



# 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)



2024  
INTERIM REPORT

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## CORPORATE INFORMATION

### DIRECTORS AND BOARD COMMITTEES

#### Directors

##### **Executive Directors**

WANG Li (*Chairman*)  
LIAO Yuqing (*Chief Executive Officer*)  
ZHENG Jianhua (*Chief Financial Officer*)  
(*appointed on 16 August 2024*)  
LAW Yung Koon  
WANG Zhihua  
LUO Jianfeng

##### **Non-executive Directors**

ZUO Manlun  
XIE Jingyun (*resigned on 16 August 2024*)  
WANG Lei (*redesignated on 16 August 2024*)

##### **Independent Non-executive Directors**

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

#### Board Committees

##### **Audit Committee**

LAM Ying Hung, Andy (*Chairman*)  
CHEN Mo  
HO Kwan Yiu  
XIE Jingyun (*resigned on 16 August 2024*)  
WANG Lei (*appointed on 16 August 2024*)

##### **Remuneration Committee**

HO Kwan Yiu (*Chairman*)  
CHEN Mo  
LAM Ying Hung, Andy  
LIAO Yuqing  
WANG Li

##### **Nomination Committee**

WANG Li (*Chairman*)  
CHEN Mo  
HO Kwan Yiu  
LAM Ying Hung, Andy  
ZUO Manlun

##### **Company Secretary**

PANG Wai Ho

### AUTHORIZED REPRESENTATIVES

WANG Li  
LIAO Yuqing  
WANG Zhihua (*alternate to LIAO Yuqing*)

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## CORPORATE INFORMATION

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 5, Zone D, Central Science and  
Technology Industrial Park  
Sanshui District  
Foshan City  
Guangdong Province  
the PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 605, 6/F  
Wing On Plaza  
62 Mody Road  
Tsim Sha Tsui East  
Kowloon  
Hong Kong

### PRINCIPAL BANKERS

Bank of China  
Agriculture Bank of China  
Industrial and Commercial Bank of China

### LEGAL ADVISERS

#### As to Hong Kong law:

LCH Lawyers LLP

#### As to Cayman Islands law:

Conyers Dill & Pearman

### AUDITORS

Deloitte Touche Tohmatsu  
*Registered Public Interest Entity Auditors*  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

### SHARE REGISTRARS

#### Principal Share Registrar and Transfer Office in the Cayman Islands

Suntera (Cayman) Limited  
Suite 3204, Unit 2A  
Block 3, Building D  
P.O. Box 1586, Gardenia Court  
Camana Bay  
Grand Cayman, KY1-1100  
Cayman Islands

#### Branch Share Registrar and Transfer Office in Hong Kong

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716, 17/F, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### WEBSITE

[www.xingfa.com](http://www.xingfa.com)

### STOCK CODE

00098.HK

## INTRODUCTION

The board ("**Board**") of directors ("**Directors**") of Xingfa Aluminium Holdings Limited ("**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as "**Group**", "**our Group**", "**we**", "**us**", "**our**", "**Xingfa Aluminium**") prepared under International Financial Reporting Standards ("**IFRS**") for the six months ended 30 June 2024 ("**1H24**"), together with the comparative figures for the corresponding period in 2023 ("**1H23**") and the relevant explanatory notes as set out below. The condensed consolidated results are unaudited, but have been reviewed by the audit committee of the Board and the Company's independent auditors, Deloitte Touche Tohmatsu.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

## TO THE BOARD OF DIRECTORS OF XINGFA ALUMINIUM HOLDINGS LIMITED 興發鋁業控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the condensed consolidated financial statements of Xingfa Aluminium Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 7 to 26, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “*Interim Financial Reporting*” (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, 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 these condensed consolidated financial statements 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.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

## OTHER MATTER

The comparative condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 June 2023 and the relevant notes to the condensed consolidated financial statements were extracted from the interim financial information of the Group for six-month period ended 30 June 2023 reviewed by another auditor who expressed an unmodified conclusion on the interim financial information on 28 August 2023. The comparative condensed consolidated statement of financial position as at 31 December 2023 were extracted from the consolidated financial statements of the Group for the year ended 31 December 2023 audited by the same auditor who expressed an unmodified opinion on those statements on 21 March 2024.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

