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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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

1. Revenue increased by 8.7% to approximately RMB18,854.6 million (2023: RMB17,352.6 million).
2. Sales volume rose by 6.8% to 809,312 tonnes (2023: 757,480 tonnes).
3. Gross profit decreased by 11.4% to approximately RMB1,763.7 million (2023: RMB1,990.2 million).
4. Profit attributable to Shareholders for the Year increased by 2.7% to approximately RMB826.0 million (2023: RMB804.2 million).
5. Earnings per share were RMB1.96 (2023: RMB1.91).
6. The Board recommended the payment of a final dividend of HKD0.64 per ordinary share for the year ended 31 December 2024 (2023: HKD0.64).

RESULTS

The board (“**Board**”) of directors (“**Directors**”) of Xingfa Aluminium Holdings Limited (“**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as “**Group**”, “**our Group**”, “**we**”, “**our**”, “**us**”, “**Xingfa**” or “**Xingfa Aluminium**”) prepared under International Financial Reporting Standards (“**IFRSs**”) for the year ended 31 December 2024 (“**Year**”), together with the comparative figures for the corresponding financial year ended 31 December 2023 and the relevant explanatory notes as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Revenue	2	18,854,641	17,352,551
Cost of sales		<u>(17,090,943)</u>	<u>(15,362,349)</u>
Gross profit		<u>1,763,698</u>	<u>1,990,202</u>
Other income	3	200,851	193,658
Other gains and losses		20,571	(21,040)
Distribution costs		(399,438)	(374,054)
Administrative expenses		(447,887)	(439,264)
Impairment losses on trade and other receivables		<u>(67,883)</u>	<u>(293,204)</u>
Finance costs	4(a)	(104,558)	(138,056)
Share of loss of an associate		<u>—</u>	<u>(1,919)</u>
Profit before taxation	4	965,354	916,323
Income tax expense	5	<u>(137,259)</u>	<u>(108,222)</u>
Profit for the year		<u><u>828,095</u></u>	<u><u>808,101</u></u>
Profit attributable to:			
Owners of the Company		826,033	804,171
Non-controlling interests		<u>2,062</u>	<u>3,930</u>
		<u><u>828,095</u></u>	<u><u>808,101</u></u>
Earnings per share	7		
Basic (<i>in RMB yuan</i>)		<u><u>1.96</u></u>	<u><u>1.91</u></u>

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 6.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(Expressed in Renminbi)

	2024 RMB'000	2023 RMB'000
Profit for the year	828,095	808,101
Other comprehensive income for the year:		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	134,209	81,699
Fair value (losses) gains on equity investments at fair value through other comprehensive income ("FVTOCI"), net of related income tax	(1,581)	3,112
	132,628	84,811
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(133,465)	(81,498)
Total other comprehensive (expenses) income for the year	(837)	3,313
Total comprehensive income for the year	827,258	811,414
Total comprehensive income attributable to:		
Owner of the Company	825,196	807,484
Non-controlling interests	2,062	3,930
	827,258	811,414

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

(Expressed in Renminbi)

		31 December 2024	31 December 2023
	Notes	RMB'000	RMB'000
Non-current assets			
Investment properties		197,920	193,580
Property, plant and equipment		3,562,266	3,303,653
		<u>3,760,186</u>	<u>3,497,233</u>
Right-of-use assets		447,164	465,218
Intangible assets		3,823	2,586
Equity securities designated at fair value through other comprehensive income ("FVOCI")		23,462	36,508
Derivative financial instruments		6,957	4,315
Prepayments	9(b)	72,700	31,432
Deferred tax assets		214,098	201,919
		<u>4,528,390</u>	<u>4,239,211</u>
Current assets			
Inventories	8	1,654,256	1,362,123
Trade and other receivables	9(a)	5,281,970	4,191,085
Prepayments	9(b)	155,702	107,102
Pledged deposits		196,062	124,250
Cash and cash equivalents		2,726,060	2,840,415
		<u>10,014,050</u>	<u>8,627,015</u>
Non-current assets held for sale		—	2,040
		<u>10,014,050</u>	<u>8,627,015</u>
Current liabilities			
Trade and other payables	10	5,230,340	3,822,213
Contract liabilities	11	349,002	382,413
Bank and other borrowings		627,019	499,590
Lease liabilities		1,995	2,518
Tax liabilities		37,716	88,201
		<u>6,246,072</u>	<u>4,794,935</u>
Net current assets		<u>3,767,978</u>	<u>3,832,080</u>
Total assets less current liabilities		<u>8,296,368</u>	<u>8,071,291</u>

	31 December 2024	31 December 2023
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities		
Bank and other borrowings	2,250,332	2,647,902
Lease liabilities	331	3,537
Deferred income	117,570	66,118
Deferred tax liabilities	20,675	27,903
	<u>2,388,908</u>	<u>2,745,460</u>
Net assets	<u>5,907,460</u>	<u>5,325,831</u>
Capital and reserves		
Share capital	3,753	3,753
Reserves	<u>5,894,122</u>	<u>5,314,555</u>
Total equity attributable to owners of the Company	5,897,875	5,318,308
Non-controlling interests	<u>9,585</u>	<u>7,523</u>
Total equity	<u>5,907,460</u>	<u>5,325,831</u>

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2024

(Expressed in Renminbi)

	2024 RMB'000	2023 RMB'000
Operating activities		
Profit before taxation	965,354	916,323
Adjustments for:		
Depreciation	578,806	470,310
Amortisation	1,062	412
Write down of inventories	3,000	38,107
Impairment losses on trade and other receivables	67,883	293,204
Impairment loss on prepayments for properties	—	23,224
Finance costs	104,558	138,056
Interest income	(46,070)	(63,220)
Loss on disposal of property, plant and equipment and other assets	370	14,880
Share of loss of an associate	—	1,919
Gain on disposal of an associate	(12,960)	—
Changes in fair value of other derivative financial instruments and forward exchange contracts	(2,642)	7,643
Net foreign exchange gain	(1,938)	(1,844)
Government grants amortised from deferred income	(5,609)	(9,895)
Operating cash flows before movements in working capital	1,651,814	1,829,119
(Increase) decrease in inventories	(295,133)	68,777
(Increase) decrease in trade and other receivables	(1,174,768)	234,012
(Increase) decrease in prepayment	(48,600)	56,455
Increase (decrease) in trade and other payables	1,522,459	(584,102)
Decrease (increase) in contract liabilities	(33,411)	3,896
Cash generated from operations	1,622,361	1,608,157
Income tax paid	(193,260)	(131,537)
Dividend withholding tax paid	(13,500)	(10,000)
Land Appreciation Tax ("LAT") paid	(111)	(13)
Net cash from operating activities	1,415,490	1,466,607

