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 2012

FINANCIAL HIGHLIGHTS

1. Turnover increased by approximately 16% to RMB3,546.6 million (2011: RMB3,067.5 million).

2. Sales volume rose by approximately 25% to 176,303 tonnes (2011: 140,635 tonnes).

3. Gross profit increased by approximately 56% to RMB397.0 million (2011: RMB254.0 million).

4. Profit for the year increased by approximately 485% to RMB86.6 million (2011: RMB14.8 million).

5. Earnings per share were RMB0.207 (2011: RMB0.035).

6. The Board recommended the payment of a final dividend for the year ended 31 December 2012 of HK$0.05 (2011: Nil) per ordinary share.

RESULTS

The board of directors (the "**Directors**" or the "**Board**") of Xingfa Aluminium Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**", "**our Group**", "**we**" or "**us**") prepared under International Financial Reporting Standards ("**IFRS**") for the year ended 31 December 2012, together with the comparative figures for the corresponding financial year ended 31 December 2011 and the relevant explanatory notes as set out below.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012
(Expressed in Renminbi)

	Note	**2012**	2011
		RMB'000	*RMB'000*
Turnover	*2*	**3,546,566**	3,067,450
Cost of sales		**(3,149,522)**	(2,813,498)
Gross profit		**397,044**	253,952
Other revenue	*3*	**44,069**	13,343
Other net loss	*3*	**(5,864)**	(3,970)
Distribution costs		**(52,458)**	(47,075)
Administrative expenses		**(148,995)**	(119,491)
Profit from operations		**233,796**	96,759
Finance costs	*4(a)*	**(124,100)**	(78,371)
Profit before taxation	*4*	**109,696**	18,388
Income tax expenses	*5*	**(23,136)**	(3,576)
Profit for the year attributable to equity shareholders of the Company		**86,560**	14,812
Basic and diluted earnings per share *(RMB yuan)*	*9*	**0.207**	0.035

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012
(Expressed in Renminbi)

	2012	2011
	RMB'000	*RMB'000*
Profit for the year	**86,560**	14,812
Other comprehensive income for the year		
Exchange differences on translation of financial statements of operations outside the People's Republic of China (the "PRC")	**404**	(2,188)
Total comprehensive income for the year attributable to equity shareholders of the Company	**86,964**	12,624

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012
(Expressed in Renminbi)

	Note	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment		**1,560,832**	1,331,446
Lease prepayments		**371,616**	379,957
Prepayment for machinery		**11,001**	56,326
Deferred tax assets		**27,745**	39,191
Other investment		**11,912**	–
		1,983,106	1,806,920
Current assets			
Trading securities		**1,000**	1,005
Inventories		**370,800**	389,117
Trade and other receivables	*10*	**1,100,618**	1,275,835
Pledged deposits		**107,813**	194,962
Cash and cash equivalents		**264,804**	244,222
		1,845,035	2,105,141
Current liabilities			
Trade and other payables	*11*	**830,869**	1,258,246
Loans and borrowings		**1,443,810**	1,061,527
Obligations under finance leases		**–**	24,430
Derivative financial instruments		**–**	5,117
Current tax payables		**30,575**	32,097
		2,305,254	2,381,417
Net current liabilities		**(460,219)**	(276,276)
Total assets less current liabilities		**1,522,887**	1,530,644
Non-current liabilities			
Loans and borrowings		**571,883**	643,000
Deferred income		**88,633**	112,237
		660,516	755,237
Net assets		**862,371**	775,407
Capital and reserves			
Share capital		**3,731**	3,731
Reserves		**858,640**	771,676
Total equity		**862,371**	775,407

