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)

2015
Interim Report

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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 *(Chief Financial Officer)*
LAW Yung Koon
WANG Zhihua

Non-executive Director

CHEN Shengguang

Independent Non-executive Directors

CHEN Mo
HO Kwan Yiu
LAM Ying Hung, Andy
LIANG Shibin

Alternate Director to LIU Libin

WONG Siu Ki *(Chief Investment Officer)*

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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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Guangdong Province, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wing On Plaza,
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Tsim Sha Tsui East,
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

Royal Bank of Canada
Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
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 2015 (“**1H15**”), together with the comparative figures for the corresponding period in 2014 (“**1H14**”) and the relevant explanatory notes as set out below. The consolidated results are unaudited, but have been reviewed by the Company’s independent auditors, KPMG, and the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	Note	For the six months ended 30 June **2015** ***RMB'000***	2014 *RMB'000*
Revenue	*3*	**2,199,664**	2,007,142
Cost of sales		**(1,826,200)**	(1,718,813)
Gross profit		**373,464**	288,329
Other revenue	*5*	**22,605**	17,786
Other net loss	*5*	**(90)**	(118)
Distribution costs		**(48,907)**	(36,032)
Administrative expenses		**(126,750)**	(90,397)
Profit from operations		**220,322**	179,568
Finance costs	*6(a)*	**(77,495)**	(75,796)
Share of losses of an associate		**(419)**	(385)
Profit before taxation	*6*	**142,408**	103,387
Income tax	*7*	**(28,151)**	(21,122)
Profit for the period attributable to equity shareholders of the Company		**114,257**	82,265
Basic and diluted earnings per share *(RMB yuan)*	*8*	**0.27**	0.20

The notes on pages 11 to 27 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 18.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Profit for the period	**114,257**	82,265
Other comprehensive income for the period		
Exchange differences on translation of financial statements of operations outside the People's Republic of China (the "PRC") which may be reclassified subsequently to profit or loss	**(158)**	77
Total comprehensive income for the period attributable to equity shareholders of the Company	**114,099**	82,342

The notes on pages 11 to 27 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2015 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current assets			
Property, plant and equipment	9	**1,898,953**	1,882,739
Lease prepayments		**305,011**	308,527
Deferred tax assets		**39,109**	39,654
Interest in an associate		**–**	941
		2,243,073	2,231,861
Current assets			
Inventories	10	**754,006**	631,607
Trade and other receivables	11	**1,328,978**	1,538,206
Pledged deposits	12	**369,145**	330,214
Cash and cash equivalents	13	**272,981**	305,856
		2,725,110	2,805,883
Current liabilities			
Trade and other payables	14	**1,473,528**	1,728,259
Loans and borrowings	15	**1,780,266**	1,723,782
Obligations under finance leases	16	**19,839**	26,212
Current taxation		**26,342**	26,119
		3,299,975	3,504,372
Net current liabilities		**(574,865)**	(698,489)
Total assets less current liabilities		**1,668,208**	1,533,372

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current liabilities			
Loans and borrowings	*15*	**336,860**	279,250
Obligations under finance leases	*16*	**–**	6,314
Deferred tax liabilities	*7(d)*	**3,286**	–
Deferred income	*17*	**60,154**	63,847
		400,300	349,411
Net assets		**1,267,908**	1,183,961
Capital and reserves			
Share capital		**3,731**	3,731
Reserves		**1,264,177**	1,180,230
Total equity		**1,267,908**	1,183,961