CONSOLIDATED CASH FLOW STATEMENT- CONTINUED*For the year ended 31 December 2024**(Expressed in Renminbi)*

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Investing activities			
Interest received		46,070	63,220
Payment for purchase of property, plant and equipment		(955,826)	(980,917)
Placement of pledged deposits		(2,045,554)	(2,022,764)
Proceeds from government grants for property, plant and equipment acquisition		49,931	—
Proceeds received upon maturity of pledged deposits		1,973,742	2,123,250
Proceeds from disposal of property, plant and equipment		4,802	4,826
Payment for purchase of unlisted equity securities		—	(27,516)
Payment for deposit of commodity futures contracts		—	(2,000)
Refund from deposit of commodity futures contracts		—	5,200
Proceeds from disposal of an associate		15,000	—
Repayment of loans from an associate		16,000	—
Proceeds from disposal of equity investments at FVTOCI		11,186	—
Net cash used in investing activities		<u>(884,649)</u>	<u>(836,701)</u>
Financing activities			
Payment of lease liabilities		(3,729)	(2,293)
Payment of interest on lease liabilities		(161)	(321)
Interest paid		(128,217)	(146,135)
Additions of bank and other borrowings		1,993,593	2,771,236
Repayment of bank and other borrowings		(2,263,734)	(2,122,750)
Dividends paid to owners of the Company		(245,629)	(141,047)
Net cash (used in) generated from financing activities		<u>(647,877)</u>	<u>358,690</u>
Net (decrease) increase in cash and cash equivalents		<u>(117,036)</u>	<u>988,596</u>
Cash and cash equivalents at 1 January		<u>2,840,415</u>	<u>1,849,773</u>
Effect of foreign exchange rates changes		<u>2,681</u>	<u>2,046</u>
Cash and cash equivalents at 31 December		<u><u>2,726,060</u></u>	<u><u>2,840,415</u></u>

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

(a) Statement of compliance

The consolidated results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 31 December 2024 but are extracted from those consolidated financial statements.

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the “Group”).

The consolidated financial statements are presented in Renminbi (“RMB”), rounded to the nearest thousand, which is the functional currency of the major subsidiaries carrying out the principal activities of the Group.

(c) Application of new and amendments to IFRS Accounting Standard

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ³
Amendments to IAS 21	Lack of Exchangeability ²
IFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after 1 January 2026

⁴ Effective for annual periods beginning on or after 1 January 2027

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

2 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are manufacturing and sale of aluminium products and sale of completed properties. Further details regarding the Group's principal activities are disclosed in Note 2(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from Contracts with Customers		
Disaggregated of product lines or service line		
– Sales of aluminium profiles	18,535,655	16,764,600
– Sales of aluminium panels, aluminium alloy, moulds and spare parts	315,292	585,582
– Revenue from processing service contracts	–	2,369
– Sales of completed properties	3,694	–
	<u>18,854,641</u>	<u>17,352,551</u>

The Group's customer base is diversified and does not include any individual customer with whom transactions have exceeded 10% of the Group's revenue (2023: Nil).

For sales of aluminium products for which the control of the product is transferred at a point in time, revenue is recognised when control of goods has transferred, being when the customer accepts the products. The normal credit term is disclosed in Note 9.

For sale of property for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the control of the completed property and the Group has present right to payment and the collection of the consideration is probable.

The performance obligation under the contracts for the sales of products has original expected duration of less than one year and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed below.

(b) Segment reporting

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

- Industrial aluminium profiles: this operating and reportable segment manufactures and sells plain aluminium profiles, mainly for industrial usage.
- Construction aluminium profiles: this operating and reportable 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 architecture decoration.
- All other segments: this reportable segment include the revenue generated from processing service contracts related to aluminium products, sale of aluminium panels, aluminium alloy, moulds and spare parts, and sale of office premises and residential properties.

(i) Segment results

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

Revenue are allocated to the reportable segments with reference to sales generated by those segments. The measure used for reporting segment profit is gross profit. The Group's most senior executive management is provided with segment information concerning segment revenue and gross profit. Segment assets and liabilities are not reported to the Group's most 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 years ended 31 December 2024 and 2023 is set out below:

	Industrial aluminium profiles		Construction aluminium profiles		All other segments		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers recognised by point in time	<u>1,914,451</u>	<u>2,642,811</u>	<u>16,621,204</u>	<u>14,121,789</u>	<u>318,986</u>	<u>587,951</u>	<u>18,854,641</u>	<u>17,352,551</u>
Reportable segment profit								
Gross profit	<u>72,299</u>	<u>151,610</u>	<u>1,539,299</u>	<u>1,619,793</u>	<u>152,100</u>	<u>218,799</u>	<u>1,763,698</u>	<u>1,990,202</u>

(ii) Reconciliations of reportable segment profit

	2024 RMB'000	2023 RMB'000
Reportable segment profit derived from the Group's external customers	1,763,698	1,990,202
Other income	200,851	193,658
Other gains and losses	20,571	(21,040)
Distribution costs	(399,438)	(374,054)
Administrative expenses	(447,887)	(439,264)
Impairment losses on trade and other receivables	(67,883)	(293,204)
Finance costs	(104,558)	(138,056)
Share of loss of an associate	—	(1,919)
	<u> </u>	<u> </u>
Consolidated profit before taxation	<u>965,354</u>	<u>916,323</u>

(iii) Geographic information

Analysis of the Group's revenue and results as well as analysis of the Group's carrying amount of non-current assets by geographical market has not been presented as over 97% (2023: 98%) of the revenue are generated from the Mainland China and over 99% (2023: 99%) of the non-current assets are located in Mainland China.

