興 發 鋁 業 控 股 有 限 公 司

XINGFA ALUMINIUM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(HKEX stock code: 98)

Interim Report 2013

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CORPORATE INFORMATION

DIRECTORS AND BOARD COMMITTEES

Directors

Executive Directors

LIU Libin *(Chairman)*
LUO Su *(Honorable Chairman)*
LUO Riming *(Chief Executive Officer)*
LIAO Yuqing
DAI Feng
LAW Yung Koon
WANG Zhihua

Non-executive Director

CHEN Shengguang

Independent Non-executive Directors

CHEN Mo
HO Kwan Yiu
LAM Ying Hung, Andy

Alternate Director to LIU Libin

WONG Siu Ki

Board Committees

Audit Committee

LAM Ying Hung, Andy *(Chairman)*
CHEN Mo
HO Kwan Yiu
CHEN Shengguang

Remuneration Committee

HO Kwan Yiu *(Chairman)*
CHEN Mo
LAM Ying Hung, Andy
LUO Su
LIU Libin

Nomination Committee

LUO Su *(Chairman)*
CHEN Mo
HO Kwan Yiu
LAM Ying Hung, Andy
LIU Libin

COMPANY SECRETARY

TAM Ka Wai, Kelvin

AUTHORIZED REPRESENTATIVES

LIU Libin
DAI Feng
WONG Siu Ki
(alternate to LIU Libin)
LAM Ying Hung, Andy
(alternate to DAI Feng)

REGISTERED OFFICE

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Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Guangdong Province, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1513,
15th Floor, Tower 6,
The Gateway,
Harbour City,
Tsim Sha Tsui,
Kowloon,
Hong Kong

PRINCIPAL BANKERS

Bank of China, Foshan Branch
Agriculture Bank of China,
Foshan Nanzhuang Sub-branch
China Construction Bank
Corporation, Foshan Branch

LEGAL ADVISER

As to Hong Kong law:

Leung & Lau

As to Cayman Islands law:

Conyers Dill & Pearman

AUDITORS

KPMG
8th Floor, Prince's Building,
10 Chater Road, Central, Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office in the Cayman Islands

Butterfield Fund Services (Cayman)
Limited
Butterfield House
68 Fort Street
P. O. Box 705
Grand Cayman KY1-1107
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
26th Floor, Tesbury Centre,
28 Queen's Road East
Wanchai, Hong Kong.

WEBSITE

www.xingfa.com

STOCK CODE

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INTRODUCTION

The board of directors (the "**Directors**" or the "**Board**") of Xingfa Aluminium Holdings Limited (the "**Company**" or "**Xingfa Aluminium**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**", "**our Group**", "**we**" or "**us**") prepared under International Financial Reporting Standards ("**IFRS**") for the six months ended 30 June 2013 ("**1H13**"), together with the comparative figures for the corresponding period in 2012 ("**1H12**") and the relevant explanatory notes as set out below. The consolidated results are unaudited, but have been reviewed by the Company's independent auditors, KPMG, and the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2013 – unaudited
(Expressed in Renminbi)

		For the six months ended 30 June	
		2013	2012
	Note	***RMB'000***	*RMB'000*
Turnover	*3*	**1,615,258**	1,516,117
Cost of sales		**(1,415,175)**	(1,351,358)
Gross profit		**200,083**	164,759
Other revenue	*5*	**26,966**	9,563
Other net loss	*5*	**(2,051)**	(2,844)
Distribution costs		**(28,903)**	(21,598)
Administrative expenses		**(76,247)**	(62,751)
Profit from operation		**119,848**	87,129
Finance costs	*6(a)*	**(60,372)**	(63,613)
Profit before taxation	*6*	**59,476**	23,516
Income tax expenses	*7*	**(12,439)**	(5,656)
Profit for the period attributable to equity shareholders of the Company		**47,037**	17,860
Basic and diluted earnings per share *(RMB yuan)*	*9*	**0.11**	0.04

The notes on pages 11 to 29 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2013 – unaudited
(Expressed in Renminbi)

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Profit for the period	**47,037**	17,860
Other comprehensive income for the period		
Exchange differences on translation of financial statements of operations outside the People's Republic of China (the "PRC") which may be reclassified subsequently to profit or loss	**(99)**	654
Total comprehensive income for the period attributable to equity shareholders of the Company	**46,938**	18,514

The notes on pages 11 to 29 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2013 – unaudited
(Expressed in Renminbi)

