales volume rose by 12.9% to approximately 122,300 tonnes (1H14: 108,300 tonnes).
3. Gross profit increased by 29.6% to approximately RMB373.5 million (1H14: RMB288.3 million).
4. Profit for the period increased by 38.9% to approximately RMB114.3 million (1H14: RMB82.3 million).
5. Earnings per share were RMB0.27 (1H14: RMB0.20).

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 2015 ("1H15"), together with the comparative figures for the corresponding period in 2014 ("1H14") 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 2015 – unaudited
(Expressed in Renminbi)

	Note	For the six months ended 30 June 2015 RMB'000	2014 RMB'000
Revenue	3	**2,199,664**	2,007,142
Cost of sales		**(1,826,200)**	(1,718,813)
Gross profit		**373,464**	288,329
Other revenue	4	**22,605**	17,786
Other net loss	4	**(90)**	(118)
Distribution costs		**(48,907)**	(36,032)
Administrative expenses		**(126,750)**	(90,397)
Profit from operations		**220,322**	179,568
Finance costs	5(a)	**(77,495)**	(75,796)
Share of losses of an associate		**(419)**	(385)
Profit before taxation	5	**142,408**	103,387
Income tax	6	**(28,151)**	(21,122)
Profit for the period attributable to equity shareholders of the Company		**114,257**	82,265
Basic and diluted earnings per share *(RMB yuan)*	8	**0.27**	0.20

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2015 – unaudited
(Expressed in Renminbi)

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Profit for the period	**114,257**	82,265
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	**(158)**	77
Total comprehensive income for the period attributable to equity shareholders of the Company	**114,099**	82,342

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 – unaudited

(Expressed in Renminbi)

	Note	**At 30 June 2015** *RMB'000*	At 31 December 2014 *RMB'000*
Non-current assets			
Property, plant and equipment		**1,898,953**	1,882,739
Lease prepayments		**305,011**	308,527
Deferred tax assets		**39,109**	39,654
Interest in an associate		**–**	941
		2,243,073	2,231,861
Current assets			
Inventories	*9*	**754,006**	631,607
Trade and other receivables	*10*	**1,328,978**	1,538,206
Pledged deposits		**369,145**	330,214
Cash and cash equivalents		**272,981**	305,856
		2,725,110	2,805,883
Current liabilities			
Trade and other payables	*11*	**1,473,528**	1,728,259
Loans and borrowings		**1,780,266**	1,723,782
Obligations under finance leases		**19,839**	26,212
Current taxation		**26,342**	26,119
		3,299,975	3,504,372
Net current liabilities		**(574,865)**	(698,489)
Total assets less current liabilities		**1,668,208**	1,533,372
Non-current liabilities			
Loans and borrowings		**336,860**	279,250
Obligations under finance leases		**–**	6,314
Deferred tax liabilities	*6(d)*	**3,286**	–
Deferred income		**60,154**	63,847
		400,300	349,411
Net assets		**1,267,908**	1,183,961
Capital and reserves			
Share capital		**3,731**	3,731
Reserves		**1,264,177**	1,180,230
Total equity		**1,267,908**	1,183,961

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2015 – 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 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	–	–	–	–	–	77	82,265	82,342
Dividends	–	–	–	–	–	–	(16,595)	(16,595)
Appropriation to reserves	–	–	–	–	254	–	(254)	–
Balance at 30 June 2014 and 1 July 2014	3,731	179,568	6,200	209,822	100,847	(3,880)	545,203	1,041,491
Changes in equity for the six months ended 31 December 2014								
Profit for the period	–	–	–	–	–	–	142,341	142,341
Other comprehensive income	–	–	–	–	–	129	–	129
Total comprehensive income	–	–	–	–	–	129	142,341	142,470
Appropriation to reserves	–	–	–	–	36,205	–	(36,205)	–
Balance at 31 December 2014	3,731	179,568	6,200	209,822	137,052	(3,751)	651,339	1,183,961
Balance at 1 January 2015	3,731	179,568	6,200	209,822	137,052	(3,751)	651,339	1,183,961
Changes in equity for the six months ended 30 June 2015								
Profit for the period	–	–	–	–	–	–	114,257	114,257
Other comprehensive income	–	–	–	–	–	(158)	–	(158)
Total comprehensive income	–	–	–	–	–	(158)	114,257	114,099
Dividends	–	–	–	–	–	–	(30,152)	(30,152)
Balance at 30 June 2015	3,731	179,568	6,200	209,822	137,052	(3,909)	735,444	1,267,908