The notes on pages 11 to 27 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Attributable to equity shareholders of the Company							
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Other reserve *RMB'000*	PRC statutory reserves *RMB'000*	Exchanges reserves *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
Balance at 1 January 2014	3,731	179,568	6,200	209,822	100,593	(3,957)	479,787	975,744
Changes in equity for the six months ended 30 June 2014								
Profit for the period	–	–	–	–	–	–	82,265	82,265
Other comprehensive income	–	–	–	–	–	77	–	77
Total comprehensive income	–	–	–	–	–	77	82,265	82,342
Dividends *(Note 18)*	–	–	–	–	–	–	(16,595)	(16,595)
Appropriation to reserves	–	–	–	–	254	–	(254)	–
Balance at 30 June 2014 and 1 July 2014	3,731	179,568	6,200	209,822	100,847	(3,880)	545,203	1,041,491
Changes in equity for the six months ended 31 December 2014								
Profit for the period	–	–	–	–	–	–	142,341	142,341
Other comprehensive income	–	–	–	–	–	129	–	129
Total comprehensive income	–	–	–	–	–	129	142,341	142,470
Appropriation to reserves	–	–	–	–	36,205	–	(36,205)	–
Balance at 31 December 2014	3,731	179,568	6,200	209,822	137,052	(3,751)	651,339	1,183,961
Balance at 1 January 2015	3,731	179,568	6,200	209,822	137,052	(3,751)	651,339	1,183,961
Changes in equity for the six months ended 30 June 2015								
Profit for the period	–	–	–	–	–	–	114,257	114,257
Other comprehensive income	–	–	–	–	–	(158)	–	(158)
Total comprehensive income	–	–	–	–	–	(158)	114,257	114,099
Dividends *(Note 18)*	–	–	–	–	–	–	(30,152)	(30,152)
Balance at 30 June 2015	3,731	179,568	6,200	209,822	137,052	(3,909)	735,444	1,267,908

The notes on pages 11 to 27 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

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

	Note	For the six months ended 30 June **2015** ***RMB'000***	2014 *RMB'000*
Operating activities			
Cash generated from operations		**132,099**	536,233
Income tax paid		**(24,097)**	(31,600)
Net cash generated from operating activities		**108,002**	504,633
Investing activities			
Payment for the purchase of property, plant and equipment		**(101,705)**	(154,790)
Other cash flow arising from investing activities		**(32,734)**	(226,522)
Net cash used in investing activities		**(134,439)**	(381,312)
Financing activities			
Dividends paid to equity shareholders of the Company		**(30,152)**	(16,595)
Other cash flow arising from financing activities		**23,733**	(32,406)
Net cash used in financing activities		**(6,419)**	(49,001)
Net (decrease)/increase in cash and cash equivalents		**(32,856)**	74,320
Cash and cash equivalents at 1 January	*13*	**305,856**	240,919
Effect of foreign exchange rates changes		**(19)**	152
Cash and cash equivalents at 30 June	*13*	**272,981**	315,391

The notes on pages 11 to 27 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 28 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Xingfa Aluminium Holdings Limited (the "Company") and its subsidiaries (the "Group") since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG 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. KPMG's independent review report to the Board of Directors is included on page 28.

The financial information relating to the financial year ended 31 December 2014 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 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2015.

As at 30 June 2015, the Group's current liabilities exceeded its current assets by RMB574,865,000 which indicated the existence of an uncertainty which may cast doubt on the Group's ability to continue as a going concern. Notwithstanding the net current liabilities position, the Directors are of the opinion that, based on undrawn banking facilities of RMB956,474,000 of the Group as at 30 June 2015 and a detailed review of the working capital forecast of the Group for the twelve-month period ending 30 June 2016, the Group will have the necessary liquid funds to finance its working capital and capital expenditure requirements. Accordingly, the interim financial report has been prepared on a going concern basis.

2 Changes in accounting policies

The IASB has issued a few amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. None of those developments have a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Segment reporting

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

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

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

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

(a) Segment results, assets and liabilities

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

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2015 and 2014 respectively is set out below:

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

(b) Reconciliations of reportable segment profit

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

4 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	
	2015	2014
	RMB'000	*RMB'000*
Other revenue		
Interest income	**6,197**	2,607
Rental income	**7,397**	6,227
Government grants		
– Unconditional subsidies	**2,210**	3,590
– Conditional subsidies	**6,801**	5,362
	22,605	17,786
Other net loss		
Net realised and unrealised gains on derivative financial instruments	**–**	706
Foreign exchange gain/(losses)	**1,289**	(661)
Loss on disposal of property, plant and equipment	**(1,379)**	(163)
	(90)	(118)

6 Profit before taxation

(a) Finance costs

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

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

(b) Other items:

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

7 Income tax

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

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

(b) The provision for Hong Kong Profits Tax for the six months ended 30 June 2015 is calculated by applying the estimated annual effective tax rate of 16.5% (2014: 16.5%).