	Note	**At 30 June 2013** *RMB'000*	At 31 December 2012 *RMB'000*
Non-current assets			
Property, plant and equipment	*10*	**1,665,870**	1,560,832
Lease prepayments		**367,445**	371,616
Prepayment for machinery		**9,941**	11,001
Deferred tax assets		**21,826**	27,745
Other investment		**11,912**	11,912
		2,076,994	1,983,106
Current assets			
Trading securities		**–**	1,000
Inventories	*11*	**484,389**	370,800
Trade and other receivables	*12*	**1,187,019**	1,100,618
Pledged deposits	*13*	**115,839**	107,813
Cash and cash equivalents	*14*	**193,312**	264,804
		1,980,559	1,845,035
Current liabilities			
Trade and other payables	*15*	**762,325**	830,869
Loans and borrowings	*16*	**1,699,774**	1,443,810
Obligations under finance leases	*17*	**25,934**	–
Current tax payables		**25,415**	30,575
		2,513,448	2,305,254
Net current liabilities		**(532,889)**	(460,219)
Total assets less current liabilities		**1,544,105**	1,522,887

	Note	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Non-current liabilities			
Loans and borrowings	*16*	**542,360**	571,883
Obligations under finance leases	*17*	**41,818**	–
Deferred income	*18*	**67,210**	88,633
		651,388	660,516
Net assets		**892,717**	862,371
Capital and reserves			
Share capital		**3,731**	3,731
Reserves		**888,986**	858,640
Total equity		**892,717**	862,371

The notes on pages 11 to 29 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2013 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company							
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Other reserve *RMB'000*	PRC statutory reserves *RMB'000*	Exchanges reserves *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
Balance at 1 January 2012	3,731	196,160	6,200	209,822	77,388	(3,726)	285,832	775,407
Changes in equity for the six months ended 30 June 2012								
Profit for the period	–	–	–	–	–	–	17,860	17,860
Other comprehensive income	–	–	–	–	–	654	–	654
Total comprehensive income for the period	–	–	–	–	–	654	17,860	18,514
Balance at 30 June 2012 and 1 July 2012	3,731	196,160	6,200	209,822	77,388	(3,072)	303,692	793,921
Changes in equity for the six months ended 31 December 2012								
Profit for the period	–	–	–	–	–	–	68,700	68,700
Other comprehensive income	–	–	–	–	–	(250)	–	(250)
Total comprehensive income for the period	–	–	–	–	–	(250)	68,700	68,450
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
Balance at 1 January 2013	3,731	196,160	6,200	209,822	85,879	(3,322)	363,901	862,371
Changes in equity for the six months ended 30 June 2013								
Profit for the period	–	–	–	–	–	–	47,037	47,037
Other comprehensive income	–	–	–	–	–	(99)	–	(99)
Total comprehensive income for the period	–	–	–	–	–	(99)	47,037	46,938
Dividends *(Note 8)*	–	(16,592)	–	–	–	–	–	(16,592)
Balance at 30 June 2013	**3,731**	**179,568**	**6,200**	**209,822**	**85,879**	**(3,421)**	**410,938**	**892,717**

The notes on pages 11 to 29 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

for the six months ended 30 June 2013 – unaudited
(Expressed in Renminbi)

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Cash used in operations	**(104,759)**	(64,900)
Income tax paid	**(11,680)**	(2,669)
Net cash used in operating activities	**(116,439)**	(67,569)
Net cash used in investing activities	**(86,292)**	(120,102)
Net cash generated from financing activities	**132,021**	255,014
Net (decrease)/increase in cash and cash equivalents	**(70,710)**	67,343
Cash and cash equivalents at 1 January	**264,804**	244,222
Effect of foreign exchange rate changes	**(782)**	312
Cash and cash equivalents at 30 June	**193,312**	311,877

The notes on pages 11 to 29 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

1 Basis of preparation

(a) The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), including compliance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, adopted by the International Accounting Standards Board ("IASB"). It was authorised for issue on 30 August 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out in Note 2.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Xingfa Aluminium Holdings Limited (the "Company") and its subsidiaries (the "Group") since the 2012 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company. It has also been reviewed by KPMG in accordance with the Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 30.

The financial information relating to the financial year ended 31 December 2012 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2012 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2013.

As at 30 June 2013, the Group's current liabilities exceeded its current assets by RMB532,889,000 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 RMB750,885,000 of the Group as at 30 June 2013 and a detailed review of the working capital forecast of the Group for the twelve-month period ending 30 June 2014, the Group will have the necessary liquid funds to finance its working capital and capital expenditure requirements. Accordingly, the interim financial report has been prepared on a going concern basis.