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012
(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 2011	3,731	196,160	6,200	209,822	74,407	(1,538)	288,631	777,413
Changes in equity for 2011:								
Profit for the year	–	–	–	–	–	–	14,812	14,812
Other comprehensive income	–	–	–	–	–	(2,188)	–	(2,188)
Total comprehensive income for the year	–	–	–	–	–	(2,188)	14,812	12,624
Dividends approved in respect of the previous year	–	–	–	–	–	–	(14,630)	(14,630)
Appropriation to reserves	–	–	–	–	2,981	–	(2,981)	–
Balance at 31 December 2011	3,731	196,160	6,200	209,822	77,388	(3,726)	285,832	775,407
Balance at 1 January 2012	3,731	196,160	6,200	209,822	77,388	(3,726)	285,832	775,407
Changes in equity for 2012:								
Profit for the year	–	–	–	–	–	–	86,560	86,560
Other comprehensive income	–	–	–	–	–	404	–	404
Total comprehensive income for the year	–	–	–	–	–	404	86,560	86,964
Dividends approved in respect of the previous year	–	–	–	–	–	–	–	–
Appropriation to reserves	–	–	–	–	8,491	–	(8,491)	–
Balance at 31 December 2012	3,731	196,160	6,200	209,822	85,879	(3,322)	363,901	862,371

Notes:

1 STATEMENT OF COMPLIANCE

The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2012 but are extracted from those audited consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2012 comprise the Company and its subsidiaries (collectively referred to as the "Group") and are expressed in Renminbi unless otherwise indicated.

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at 31 December 2012, the Group's current liabilities exceeded its current assets by RMB460,219,000 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 RMB894,639,000 of the Group as at 31 December 2012 and a detailed review of the working capital forecast of the Group for the year ending 31 December 2013, the Group will have the necessary liquid funds to finance its working capital and capital expenditure requirements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The IASB has issued a few amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following development is relevant to the Group's financial statements:

- Amendments to IFRIS 7, financial instruments: Disclosures. Transfer to financial assets.

The amendments to IFRS 7 require certain disclosures to be included in the annual financial statements in respect of all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset existing at the reporting date, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

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

2 SEGMENT REPORTING

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

- Industrial aluminium profiles: this segment manufactures and sells plain aluminium profiles, mainly for industrial usage.

- Construction aluminium profiles: this segment manufactures and sells construction aluminium profiles, including anodic oxidation aluminium profiles, electrophoresis coating aluminium profiles, powder coating aluminium profiles and PVDF coating aluminium profiles. Construction aluminium profiles are widely used in architecture decoration.

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

(a) Segment results, assets and liabilities

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

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The measure used for reporting segment profit is gross profit. The Group's senior executive management is provided with segment information concerning segment revenue and profit. Segment assets and liabilities are not reported to the Group's senior executive management regularly.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year ended 31 December 2012 and 2011 is set out below:

	Industrial aluminium profiles		**Construction aluminium profiles**		**All other segments**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment revenue								
Revenue from external customers	**731,318**	850,463	**2,759,303**	2,068,256	**55,945**	148,731	**3,546,566**	3,067,450
Reportable segment profit								
Gross profit	**88,614**	78,917	**289,949**	141,942	**18,481**	33,093	**397,044**	253,952

(b) Reconciliations of reportable segment profit

	2012	2011
	RMB'000	*RMB'000*
Reportable segment profit derived from the Group's external customers	**397,044**	253,952
Other revenue	**44,069**	13,343
Other net loss	**(5,864)**	(3,970)
Distribution costs	**(52,458)**	(47,075)
Administrative expenses	**(148,995)**	(119,491)
Finance costs	**(124,100)**	(78,371)
Consolidated profit before taxation	**109,696**	18,388

3 OTHER REVENUE AND OTHER NET LOSS

	2012	2011
	RMB'000	*RMB'000*
Other revenue		
Interest income	**7,227**	4,320
Government grants		
– Unconditional subsidies	**5,578**	661
– Conditional subsidies	**31,264**	8,362
	44,069	13,343
Other net loss		
Net (losses)/gains on derivative financial instruments		
– aluminium future contracts	**(2,675)**	(3,217)
– forward foreign exchange contracts	**–**	520
Loss on disposal of property, plant and equipment	**(2,187)**	(970)
Net foreign exchange losses	**(335)**	(832)
Others	**(667)**	529
	(5,864)	(3,970)