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

- All PRC subsidiaries of the Group are limited liability companies established under the laws of the PRC. They are liable to the PRC corporate income tax at a rate of 25% (2014: 25%) except Guangdong Xingfa Aluminium Co., Ltd. ("Guangdong Xingfa"), Guangdong Xingfa Aluminium (Jiangxi) Co., Ltd ("Xingfa Jiangxi") and Xingfa Aluminium Chengdu Co., Ltd. ("Xingfa Chengdu") for the six months ended 30 June 2015.

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

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

- Xingfa Chengdu is qualified as a HNTE and entitled to the preferential income tax rate of 15% from 2014 to 2016. The corporate income tax rate applicable to Xingfa Chengdu is 15% for the six months ended 30 June 2015 (2014: 15%).

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

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

8 Earnings per share

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

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

9 Property, plant and equipment

During the six months ended 30 June 2015, the Group acquired items of property, plant and machinery with total costs of RMB101,767,000 (six months ended 30 June 2014: RMB196,102,000).

At 22 January 2013, the Group had entered into a sale and finance lease back contract for certain production equipment expiring in three years. At the end of the 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 2015, the net book value of equipment held under the finance lease of the Group was RMB89,032,000 (31 December 2014: RMB92,942,000).

10 Inventories

Inventories in the consolidated statement of financial position comprise:

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

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

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

At 30 June 2015, aluminium profiles of RMB40,000,000 were pledged for secured bank loan *(Note 15)*.

11 Trade and other receivables

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

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Within 1 month	**721,407**	772,594
1 to 3 months	**351,863**	393,214
3 to 6 months	**77,562**	176,092
Over 6 months	**58,996**	42,286
Trade debtors and bills receivable, net of allowance for doubtful debts	**1,209,828**	1,384,186
Other receivables, prepayments and deposits	**119,150**	154,020
	1,328,978	1,538,206

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

Certain bills receivable with carrying value of RMB281,155,000 were pledged as securities for bank loans of the Group as at 30 June 2015 (31 December 2014: RMB200,210,000) *(Note 15)*.

At 30 June 2015, the Group's trade receivables of RMB21,602,000 (31 December 2014: RMB28,905,000) was individually determined to be impaired. The individually impaired receivables was related to customers that were in financial difficulties and management assessed that the receivables are doubtful to be recovered. Consequently, specific allowance for doubtful debts of RMB5,924,000 was recognised (six months ended 30 June 2014: nil).

12 Pledged deposits

At 30 June 2015, pledged deposits mainly represented bank deposits pledged to banks as securities for certain banking facilities *(Note 15)* of RMB31,070,000 (31 December 2014: RMB20,172,000) and bills payable of RMB297,513,000 (31 December 2014: RMB310,042,000).

13 Cash and cash equivalents

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Cash at bank and in hand	**272,981**	305,856

14 Trade and other payables

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

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Within 1 month	**299,248**	402,728
1 to 3 months	**707,423**	748,797
3 to 6 months	**109,008**	176,317
Over 6 months	**31,789**	46,516
Trade creditors and bills payable	**1,147,468**	1,374,358
Other payables and accruals	**306,210**	335,944
Deferred income *(Note 17)*	**19,850**	17,957
	1,473,528	1,728,259

15 Loans and borrowings

Loans and borrowings were repayable as follows:

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Within one year	**1,780,266**	1,723,782
After 1 year but within 2 years	**196,428**	144,250
After 2 years but within 5 years	**140,432**	135,000
	336,860	279,250
	2,117,126	2,003,032

Loans and borrowings were secured as follows:

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Secured bank loans	**1,910,126**	1,734,032
Unsecured bank loans	**207,000**	269,000
	2,117,126	2,003,032

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

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Carrying value of assets:		
Property, plant and equipment	**288,647**	127,531
Lease prepayments	**231,142**	308,527
Bills receivable *(Note 11)*	**281,155**	200,210
Inventories *(Note 10)*	**40,000**	40,000
Pledged deposits *(Note 12)*	**31,070**	20,172
	872,014	696,440

As at 30 June 2015, banking facilities of the Group totalling RMB3,245,004,000 (31 December 2014: RMB3,235,850,000) were utilised to the extent of RMB2,288,530,000 (31 December 2014: RMB2,130,569,000).