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 28 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any 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 2014 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 2015, the Group's current liabilities exceeded its current assets by RMB574,865,000 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 RMB956,474,000 of the Group as at 30 June 2015 and a detailed review of the working capital forecast of the Group for the twelve-month period ending 30 June 2016, 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 a few amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. None of those developments have a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 purposes 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 aluminium profiles with surface finishing, 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.

Other segments include the provision of processing services, manufacture and sale of aluminium panels, moulds and spare parts and property under development for sale.

(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 2015 and 2014 respectively is set out below:

	Industrial aluminium profiles		**Construction aluminium profiles**		**Other segments**		**Total**	
	Six months ended 30 June 2015	Six months ended 30 June 2014	**Six months ended 30 June 2015**	Six months ended 30 June 2014	**Six months ended 30 June 2015**	Six months ended 30 June 2014	**Six months ended 30 June 2015**	Six months ended 30 June 2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment revenue								
Revenue from external customers	**347,121**	339,543	**1,818,784**	1,624,479	**33,759**	43,120	**2,199,664**	2,007,142
Reportable segment profit								
Gross profit	**53,352**	39,327	**313,720**	241,865	**6,392**	7,137	**373,464**	288,329

(b) Reconciliations of reportable segment profit

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Reportable segment profit derived from the Group's external customers	**373,464**	288,329
Other revenue	**22,605**	17,786
Other net loss	**(90)**	(118)
Distribution costs	**(48,907)**	(36,032)
Administrative expenses	**(126,750)**	(90,397)
Finance costs	**(77,495)**	(75,796)
Share of losses of an associate	**(419)**	(385)
Consolidated profit before taxation	**142,408**	103,387

4 OTHER REVENUE AND OTHER NET LOSS

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Other revenue		
Interest income	**6,197**	2,607
Rental income	**7,397**	6,227
Government grants		
– Unconditional subsidies	**2,210**	3,590
– Conditional subsidies	**6,801**	5,362
	22,605	17,786
Other net loss		
Net realised and unrealised gains on derivative financial instruments	**–**	706
Foreign exchange gain/(losses)	**1,289**	(661)
Loss on disposal of property, plant and equipment	**(1,379)**	(163)
	(90)	(118)

5 PROFIT BEFORE TAXATION

(a) Finance costs

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Interest expenses on bank loans	**70,134**	72,784
Interest expenses on discounted bills	**6,585**	5,709
Finance charges on obligations under finance lease	**840**	1,655
Less: interest expenses capitalised into construction in progress	**(64)**	(4,352)
	77,495	75,796

The borrowing costs have been capitalised at a rate of 5.65% to 6.15% (six months ended 30 June 2014: 5.91% to 6.60%) per annum.

(b) Other items:

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Depreciation	**84,163**	53,013
Amortisation of lease prepayments	**3,516**	3,843
Research and development costs	**2,138**	989
Operating lease charges	**381**	308

6 INCOME TAX

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Current tax		
Provision for PRC income tax	**24,320**	14,914
Provision for Hong Kong Profits Tax	**–**	267
	24,320	15,181
Deferred tax		
Origination and reversal of temporary differences	**3,831**	5,941
	28,151	21,122

(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 2015 is calculated by applying the estimated annual effective tax rate of 16.5% (2014: 16.5%).