3 OTHER INCOME

	2024 RMB'000	2023 RMB'000
Interest income	46,070	63,220
Government grants		
– Unconditional subsidies	15,308	15,978
– Conditional subsidies	5,609	9,895
Income from additional value-added tax (“VAT”) input deduction (i)	120,152	88,850
Rental income	13,712	15,815
Others	—	(100)
	<u> </u>	<u> </u>
	<u>200,851</u>	<u>193,658</u>

- (i) Income from additional VAT input deduction represented the deduction on VAT input granted by the government authorities in the Mainland China.

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

	2024 RMB'000	2023 RMB'000
Interest expenses on bank and other borrowings	98,931	92,967
Interest expenses on discounted bills and trade receivables	17,294	50,543
Interest on lease liabilities	161	321
	<hr/>	<hr/>
Total interest expenses	116,386	143,831
Less: interest expense capitalised into construction in progress	(11,828)	(5,775)
	<hr/>	<hr/>
	104,558	138,056
	<hr/> <hr/>	<hr/> <hr/>

(b) Staff costs:

	2024 RMB'000	2023 RMB'000
Contributions to defined contribution retirement plans	104,756	94,010
Salaries, wages and other benefits	1,083,561	1,003,189
	<hr/>	<hr/>
Total staff cost	1,188,317	1,097,199
	<hr/> <hr/>	<hr/> <hr/>

(c) Other items:

	2024 RMB'000	2023 RMB'000
Depreciation charge		
– Investment properties	5,802	5,472
– Property, plant and equipment	559,028	451,509
– Right-of-use assets	13,976	13,329
Amortisation of intangible assets	1,062	412
Auditors' remuneration		
– audit services	1,450	2,052
– other services	1,518	920
Cost of inventories (i)	16,251,382	14,553,923
Research and development costs (ii)	839,561	808,426

- (i) Cost of inventories sold included RMB913,397,000 (2023: RMB1,113,899,000) relating to depreciation and staff costs, which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses, and included RMB3,000,000 (2023: RMB38,107,000) and Nil (2023: RMB23,224,000) relating to write down of inventories – completed properties for sale and impairment loss on prepayments for properties, respectively.
- (ii) Research and development costs included RMB196,265,000 (2023: RMB188,131,000) relating to staff costs of employees and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses.

5 INCOME TAX EXPENSE

Taxation in the consolidated statement of profit or loss represents:

	2024 RMB'000	2023 RMB'000
Current tax		
Provision for PRC corporate income tax	132,869	148,729
Provision for Hong Kong Profits Tax	365	137
Dividends withholding tax	13,500	10,000
Under provision in prior years	9,652	–
	156,386	158,866
Deferred tax		
Origination and reversal of temporary differences	(5,627)	(40,644)
Effect on distribution of dividends	(13,500)	(10,000)
	137,259	108,222

6 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Final dividends proposed after the end of reporting year of HKD0.64 per ordinary share (2023: HKD0.64 per ordinary share)	<u>247,810</u>	<u>243,968</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Final dividends in respect of the previous financial year, approved and paid during the year, of HKD0.64 per ordinary share (2023: HKD0.37 per ordinary share)	<u>245,629</u>	<u>141,047</u>

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB826,033,000 (2023: RMB804,171,000) and the weighted average number of 420,649,134 ordinary shares (2023: 420,649,134 ordinary shares) in issue during the year.

No diluted earnings per share is presented as the Group did not have dilutive potential ordinary share for both 2023 and 2024.

8 INVENTORIES

	2024 RMB'000	2023 RMB'000
Aluminium profiles manufacturing		
– Raw materials	237,336	215,491
– Work in progress	307,600	170,684
– Finished goods	863,717	731,712
	<u>1,408,653</u>	<u>1,117,887</u>
Completed properties for sale		
– Properties developed by the Group	150,619	151,589
– Acquired properties (i)	94,984	92,647
	<u>245,603</u>	<u>244,236</u>
	<u>1,654,256</u>	<u>1,362,123</u>

- (i) Up to 31 December 2024 and 2023, the Group has entered into the sale and purchase agreements with property developers to obtain certain properties with total considerations of RMB217,063,000 (31 December 2023: RMB206,258,000). Also, the Group has settled the considerations by endorsing its trade receivables to the property developers without right of recourse.

As at 31 December 2024, the Group has completed the purchase of properties of RMB136,091,000 (31 December 2023: RMB130,754,000) with ownership certificates obtained as recorded at costs, net of the provision for write down of such acquired properties held for sale to net realisable value amounted to RMB41,107,000 (31 December 2023: RMB38,107,000).

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount of inventories sold	16,248,382	14,492,592
Write down of inventories – completed properties for sale	<u>3,000</u>	<u>38,107</u>

All of the inventories are expected to be recovered within one year, except for the properties held for sale which are expected to be recovered after more than one year.

9 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade and other receivables

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade debtors and bills receivable, net of loss allowance (i)	4,939,460	3,995,609
Other debtors, net of loss allowance (ii)	<u>342,510</u>	<u>195,476</u>
	<u><u>5,281,970</u></u>	<u><u>4,191,085</u></u>

- (i) As at 31 December 2024, loss allowance on trade debtors and bills receivable is RMB1,094,199,000 (31 December 2023: RMB1,033,451,000).

Bills receivable with carrying value of RMB273,251,000 were pledged as security of issuing bills payable by the Group as at 31 December 2024 (31 December 2023: RMB887,325,000).

- (ii) As at 31 December 2024, VAT input receivable of RMB307,874,000 was included in other receivables (at 31 December 2023: RMB164,600,000). As at 31 December 2024, loss allowance on other debtors is RMB363,000 (31 December 2023: RMB1,476,000).

