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Guangxin Aluminium (HK) Limited

香港廣新鋁業有限公司

(Incorporated in Hong Kong with limited liability)



**XINGFA ALUMINIUM
HOLDINGS LIMITED**

興發鋁業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 98)

JOINT ANNOUNCEMENT

(1) CONDITIONAL MANDATORY CASH OFFERS BY HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED FOR AND ON BEHALF OF GUANGXIN ALUMINIUM (HK) LIMITED FOR ALL THE ISSUED SHARES IN XINGFA ALUMINIUM HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY GUANGXIN ALUMINIUM (HK) LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND FOR THE CANCELLATION OF ALL THE OUTSTANDING SHARE OPTIONS OF XINGFA ALUMINIUM HOLDINGS LIMITED; AND (2) RESUMPTION OF TRADING

Financial adviser to the Offeror



華泰金融控股(香港)有限公司

HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Financial adviser to the Company



INTRODUCTION

The Offeror announces that on 24 January 2019, the Offeror acquired a total of 5,000 Shares, representing approximately 0.001% of the entire issued share capital of the Company as at the date of this joint announcement, on open market and with the highest purchase price being HK\$5.60 per Share. As a result, immediately following the Share Purchase, the Offeror holds 125,404,000 Shares, representing approximately 30.001% of the entire issued share capital of the Company as at the date of this joint announcement.

CONDITIONAL MANDATORY CASH OFFERS

Immediately prior to the Share Purchase, the Offeror and parties acting in concert with it were interested in 125,399,000 Shares, representing approximately 29.9998% of the entire issued share capital of the Company as at the date of this joint announcement. Immediately following the Share Purchase, the Offeror and parties acting in concert with it own an aggregate of 125,404,000 Shares, representing approximately 30.001% of the entire issued share capital of the Company as at the date of this joint announcement.

The Offeror is required to make the conditional mandatory cash Offers for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code and to cancel all the outstanding Share Options pursuant to Rule 13 of the Takeovers Code.

Principal terms of the Offers

Huatai, for and on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offers on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

Share Offer

For each Offer ShareHK\$5.60 in cash

The Share Offer will be made for all issued Shares (other than the Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code. The Share Offer Price of HK\$5.60 per Offer Share represents the highest price per Share paid by the Offeror and parties acting in concert with it for the Shares within 6 months prior to the date of this joint announcement. The Share Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of the Composite Document.

Option Offer

For cancellation of each Share Option.HK\$0.14 in cash

Pursuant to Rule 13 of the Takeovers Code, the Offeror will make an appropriate cash offer to the holders of the Share Options for cancellation of all the outstanding Share Options. The price for the cancellation of each Share Option accepted under the Option Offer will be the see-through price which represents the difference between the Share Offer Price per Offer Share and the exercise price of each Share Option. Since the Share Offer Price per Offer Share is HK\$5.60 and the exercise price of each Share Option is HK\$5.460 per Share granted under the Share Option Scheme, the Option Offer Price is therefore HK\$0.14 in cash for the cancellation of each outstanding Share Option accepted under the Option Offer.

Financial resources available to the Offeror

Huatai, being the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable in case of full acceptances of the Offers. The Offers will be financed by the Loan Facility provided by HSBC pursuant to the Loan Facility Agreement.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee comprising all the non-executive Directors (other than Ms. XIE Jingyun), namely Mr. ZUO Manlun, Mr. CHEN Mo, Mr. HO Kwan Yiu, Mr. LAM Ying Hung, Andy, and Mr. LIANG Shibin to advise the Independent Shareholders and the Optionholders in respect of the Offers. An independent financial adviser will be appointed to advise the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers and, in particular, as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers. The appointment of the independent financial adviser is subject to the approval of the Independent Board Committee. A further announcement will be made upon the appointment of the independent financial adviser.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document containing, among other things, (i) details of the Offers (including the expected timetable and terms of the Offers); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders and Optionholders in relation to the Offers; and (iii) a letter of advice from the independent financial adviser to the Independent Board Committee in relation to the Offers, together with the Forms of Acceptance to the Shareholders and Optionholders is required to be despatched within 21 days of the date of this joint announcement. An application will be made by the Offeror to seek for the Executive's consent to extend the deadline for despatch of the Composite Document to 2 April 2019, which is a date shortly after the publication of the Company's 2018 annual results announcement.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 25 January 2019 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in Shares with effect from 9:00 a.m. on 14 February 2019.