2 Changes in accounting policies

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

- Amendments to IAS 1, Presentation of financial statements – Presentation of items of other comprehensive income
- IFRS 10, Consolidated financial statements
- IFRS 12, Disclosure of interests in other entities
- IFRS 13, Fair value measurement
- Annual Improvements to IFRSs 2009-2011 Cycle
- Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

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

Amendments to IAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to IAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, Consolidated and separate financial statements relating to the preparation of consolidated financial statements and SIC 12 Consolidation – Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting IFRS 12.

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to IFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, IAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. The amendment does not have any impact on the segment disclosure of the Group because the Group does not have any reportable segments with total assets or total liabilities materially different from the amounts reported in the last annual financial statements.

Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, Financial instruments: Presentation and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of IFRS 7.

3 Segment reporting

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

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

- Construction aluminium profiles: this segment manufactures and sells construction aluminium profiles with surface finishing, including anodic oxidation aluminium profiles, electrophoresis coating aluminium profiles, powder coating aluminium profiles, PVDF coating aluminium profiles and aluminium profiles with thermal barrier. 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

In accordance with IFRS 8, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results attributable to each reportable segment.

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period ended 30 June 2013 and 2012 respectively are set out below.

	Industrial aluminium profiles		Construction aluminium profiles		All other segments		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment revenue								
Revenue from external customers	**275,990**	378,686	**1,317,857**	1,113,677	**21,411**	23,754	**1,615,258**	1,516,117
Reportable segment profit								
Gross profit	**24,230**	48,291	**168,008**	115,143	**7,845**	1,325	**200,083**	164,759

(b) Reconciliations of reportable segment profit

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Reportable segment profit derived from the Group's external customers	**200,083**	164,759
Other revenue	**26,966**	9,563
Other net loss	**(2,051)**	(2,844)
Distribution costs	**(28,903)**	(21,598)
Administrative expenses	**(76,247)**	(62,751)
Finance costs	**(60,372)**	(63,613)
Consolidated profit before taxation	**59,476**	23,516

4 Seasonality of operations

The Group's operation on average experiences 30% lower sales in the first quarter, compared to other quarters in the year, due to the decreased demand for its products during the Chinese New Year holidays.

5 Other revenue and other net loss

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Other revenue		
Interest income	**2,826**	3,233
Rental income	**632**	–
Government grants		
– Unconditional subsidies	**2,631**	1,426
– Conditional subsidies	**20,877**	4,904
	26,966	9,563
Other net loss		
Net realised and unrealised losses on derivative financial instruments	**–**	(2,670)
Foreign exchange losses	**(1,288)**	(174)
Loss on disposal of property, plant and equipment	**(763)**	–
	(2,051)	(2,844)

6 Profit before taxation

(a) Finance costs

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Interest expenses on bank loans	**64,095**	72,100
Interest on discounted bills	**2,165**	4,997
Finance charges on obligations under finance lease	**1,974**	558
Less: interest expenses capitalised into construction in progress	**(7,862)**	(14,042)
	60,372	63,613

The borrowing costs have been capitalised at a rate of 6.051% to 6.900% (six months ended 30 June 2012: 6.210% to 7.181%) per annum.

(b) Other items:

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Depreciation	**46,959**	33,505
Amortisation of lease prepayments	**4,171**	4,171
Research and development costs	**1,008**	1,958
Operating lease charges	**250**	283

7 Income tax expenses

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Current tax		
Provision for PRC income tax	**6,074**	2,883
Provision for Hong Kong Profits Tax	**446**	529
	6,520	3,412
Deferred tax		
Origination and reversal of temporary differences	**5,919**	2,244
	12,439	5,656

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

(b) The provision for Hong Kong Profits Tax for the six months ended 30 June 2013 is calculated by applying the estimated annual effective tax rate of 16.5% (2012: 16.5%).

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

- All PRC subsidiaries of the Group are limited liability companies established under the laws of the PRC. They are liable to the PRC corporate income tax at a rate of 25% for the six months ended 30 June 2013 (2012: 25%).

- 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 the six months ended 30 June 2013 (2012: 15%).

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

As Guangdong Xingfa is wholly owned by the Company, the Company can control the payments of dividends by Guangdong Xingfa and the Company's directors have confirmed that it is unlikely that Guangdong Xingfa will pay dividends in connection with the profits generated after 1 January 2008 in the foreseeable future. As at 30 June 2013, no provision of withholding tax was provided by Guangdong Xingfa.