Ageing analysis

As of the end of the reporting period, the aging analysis of trade receivables and bills receivable (which are included in trade and other receivables) based on the invoice date or bill acceptance date and net of allowance for credit losses, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 month	2,142,174	2,009,535
1 to 3 months	1,663,596	1,217,612
3 to 6 months	932,157	672,929
Over 6 months	<u>201,533</u>	<u>95,533</u>
	<u><u>4,939,460</u></u>	<u><u>3,995,609</u></u>

The credit period of trade receivables and bills receivable is within 30 days to 360 days from the invoice date or bills acceptance date.

(b) Prepayments

	2024	2023
	RMB'000	RMB'000
Prepayments for raw materials and others	170,654	86,254
Prepayments for properties (i)	80,972	75,504
	251,626	161,758
Less:		
Impairment loss on prepayments for properties (i)	(23,224)	(23,224)
Non-current portion included in prepayments	(72,700)	(31,432)
	155,702	107,102

- (i) The prepayments represented completed properties obtained from the property developers (Note 8) that have been delivered to the Group but without obtaining the related ownership certificates. The properties will be transferred to inventories of the Group subsequently upon the issuance of ownership certificate to the Group. As at 31 December 2024, impairment loss on prepayments for properties was amounted to RMB23,224,000 (31 December 2023: RMB23,224,000).

10 TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	RMB'000
Trade payables	1,084,474	1,153,505
Bills payable	3,377,143	1,853,247
Accrued payroll and benefits	274,627	253,667
Other payables and accruals	411,104	373,613
Payable for purchase of property, plant and equipment	42,613	137,823
Deferred income	5,173	12,303
Financial liabilities measured at amortised cost	5,195,134	3,784,158
Refund liabilities		
– arising from volume rebates	35,206	38,055
	5,230,340	3,822,213

All of the trade and other payables (including amounts due to related parties) are expected to be settled or recognised as income within one year or are repayable on demand.

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

	2024 RMB'000	2023 <i>RMB'000</i>
Within 1 month	567,917	508,500
1 to 3 months	1,906,863	1,205,945
3 to 6 months	1,509,035	1,018,991
Over 6 months	477,802	273,316
	4,461,617	3,006,752

The credit period on purchase of materials is within 120 days. The maturity period of bills payable ranges from six months to one year. The Group has financial risk management policies in place to monitor the settlement.

11 CONTRACT LIABILITIES

	2024 RMB'000	2023 <i>RMB'000</i>
Aluminium profiles contracts		
– Billings in advance of performance	349,002	382,413

Movements in contract liabilities

	2024 RMB'000	2023 <i>RMB'000</i>
Balance at 1 January	382,413	378,517
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(382,413)	(378,517)
Increase in contract liabilities as a result of billing in advance of manufacturing activities	349,002	382,413
Balance at 31 December	349,002	382,413

All of the contract liabilities are expected to be recognised as revenue within one year.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY AND BUSINESS OVERVIEW

INDUSTRY REVIEW

According to the data of the National Bureau of Statistics (“NBS”), the PRC’s Gross Domestic Product (“GDP”) reached RMB134.9084 trillion in 2024, representing a year-on-year increase of 5.0% at constant prices. Generally, in the face of complex and severe situations such as increased external pressures and growing internal difficulties throughout 2024, the national economic operated steadily with steady progress. New advancements were made in high-quality development, particularly with the timely deployment and introduction of a package of incremental policies, which effectively boosted social confidence and contributed to a significant economic rebound, successfully achieving the major objectives and tasks of economic and social development. For the real estate market, from the perspective of the whole year of 2024, although real estate sales continued the downward trend since 2022, the stabilization and recovery of the real estate market began to take effect driven by a series of regulatory policy combinations, and showed a marginal stabilization trend on a quarterly basis. In 2024, the central government continuously upgraded real estate stabilization policies, insisted on the principle of “optimization of existing stock and strict control of increment” to stabilize the real estate market from both the supply and demand sides. In particular, since the meeting of the Political Bureau of the PRC held in September 2024, multiple positive signals have shown in the real estate market. There has been a recovery in the housing demand from residents since October 2024, and the real estate market has been on a stable and positive trend at this stage. In 2025, it is expected that the real estate market will undergo continuous recovery with the gradual implementation of a series of favorable real estate policies. According to the data of the NBS, the sales area of newly built commercial housing nationwide in 2024 was 973.85 million square meters, representing a year-on-year decrease of 12.9%. The amount of sales of newly built commercial housing nationwide was RMB9,675 billion, representing a year-on-year decrease of 17.1%. In the face of industry fluctuations and uncertainties, Xingfa Aluminum, as a major manufacturer and supplier of construction aluminum profiles in the PRC, adopted a proactive business attitude, flexibly adjusted its business principles, reinforced its cooperation with real estate developers with healthy cash flow conditions, as well as actively expanded its business scope, effectively resisted market risks, so as to maintain the Group’s market competitiveness and profitability through the diversified development of the aluminium profile business.

BUSINESS REVIEW

Xingfa Aluminium is one of the leading aluminium profile manufacturers in the People's Republic of China (the “**PRC**”) and is principally engaged in the manufacture and sale of aluminium profiles. As of 31 December 2024, the Group had a total of 955 valid patents, including 125 invention patents, 319 utility model patents, 514 design patents, and participated in the drafting of approximately 84 national and industrial standards. During the Year, the Group ranked first among the top 10 in the “2024 Top 500 Preferred Suppliers in terms of Comprehensive Strengths in Real Estate Supply Chain • Aluminium Category” and top 3 in the “2024 Top 500 Preferred Suppliers in terms of Comprehensive Strengths in Real Estate Supply Chain • Window System Category”. The Group was honoured with the titles of “2024 Benchmark of Investment Value of China Real Estate Suppliers” and was successfully included in the “5A Supplier” enterprise database of the China Real Estate Association Supply Chain Big Data Center. The Group's brand is highly recognized in the market.