WARNING

The Offers are conditional upon the fulfillment of the condition set out in the section headed "Conditions of the Offers" below. If the total number of Offer Shares in respect of the valid acceptances which the Offeror has received at or before 4:00 p.m. on the Closing Date (or such later time, or date as the Offeror may, subject to the Takeovers Code, decide) under the Offers, together with the Shares acquired before or during the Share Offer, does not result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Offers will not become unconditional and will lapse. Shareholders, Optionholders and potential investors of the Company are advised to exercise caution when dealing in the relevant securities of the Company. Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

INTRODUCTION

The Offeror announces that on 24 January 2019, the Offeror acquired a total of 5,000 Shares, representing approximately 0.001% of the entire issued share capital of the Company as at the date of this joint announcement, on open market and with the highest purchase price being HK\$5.60 per Share. As a result, immediately following the Share Purchase, the Offeror holds 125,404,000 Shares, representing approximately 30.001% of the entire issued share capital of the Company as at the date of this joint announcement.

CONDITIONAL MANDATORY CASH OFFERS

Immediately prior to the Share Purchase, the Offeror and parties acting in concert with it were interested in 125,399,000 Shares, representing approximately 29.9998% of the entire issued share capital of the Company as at the date of this joint announcement. Immediately following the Share Purchase, the Offeror and parties acting in concert with it own an aggregate of 125,404,000 Shares, representing approximately 30.001% of the entire issued share capital of the Company as at the date of this joint announcement.

The Offeror is required to make the conditional mandatory cash Offers for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code and to cancel all the outstanding Share Options pursuant to Rule 13 of the Takeovers Code.

As at the date of this joint announcement, the Company has a total of 418,000,000 Shares in issue. Assuming there is no change in the total number of issued Shares from the date of this joint announcement up to the Closing Date, there will be 292,596,000 Shares subject to the Share Offer, representing approximately 69.999% of the existing issued share capital of the Company.

As at the date of this joint announcement, there are 4,180,000 Share Options outstanding entitling the grantees to subscribe for an aggregate of 4,180,000 Shares at an exercise price of HK\$5.460 per Share granted under the Share Option Scheme.

Save as disclosed above, the Company has no other outstanding Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other relevant securities in the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this joint announcement.

Principal terms of the Offers

Huatai, for and on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offers on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

Share Offer

For each Offer ShareHK\$5.60 in cash

The Share Offer will be made for all issued Shares (other than the Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code. The Share Offer Price of HK\$5.60 per Offer Share represents the highest price per Share paid by the Offeror and parties acting in concert with it for the Shares within 6 months prior to the date of this joint announcement. The Share Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of the Composite Document.

Option Offer

For cancellation of each Share Option.HK\$0.14 in cash

Pursuant to Rule 13 of the Takeovers Code, the Offeror will make an appropriate cash offer to the holders of the Share Options for cancellation of all the outstanding Share Options. The price for the cancellation of each Share Option accepted under the Option Offer will be the see-through price which represents the difference between the Share Offer Price per Offer Share and the exercise price of each Share Option. Since the Share Offer Price per each Offer Share is HK\$5.60 and the exercise price of each Share Option is HK\$5.460 per Share granted under the Share Option Scheme, the Option Offer Price is therefore HK\$0.14 in cash for the cancellation of each outstanding Share Option accepted under the Option Offer.

The Option Offer will be extended to all Optionholders in accordance with the Takeovers Code.

If, after the date of this joint announcement, any dividend or other distribution (whether of profit or capital) is made or paid in respect of the Offer Shares, the Offeror reserves the right to reduce the Share Offer Price and the Option Offer Price by an amount equal to the amount of such dividend or other distribution.