8 Dividends

(i) Dividends payable to equity shareholders attributable to the interim period

The directors do not propose the payment of interim dividends for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Final dividends in respect of the previous financial year, approved and paid during the interim period ended 30 June 2013 of HKD0.05 per share (six months ended 30 June 2012: Nil)	**16,592**	–

The Group paid RMB16,592,000 (equivalent to HKD20,900,000) during the interim period ended 30 June 2013 which were deducted from share premium of the Company.

9 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB47,037,000 (six months ended 30 June 2012: RMB17,860,000) and 418,000,000 shares (six months ended 30 June 2012: 418,000,000 shares) in issue during the six months ended 30 June 2013.

There were no dilutive potential ordinary shares in issue for the six months ended 30 June 2013 and 2012, and therefore, the diluted earnings per share are the same as the basic earnings per share.

10 Property, plant and equipment

During the six months ended 30 June 2013, the Group acquired items of property, plant and machinery with a cost of RMB202,922,000 (six months ended 30 June 2012: RMB322,237,000).

On 22 January 2013, the Group had entered into a sales and finance lease back contract for certain production equipments expiring in three years. At the end of the respective lease term, the Group has the option to purchase the equipment at a price deemed to be a bargain purchase option. The lease contract did not include contingent rental. As at 30 June 2013, the net book value of machineries held under the finance lease of the Group was RMB104,003,000 (31 December 2012: Nil).

11 Inventories

During the six months ended 30 June 2013 and 2012, there was no reduction recognised to write-down the inventories.

12 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:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Within 1 month	**353,280**	575,303
1 to 3 months	**393,476**	192,144
3 to 6 months	**207,287**	179,532
Over 6 months	**43,136**	8,661
Trade debtors and bills receivable, net of allowance for doubtful debts	**997,179**	955,640
Other receivables, prepayments and deposits	**189,840**	144,978
	1,187,019	1,100,618

Trade debtors and bills receivable are generally due within 60 days to 90 days from the date of billing.

Certain bills receivable with carrying value of RMB124,371,000 were pledged as securities for bank loans of the Group as at 30 June 2013 (31 December 2012: RMB82,302,000).

At 30 June 2013, the Group's trade receivables of RMB3,843,000 (31 December 2012: RMB487,000) was individually determined to be impaired. The individually impaired receivable related to four customers that were in financial difficulties and management assessed that the receivables are doubtful to be recovered. The Group recognised specific allowance for doubtful debt of RMB3,368,000 during the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

13 Pledged deposits

At 30 June 2013, pledged deposits represented bank deposits pledged to banks as securities for certain banking facilities *(Note 16(b))* of RMB6,796,000 (31 December 2012: RMB21,406,000) and bills payable of RMB109,043,000 (31 December 2012: RMB86,407,000).

14 Cash and cash equivalents

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Cash and cash at bank	**193,312**	264,804

15 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:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Within 1 month	**221,450**	229,052
1 to 3 months	**277,526**	148,745
3 to 6 months	**89,791**	279,102
Over 6 months	**22,251**	12,549
Trade creditors and bills payable	**611,018**	669,448
Other payables and accruals	**138,529**	149,288
Deferred income *(Note 18)*	**12,778**	12,133
	762,325	830,869

16 Loans and borrowings

(a) Loans and borrowings were repayable as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Within one year	**1,699,774**	1,443,810
After 1 year but within 2 years	**277,360**	224,693
After 2 years but within 5 years	**265,000**	347,190
	542,360	571,883
	2,242,134	2,015,693

(b) Terms

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Secured bank loans	**1,485,938**	1,205,381
Unsecured bank loans	**756,196**	810,312
	2,242,134	2,015,693

The secured bank loans were secured by the following assets of the Group as at the end of the reporting period.

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Carrying value of assets:		
Property, plant and equipment	**143,639**	19,579
Lease prepayments	**367,445**	371,616
Bills receivable *(Note 12)*	**124,371**	82,302
Pledged deposits *(Note 13)*	**6,796**	21,406
	642,251	494,903

As at 30 June 2013, banking facilities of the Group totalling RMB3,276,140,000 (31 December 2012: RMB3,152,889,000) were utilised to the extent of RMB2,525,255,000 (31 December 2012: RMB2,272,243,000).