4 PROFIT BEFORE TAXATION

(a) Finance costs

	2012	2011
	RMB'000	*RMB'000*
Interest expenses on bank loans	**147,431**	102,741
Finance charges on obligations under finance leases	**801**	1,836
Less: interest expenses capitalised into construction in progress	**(24,132)**	(26,206)
	124,100	78,371

(b) Other items:

	2012	2011
	RMB'000	*RMB'000*
Depreciation	**72,617**	60,104
Amortisation of lease prepayments	**8,341**	8,341
Research and development costs	**6,404**	4,223
Impairment losses on trade and other receivables	**113**	460
Operating lease charges	**564**	819

5 INCOME TAX EXPENSES

	2012	2011
	RMB'000	*RMB'000*
Current tax		
Provision for PRC corporate income tax	**11,274**	16,001
Provision for Hong Kong Profits Tax	**416**	1,040
	11,690	17,041
Deferred tax		
Origination and reversal of temporary differences	**11,446**	(13,465)
	23,136	3,576

(a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(b) The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2012 (2011: 16.5%).

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

- Guangdong Xingfa Aluminium Co., Ltd. ("Guangdong Xingfa") was qualified as an "Advanced and New Technology Enterprise" and entitled to the preferential income tax rate of 15% from 2012 to 2014. The corporate income tax rate applicable to Guangdong Xingfa was 15% for 2012 (2011:15%).

- All other PRC subsidiaries of the Group are limited liability companies established under the laws of the PRC and are wholly-owned subsidiaries of Guangdong Xingfa. They are liable to the PRC corporate income tax at a rate of 25% for 2012 (2011: 25%).

(d) In addition, the Group would be subject to withholding tax at the rate of 5% if profits generated by Guangdong Xingfa after 31 December 2007 were to be distributed. As Guangdong Xingfa is wholly owned by the Company, the Company controls the dividend policy of Guangdong Xingfa and it has determined that Guangdong Xingfa will not distribute post 1 January 2008 profits in the foreseeable future.

8 DIVIDENDS

The Board recommended the payment of a final dividend for the year ended 31 December 2012 of HK$0.05 per ordinary share (2011: Nil).

9 EARNINGS PER SHARE

The calculation of basic earnings per share during the year ended 31 December 2012 was based on the profit attributable to equity shareholders of the Company of RMB86,560,000 (2011: RMB14,812,000) and 418,000,000 shares (2011: 418,000,000 shares) in issue during the year ended 31 December 2012.

There were no dilutive potential ordinary shares in issue during the year ended 31 December 2011 and 2012, and therefore, the diluted earnings per share are the same as the basic earnings per share.

10 TRADE AND OTHER RECEIVABLES

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

	2012	2011
	RMB'000	*RMB'000*
Within 1 month	**575,303**	567,264
1 to 3 months	**192,144**	219,251
3 to 6 months	**179,532**	307,665
Over 6 months	**8,661**	23,897
Trade debtors and bills receivable, net of allowance for doubtful debts	**955,640**	1,118,077
Other receivables, prepayments and deposits	**144,978**	157,758
	1,100,618	1,275,835

No trade receivable was pledged for bank loans as at 31 December 2012 (2011: RMB11,242,000).

Certain bills receivable with carrying value of RMB77,302,000 were pledged as securities for bank loans of the Group as at 31 December 2012 (2011: RMB17,700,000).

11 TRADE AND OTHER PAYABLES

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

	2012	2011
	RMB'000	*RMB'000*
Within 1 month	**229,052**	177,303
1 to 3 months	**148,745**	281,335
3 to 6 months	**279,102**	582,536
Over 6 months	**12,549**	6,517
Total creditors and bills payable	**669,448**	1,047,691
Other payables and accruals	**149,288**	198,413
Deferred income	**12,133**	12,142
	830,869	1,258,246

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 20 years. Xingfa Aluminium was awarded as the No. 1 of the Top-Ten National Aluminium Profiles Enterprises by the China Non-Ferrous Metals Fabrication Industrial Association ("CNFA") in 2003 and 2008. In 2012, Xingfa Aluminium was further awarded as the No. 1 of the Top-Twenty National Aluminium Profiles Enterprises by CNFA.