The Share Offer Price

The Share Offer Price of HK\$5.60 per Offer Share represents:

- (i) a premium of approximately 2.94% over the closing price of HK\$5.44 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 5.74% over the average closing price of approximately HK\$5.30 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 7.46% over the average closing price of approximately HK\$5.21 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 9.87% over the average closing price of approximately HK\$5.10 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 7.70% over the average closing price of approximately HK\$5.20 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 4.62% to the audited consolidated net asset value of the Group of approximately RMB4.95 (equivalent to approximately HK\$5.87) per Share as at 31 December 2017, based on a total of 418,000,000 Shares in issue as at 31 December 2017 and the date of this joint announcement and the audited consolidated net asset value of the Group of approximately RMB2,069,035,000 as at 31 December 2017; and
- (vii) a discount of approximately 9.71% to the unaudited consolidated net asset value of the Group of approximately RMB5.23 (equivalent to approximately HK\$6.20) per Share as at 30 June 2018, based on a total of 418,000,000 Shares in issue as at 30 June 2018 and the date of this joint announcement and the unaudited consolidated net asset value of the Group of approximately RMB2,185,677,000 as at 30 June 2018.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Last Trading Day and including the Last Trading Day were HK\$6.11 per Share (on 1 August 2018) and HK\$4.77 per Share (on 7 January 2019), respectively.

Value of the Offers

Based on (i) the Share Offer Price of HK\$5.60 per Offer Share and 292,596,000 Shares being subject to the Share Offer; and (ii) the Option Offer Price of HK\$0.14 per Share Option and 4,180,000 Share Options being subject to the Option Offer, and on the basis that there is no other change in the issued share capital of the Company from the date of this joint announcement up to the Closing Date:

- (a) Assuming no outstanding Share Options are exercised and the Share Offer is accepted in full:
 - (i) the value of the Share Offer will be approximately HK\$1,638,537,600; and
 - (ii) the total amount to satisfy the cancellation of all outstanding Share Options will be approximately HK\$585,200.

Therefore, the total cash consideration payable by the Offeror under the Offers would be approximately HK\$1,639,122,800.

- (b) Assuming all outstanding Share Options are exercised in full and the Share Offer is accepted in full (including all Shares issued and allotted as a result of the exercise of the Share Options):
 - (i) the value of the Share Offer will be approximately HK\$1,661,945,600; and
 - (ii) no amount will be payable by the Offeror under the Option Offer.

Therefore, the total cash consideration payable by the Offeror under the Offers would be approximately HK\$1,661,945,600.

Using the higher figure from the above scenarios, the maximum total consideration to be paid by the Offeror under the Offers is approximately HK\$1,661,945,600.

Financial resources available to the Offeror

Huatai, being the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable in case of full acceptances of the Offers. The Offers will be financed by the Loan Facility provided by HSBC pursuant to the Loan Facility Agreement. The obligations of the Offeror under the Loan Facility will be guaranteed by Guangxin Holdings.

The Offeror confirms that the repayment of the interest on, repayment of or security for any liability (contingent or otherwise) of the Loan Facility will not depend on any significant extent on the business of the Company.

Conditions of the Offers

The Share Offer is only conditional upon valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of Shares which, together with Shares acquired before or during the Share Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company.

The Option Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfilment of the condition to the Offers in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of the Composite Document (or such later date to which the Executive may consent).

The Offers may or may not become unconditional. Shareholders, Optionholders and investors should exercise caution when dealing in securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

Effect of accepting the Offers

Subject to the Share Offer becoming unconditional, provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the branch share registrar of the Company in Hong Kong, the Shareholders will sell their tendered Shares to the Offeror free from all encumbrances and together with all rights attaching to them, including, without limitation, the rights to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, that is, the date of despatch of the Composite Document.