17 Obligations under finance leases

The Group had obligations under finance leases repayable as follows:

	At 30 June 2013		At 31 December 2012	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within one year	**25,934**	**26,737**	–	–
After 1 year but within 2 years	**24,427**	**26,926**	–	–
After 2 years but within 5 years	**17,391**	**20,324**	–	–
	41,818	**47,520**	–	–
	67,752	**73,987**	–	–
Less: total future interest expenses		**(6,235)**		–
Present value of lease obligations		**67,752**		–

18 Deferred income

The movements in deferred income as stated under current and non-current liabilities are as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
At the beginning of the period/year	**100,766**	124,379
Received during the period/year	**99**	7,651
Recognised in profit or loss *(Note 5)*	**(20,877)**	(31,264)
At the end of the period/year	**79,988**	100,766
Net carrying amounts:		
Less: current portion included in trade and other payables *(Note 15)*	**(12,778)**	(12,133)
	67,210	88,633

Deferred income represents government grants obtained for the purposes of subsidising the Group's operation and sponsoring the costs of acquisition of fixed assets incurred by the Group. Government grants received are initially recognised in the consolidated balance sheet as deferred income.

Government grants received to subsidise the operation costs are charged through profit or loss in the same periods in which the related costs of operation are incurred.

Government grants received for sponsoring costs of acquisition of fixed assets are recognised in profit or loss over the useful life of the asset to offset the depreciation charge of the relevant assets.

Included in the deferred income as at 30 June 2013, RMB2,574,000 (31 December 2012: RMB18,250,000) and RMB77,414,000 (31 December 2012: RMB82,516,000) represent balances of government grants received to subsidise the operation costs and government grant received for sponsoring costs of acquisition of fixed assets, respectively, but not yet recognised in profit or loss.

19 Commitments

(a) Capital commitments

Capital commitments outstanding at 30 June 2013 not provided for in the interim financial report were as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Contracted for		
– Building a new aluminium profile production base in Chengdu City	**22,960**	62,793
– Purchase of property, plant and equipment for the production base in Yichun City	**7,006**	16,280
– Purchase of property, plant and equipment for the production base in Sanshui, Foshan City	**12,455**	29,634
– Purchase of property, plant and equipment for the production base in Qinyang City	**17,491**	38,807
– Building an integrated commercial and residential property in Foshan City	**12,807**	–
	72,719	147,514
Authorised but not contracted for	**483,626**	336,313
Total	**556,345**	483,827

(b) Operating lease commitments

At 30 June 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Within 1 year	**200**	398

20 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in this interim financial report, the Group entered into the following material related party transactions:

During the period ended 30 June 2013, the directors are of the view that related parties of the Group include the following companies:

Name of related party	**Relationship with the Group**
Foshan Leahin Coating Co., Ltd. ("Leahin Coating") (佛山立興塗料有限公司) *(i)*	Effectively owned by certain Executive Directors of the Company
Guangdong Xingfa Curtain Wall, Door & Window Co., Ltd. ("Xingfa Curtain Wall") (廣東興發幕牆門窗有限公司) *(i)*	Effectively owned by certain Executive Directors of the Company

(i) The English translation of the company names is for reference only. The official names of these companies are in Chinese.

(a) Transactions

(i) Sales and purchase

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Sales of goods to		
– Xingfa Curtain Wall	**32,492**	47,477
Purchase of raw materials from		
– Xingfa Curtain Wall	**348**	–
– Leahin Coating	**437**	886
	785	886

(b) Balances with related parties

As at the end of the reporting period, the Group had the following balances with related parties:

(i) Trade and other receivables

	At 30 June 2013	At 31 December 2012
	RMB'000	*RMB'000*
Trade related		
Xingfa Curtain Wall	**61,205**	62,141

(ii) Trade and other payables

	At 30 June 2013	At 31 December 2012
	RMB'000	*RMB'000*
Trade related		
Leahin Coating	**410**	993
Xingfa Curtain Wall	**348**	–
	758	993

The amounts due from/(to) related parties are unsecured, interest free and have no fixed terms of repayment.

INDEPENDENT REVIEW REPORT

Independent review report to the board of directors of
Xingfa Aluminium Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 5 to 29 which comprises the consolidated statement of financial position of Xingfa Aluminium Holdings Limited as of 30 June 2013 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated statement of cash flow for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, "Interim financial reporting", adopted by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim financial reporting”.

KPMG
Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

30 August 2013

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 1H13, 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 became another two profit engines of the Group. Besides, Henan Qinyang plant has commenced trial production successfully in the second half of 2012, which marked another milestone to the Group. With the aim to become an 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 tap our products to the market in more convenient and cost-effective ways. Therefore, it would increase our market share in the long-run.

Turnover

Turnover and sales volume recorded approximately RMB1,615.3 million and 83,300 tonnes respectively for 1H13 (1H12: RMB1,516.1 million and 74,700 tonnes respectively). The increase in turnover during the period under review was mainly contributed to the increase in sales orders for construction aluminium profiles. Such increase was driven by the execution of the capacity expansion plan in Sichuan Chengdu and Jiangxi Yichun plants that perfectly met the increasing demand for aluminium profiles in these two regions.