28 August 2024

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Revenue</b>	3 & 4	<b>8,349,840</b>	7,826,701
Cost of sales		<b>(7,600,105)</b>	(6,959,847)
<b>Gross profit</b>		<b>749,735</b>	866,854
Other income		<b>97,181</b>	50,309
Other gains and losses		<b>16,273</b>	(9,908)
Distribution costs		<b>(178,973)</b>	(152,768)
Administrative expenses		<b>(212,728)</b>	(210,383)
Impairment losses on trade and other receivables		<b>(10,283)</b>	(208,166)
Finance costs	5	<b>(51,477)</b>	(65,327)
Share of loss of an associate		-	(1,919)
<b>Profit before taxation</b>		<b>409,728</b>	268,692
Income tax expense	6	<b>(31,010)</b>	(7,781)
<b>Profit for the period</b>	8	<b>378,718</b>	260,911
<b>Profit attributable to:</b>			
Owners of the Company		<b>378,355</b>	260,586
Non-controlling interests		<b>363</b>	325
		<b>378,718</b>	260,911
<b>Earnings per share, in RMB</b>	10		
Basic		<b>0.90</b>	0.62



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Profit for the period</b>	<b>378,718</b>	260,911
<b>Other comprehensive income for the period</b>		
<b>Item that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations	293	154
<b>Total comprehensive income for the period</b>	<b>379,011</b>	261,065
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	378,648	260,740
Non-controlling interests	363	325
	<b>379,011</b>	261,065

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
<b>Non-current assets</b>			
Investment properties		191,115	193,580
Property, plant and equipment	11	3,465,695	3,303,653
Right-of-use assets		458,641	465,218
Intangible assets		2,174	2,586
Equity securities designated at fair value through other comprehensive income (FVTOCI)		36,508	36,508
Derivative financial instruments		4,315	4,315
Prepayments		23,804	31,432
Deferred tax assets		211,182	201,919
		<b>4,393,434</b>	4,239,211
<hr style="border-top: 1px dashed black;"/>			
<b>Current assets</b>			
Inventories		1,937,883	1,362,123
Trade and other receivables	12	4,740,938	4,191,085
Prepayments		109,204	107,102
Pledged deposits		174,167	124,250
Cash and cash equivalents		2,875,829	2,840,415
		<b>9,838,021</b>	8,624,975
Non-current assets held for sale		-	2,040
		<b>9,838,021</b>	8,627,015
<hr style="border-top: 1px dashed black;"/>			
<b>Current liabilities</b>			
Trade and other payables	13	4,853,340	3,822,213
Contract liabilities		435,961	382,413
Bank and other borrowings	14	831,830	499,590
Lease liabilities		2,305	2,518
Tax liabilities		62,066	88,201
		<b>6,185,502</b>	4,794,935
<hr style="border-top: 1px dashed black;"/>			

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
<b>Net current assets</b>		<b>3,652,519</b>	3,832,080
<b>Total assets less current liabilities</b>		<b>8,045,953</b>	8,071,291
<b>Non-current liabilities</b>			
Bank and other borrowings	14	<b>2,478,374</b>	2,647,902
Lease liabilities		<b>2,518</b>	3,537
Deferred income		<b>89,696</b>	66,118
Deferred tax liabilities		<b>14,403</b>	27,903
		<b>2,584,991</b>	2,745,460
<b>NET ASSETS</b>		<b>5,460,962</b>	5,325,831
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>3,753</b>	3,753
Reserves		<b>5,449,323</b>	5,314,555
<b>Total equity attributable to owner of the Company</b>		<b>5,453,076</b>	5,318,308
<b>Non-controlling interests</b>		<b>7,886</b>	7,523
<b>TOTAL EQUITY</b>		<b>5,460,962</b>	5,325,831