Subject to the Option Offer becoming unconditional, acceptances of the Option Offer by Optionholders will result in the cancellation of those outstanding Share Options, together with all rights attaching thereto. Subject to the Option Offer becoming unconditional, Share Options in respect of which the Option Offer is not accepted will (to the extent not exercised) automatically lapse upon the close of the Offers.

Acceptances of the Offers will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Payment

Subject to the Share Offer having become, or having been declared, unconditional in all respects, payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) following the later of the date on which (i) the Offers become, or are declared unconditional; and (ii) the date on which the duly completed acceptance forms of the Offers and the relevant documents of title of the Offer Shares or the Share Options (as the case may be) in respect of such acceptance are received by the Offeror to render such acceptance complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder and/or Optionholder who accepts the Offers will be rounded up to the nearest cent.

Taxation advice

Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with the Offeror, the Company, Huatai, Ballas Capital Limited and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Overseas Shareholders and overseas Optionholders

The Offeror intends to make the Offers available to all Independent Shareholders and Optionholders, including those with a registered address in a jurisdiction outside Hong Kong. The availability of the Offers to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. The Overseas Shareholders and/or overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibilities of the Overseas Shareholders and overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and overseas Optionholders in respect of such jurisdictions).

Any acceptance by Shareholders and/or Optionholders and beneficial owners of the Shares and Share Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Shareholders and/or Optionholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Hong Kong Stamp Duty

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offers will be payable by the relevant Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, and will be deducted from the amount payable to the relevant Shareholder on acceptance of the Share Offer (where the stamp duty calculated includes a fraction of HK\$1.00, the stamp duty would be rounded-up to the nearest HK\$1.00). The Offeror will arrange for payment of the sellers' Hong Kong ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's Hong Kong ad valorem stamp duty in connection with such Offer Shares and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptance of the Option Offer.

Dealing and interest in the Company's securities

By reason of being the financial adviser to the Offeror in connection with the Offers, Huatai is presumed to be acting in concert with the Offeror in relation to the Offers. Details of holdings or borrowings or lendings of, and dealings in, Shares (or Share Options, rights over Shares, warrants or derivatives in respect of them) held by or entered into by the other part of Huatai as a group will be obtained as soon as possible after this joint announcement has been made, and if necessary, a further announcement will be made, in accordance with Note 1 to Rule 3.5 of the Takeovers Code.

Save for the Share Purchase and the Prior Share Purchases, none of the Offeror and parties acting in concert with it has dealt in the Shares, Share Options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to the date of this joint announcement. For the avoidance of doubt, on 15 October 2018, the Company granted (a) 229,000 Share Options to Mr. Liu; (b) 192,000 Share Options to Ms. Zhang; and (c) 138,000 Share Options to Mr. Lin, and each of Mr. Liu, Ms. Zhang and Mr. Lin has not exercised or otherwise dealt with or in the Share Options held by them respectively.

As advised by Lesso Group Holdings Limited, it has not dealt in Shares in the past six months preceding 24 January 2019 up to the date of this joint announcement.

On 27 December 2018, Mr. LIAO Yuqing (an executive Director) transferred 48,200,100 Shares to Sure Keen Limited at nil consideration by way of gift. On 28 December 2018, Mr. LIAO Yuqing, as settlor, injected Sure Keen Limited to a discretionary trust. Other than the abovementioned transfer, each of Mr. LIAO Yuqing and Sure Keen Limited has not dealt in Shares in the past six months preceding 24 January 2019 up to the date of this joint announcement.

As advised by each of Mr. LAW Yung Koon and Ms. LAM Yuk Ying, each of them has not dealt in Shares in the past six months preceding 24 January 2019 up to the date of this joint announcement.