In 2024, the national economy showed a stable and progressive momentum, and the real estate market underwent continuous recovery under policy-driven measures, currently in the stage of recovery and stabilization. In a challenging business environment, the Group embraced the difficulties and still adhered to the mission of “Pursuing Excellence in Quality, Serving Global Customers”. With the unrelenting efforts of all members of the Group, advantages on product technology and outstanding quality, the Group continued to consolidate its good brand image and market reputation in the industry.

During the twelve months ended 31 December 2024, the Group achieved revenue of RMB18,854.6 million, representing a year-on-year increase of 8.7% compared to RMB17,352.6 million in 2023. The sales volume was 809,312 tonnes, representing a year-on-year increase of 6.8% compared to 757,480 tonnes in 2023. The net profit attributable to shareholders of the Group was RMB826.0 million, representing a year-on-year increase of 2.7% compared to RMB804.2 million in 2023. Although the market competition was intense, the Group had fully demonstrated the inherent resilience of its business model, and improved its profitability.

In terms of business development, the Group, as one of the earliest enterprises to manufacture aluminium profiles in the PRC, specialises in the production of construction aluminium profiles and industrial aluminium profiles. In terms of construction aluminium profiles, the Group will continue to consolidate its market share and enhance its profitability. In 2024, revenue from construction aluminium profiles was RMB16,621.2 million (RMB14,121.8 million in the corresponding period of 2023), representing a year-on-year increase of 17.7%. Confronted with the increasing overall volatility in the construction market and pressure on order volumes, as well as the uncertain business environment, the Group adopted a prudent business strategy, which proactively chose to establish partnerships with central-government-controlled enterprises, state-owned enterprises, and real estate developers with good reputations, strong financial positions, and healthy cash flows, to reduce financial risks, so as to ensure the Group possessed healthy cash flow for stable operations and enhanced the certainty of its performance. At the same time, the Group flexibly responded to market changes, promptly adjusted strategic direction, deeply explored and expanded the home decoration market. Compared to the construction market, although the home decoration market was also affected by the macroeconomic environment and the real estate market, its demand was closely related to factors such as demographic structure and consumption concept, resulting in relatively stable market performance and certain counter-cyclical characteristics during economic downturns. In addition, the customer base in the home decoration market was broader, which was conducive to expanding the Group's market coverage, enhancing its brand influence, and further increasing market share and profitability. The Group believes that by expanding the home decoration market, it can bring the Group closer to the end market to gain an in-depth understanding of users' needs. Moreover, the coordination between the construction market and the home decoration market can help the Group diversify operational risks and seek steady growth.

To vigorously boost consumption and lead the development of new quality productivity through technological innovation, the National Development and Reform Commission and the Ministry of Finance issued the "Notice on Expanding the Implementation of Large-scale Equipment Renewal and Consumer Goods Trade-in Policy by 2025", which clearly specified the expansion of support for consumer goods trade-in and actively supported innovation in consumer goods for home decoration. The Group believes that a series of policies to promote consumption will bring new development opportunities to the home decoration market and the Group.

In addition, in response to the call for national infrastructure construction and improvement of people's livelihood, and to explore commercial opportunities outside the commercial housing market, the Group continuously reinforced cooperation with the government on public facility projects such as stadiums, schools, hospitals, roads and bridges. The public facility projects not only provided performance growth opportunities to the Group, but also had a higher social value, thus enhancing the Group's social reputation. In addition, the Group accelerated the pace of expanding its retail business, continuously improved and enriched the product lines of home doors and windows. We enhanced the market penetration through the provision of door and window products that targeted at the household market, expanded the brand's influence at the retail level, and made the retail business and engineering business complement each other, jointly enhancing the Group's brand awareness.

Apart from the construction aluminium profile business, the Group also continued to develop the industrial aluminium profile business. Industrial aluminium profiles are widely used in various industries such as new energy photovoltaics, automotive parts, durable consumer goods, medical devices, electromechanical equipment, aerospace, electronic consumer goods, and transportation, with good development prospects. In 2024, revenue from industrial aluminium profiles was RMB1,914.5 million (RMB2,642.8 million in the corresponding period of 2023), representing a year-on-year decrease of 27.6%. To better capture market opportunities, the Group's research and development team will continue to strengthen the research and development of industrial aluminium profile products, so as to seek to develop new products with better performance, continuously leverage the market competitive advantage accumulated through research and development, and achieve diversified business development.

Despite the challenging market in the short term, with years of industry experience and excellent product quality, the Group has established a good brand reputation in the market and has built long-term stable cooperation with customers. The Group flexibly adjusted its business strategies to adapt to market trends and continuously strove for orders to drive the Group's long-term sustainable development. Therefore, the Group actively enhanced its production capacity to capture market opportunities. Currently, the Group has 7 production bases domestically and continuously improves the capacity layout to enhance production efficiency. In addition, the Group attaches great importance to digitalization and automation upgrades in the production process. The Group's digital and automated production base located in Zhejiang can reduce the land use scale and personnel cost, allowing for more effective use of land. Currently, the first phase of such production base has commenced its production with output gradually increasing with scale of business. The Group will align with the trend of digital transformation to enhance the quality and efficiency of the production process.

In terms of overseas business, the Group actively increased production capacity to enhance competitiveness in overseas markets such as Australia and Southeast Asia. In 2024, the equipment installation of the plant of the Group's project in Australia was officially launched, with a project planned capacity of 20,000 tonnes. The project in Vietnam was also underway in an orderly manner, and commenced the application process for the construction of the plant in the second half of 2024, with a project planned capacity of 180,000 tonnes. The Group believes that building professional sales teams, sales networks and production bases overseas will effectively intensify the cooperation relationship with overseas customers. The Group is committed to realising the "zero-distance strategy" of local production, local users, and local services so as to provide higher quality and more efficient services to overseas customers, which will not only help expand the Group's business footprint in the global market, but also further consolidate the Group's industry position, propelling the Group to become a well-positioned pioneer in this industry.