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

- 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% (2014: 25%) except Guangdong Xingfa Aluminium Co., Ltd. ("Guangdong Xingfa"), Guangdong Xingfa Aluminium (Jiangxi) Co., Ltd ("Xingfa Jiangxi") and Xingfa Aluminium Chengdu Co., Ltd. ("Xingfa Chengdu") for the six months ended 30 June 2015.

- Guangdong Xingfa was qualified as a High-New-Technology Enterprise ("HNTE") and entitled to the preferential income tax rate of 15% for a valid period of three years from 2012 to 2014. Guangdong Xingfa is in the process of applying for the renewal of HNTE certificate for another three years from 2015 to 2017. The directors believe that Guangdong Xingfa will be able to renew the HNTE certificate and continue to be entitled to the preferential income tax rate for 2015 to 2017. Hence, the corporate income tax rate being used for Guangdong Xingfa was 15% for the six months ended 30 June 2015 (2014: 15%).

- Xingfa Jiangxi is qualified as a "HNTE" and entitled to the preferential income tax rate of 15% from 2013 to 2015. The corporate income tax rate applicable to Xingfa Jiangxi is 15% for the six months ended 30 June 2015 (2014: 15%).

- Xingfa Chengdu is qualified as a "HNTE" 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 six months ended 30 June 2015 (2014: 15%).

(d) Pursuant to the new tax law in the PRC, from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC but whose relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 10% (unless reduced by tax treaty) on various types of passive income such as dividends derived from sources within the PRC. As Guangdong Xingfa is held by a Hong Kong incorporated subsidiary, a rate of 5% is applicable to the calculation of this withholding tax.

At 30 June 2015, Deferred tax liabilities of RMB3,286,000 in respect of the PRC dividend withholding tax relating to certain undistributed profits of the Company's PRC subsidiaries earned subsequent to 1 January 2008 were recognized. However, based on the assessment made by the management as at the end of 30 June 2015, it was determined that the undistributed profits of RMB650,863,000 earned after 1 January 2008 (2014: RMB596,236,000) of the Company's PRC subsidiaries would not be distributed in the foreseeable future. Deferred tax liabilities of RMB32,543,000 in respect of the undistributed profits were not recognized as the Company controls the dividend policy of these subsidiaries.

7 DIVIDENDS

The Directors do not propose the payment of interim dividends for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

8 EARNINGS PER SHARE

The calculation of basic earnings per share during the six months ended 30 June 2015 was based on the profit attributable to equity shareholders of the Company of RMB114,257,000 (six months ended 30 June 2014: RMB82,265,000) and 418,000,000 shares (six months ended 30 June 2014: 418,000,000 shares) in issue during the six months ended 30 June 2015.

There were no dilutive potential ordinary shares in issue for the six months ended 30 June 2015 and 2014, and therefore, the diluted earnings per share are the same as the basic earnings per share.

9 INVENTORIES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Aluminium profiles manufacturing		
Raw materials	**202,140**	129,281
Work in progress	**113,987**	66,308
Finished goods	**300,964**	307,475
	617,091	503,064
Property under development for sale	**136,915**	128,543
	754,006	631,607

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

During the six months ended 30 June 2015 and the year ended 31 December 2014, there was no reduction recognised to write down the inventories.

At 30 June 2015, aluminium profiles of RMB40,000,000 were pledged for secured bank loan.

10 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the aging analysis of trade debtors and bills receivable (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 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 month	**721,407**	772,594
1 to 3 months	**351,863**	393,214
3 to 6 months	**77,562**	176,092
Over 6 months	**58,996**	42,286
Trade debtors and bills receivable, net of allowance for doubtful debts	**1,209,828**	1,384,186
Other receivables, prepayments and deposits	**119,150**	154,020
	1,328,978	1,538,206

Certain bills receivable with carrying value of RMB281,155,000 were pledged as securities for bank loans of the Group as at 30 June 2015 (2014: RMB200,210,000).