In 2012, we are excited to see the fruitful returns from the capacity expansion plan executed for the past few years. Both Sichuan Chengdu and Jiangxi Yichun plants started to make profit and became another two profit engines to the Group. Besides, Henan Qinyang plant has commenced trial production successfully in the second half of 2012, it marked another milestone to the Group. With the aim to become all-round and one-stop aluminum service provider in the PRC, these strategically-located plants allow Xingfa Aluminium to access to our clientele closely and tape our products to the market in a more convenient and cost-effective ways. Therefore, it in returns increases our market share in the long-run.

Though the fragile global economy has laid uncertainty to us, Xingfa Aluminium managed to resume a strong profit growth momentum with its stronger foundation and sales network in China. In this regards, the Board recommended to resume the payment of a final dividend of HK$0.05 per ordinary share (2011: nil) for the year ended 31 December 2012 to share these fruitful results with our shareholders.

Turnover

Turnover and sales volume recorded approximately RMB3,546.6 million and 176,303 tonnes for the year ended 31 December 2012 respectively (2011: RMB3,067.5 million and 140,635 tonnes). The increase in turnover during the year was mainly due to the increase in sales volume.

As benefited from the expansion of our sales network, our sales volume increased by approximately 25% year-on-year to 176,303 tonnes in 2012. In particular, construction aluminium profiles increased by approximately 43% year-on-year to 136,973 tonnes in 2012 (2011: 95,955 tonnes). However, our sales volume for industrial aluminium profiles decreased slightly by approximately 12% year-on-year to 39,330 tonnes (2011: 44,680 tonnes) due to the slowdown of export of storage containers in 2012.

Cost of sales

Our cost of sales increased by approximately 12% year-on-year to RMB3,149.5 million in 2012 (2011: RMB2,813.5 million) which was aligned with the increase in turnover.

Gross profit and gross profit margin

Gross profit margin increased to 11.2% during the year (2011: 8.3%) whilst sales to production ratio also increased to 99.6% (2011: 97.5%).

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

	2012	2011
Average gross profit margin	**11.2%**	8.3%
– Industrial aluminium profiles	**12.1%**	9.3%
– Construction aluminium profiles	**10.5%**	6.9%

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

Meanwhile, more sales orders were concluded for powder coating aluminium profiles, representing approximately 52% and 41% for construction aluminium profiles and overall aluminium profiles respectively. The drop in average unit cost as a result of better division of labor definitely improved the average gross profit margin for construction aluminium profiles. As such, these slightly changes of product mix contributed the improvement of the overall gross profit margin to 11.2% in 2012.

Other revenue and other net loss

Our Group recorded other revenue and other net loss of approximately RMB38.2 million for the year ended 31 December 2012 (2011: RMB9.4 million).

For the year ended 31 December 2012, more government grants of approximately RMB31.3 million were recorded as a result of the recognition of our successful capital investments in Sichuan Chengdu and Jiangxi Yichun plants and operation results in Henan Qinyang plant (2011: RMB9.0 million).

However, it was offset by the loss of aluminum future contracts of approximately RMB2.7 million (2011: RMB3.2 million) and loss of disposal of fixed assets of RMB2.2 million (2011: RMB1 million) arising from the relocation of production facilities from Guangdong Nanzhung plant to Guangdong Sanshui plant.

Distribution costs

Distribution costs increased by approximately 11% to approximately RMB52.5 million for the year ended 31 December 2012 (2011: RMB47.1 million), whilst our distribution expenses as a percentage of turnover remained steady at approximately 1.5% (2011: 1.5%).

Administrative expenses

Administrative expenses recorded approximately RMB149.0 million for the year ended 31 December 2012, which was approximately 25% higher than that in 2011 (2011: RMB119.5 million) and our administrative expenses as a percentage of turnover rose to approximately 4.2% (2011: 3.9%). Such increase was mainly attributable to the increase in staff cost and related expenses and arrangement fees for banking facilities for the three new plants.