During the period under review, sales volume for construction aluminium profiles increased by approximately 23% to 67,300 tonnes (1H12: 54,500 tonnes). However, sales volume for industrial aluminium profiles decreased by 21% to approximately 16,000 tonnes in 1H13 (1H12: 20,200 tonnes) due to the slowdown of export of storage containers in 1H13.

Cost of sales

Cost of sales increased from RMB1,351.4 million in 1H12 to RMB1,415.2 million in 1H13 which was in line with the increase in turnover.

Gross profit and gross profit margin

Gross profit margin improved to 12.4% (1H12: 10.9%), whilst sales to production ratio stood at 94.1% in 1H13 (1H12: 97.6%).

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

	For the six months ended 30 June	
	2013	2012
Average gross profit margin	**12.4%**	10.9%
– Industrial aluminium profiles	**8.8%**	12.8%
– Construction aluminium profiles	**12.8%**	10.3%

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

Meanwhile, sales orders with higher gross profit margin were concluded for the new aluminium profiles with thermal barrier, representing approximately 23% and 19% of sales orders for construction aluminium profiles and overall aluminium profiles respectively. The drop in average unit cost as a result of better division of labour definitely improved the average gross profit margin for construction aluminium profiles. As such, these changes in product mix contributed to the improvement of the overall gross profit margin to 12.4% in 1H13.

Other revenue and other net loss

Our Group recorded other revenue of approximately RMB27.0 million for 1H13 (1H12: RMB9.6 million) and other net loss of approximately RMB2.1 million for the six months ended 30 June 2013 (1H12: RMB2.8 million).

The increase of other revenue in 1H13 was mainly due to the unconditional government grants for the brand name development of RMB2.6 million and conditional government grants of RMB20.9 million which had fulfilled the IFRSs requirement of income recognition.

Distribution costs

Distribution costs increased by approximately 34% to approximately RMB28.9 million for 1H13 (1H12: RMB21.6 million), whilst our distribution costs as a percentage of turnover remained steady at approximately 1.8% (1H12: 1.4%).

Administrative expenses

Administrative expenses recorded approximately RMB76.2 million for 1H13, which was approximately 21% higher than that in 1H12 (1H12: RMB62.8 million) and our administrative expenses as a percentage of turnover remained steady at 4.7% (1H12: 4.1%). The increase in administrative expenses was mainly due to the increase in allowance for doubtful debts of RMB3.0 million in 1H13 (1H12: Nil).

Finance costs

Finance costs decreased by approximately 5% to approximately RMB60.4 million for 1H13 (1H12: RMB63.6 million). It was mainly due to the decrease in average interest rate in 1H13 and decrease in amount of discounted or endorsed bills in 1H13.

Profit for the period and the net profit margin

Our Group recorded profit of approximately RMB47.0 million for 1H13 (1H12: RMB17.9 million) while the net profit margin improved to approximately 2.9% (1H12: 1.2%). Such improvement was mainly attributable to (i) the increase in sales orders for construction aluminium profiles as a result of successful execution of production capacity expansion plan; (ii) the improved gross profit margin as a result of internal cost control; and (iii) the increase in government grants during 1H13.

Analysis of financial position

Current and quick ratios

The following table sets out our Group's current and quick ratios as at 30 June 2013 and 31 December 2012:

	At 30 June 2013	At 31 December 2012
Current Ratio *(Note)*	**0.79**	0.80
Quick Ratio *(Note)*	**0.60**	0.64

Note:

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

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

Both current and quick ratios decreased at 30 June 2013 as compared to that at 31 December 2012 mainly due to the increase of short-term loans as at 30 June 2013.

Gearing ratio

The following table sets out our Group's gearing ratio as at 30 June 2013 and 31 December 2012:

	At 30 June 2013	At 31 December 2012
Gearing ratio *(Note)*	**56.9%**	52.7%

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 56.9% since the Group has assumed more loans and borrowings to finance our working capital needs.

Inventory Turnover Days

The following table sets out our Group's inventory turnover days during the six months ended 30 June 2013 and 2012:

	For the six months ended 30 June	
	2013	2012
Inventory Turnover Days *(Note)*	**55**	56

Note:

Inventory turnover days is calculated based on the average of the beginning and ending inventory balance before provision for the periods divided by the total cost of sales during the periods multiplied by 181 days.