11 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 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Within 1 month	**299,248**	402,728
1 to 3 months	**707,423**	748,797
3 to 6 months	**109,008**	176,317
Over 6 months	**31,789**	46,516
Trade creditors and bills payable	**1,147,468**	1,374,358
Other payables and accruals	**306,210**	335,944
Deferred income	**19,850**	17,957
	1,473,528	1,728,259

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 2015, Xingfa Aluminium was awarded with Guangdong Province Science and Technology Award – First Prize by Guangdong Provincial People's Government for our industrialization and possession of key technology of magnesium alloy used for vehicles and electronic equipments.

In 1H15, 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 a more convenient and cost-effective way. Therefore, it could increase our market share in the long-run. Meanwhile, our PRC principal subsidiaries, except for Guangdong Xingfa Aluminium (Henan) Co., Ltd., ("Xingfa Henan"), are all qualified as a "High-New-Technology Enterprise" and entitled to the preferential income tax rate of 15% while Xingfa Henan is in the process for applying the abovementioned qualification. This will not only prove the industrial recognition of Xingfa's technology but also help improve the profitability of the Group in the long run.

Revenue

Revenue and sales volume were recorded approximately at RMB2,199.7 million and 122,300 tonnes respectively for 1H15 (1H14: RMB2,007.1 million and 108,300 tonnes respectively). The increase in revenue 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 of construction aluminium profiles increased by approximately 15.4% to approximately 100,500 tonnes (1H14: 87,100 tonnes). Meanwhile, the sales volume of industrial aluminium profiles also increased by approximately 2.8% to approximately 21,800 tonnes in 1H15 (1H14: 21,200 tonnes).

Cost of sales

Cost of sales increased from approximately RMB1,718.8 million in 1H14 to approximately RMB1,826.2 million in 1H15 which was in line with the increase in revenue.

Gross profit and gross profit margin

Gross profit margin improved to 17.0% (1H14: 14.4%), whilst sales to production ratio increased to 100% in 1H15 (1H14: 93.2%).

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

	For the six months ended 30 June	
	2015	2014
Average gross profit margin	**17.0%**	14.4%
– Industrial aluminium profiles	**15.4%**	11.6%
– Construction aluminium profiles	**17.2%**	14.9%

With the completion of investments in production 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. This improvement could resolve our production mismatch amongst these three plants in the long run. As a result of better division of labor in production and enhancement in our internal cost control, 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. Therefore, the overall gross profit margin increased to 17.0% in 1H15.

Other revenue and other net loss

Our Group recorded other revenue of approximately RMB22.6 million for 1H15 (1H14: RMB17.8 million) and other net loss of approximately RMB0.1 million for 1H15 (1H14: RMB0.1 million).

The increase of other revenue in 1H15 was mainly resulted from the increase of interest income from bank deposits by approximately RMB3.6 million as well as the increase in rental income by approximately RMB1.2 million.

Distribution costs

Distribution costs increased by approximately 35.8% to approximately RMB48.9 million for 1H15 (1H14: RMB36.0 million), whilst our distribution costs as a percentage of revenue increased to approximately 2.2% (1H14: 1.8%) due to the increase of technology service fee relating to electricity conductive aluminium profile for metro vehicles by approximately RMB7.4 million.

Administrative expenses

Administrative expenses was recorded at approximately RMB126.8 million for 1H15, which was approximately 40.2% higher than that in 1H14 (1H14: RMB90.4 million) and due to the increase in staff cost by approximately RMB21.3 million and increase in other taxation by approximately RMB3.9 million, our administrative expenses as a percentage of revenue increased to 5.8% (1H14: 4.5%).

Finance costs

Finance costs increased by approximately 2.2% to approximately RMB77.5 million for 1H15 (1H14: RMB75.8 million). It was due to the decrease in interest expenses capitalization to fixed assets in 1H15 as compared to that in 1H14. However, it was partly offset by the interest saving as a result of the drop of PBOC rate in 1H15.