Revenue

For the year ended 31 December 2024, the revenue and sales volume of the Group increased by 8.7% and 6.8% to approximately RMB18,854.6 million and 809,312 tonnes respectively (2023: RMB17,352.6 million and 757,480 tonnes respectively), of which the sales of construction aluminium profiles and industrial aluminium profiles accounted for 88.2% and 10.2% of the revenue respectively. The gross profit of the Group for the Year decreased by 11.4% year-on-year to approximately RMB1,763.7 million. The gross profit margin decreased to 9.4% (2023: 11.5%), and such decrease was mainly due to the intensified market competition during the Year. During the Year, the profit attributable to owners of the Company was approximately RMB826.0 million, representing an increase of 2.7% year-on-year.

Construction Aluminium Profiles

Construction aluminium profiles are surface treated aluminium profiles mainly used for the construction and installation of doors and windows, curtain walls, ceilings and blinds and other decorative products.

In 2024, the revenue of construction aluminium profiles increased by 17.7% year on year to approximately RMB16,621.2 million (2023: RMB14,121.8 million), and sales volume grew by 8.1% year on year to approximately 672,915 tonnes (2023: 622,678 tonnes).

Industrial Aluminium Profiles

Industrial aluminium profiles are mainly plain aluminium profiles, which can be used as container frames and other products such as new conductive profiles of urban railway locomotives and ship components. In addition, they can also be made into different forms and shapes, such as heat sinks of central processing units (CPUs) and displays and frames of consumer electronic products.

The revenue of industrial aluminium profiles decreased by 27.6% year on year to approximately RMB1,914.5 million (2023: RMB2,642.8 million) in 2024 while sales volume increased by 8.1% year on year to approximately 136,397 tonnes (2023: 126,171 tonnes).

PROSPECT

Looking ahead to 2025, the real estate industry is expected to remain subdued. However, as policies serve as an important driving factor for the fluctuations in the real estate cycle, with the Central Economic Work Conference focusing on “stabilizing the property market”, as well as a series of central and local policies in the future, the PRC’s real estate market is expected to halt its downward trend and gradually stabilize. Nevertheless, the extent of overall market recovery and the pace of rebound depend on the strength of policies for economic stabilization and de-stocking, a cautious approach is still needed. In terms of aluminium profile industry, although the industry may show marginal adjustment trend in the short term, it is expected that with the advancement of global urbanization and the acceleration of infrastructure construction, particularly the promotion of green and energy-saving buildings, as well as the rapid development of new energy, photovoltaic, and aviation and aerospace sectors, the market demand for aluminum profiles may continuously increase due to its excellent thermal insulation and energy-saving performance. From a medium to long-term perspective, the application of aluminium profiles will become more diverse, with increasing focus on technological innovation and green development. The aluminum profile industry, as a huge stock market, is still full of development opportunities. The Group maintains a cautiously optimistic attitude toward the aluminium profile industry and its own development.

The Group firmly believes that opportunities are embedded within challenges. In face of multiple market challenges, all employees of the Group will work together, firmly believe in our mission, and consistently uphold the core values of “Customer First, Quality Foremost, Innovation Leading, Ingenious Craftsmanship”. We will continuously develop products that meet market demands, while vigorously expanding the market to achieve diversification in the business model for the aluminium profile industry. In terms of construction aluminium profiles, the Group will continue to reinforce cooperation with market partners who have healthy cash flow condition, and actively explore the potential of the home decoration market and public facility projects, as well as accelerate the layout of the retail market that can precisely reach consumers. In the field of industrial aluminium profiles, the Group will also continue to develop aluminium products that are highly resilient, lightweight, and have high added value, striving to gain a competitive advantage in such market with a wide range of applications, and to build the industrial aluminum profiles business into a growth engine beyond the construction segment.

In addition, to fully seize the market opportunities brought by the intensifying of global trade, the Group will make every effort to promote capacity expansion and overseas deployment to further improve the domestic and overseas sales and production networks. Domestically, the Group owned 7 production bases, among which, the production base located in Zhejiang improved its production efficiency through digital and automated technologies. With regard to overseas, the project in Australia and the project in Vietnam were underway in a smooth manner. Upon completion and put into production, these projects will further improve the Group’s overseas sales layout. By then, in terms of production and sales, both domestic and overseas are expected to form strong synergies to jointly enhance the Group’s industry position and brand awareness globally.

Since its establishment, the Group has upheld a spirit of seeking progress and relentlessly pursued innovation and breakthroughs with the help and support of customers, suppliers, and various business partners. In the current challenging market environment, the Group has always maintained a proactive stance. We deeply understand that challenges and opportunities coexist, and only through continuous self-innovation and market adaptation can we maintain a competitive advantage in the wave of competition. Looking ahead, the Group will continue to respond to changes in market with flexible marketing strategies, provide powerful and cost-effective products and services to customers nationwide to satisfy the customers' growing demand for products, at the same time, the Group will realise sustainable growth, so as to continuously create returns for the shareholders of the Group.

In the long run, the Group remains optimistic about the medium and long-term development of the aluminium profile industry. The aluminium profile industry, as a huge stock market, is full of development opportunities, even though the industry is facing increasing pressure in the short run. As a major participant in the PRC's aluminium profile industry, Xingfa Aluminium is confident to increase its market share and lay a solid foundation for sustainable development in the medium and long run.

FINANCIAL REVIEW

Revenue

The revenue and sales volume of the Group for the Year increased by 8.7% and 6.8% year-on-year to approximately RMB18,854.6 million and 809,312 tonnes respectively (2023: RMB17,352.6 million and 757,480 tonnes respectively). The growth of revenue was attributable to the increase in sales orders during the Year.

The sales volume of construction aluminium profiles and industrial aluminium profiles for the Year both increased by 8.1% to approximately 672,915 tonnes (2023: 622,678 tonnes) and 136,397 tonnes (2023: 126,171 tonnes) respectively.

The following table sets forth the details of our revenue by reportable segments for the years ended 31 December 2024 and 2023:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Manufacturing and sale of aluminium profiles		
– Construction aluminium profiles	16,621,204	14,121,789
– Industrial aluminium profiles	<u>1,914,451</u>	<u>2,642,811</u>
	18,535,655	16,764,600
All other segments	<u>318,986</u>	<u>587,951</u>
Total	<u><u>18,854,641</u></u>	<u><u>17,352,551</u></u>

Note: Our Group's revenue from all other segments represented revenue generated from processing service contracts related to aluminium products, sale of aluminium panels, aluminium alloy, moulds and spare parts, and sale of office premises and residential properties.