Inventories balance as at the respective periods end during the two periods ended 30 June 2013 and 2012 represents our raw materials, work in progress and the unsold finished goods.

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

Debtors' Turnover Days

The following table sets out our Group's debtors' turnover days during the six months ended 30 June 2013 and 2012:

	For the six months ended 30 June	
	2013	2012
Debtors' Turnover Days *(Note)*	**109**	117

Note:

Debtors' turnover days is calculated based on the average of the beginning and ending balance of trade and bills receivables for the periods divided by turnover during the periods multiplied by 181 days.

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

Creditors' Turnover Days

The following table sets out our Group's creditors' turnover days during the six months ended 30 June 2013 and 2012:

	For the six months ended 30 June	
	2013	2012
Creditors' Turnover Days *(Note)*	**82**	119

Note:

Creditors' turnover days is calculated based on the average of the beginning and ending balance of trade and bills payables for the periods divided by the total cost of sales during the periods multiplied by 181 days.

In 1H13, in order to reduce the interest cost and optimize the Group's surplus funding, the Group has shortened the settlement period. As such, the creditors' turnover days improved.

Cash flow

The table below summarises our Group's cash flow during the six months ended 30 June 2013 and 2012:

	For the six months ended 30 June	
	2013	2012
	RMB'million	*RMB'million*
Net cash used in operating activities	**(116.4)**	(67.6)
Net cash used in investing activities	**(86.3)**	(120.1)
Net cash generated from financing activities	**132.0**	255.0

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

Capital expenditures

Capital expenditure was used for acquisition of property, plant and equipment and lease prepayment. During 1H13, our Group's capital expenditures were approximately RMB157 million. The significant capital expenditures during the period were mainly for the acquisition of plant and equipment for the Guangdong Sanshui factory and the three new plants at Sichuan Chengdu, Jiangxi Yichun and Henan Qinyang.

Loans and borrowings

As at 30 June 2013, our Group's loans and borrowings amounted to approximately RMB2,242.1 million (31 December 2012: RMB2,015.7 million).

Certain assets of our Group have been pledged to secure the bank borrowings of our Group. For details of our Group's loans and borrowings, please refer to note 16 in notes on this unaudited interim financial report.

Banking facilities and guarantee

As at 30 June 2013, the banking facilities of our Group amounted to approximately RMB3,276.1 million (31 December 2012: RMB3,152.9 million), of which approximately RMB2,525.3 million were utilised (31 December 2012: RMB2,272.2 million).

Contingent liabilities

Our Group had no material contingent liabilities as at 30 June 2013.

Foreign Currency Risk

As the Group's principal activities are carried out in the PRC, the Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the operations in the PRC, RMB, to which they relate. The transactions in foreign currency are primarily denominated in Hong Kong Dollars and USD.

Human resources

As at 30 June 2013, our Group employed a total of approximately 5,222 full time employees in the PRC which included management staff, technicians, salespersons and workers. In 1H13, our Group's total expenses on the remuneration of employees were approximately RMB114.5 million, represented 7.1% of the turnover of our Group. Our Group's emolument policies are formulated on the performance of individual employee, 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 results of individual performance.

Newly established subsidiary

As disclosed in the announcement of the Company dated 28 March 2013 in relation to the commencement of development of a piece of land in Foshan, the Group has formulated a plan to develop Xingfa Aluminium Headquarters Building (興發鋁業總部大廈) on a piece of land situated in Nanchuang County, Foshan City, Guangdong, the PRC ("Project") which will consist of a office premises building, business building and a commercial podium. It is expected that the Project will be funded by the Group's internal resources and by borrowings from banks and financial institutions. The Group is in the course of obtaining the approvals for the Project from the relevant government authorities.

In connection with the Project, on 5 June 2013, Guangdong Xingfa, a wholly owned subsidiary of the Group, contributed RMB8,000,000 by cash to set up a new entity, Foshan Xingfa Real Estate Co., Ltd in Foshan. Its principal activity is development, sale and management of properties.

Save as disclosed above, there was no other significant investment held, material acquisition and disposal of subsidiaries and associated companies during 1H13.

PROSPECTS

Following the successful execution of the capacity expansion plan at the three new plants in Sichuan Chengdu, Jiangxi Yichun and Henan Qinyang, this organic growth perfectly met the growth in demand ahead to extend our market coverage from South-East China to also South-West and South-East China. Together with the other three established plants, our annual designed production capacity will reach 230,000 tonnes of aluminium profiles per annum, thereby increases 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 the second half of 2013.

OTHER INFORMATION

Interim Dividend

The Directors do not propose the payment of interim dividend for the six months ended 30 June 2013 (1H12: Nil).