Other arrangements

The Offeror confirms that, save for the Share Purchase, the Prior Share Purchases and the Loan Facility, as at the date of this joint announcement:

- (i) other than the 125,404,000 Shares, representing approximately 30.001% of the entire issued share capital of the Company as at the date of this joint announcement, held by the Offeror, and (a) 229,000 Share Options held by Mr. Liu; (b) 192,000 Share Options held by Ms. Zhang; and (c) 138,000 Share Options held by Mr. Lin, none of the Offeror and parties acting in concert with it owns or has control or direction over any voting rights in any Shares or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;

- (ii) there is no outstanding derivatives in respect of the securities in the Company which has been entered into by the Offeror and any person acting in concert with it;
- (iii) there is no other arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offers;
- (iv) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (v) none of the Offeror and parties acting in concert with it has received any irrevocable commitment to accept or reject the Offers;
- (vi) none of the Offeror and parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (vii) there is no special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and parties acting in concert with it on one hand and any Shareholders on the other hand; and
- (viii) save for the payment under the Share Purchase, there is no other consideration in any form paid or payable by the Offeror and parties acting in concert with it to the relevant selling Shareholder(s) of the Share Purchase.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately prior to the Share Purchase; and (ii) immediately following the Share Purchase and as at the date of this joint announcement:

Shareholdings	Immediately prior to the Share Purchase		Immediately following the Share Purchase and as at the date of this joint announcement	
	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>
The Offeror and parties acting in concert with it				
The Offeror	125,399,000	29.9998%	125,404,000	30.001%
Other Shareholders				
Lesso Group Holdings Limited ⁽¹⁾	109,842,900	26.28%	109,842,900	26.28%
Sure Keen Limited ⁽²⁾	48,200,100	11.53%	48,200,100	11.53%
Mr. LAW Yung Koon ⁽³⁾	19,050,000	4.56%	19,050,000	4.56%
Ms. LAM Yuk Ying ⁽³⁾	1,719,000	0.41%	1,719,000	0.41%
Public Shareholders	113,789,000	27.222%	113,784,000	27.221%
Total	418,000,000	100%	418,000,000	100%

Notes:

1. Lesso Group Holdings Limited is a wholly-owned subsidiary of China Lesso Group Holdings Limited (“**China Lesso**”), a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange with stock code 2128. As at the date of this joint announcement, approximately 68.41% of the issued shares of China Lesso (or 2,122,485,000 shares of China Lesso) is held by New Fortune Star Limited, which is wholly-owned by Xi Xi Development Limited and ultimately owned by UBS Trustees (B.V.I.) Limited, as trustee of a discretionary trust (the “**Wong Trust**”), the settlor of which is Mr. Wong Luen Hei. The discretionary beneficiaries of the Wong Trust included Mr. Wong Luen Hei and his family members. Ms. Zuo Xiaoping (the spouse of Mr. Wong Luen Hei) is directly holding 2,308,000 shares of China Lesso. Therefore, both Mr. Wong Luen Hei and Ms. Zou Xiaoping are deemed to be interested in 2,124,793,000 shares of China Lesso, representing approximately 68.49% of the issued shares of China Lesso by virtue of the SFO.
2. These Shares are held by Sure Keen Limited, which is wholly-owned by Glorious Joy Limited and ultimately owned by TMF (Cayman) Ltd., as trustee of a discretionary trust, the settlor of which is Mr. LIAO Yuqing, an executive Director.
3. Mr. LAW Yung Koon is an executive Director. Ms. LAM Yuk Ying is the spouse of Mr. LAW Yung Koon.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is an exempted company incorporated in the Cayman Islands with limited liability whose shares have been listed on the Main Board of the Stock Exchange since 31 March 2008. The Group is principally engaged in the manufacture and sale of aluminum profiles which are applied as construction and industrial materials. The following table is a summary of certain audited consolidated financial information of the Group for the two financial years ended 31 December 2017 and 31 December 2016 as extracted from the annual report of the Company for the year ended 31 December 2017:

	For the year ended 31 December 2016 (audited) RMB'000	For the year ended 31 December 2017 (audited) RMB'000
Revenue	5,576,696	7,239,658
Gross profit	825,049	1,014,589
Profit/(loss) before tax	351,291	444,445
Profit/(loss) after tax	298,476	382,630

	As at 31 December 2016 (audited)	As at 31 December 2017 (audited)
Consolidated net asset value	1,687,920	2,069,035

According to the interim report of the Company for the six months ended 30 June 2018, the unaudited consolidated net asset value of the Group was approximately RMB2,186 million as at 30 June 2018.