As at 30 June 2015, the loans and borrowings amounting to RMB1,393,903,000 have fixed interest rates ranging from 4.65% to 7.20% per annum (2014: 4.80% to 7.80%). The remaining loans and borrowings have variable interest rates ranging from 3.38% to 7.20% per annum (2014: 5.60% to 7.00%).

16 Obligations under finance leases

The Group had obligations under finance leases repayable as follows:

	At 30 June 2015		At 31 December 2014	
	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	**19,839**	**20,364**	26,212	27,024
After 1 year but within 2 years	**-**	**-**	6,314	6,787
		20,364		33,811
Less: total future interest expenses		**(525)**		(1,285)
Present value of lease obligations		**19,839**		32,526

17 Deferred income

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

	At 30 June 2015	At 31 December 2014
	RMB'000	*RMB'000*
At the beginning of the period/year	**81,804**	79,147
Received during the period/year	**5,001**	15,700
Recognised in other revenue *(Note 5)*	**(6,801)**	(13,043)
At the end of the period/year	**80,004**	81,804
Net carrying amounts:		
Less: current portion included in trade and other payables *(Note 14)*	**(19,850)**	(17,957)
	60,154	63,847

Deferred income represents government grants obtained for the purposes of subsidising the Group's operations 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 2015, RMB6,854,000 (31 December 2014: RMB5,354,000) and RMB73,150,000 (31 December 2014: RMB76,450,000) represent balances of government grants received to subsidise the operation costs and government grants received for sponsoring costs of acquisition of fixed assets, respectively, but not yet recognised in profit or loss.

18 Dividends

(a) 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 2015 (six months ended 30 June 2014: Nil).

(b) 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	
	2015	2014
	RMB'000	*RMB'000*
Final dividends in respect of the previous financial year, approved and paid during the interim period ended 30 June 2015 of HKD0.09 per share (six months ended 30 June 2014: HKD0.05 per share)	**30,152**	16,595

19 Commitments

(a) Capital commitments

Capital commitments outstanding at 30 June 2015 not provided for in the interim financial report were as follows:

	At 30 June 2015 ***RMB'000***	At 31 December 2014 *RMB'000*
Contracted for		
– Purchase of property, plant and equipment for the production base in Chengdu City	**1,755**	3,828
– Purchase of property, plant and equipment for the production base in Yichun City	**1,801**	5,978
– Purchase of property, plant and equipment for the production base in Sanshui, Foshan City	**20,253**	14,123
– Purchase of property, plant and equipment for the production base in Qinyang City	**6,470**	11,082
– Building an integrated commercial and residental property base in Nanzhuang, Foshan City	**316,731**	288,875
	347,010	323,886
Authorised but not contracted for	**89,250**	128,089
Total	**436,260**	451,975

(b) Operating lease commitments

At 30 June 2015, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Within 1 year	**1,372**	1,372
After 1 year but within 5 years	**170**	856
Total	**1,542**	2,228

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 2015, the directors were 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
Jiangxi Province Jingxing Aluminium Panel Manufacturing Co., Ltd ("Jiangxi Jingxing") (江西省景興鋁模板製造有限公司) *(i)*	Associate of the Group
Guangxi Laibin Yinhai Aluminium Co., Ltd. ("LBYH") (廣西來賓銀海鋁材股份有限公司) *(i)*	Joint venture of a substantial shareholder of the Group, Guangdong Province Guangxin Holdings Group Ltd (廣東省廣新控股集團有限公司) *(i)*

(i) The English translation of the company's name 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 **2015** ***RMB'000***	2014 *RMB'000*
Sales of goods to		
– Xingfa Curtain Wall	**79,483**	57,379
– Jiangxi Jingxing	**16,497**	4,786
	95,980	62,165
Purchase of raw materials from		
– Leahin Coating	**–**	258
– Xingfa Curtain Wall	**–**	369
– LBYH	**23,394**	24,225
	23,394	24,852

The above transactions with related parties were conducted under normal commercial terms or relevant agreements.