Gross profit and gross profit margin

The gross profit of the Group for the Year decreased by 11.4% year-on-year to approximately RMB1,763.7 million (2023: RMB1,990.2 million).

The overall gross profit margin for the Year of the Group decreased by 2.1% to 9.4% (2023: 11.5%), and the sales to production ratio decreased slightly to 98.8% (2023: 99.5%).

The following table sets forth the gross profit margin of our aluminium profiles in 2024 and 2023:

	2024	2023
Construction aluminium profiles	9.3%	11.5%
Industrial aluminium profiles	3.8%	5.7%

The gross profit margin of construction aluminium profiles and industrial aluminium profiles decreased to 9.3% and 3.8% for the Year respectively as compared to that of 2023. The decrease in gross profit margin of construction aluminium and industrial aluminium was mainly due to the intensified competitive market.

Other income

Other income of the Group for the Year increased to approximately RMB200.9 million (2023: RMB193.7 million), which was mainly attributable to the combined effect of the increase from income from additional value-added tax input deduction, offset by the decrease in interest income for the Year.

Distribution costs

The distribution costs of the Group for the Year increased by 6.8% to approximately RMB399.4 million (2023: RMB374.1 million), which accounted for 2.1% of the revenue (2023: 2.2%). The increase was mainly due to the general increase in transportation costs and agent fee.

Administrative expenses

The administrative expenses of the Group for the Year increased by 2.0% to approximately RMB447.9 million (2023: RMB439.3 million), which accounted for 2.4% of the revenue (2023: 2.5%). The increase was mainly due to the general increase in staff costs.

Impairment loss on trade and other receivables

The impairment loss on trade and other receivables of the Group for the Year decreased by RMB225.3 million to RMB67.9 million (2023: RMB293.2 million), which was mainly attributable to the decrease of RMB225.3 million in loss allowances provided for the credit-impaired trade receivables. Such loss allowances were provided for after considering the recoverability of trade receivables due from certain property sub-contractors as a result of adverse circumstance in construction aluminium profile industry.

Finance costs

Despite of the increase in the level of bank borrowings, finance costs remained stable at approximately RMB104.6 million for the Year (2023: RMB138.1 million) which is due to the decrease in the average interest rate of bank borrowings.

Profit for the Year and net profit margin

The profit attributable to shareholders of the Company (“**Shareholders**”) for the Year increased by 2.7% year-on-year to approximately RMB826.0 million (2023: RMB804.2 million). The increase was mainly attributable to decrease in provision of impairment loss on trade and other receivables in the Year and increase in sales orders of the Group in the Year.

ANALYSIS OF FINANCIAL POSITION

Current and quick ratios

The following table sets out our Group’s current and quick ratios as at 31 December 2024 and 2023:

	2024	2023
Current ratio (<i>Note i</i>)	1.60	1.80
Quick ratio (<i>Note ii</i>)	1.34	1.51

Notes:

- (i) Current ratio is calculated based on the total current assets divided by the total current liabilities at the end of the year.
- (ii) Quick ratio is calculated based on the difference between the total current assets and the inventories divided by the total current liabilities at the end of the year.

Both ratios as at 31 December 2024 decreased as compared to those as at 31 December 2023. Such decreases were mainly due to the increase in current liabilities as a result of an increase in trade and other payables and bank and other borrowings as at 31 December 2024.

Gearing ratio

The following table sets out our Group's gearing ratio as at 31 December 2024 and 2023:

	2024	2023
Gearing ratio (<i>Note</i>)	19.8%	24.5%

Note: Gearing ratio is calculated based on the loans and borrowings divided by total assets and multiplied by 100%.

The gearing ratio decreased for the Year as compared to that of 2023 which was mainly due to the decrease in the balances of loans and borrowings as at 31 December 2024.

Inventory turnover days

The following table sets out our Group's inventory turnover days during the years ended 31 December 2024 and 2023:

	2024	2023
Inventory turnover days (<i>Note</i>)	32	34

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.

Inventory turnover days for the Year remained stable as compared to that for 2023 due to enhanced arrangement on production plans, leading to a stable inventory backlog and inventory turnover days for the Year.

Debtors' turnover days

The following table sets out our Group's debtors' turnover days during the years ended 31 December 2024 and 2023:

	2024	2023
Debtors' turnover days (<i>Note</i>)	86	90

Note: Debtors' turnover days is calculated based on the average of the beginning and ending balance of trade and bills receivables (net of allowance for doubtful debts) for the periods divided by revenue during the years multiplied by 365 days.

The debtors' turnover days decreased for the Year as compared to that of 2023. This was mainly because the Group tightened credit period to its debtors generally during the Year.

Creditors' turnover days

The following table sets out our Group's creditors' turnover days during the years ended 31 December 2024 and 2023:

	2024	2023
Creditors' turnover days (<i>Note</i>)	80	79

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 creditors' turnover days for the Year decreased as compared to that of 2023. The decrease in creditors' turnover days was a result of Group's bargaining strategy with its suppliers to shorten the payment period in order to maintain a competitive purchase costs.

Bank and other borrowings

As at 31 December 2024, the Group's loans and borrowings dominated in RMB amounted to approximately RMB2,877.4 million (31 December 2023: RMB3,147.5 million), of which approximately RMB564.8 million were fixed rate borrowings (31 December 2023: RMB1,146.6 million).

Save for typically lower borrowing requirements in the first quarter of the Year due to holidays during the Chinese Lunar New Year, there was no seasonality in the Group's bank borrowing requirements.

Banking facilities and guarantee

As at 31 December 2024, the banking facilities of the Group amounted to approximately RMB14,231.2 million (31 December 2023: RMB14,176.2 million), of which approximately RMB6,420.1 million were utilised (31 December 2023: RMB4,509.0 million).