Finance costs

Finance costs increased by approximately 58% to approximately RMB124.1 million for the year ended 31 December 2012 (2011: RMB78.4 million) mainly due to the increase in average loans and borrowings in 2012 in financing our working capital needs.

Profit for the year and the net profit margin

In 2012, our Group recorded profit for the year of approximately RMB86.6 million (2011: RMB14.8 million) while the net profit margin improved to approximately 2.4% (2011: 0.5%). Such improvement was mainly attributable to the increase in sales volume, improvement in average gross profit margin and increase in government grants.

ANALYSIS OF FINANCIAL POSITION

Current and quick ratios

The following table sets out the summary of our Group's current and quick ratios as at 31 December 2011 and 2012:

	2012	2011
Current Ratio *(Note)*	**0.80**	0.88
Quick Ratio *(Note)*	**0.64**	0.72

Note:

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

Quick ratio is calculated based on the difference between the total current assets and the inventories divided by the total current liabilities at the end of the year.

Both ratios remained steady in both years.

Gearing ratio

The following table sets out the summary of our Group's gearing ratio as at 31 December 2011 and 2012:

	2012	2011
Gearing ratio *(Note)*	**52.7%**	44.2%

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 to 52.7% since the Group has assumed more loans and borrowings to finance our working capital and capital expenditure needs.

Inventory Turnover Days

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

	2012	2011
Inventory Turnover Days *(Note)*	**44**	51

Note:

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

Inventories balance as at the respective years ended 31 December 2011 and 2012 represents our raw materials, work in progress and the unsold finished goods.

Inventory turnover days improved during 2012 as a result of the shortened and improved production process amongst the plants of our group.

Debtors' Turnover days

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

	2012	2011
Debtors' Turnover Days *(Note)*	**107**	102

Note:

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

The increase in debtors' turnover days was mainly due to more sales were concluded in the fourth quarter of 2012 which these customers have longer credit periods.

Creditors' Turnover days

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

	2012	2011
Creditors' Turnover Days *(Note)*	**100**	93

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 increase in creditors' turnover days was mainly due to comparatively high average balance of bills payable stood at 31 December 2012.

Cash flow

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

	2012	2011
	RMB'million	*RMB'million*
Net cash generated from operating activities	**48.5**	275.7
Net cash used in investing activities	**(189.9)**	(513.5)
Net cash generated from financing activities	**162.1**	338.1

We generally finance our operations through a combination of shareholders' equity, internally generated cash flows, bank borrowings and our cash and cash equivalents. Our Directors believe that on a long-term basis, our liquidity will be funded from operations and, if necessary, additional equity financing or bank borrowings.

Capital expenditures

Capital expenditure was used for acquisition of property, plant and equipment and lease prepayment. During 2012, our Group's capital expenditures were approximately RMB272.4 million (2011: RMB401.1 million). The significant capital expenditures during the year were mainly for the acquisition of plant and equipment for the Guangdong Sanshui plant and the three new plants at Sichuan Chengdu, Jiangxi Yichun and Henan Qinyang.

Loans and borrowings

As at 31 December 2012, our Group's loans and borrowings amounted to approximately RMB2,015.7 million (31 December 2011: RMB1,704.5 million).

Banking facilities and guarantee

As at 31 December 2012, the banking facilities of our Group amounted to approximately RMB3,152.9 million (31 December 2011: RMB2,860.7 million), of which approximately RMB2,272.2 million were utilised (31 December 2011: RMB2,143.0 million)

No banking facilities (31 December 2011: RMB251.3 million) were guaranteed by related parties.

Human resources

As at 31 December 2012, our Group employed a total of approximately 4,255 full time employees in the PRC which included management staff, technicians, salespersons and workers. In 2012, our Group's total expenses on the remuneration of employees were RMB215.5 million, represented 6.1% of the turnover of our Group. Our Group's emolument policies are formulated on the performance of individual employees, which will be reviewed regularly every year. Apart from the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for the PRC employees) and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance.