Further financial information of the Group will be set out in the Composite Document to be despatched to the Shareholders and Optionholders.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong, which is directly and wholly owned by Guangxin Holdings, which is in turn wholly owned by Guangdong SASAC. The principal activity of the Offeror is investment holding. As at the date of this joint announcement, save for the holding of the 125,404,000 Shares, the Offeror has not engaged in any business activities.

The board of directors of the Offeror comprises Mr. ZOU Bin, Mr. Liu and Ms. ZHAO Lan. Mr. Liu, who is also the chairman and an executive Director of the Company, holds 229,000 Share Options as at the date of this joint announcement.

Prior attempt to privatise the Company

As stated in the announcement dated 17 May 2017 jointly issued by, among others, the Offeror and the Company, the Offeror, together with Mr. LUO Su, Mr. LUO Riming, Mr. LIAO Yuqing, Mr. LAW Yung Koon and Ms. LAM Yuk Ying as the joint offerors, attempted to privatise the Company by way of a scheme of arrangement in 2017. Such scheme was not approved by requisite shareholders at the court meeting held on 17 May 2017 and thus the privatisation did not proceed.

OFFEROR'S INTENTION ON THE COMPANY

Maintaining the existing business and employment of the Group while further discharging the Offeror's duties as a controlling shareholder

Immediately following the Share Purchase, the Offeror has become a controlling shareholder of the Company. Following the close of the Offers, it is the intention of the Offeror to maintain the listing status of the Company, to continue with the Group's existing principal business without major redeployment of the Group's fixed assets and to continue with the employment of the Group's employees.

By leveraging on the competence of state-owned capital, the Offeror, as a controlling shareholder of the Company, will assume its responsibilities to further support and promote the Group's business operations and development in accordance with the established strategies.

Maintaining the listing status of the Company

The Stock Exchange has stated that if, upon closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the Closing Date and will undertake to the Stock Exchange to take appropriate steps as soon as possible following the Closing Date to ensure that a sufficient public float exists for the Shares. The Company and the Offeror will issue a separate announcement regarding the decision of any such placing down as and when necessary.

Providing an opportunity for Shareholders and Optionholders to realize investment in the Company

The liquidity of Shares has been at a low level over a long period of time. The average daily trading volume of the Shares for the 12 months up to and including the Last Trading Day was approximately 265,947 Shares per day, representing only approximately 0.06% of the issued Shares as at the date of this joint announcement. The low trading liquidity of the Shares could make it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares and also make it difficult for Shareholders to dispose of a large number of Shares when any event that has adverse impact on the price of the Shares occurs.

It is the Offeror's intention to provide the Shareholders and the Optionholders an opportunity to realize their investment in the Company for cash at a reasonable price with premium without having to suffer any illiquidity discount, given the trading volume of the Shares is relatively low. The Share Offer Price of HK\$5.60 represents a premium of approximately 5.74%/7.46%/9.87%/7.70% over each of the 5/10/30/90 trading days average closing prices per Share, respectively, immediately prior to and including the Last Trading Day. The Share Offer Price also represents a premium of approximately 2.56% over the exercise price per Share of HK\$5.460 under the Share Option Scheme.

DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code and including a person who owns or controls 5% or more of any class of relevant securities) of the Company and the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of the offeror and the offeree company and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Company has established the Independent Board Committee comprising all the non-executive Directors (other than Ms. XIE Jingyun), namely Mr. ZUO Manlun, Mr. CHEN Mo, Mr. HO Kwan Yiu, Mr. LAM Ying Hung, Andy, and Mr. LIANG Shibin to advise the Independent Shareholders and the Optionholders in respect of the Offers. Ms. XIE Jingyun was nominated to be appointed as a non-executive Director by the Offeror and may be deemed to have interest in the Offers. As such, Ms. XIE Jingyun will not be a member of the Independent Board Committee. An independent financial adviser will be appointed to advise the Independent Board Committee in respect of the Offers and, in particular, as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers. The appointment of the independent financial adviser is subject to the approval of the Independent Board Committee. A further announcement will be made when the independent financial adviser to the Independent Board Committee is appointed.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document. Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the Composite Document containing, among other things, (i) details of the Offers (including the expected timetable and terms of the Offers); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders and the Optionholders in relation to the Offers; and (iii) a letter of advice from the independent financial adviser to the Independent Board Committee in relation to the Offers, together with the Forms of Acceptance to the Shareholders and Optionholders within 21 days of the date of this joint announcement. An application will be made by the Offeror to seek for the Executive's consent to extend the deadline for despatch of the Composite Document to 2 April 2019, which is a date shortly after the publication of the Company's 2018 annual results announcement.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 25 January 2019 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 14 February 2019.

WARNING

The Offers are conditional upon the fulfillment of the condition set out in the section headed “Conditions of the Offers” above. If the total number of Offer Shares in respect of the valid acceptances which the Offeror has received at or before 4:00 p.m. on the Closing Date (or such later time, or date as the Offeror may, subject to the Takeovers Code, decide) under the Offers, together with the Shares acquired before or during the Share Offer, does not result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Offers will not become unconditional and will lapse. Shareholders, Optionholders and potential investors of the Company are advised to exercise caution when dealing in the relevant securities of the Company. Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Closing Date”	the date to be stated in the Composite Document as the closing date of the Offers or any subsequent closing
“Company”	Xingfa Aluminium Holdings Limited (Stock Code: 98), an exempted company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are currently listed on the Main Board of the Stock Exchange

“Composite Document”	the composite offer and response document and offeree board circular in respect of the Offers proposed to be jointly issued by or on behalf of the Offeror and the Company to the Independent Shareholders and the Optionholders in accordance with the Takeovers Code
“Director(s)”	the director(s) of the Company
“encumbrance”	any claim, charge, mortgage, security, lien, pledge, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Forms of Acceptance”	the forms of acceptance and transfer of the Shares and the Share Options (as the case may be) in respect of the Offers
“Group”	the Company and its subsidiaries
“Guangdong SASAC”	State-owned Assets Supervision and Administration Commission under the People’s Government of Guangdong Province* (廣東省人民政府國有資產監督管理委員會)
“Guangxin Holdings”	Guangdong Guangxin Holdings Group Ltd.* (廣東省廣新控股集團有限公司), a company established in the PRC and wholly owned by Guangdong SASAC, which is the holding company of the Offeror
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“Huatai”	Huatai Financial Holdings (Hong Kong) Limited, a licensed corporation, licensed with the SFC to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities

“Independent Board Committee”	the independent board committee of the Board comprising all non-executive Directors (other than Ms. XIE Jingyun), namely Mr. ZUO Manlun, Mr. CHEN Mo, Mr. HO Kwan Yiu, Mr. LAM Ying Hung, Andy, and Mr. LIANG Shibin, having been established to give recommendation to the Independent Shareholders and the Optionholders regarding the terms of the Offers
“Independent Shareholders”	Shareholder(s), other than the Offeror and parties acting in concert with it
“Last Trading Day”	24 January 2019, being the last trading day on which the Shares were traded on the Stock Exchange prior to the issue and publication of this joint announcement
“Loan Facility”	the loan facility granted by HSBC to the Offeror for financing the consideration payable under the Offers
“Loan Facility Agreement”	the loan facility agreement entered into between HSBC as lender and the Offeror as borrower dated 23 January 2019 in relation to the Loan Facility
“Mr. Lin”	Mr. LIN Yan, who is the Vice President of the Company. Mr. LIN Yan is a concert party of the Offeror because he was nominated to be appointed as the Vice President of the Company by the Offeror
“Mr. Liu”	Mr. LIU Libin, who is a director of the Offeror and also the chairman and an executive Director of the Company. Mr. LIU Libin is presumed to be acting in concert with the Offeror as a director of the Offeror
“Ms. Zhang”	Ms. ZHANG Li, who is an executive Director and the Chief Financial Officer of the Company. Ms. ZHANG Li is a concert party of the Offeror because she was nominated to be appointed as an executive Director and the Chief Financial Officer of the Company by the Offeror
“Offer Share(s)”	Share(s) in respect of which the Share Offer is made, being Share(s) not already owned or agreed to be acquired by the Offeror and the parties acting in concert with it