No banking facilities were guaranteed by related parties of the Group.

Capital expenditure

Capital expenditure was used for acquisition of property, plant and equipment and land use rights. During the Year, our Group's capital expenditure amounted to approximately RMB955.8 million (2023: RMB980.9 million). The increase in capital expenditure during the Year was mainly due to the acquisition of equipment and land use rights for our production plants.

Capital structure

As at 31 December 2024, the Company had 420,649,134 ordinary shares of HKD0.01 each in issue. During the Year, no share of the Company was issued.

TREASURY POLICIES

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in both short term and long term.

Certain sales and purchases of inventories of the Group are denominated in the United States ("US") dollars and Hong Kong ("HK") dollars. Furthermore, certain trade receivables, trade payables, bank balances and bank loans are denominated in US dollars and HK dollars, therefore exposing the Group to the currency risk of US dollars and HK dollars.

CASH FLOW HIGHLIGHTS

The following table sets out our Group's cash flow highlights during the years ended 31 December 2024 and 2023:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Net cash generated from operating activities	1,415,490	1,466,607
Interest received	46,070	63,220
Payment for purchase of property, plant and equipment	(955,826)	(980,917)
Interest paid	(128,217)	(146,135)
Net (decrease)/increase in bank borrowings	(270,141)	648,486
Dividends paid to owners of the Company	(245,629)	(141,047)

We generally finance our operations through internally generated cash flows and bank borrowings. 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.

As at 31 December 2024, the Group had cash and cash equivalents of RMB2,726.1 million (31 December 2023: RMB2,840.4 million), among which 1.8% was held in US dollars, 1.5% was held in HK dollars and the remaining balance was held in RMB.

SALE OF COMPLETED PROPERTIES

(i) Xingfa Plaza

“Xingfa Plaza” (興發大廈), a property project wholly-owned by the Group, is located at the northern side of Jihua Road and western side of Changang Road, Chancheng District, Foshan City, Guangdong Province, the PRC. The land use rights of the property were granted for a term of 40 years expiring on 19 May 2050 for commercial service, office, culture and entertainment uses. The property comprises a parcel of land with a site area of approximately 16,961.36 sq.m. and a gross floor area of approximately 123,527.29 sq.m..

During the Year, no unit of “Xingfa Plaza” (興發大廈) had been sold and delivered. There was revenue of RMB3.7 million recognized from the sale of completed properties for the Year (2023: RMB8.1 million). As at 31 December 2024, approximately 40.3% of the saleable floor area have been delivered to the customers.

HUMAN RESOURCES

As at 31 December 2024, our Group employed a total of approximately 10,035 full time employees in the PRC and Hong Kong which included management staff, technicians, salespersons and workers. In 2024, our Group’s total expenses on the remuneration of employees were approximately RMB1,188.3 million, represented approximately 6.3% 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), housing fund, medical insurance, unemployment insurance and other relevant insurance (according to the PRC rules and regulations for PRC employees), discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance. In-house and external training programmes are provided as and when required.

FINAL DIVIDEND

The Directors recommended the payment of a final dividend of HKD0.64 per ordinary share for the year ended 31 December 2024 (2023: HKD0.64).

Subject to the approval of the Shareholders at the forthcoming annual general meeting, the final dividend will be paid in HK dollars on or around Tuesday, 24 June 2025.

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Year.

PLEDGE OF GROUP ASSETS

As at 31 December 2024, the Group's pledged deposits amounting to approximately RMB196.1 million (31 December 2023: RMB124.3 million) and bills receivable with carrying value of approximately RMB273.3 million (31 December 2023: RMB887.3 million) were pledged as security for issuing bills.

As at 31 December 2024, certain plants with net book value of RMB375.4 million (31 December 2023: RMB365.6 million) and land use rights under right-of-use assets with carrying value of RMB390.7 million (31 December 2023: RMB379.8 million) were pledged as security for bank loans and borrowings of the Group.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2024 (2023: Nil).

EVENTS AFTER THE REPORTING PERIOD

No significant event has occurred after the end of the year under review.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company had complied with all the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules for year ended 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set out in Appendix C3 to the Listing Rules as the code of conduct (“**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 and the Code of Conduct for the Year.

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 of the Company.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the Shareholders’ entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 26 May 2025 to Thursday, 29 May 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the Annual General Meeting, all transfer of Shares accompanied by the relevant Share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m. on Friday, 23 May 2025.

To ascertain the Shareholders’ entitlement to the final dividend, subject to Shareholders’ approval at the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 4 June 2025 to Friday, 6 June 2025 (both days inclusive). During such period, no transfer of the Shares 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, Computershare Hong Kong Investor Services Limited, at the above address not later than 4:30 p.m. on Tuesday, 3 June 2025.

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, the majority thereof must be independent non-executive directors, and 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 of the Board is composed of three independent non-executive Directors namely, Mr. CHEN Mo, Mr. HO Kwan Yiu and Mr. LAM Ying Hung, Andy (“**Mr. LAM**”) and one non-executive Director namely, Mr. WANG Lei. Mr. LAM, who has professional qualification and experience in financial management, serves as the chairman of the audit committee of the Board.

The audit committee of the Board has met with the management and external auditors of the Company and has reviewed the consolidated results of our Group for the Year.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The financial figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated cash flow statement and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been compared by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 26 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF 2024 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xingfa.com), and the 2024 annual report of the Company containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Xingfa Aluminium Holdings Limited
WANG Li
Chairman

26 March 2025

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

Executive Directors:

Mr. WANG Li (*Chairman*)
Mr. LIAO Yuqing (*Chief Executive Officer*)
Ms. ZHENG Jianhua (*Chief Financial Officer*)
Mr. LAW Yung Koon
Mr. WANG Zhihua
Mr. LUO Jianfeng

Non-executive Directors:

Mr. ZUO Manlun
Mr. WANG Lei

Independent non-executive Directors:

Mr. CHEN Mo
Mr. HO Kwan Yiu
Mr. LAM Ying Hung, Andy
Mr. WEN Xianjun