Significant investment held, material acquisition and disposal of subsidiaries and associated companies

On 16 March 2012, the Group made an investment of RMB11,911,500 in Guangdong Star Lake New Material Company Limited("Star Lake Material") which represents 3.89% of the equity interests of Star Lake Material.

PROSPECTS

Following the successful capacity expansion plan at the three new plants in Sichuan Chengdu, Jiangxi Yichun and Henan Qinyang, this organic growth tied perfectly with the demand growth ahead to extend our market coverage from South-East China to also South-West and South-East China. These plants will become the critical income sources of the Group in the future. Riding on this powerful engine, our annual designed production capacity may reach 220,000 tonnes of aluminium profiles in 2013, thereby increasing our profit and market share in the long-run.

In line with our prudent approach and in view of the fragile global economic environment, strengthening balance sheet management, optimizing product mix and enhancing operating efficiency will be our main focuses in 2013.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK$0.05 per ordinary share for the year ended 31 December 2012 (2011: nil), subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company.

The final dividend will be paid in Hong Kong Dollars based on the average exchange rate of Renminbi against Hong Kong Dollars as quoted by the People's Bank of China for five days prior to the date of the annual general meeting of the Company. The final dividend will be paid on or around 28 June 2013 to shareholders whose names appear on the register of members of the Company on Thursday, 13 June 2013.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the right to attend the forthcoming annual general meeting to be held on Friday, 31 May 2013, the register of members of the Company will be closed from Wednesday, 29 May 2013 to Friday, 31 May 2013 (both days inclusive). During such period, no transfer of the shares in the Company will be registered. In order to qualify for the attendance in the annual general meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 28 May 2013.

For the purpose of determining the entitlement to the final dividend, the register of members of the Company will be closed from Monday, 10 June 2013 to Thursday, 13 June 2013 (both days inclusive). During such period, no transfer of the shares in the Company will be registered. In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at the above address not later than 4:30 p.m. on Friday, 7 June 2013.

CORPORATE GOVERNANCE

In the opinion of the directors of the Company, save as mentioned below, the Company had complied with all the code provisions of (i) the former Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the period from 1 January 2012 to 31 March 2012 and (ii) the revised and renamed Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the period from 1 April 2012 to 31 December 2012.

According to the code provision A.1.1 of the Corporate Governance Code, the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2012, the Board has held two full board meetings. Instead, the Board has discussed the company matters through exchange of emails and informal meeting among the Directors and obtaining board consent through circulating written resolutions.

According to the code provision A.6.7 of the Corporate Governance Code, the independent non-executive Directors and non-executive Directors should also attend general meetings of the Company. Mr. Chen Shengguang, a non-executive Director, did not attend the annual general meeting and the extraordinary general meeting of the Company both held on 31 May 2012 due to unexpected business engagement.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors' securities transactions. After having made specific enquiry with all Directors, our Company has received confirmations from all Directors that they have complied with the required standards set out in the Model Code for the year ended 31 December 2012.

The Company has also adopted procedures on terms no less exacting than the Model Code in respect of the securities transactions of the employees who are likely to be in possession of unpublished price-sensitive information.

REVIEW BY THE AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority 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 serves as the chairman of the audit Committee of our Company. The chairman of the audit committee has professional qualification and experience in financial matters.

The audit committee of our Company has met with the management and external auditors of our Company and has reviewed the consolidated results of our Group for the year ended 31 December 2012.

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities for the year ended 31 December 2012.

PUBLICATION OF 2012 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xingfa.com), and the 2012 annual report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 28 March 2013

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

Executive Directors:	Mr. LIU Libin *(Chairman)* Mr. LUO Su *(Honorary Chairman)* Mr. LUO Riming *(Chief Executive Officer)* Mr. LIAO Yuqing Mr. DAI Feng Mr. LAW Yung Koon Mr. WANG Zhihua
Non-executive Director:	Mr. CHEN Shengguang
Independent non-executive Directors:	Mr. CHEN Mo Mr. HO Kwan Yiu Mr. LAM Ying Hung Andy Mr. LIANG Shibin
Alternate Director to Mr. LIU Libin:	Mr. WONG Siu Ki