(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 2015 ***RMB'000***	At 31 December 2014 *RMB'000*
Trade related		
Xingfa Curtain Wall	**28,096**	45,887
Jiangxi Jingxing	**18,917**	14,417
	47,013	60,304

(ii) Trade and other payables

	At 30 June 2015 ***RMB'000***	At 31 December 2014 *RMB'000*
Trade related		
Leahin Coating	**137**	137
LBYH	**5,789**	1,532
	5,926	1,669

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

INDEPENDENT REVIEW REPORT

KPMG

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 27 which comprises the consolidated statement of financial position of Xingfa Aluminium Holdings Limited as of 30 June 2015 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement 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 2015 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

28 August 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Review of operations

Xingfa Aluminium is one of the leading aluminium profiles manufacturers in the PRC and principally engaged in the manufacture and sale of aluminium profiles which are applied as construction and industrial materials. Currently, we are the largest provider of electricity conductive aluminium profile for metro vehicles in the PRC. Leveraging on our advanced R&D capability and commitment to quality, our Group has established extensive and stable sales networks in the PRC and overseas for the past 30 years. Xingfa Aluminium was awarded as the No. 1 of the Top-Ten National Aluminium Profiles Enterprises by the China Non-Ferrous Metals Fabrication Industrial Association ("CNFA") in 2003 and 2008. In 2012, Xingfa Aluminium was further awarded as the No. 1 of the Top-Twenty National Aluminium Profiles Enterprises by CNFA. In 2015, Xingfa Aluminium was awarded with Guangdong Province Science and Technology Award – First Prize by Guangdong Provincial People's Government for our industrialization and possession of key technology of magnesium alloy used for vehicles and electronic equipments.

In 1H15, we are excited to see the fruitful returns from the capacity expansion plan executed in the past few years. With the aim to become an all-round and one-stop aluminum service provider in the PRC, our strategically-located plants allow Xingfa Aluminium to gain access to our clientele closely and tap our products to the market in a more convenient and cost-effective way. Therefore, it could increase our market share in the long-run. Meanwhile, our PRC principal subsidiaries, except for Guangdong Xingfa Aluminium (Henan) Co., Ltd., ("Xingfa Henan"), are all qualified as a "High-New-Technology Enterprise" and entitled to the preferential income tax rate of 15% while Xingfa Henan is in the process for applying the abovementioned qualification. This will not only prove the industrial recognition of Xingfa's technology but also help improve the profitability of the Group in the long run.

Revenue

Revenue and sales volume were recorded approximately at RMB2,199.7 million and 122,300 tonnes respectively for 1H15 (1H14: RMB2,007.1 million and 108,300 tonnes respectively). The increase in revenue during the period under review was mainly contributed by the increase in sales orders for construction aluminium profiles. Such increase was driven by the execution of the capacity expansion plan in our new plants that perfectly met the increasing demand for aluminium profiles.

During the period under review, the sales volume of construction aluminium profiles increased by approximately 15.4% to approximately 100,500 tonnes (1H14: 87,100 tonnes). Meanwhile, the sales volume of industrial aluminium profiles also increased by approximately 2.8% to approximately 21,800 tonnes in 1H15 (1H14: 21,200 tonnes).

Cost of sales

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

Gross profit and gross profit margin

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

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

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

With the completion of investments in production plants throughout the PRC, each plant has its own production specialty which improved the whole production logistics starting from order acceptance to delivery in each plant. This improvement could resolve our production mismatch amongst these three plants in the long run. As a result of better division of labor in production and enhancement in our internal cost control, better economy of scale in production can be achieved to lower the unit cost. At the same time, it helped to increase the production volume and thus improved the average gross profit margin. Therefore, the overall gross profit margin increased to 17.0% in 1H15.

Other revenue and other net loss

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

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

Distribution costs

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

Administrative expenses

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

Finance costs

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

Profit for the period and the net profit margin

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

ANALYSIS OF FINANCIAL POSITION

Current and quick ratios

The following table sets out our Group's current and quick ratios as at 30 June 2015 and 31 December 2014:

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

Note:

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

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

Both ratios remained steady as at 30 June 2015 as compared to that at 31 December 2014.

Gearing ratio

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

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

Note:

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

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

Inventory Turnover Days

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

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

Note:

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

Inventories balance as at the respective periods ended 30 June 2015 and 2014 represents our raw materials, work in progress and the unsold finished goods.