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Notes	Share capital	Share premium	Capital reserve	Other reserve	Statutory reserves	Exchange reserve	FVTOCI reserve	Retained earnings	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>At 1 January 2023 (audited)</b>		3,753	148,239	6,354	209,822	406,470	2,059	2,298	3,872,876	4,651,871	3,593	4,655,464
Profit for the period		-	-	-	-	-	-	-	260,586	260,586	325	260,911
Exchange differences on translation of foreign operations		-	-	-	-	-	154	-	-	154	-	154
Total comprehensive income for the period		-	-	-	-	-	154	-	260,586	260,740	325	261,065
Dividend recognised as distribution	9(b)	-	-	-	-	-	-	-	(141,047)	(141,047)	-	(141,047)
<b>At 30 June 2023 (unaudited)</b>		3,753	148,239	6,354	209,822	406,470	2,213	2,298	3,992,415	4,771,564	3,918	4,775,482
<b>At 1 January 2024 (audited)</b>		3,753	148,239	6,354	209,822	413,966	2,260	5,410	4,528,504	5,318,308	7,523	5,325,831
Profit for the period		-	-	-	-	-	-	-	378,355	378,355	363	378,718
Exchange differences on translation of foreign operations		-	-	-	-	-	293	-	-	293	-	293
Total comprehensive income for the period		-	-	-	-	-	293	-	378,355	378,648	363	379,011
Dividend recognised as distribution	9(b)	-	-	-	-	-	-	-	(243,880)	(243,880)	-	(243,880)
<b>At 30 June 2024 (unaudited)</b>		3,753	148,239	6,354	209,822	413,966	2,553	5,410	4,662,979	5,453,076	7,886	5,460,962

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 June 2024

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Operating activities</b>		
Operating cash flows before movements in working capital	<b>724,016</b>	758,040
(Increase) decrease in trade and other receivables	<b>(555,570)</b>	451,401
Increase (decrease) in trade and other payables	<b>1,116,371</b>	(284,426)
Movements in other working capital	<b>(524,314)</b>	(666,958)
Cash generated from operations	<b>760,503</b>	258,057
Income tax paid	<b>(79,908)</b>	(61,365)
<b>Net cash generated from operating activities</b>	<b>680,595</b>	196,692
<b>Investing activities</b>		
Interest received	<b>15,763</b>	29,859
Payment for the purchase of property, plant and equipment and land use rights	<b>(530,511)</b>	(492,344)
Proceeds from government grants for property, plant and equipment acquisition	<b>25,994</b>	–
Payment for pledged deposits	<b>(1,300,375)</b>	(1,076,662)
Proceeds received upon maturity of pledged deposits	<b>1,250,458</b>	1,086,315
Payment for deposit of futures contracts	–	(2,000)
Payment for purchase of equity securities	–	(27,516)
Proceeds from disposal of property, plant and equipment and land use rights	<b>2,482</b>	3,350
Repayment of loans from an associate	<b>16,000</b>	–
Proceeds from disposal of an associate	<b>15,000</b>	–
	<i>7</i>	
<b>Net cash used in investing activities</b>	<b>(505,189)</b>	(478,998)
<b>Financing activities</b>		
Payment of lease liabilities	<b>(1,232)</b>	(1,073)
Payment of interest on lease liabilities	<b>(115)</b>	(179)
Interest paid	<b>(58,400)</b>	(71,658)
Proceeds from bank and other borrowings	<b>1,257,078</b>	2,309,421
Repayment of bank and other borrowings	<b>(1,094,366)</b>	(873,222)
Dividends paid to owners of the Company	<b>(243,880)</b>	(141,047)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 June 2024*

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Net cash (used in) generated from</b>		
<b>  financing activities</b>	<b>(140,915)</b>	1,222,242
<b>Net increase in cash and cash equivalents</b>	<b>34,491</b>	939,936
<b>Cash and cash equivalents at 1 January</b>	<b>2,840,415</b>	1,849,773
Effect of foreign exchange rates changes	<b>923</b>	3,538
<b>Cash and cash equivalents at 30 June</b>	<b>2,875,829</b>	2,793,247

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 1 Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) Interim Financial Reporting issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## 2 Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

### Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

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

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 3 Revenue and segment reporting

The principal activities of the Group are manufacturing and sale of aluminium products.