Share Option Scheme

The Company adopted a share option scheme (the "**Scheme**") on 29 February 2008. The Scheme became effective on 31 March 2008. The purpose of the Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

The principal terms of the Scheme are summarised as follows:

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Group must not exceed 41,800,000 Shares, being 10% of Shares in issue on the date of listing of the Shares on the Stock Exchange unless approval of the shareholders of the Company ("**Shareholders**") has been obtained, and which must not in aggregate exceed 30% of the Shares in issue from time to time.

No share option was granted, exercised, cancelled or lapsed since the adoption of the Scheme. As at 30 June 2013, the total number of Shares available for issue under the Scheme is 41,800,000 Shares, which represents 10% of the issued Shares as at the date of listing of the Shares first commenced on the Stock Exchange.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each eligible participant (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the issued Shares from time to time.

The subscription price for the Shares under the Scheme shall be such price as the Board may in its absolute discretion determine at the time of grant of the option but the subscription price shall not be less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotation sheets on the date of the Board approving the grant of an option, which must be a business day ("**Offer Date**"); (ii) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share.

An option may be exercised in whole or in part in accordance with the terms of the Scheme at any time during the period commencing immediately after the business day on which the option is deemed to be granted and accepted in accordance with the Scheme ("**Commencement Date**") and expiring on such date of the expiry of the option as the Board may in its absolute discretion determine and which shall not exceed ten years from the Commencement Date but subject to the provisions for early termination thereof as set out in the Scheme.

Upon acceptance of the grant of an option, the grantee shall pay HK$1.00 to the Company as nominal consideration for the grant.

The Scheme shall be valid and effective for a period of 10 years commencing on 31 March 2008.

Directors' Rights to Acquire Shares or Debt Securities

At no time during the period under review was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

Sufficiency of Public Float

Based on information that is available to the Company and within the knowledge of its Directors, the Company has maintained sufficient public float as required under the Listing Rules during the six months ended 30 June 2013.

Pre-emptive Rights

There are no provision for pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2013.

Directors' Interests in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("**SFO**")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules ("**Model Code**"), to be notified to the Company and the Stock Exchange, were as follows:

Long position

Company/Name of associated corporations	Name of directors	Capacity	Number and class of securities	Percentage shareholding in the same class of securities as at 30 June 2013
Company	LUO Su	Beneficial owner	54,956,200 ordinary Shares	13.15%
Company	LUO Riming	Beneficial owner	51,813,700 ordinary Shares	12.40%
Company	LIAO Yuqing	Beneficial owner	48,200,100 ordinary Shares	11.53%
Company	LAW Yung Koon	Beneficial owner	19,050,000 ordinary Shares	4.56%
		Interest of spouse	1,719,000 ordinary Shares	0.41%

Save as disclosed above, as at 30 June 2013, none of the Directors or the chief executive of the Company had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders and Other Persons who are Required to Disclose their Interests Pursuant to Part XV of the SFO

As at 30 June 2013, the following persons, other than a Director or the chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which are required to be recorded in the register required to be kept by the Company under section 336 of the SFO:

Long position

Name of entities	Capacity	Number and class of securities	Percentage shareholding in the same class of securities as at 30 June 2013
Guangxin Aluminium (HK) Limited	Beneficial owner	123,000,000 ordinary Shares	29.43%
廣東省廣新控股集團有限公司	Interest of controlled corporation	123,000,000 ordinary Shares	29.43%
廣東省人民政府國有資產監督管理委員會	Interest of controlled corporation	123,000,000 ordinary Shares	29.43%

Save as disclosed above and in the paragraph headed "Directors' interests in shares, underlying shares and debentures of the Company and its associated corporations" above, as at 30 June 2013, no other person had interests or short positions in the shares and underlying shares of the Company which are required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

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 the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for 1H13.

According to the code provision A.1.1 of the Corporate Governance Code, the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the six month ended 30 June 2013, the Board has held one full board meeting. The Company has deviated from this code provision as the Board has discussed the company matters through exchange of emails and informal meetings among the Directors and obtaining board consent through circulating written resolutions.

Code Provision of A.2.7 of the Corporate Governance Code requires the Chairman of the Board to hold meetings at least annually with the non-executive 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 as the code of conduct regarding Directors' securities transactions. After having made specific enquiry with all Directors, our Company has received confirmations from all Directors that they have complied with the required standards set out in the Model Code for the six months ended 30 June 2013.

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.

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, who 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 six months ended 30 June 2013.

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

Hong Kong, 30 August 2013