“Offeror”	Guangxin Aluminium (HK) Limited (香港廣新鋁業有限公司), a company incorporated in Hong Kong with limited liability		
“Offers”	the Share Offer and the Option Offer		
“Option Offer”	the conditional mandatory cash offer to be made by Huatai for and on behalf of the Offeror for the cancellation of the outstanding Share Options in accordance with the Takeovers Code		
“Option Offer Price”	HK\$0.14 per Share Option		
“Optionholder(s)”	holder(s) of the Share Options from time to time		
“Overseas Shareholders”	Independent Shareholders whose addresses, as shown on the register of members of the Company, are outside Hong Kong		
“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan		
“Prior Share Purchases”	the following share purchases by the Offeror on open market:		
	Date	Number of Shares	Purchase price per Share
	19 September 2018	1,000	HK\$5.18
	19 September 2018	15,000	HK\$5.20
	20 September 2018	4,000	HK\$5.17
	20 September 2018	5,000	HK\$5.18
	18 October 2018	5,000	HK\$5.29
	18 October 2018	9,000	HK\$5.31
“RMB”	Renminbi, the lawful currency of the PRC		
“SFC”	the Securities and Futures Commission of Hong Kong		
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)		

“Share Offer”	the conditional mandatory cash offer to be made by Huatai for and on behalf of the Offeror for all the issued Shares, other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Share Offer Price”	the price at which the Share Offer will be made, being HK\$5.60 per Offer Share
“Share Option(s)”	the share option(s) granted under the Share Option Scheme which entitle the grantees to subscribe for an aggregate of 4,180,000 Shares at an exercise price of HK\$5.460 per Share
“Share Option Scheme”	the share option scheme adopted by the Company on 29 December 2017, and became effective on 5 January 2018
“Share Purchase”	the share purchases on the open market made by the Offeror on 24 January 2019 totaling 5,000 Shares, representing approximately 0.001% of the entire share capital of the Company as at the date of this joint announcement, details of which are as follows:

Number of Shares	Purchase price per Share
1,000	HK\$5.52
2,000	HK\$5.55
1,000	HK\$5.56
1,000	HK\$5.60

“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent.

* *for identification purpose only*

By Order of the Board
Guangxin Aluminium (HK) Limited
ZHAO Lan
Director

By Order of the Board
Xingfa Aluminium Holdings Limited
LIU Libin
Chairman

13 February 2019

As at the date of this joint announcement, the Board comprises Mr. LIU Libin, Mr. LIAO Yuqing, Ms. ZHANG Li, Mr. LAW Yung Koon, Mr. WANG Zhihua and Mr. LUO Jianfeng as executive Directors; Mr. ZUO Manlun and Ms. XIE Jingyun as non-executive Directors; and Mr. CHEN Mo, Mr. HO Kwan Yiu, Mr. LAM Ying Hung Andy, and Mr. LIANG Shibin as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the board of directors of the Offeror comprises Mr. ZOU Bin, Mr. LIU Libin and Ms. ZHAO Lan.

As at the date of this joint announcement, the board of directors of Guangxin Holdings comprises Mr. HUANG Ping (chairman), Ms. WU Xiaohui (general manager), Mr. ZHANG Xiuzhong (chairman of workers union), Ms. XIA Saiqiu (professional external director) and Mr. LI Kerang (professional external director).

The directors of each of the Offeror and Guangxin Holdings jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to the Group and the Directors) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Group and the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

In the case of inconsistency, the English text of this joint announcement shall prevail over the Chinese text.

For the purpose of this joint announcement, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB0.8431: HK\$1.00. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.