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

Debtors' Turnover Days

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

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

Note:

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

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

Creditors' Turnover Days

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

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

Note:

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

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

Cash flow

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

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

As at 30 June 2015, the Group's cash and cash equivalents were held in Hong Kong dollars, Renminbi and United States dollars.

We generally finance our operations through a combination of shareholders' equity, internally generated cash flows, bank borrowings and our cash and cash equivalents.

Our Directors believe that on a long-term basis, our liquidity will be funded from operations and, if necessary, additional equity financing or bank borrowings.

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

Capital expenditures

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

Loans and borrowings

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

As at 30 June 2015, the loans and borrowings amounting to approximately RMB1,393.9 million had fixed interest rates ranging from 4.65% to 7.20% per annum (30 December 2014: 4.80% to 7.80%).

Charged assets

As at 30 June 2015, the Group's secured bank loans of approximately RMB1,910.1 million (31 December 2014: RMB1,734.0 million) were secured by the property, plant and equipment, the lease prepayments, the bills receivable, the inventories and the pledged deposits of the Group with an aggregate carrying value of approximately RMB872.0 million (31 December 2014: RMB696.4 million).

Banking facilities

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

Contingent liabilities

Our Group had no material contingent liabilities as at 30 June 2015 (31 December 2014:Nil).

Foreign Currency Risk

Renminbi is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government. The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Hong Kong dollars and United States dollars.

In 1H15, the Group did not use any financial instruments for hedging purposes.

Human resources

As at 30 June 2015, our Group employed a total of approximately 6,053 full time employees in the PRC which included management staff, technicians, salespersons and workers. In 1H15, our Group's total expenses on the remuneration of employees were approximately RMB195.6 million, represented 8.9% of the revenue of our Group. Our Group's emolument policies are formulated on the performance of individual employees, which will be reviewed regularly every year. Apart from the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for PRC employees) and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment results of individual performance.

PROSPECTS

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

OTHER INFORMATION

Interim Dividend

The Directors do not propose the payment of interim dividend for the six months ended 30 June 2015 (1H14: Nil).

Share Option Scheme

The Company conditionally 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 contributions to the Group.

The principal terms of the Scheme are summarised as follows:

The maximum number of ordinary shares of the Company ("**Shares**" and each a "**Share**") 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 of Hong Kong Limited (the "**Stock Exchange**") unless approval of the shareholders of the Company (the "**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 2015, 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 1H15 were rights to acquire benefits by means of the acquisitions of Shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in 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 2015.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, 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 has purchased, redeemed or sold any of the Company's listed securities during 1H15.

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

As at 30 June 2015, 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 Appendix 10 of 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 2015
Company	LUO Su	Beneficial owner	56,857,000 ordinary Shares	13.60%
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%
Company	Wong Siu Ki	Beneficial owner	50,000 ordinary Shares	0.01%

Save as disclosed above, as at 30 June 2015, 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 2015, 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 were 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 2015
Guangxin Aluminium (HK) Limited	Beneficial owner	125,360,000 ordinary Shares	29.99%
廣東省廣新控股集團有限公司	Interest of controlled corporation	125,360,000 ordinary Shares	29.99%
廣東省人民政府國有資產監督管理委員會	Interest of controlled corporation	125,360,000 ordinary Shares	29.99%

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 2015, no other person had interests or short positions in the shares and underlying shares of the Company which were 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, save as mentioned below, the Company had complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for 1H15.

According to the code provision A.1.1 of the Corporate Governance Code, the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During 1H15 the Board has held one full board meeting. The Company has deviated from this code provision as the Board has discussed the company matters through exchange of emails and informal meetings among the Directors and obtaining board consent through circulating written resolutions.

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

Model Code for Securities Transactions by Directors

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors' securities transactions. After having made specific enquiry with all Directors, our Company has received confirmations from all Directors that they have complied with the required standards set out in the Model Code for 1H15.

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

Review by the Audit Committee

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company has an audit committee which is accountable to the Board and the primary duties of the audit committee include the review and supervision of our Group's financial reporting process and internal control measures.

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

The audit committee of our Company has met with the management and external auditors of our Company and has reviewed the consolidated results of our Group for 1H15.

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

Foshan, 28 August 2015