Profit for the period and the net profit margin

Our Group recorded a profit of approximately RMB114.3 million for 1H15, representing a growth of approximately 38.9% as compared to 1H14 (1H14: RMB82.3 million) and the net profit margin improved to approximately 5.2% (1H14: 4.1%). Such improvement was mainly attributable to (i) the increase in sales orders as a result of the successful implementation of market strategies and expansion of sales channels and (ii) the improved gross profit margin as a result of enhancement in our 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 2015 and 31 December 2014:

	At 30 June 2015	At 31 December 2014
Current Ratio *(Note)*	**0.83**	0.80
Quick Ratio *(Note)*	**0.60**	0.62

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 as at 30 June 2015 as compared to that at 31 December 2014.

Gearing ratio

The following table sets out our Group's gearing ratio as at 30 June 2015 and 31 December 2014:

	At 30 June 2015	At 31 December 2014
Gearing ratio *(Note)*	**43.0%**	40.4%

Note:

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

Gearing ratio increased as the Group obtained more loans and borrowings from banks in 1H15 to finance the working capital needs of our plants.

Inventory Turnover Days

The following table sets out our Group's inventory turnover days during 1H15 and 1H14:

	For the six months ended 30 June	
	2015	2014
Inventory Turnover Days *(Note)*	**56**	54

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 2015 and 2014 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 1H15 and 1H14:

	For the six months ended 30 June	
	2015	2014
Debtors' Turnover Days *(Note)*	**107**	101

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 revenue during the periods multiplied by 181 days.

The Group received more trade bills from our customers in the second half of 2014. Since most of these trade bills were not yet matured as at 31 December 2014 and settled by the customers in 1H15, debtors' turnover days in 1H15 increased.

Creditors' Turnover Days

The following table sets out our Group's creditors' turnover days during 1H15 and 1H14:

	For the six months ended 30 June	
	2015	2014
Creditors' Turnover Days *(Note)*	**125**	76

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.

The Group issued more trade bills for the purchase of raw materials in the second half of 2014. Most of these trade bills were un-matured as at 31 December 2014 and paid by the Group in 1H15. As such, creditors' turnover days in 1H15 increased.

Cash flow

The table below summarises our Group's cash flow during 1H15 and 1H14:

	For the six months ended 30 June	
	2015	2014
	RMB'million	*RMB'million*
Net cash generated from operating activities	**108.0**	504.6
Net cash used in investing activities	**(134.4)**	(381.3)
Net cash used in financing activities	**(6.4)**	(49.0)

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.

During 1H14, our Group issued more trade bills for the purchase than that in 1H15. Most of these trade bills were un-matured as at 30 June 2014. Therefore, operating cash inflow dropped to RMB108 million during the period under review.

Capital expenditures

Capital expenditure was used for the acquisition of property, plant and equipment and lease prepayment. During 1H15, our Group's capital expenditures were approximately RMB101.8 million (1H14: RMB154.8 million), which were mainly used for the acquisition of equipment for our plants throughout the PRC to increase their production capacities.

Loans and borrowings

As at 30 June 2015, our Group's loans and borrowings amounted to approximately RMB2,117.1 million (31 December 2014: RMB2,003.1 million).

Banking facilities

As at 30 June 2015, the banking facilities of our Group amounted to approximately RMB3,245.0 million (31 December 2014: RMB3,235.9 million), of which approximately RMB2,288.5 million were utilised (31 December 2014: RMB2,130.6 million).

Human resources

As at 30 June 2015, our Group employed a total of approximately 6,053 full time employees in the PRC which included management staff, technicians, salespersons and workers. In 1H15, our Group's total expenses on the remuneration of employees were approximately RMB195.6 million, represented 8.9% of the revenue 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.

PROSPECTS

Strengthening balance sheet management, optimizing product mix and enhancing operating efficiency will be our main focuses in the second half of 2015.

INTERIM DIVIDEND

The Directors do not propose the payment of interim dividend for 1H15 (1H14: 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 1H15.

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 1H15 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 1H15.

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 1H15.

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 1H15.

PUBLICATION OF 2015 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 2015 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, 28 August 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 *(Chief Investment Officer)*