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

- Industrial aluminium profiles: this operating and reportable segment manufactures and sells plain aluminium profiles, mainly for industrial usage.
- Construction aluminium profiles: this operating and reportable segment manufactures and sells aluminium profiles with surface finishing, including anodic oxidation aluminium profiles, electrophoresis coating aluminium profiles, powder coating aluminium profiles and PVDF coating aluminium profiles. Construction aluminium profiles are widely used in architecture decoration.
- All other segments: this reportable segment including the revenue generated from processing service contracts related to aluminium products and sale of aluminium panels, aluminium alloy, moulds and spare parts.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

### 3 Revenue and segment reporting (Continued)

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

Revenue are allocated to the reportable segments with reference to sales generated by those segments. The measure used for reporting segment profit is gross profit. The Group's most senior executive management is provided with segment information concerning segment revenue and gross profit. Segment assets and liabilities are not reported to the Group's most senior executive management regularly.

#### (a) Disaggregation of revenue

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Revenue from contracts with customers</b>		
Disaggregated of products or service lines		
– Sales of aluminium profiles	<b>8,083,355</b>	7,642,596
– Sales of aluminium panels, aluminium alloy, moulds and spare parts	<b>266,485</b>	183,795
– Revenue from processing service contracts	<b>–</b>	310
	<b>8,349,840</b>	7,826,701
Disaggregated by geographical location of customers		
– Mainland China, except for Hong Kong	<b>8,061,715</b>	7,712,591
– Hong Kong	<b>46,378</b>	42,178
– Asia Pacific, except for Mainland China and Hong Kong	<b>233,665</b>	64,745
– Other regions	<b>8,082</b>	7,187
	<b>8,349,840</b>	7,826,701

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in Note 3(b).

During the six months ended 30 June 2024, the Group's customer base is diversified and does not include any individual customer (six months ended 30 June 2023: Nil) with whom transactions have exceeded 10% of the Group's revenue.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 3 Revenue and segment reporting (Continued)

### (b) Segment results

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as 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 on 30 June 2024 is set out below:

	Industrial aluminium profiles		Construction aluminium profiles		All other segments		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
<b>Revenue from external customers recognised by point in time</b>	<b>1,388,461</b>	1,245,711	<b>6,694,894</b>	6,396,885	<b>266,485</b>	184,105	<b>8,349,840</b>	7,826,701
<b>Reportable segment profit</b>								
Gross profit	<b>55,782</b>	78,882	<b>624,639</b>	741,803	<b>69,314</b>	46,169	<b>749,735</b>	866,854

### (c) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Reportable segment profit derived from the Group's external customers	<b>749,735</b>	866,854
Other income	<b>97,181</b>	50,309
Other gains and losses	<b>16,273</b>	(9,908)
Distribution costs	<b>(178,973)</b>	(152,768)
Administrative expenses	<b>(212,728)</b>	(210,383)
Impairment losses on trade and other receivables	<b>(10,283)</b>	(208,166)
Finance costs	<b>(51,477)</b>	(65,327)
Share of loss of an associate	–	(1,919)
<b>Consolidated profit before taxation</b>	<b>409,728</b>	268,692

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 4 Seasonality of operations

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

For the twelve months ended 30 June 2024, the Group reported revenue of RMB17,875,690,000 (twelve months ended 30 June 2023: RMB16,904,802,000), and gross profit of RMB1,873,083,000 (twelve months ended 30 June 2023: RMB1,860,271,000).

## 5 Finance costs

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expenses on bank and other borrowings	44,448	44,511
Interest expenses on discounted bills	13,067	27,427
Interest on lease liabilities	115	179
	<b>57,630</b>	72,117
Less: interest expense capitalised into construction in progress	<b>(6,153)</b>	(6,790)
	<b>51,477</b>	65,327

## 6 Income tax expense

### (a) Taxation in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Current tax</b>		
Provision for People's Republic of China ("PRC") corporate income tax	40,273	30,329
PRC dividend withholding tax	13,500	10,000
	<b>53,773</b>	40,329
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(9,263)	(22,548)
Effect on distribution of dividends	(13,500)	(10,000)
	<b>(22,763)</b>	(32,548)
	<b>31,010</b>	7,781

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 6 Income tax expense (Continued)

### (a) Taxation in the condensed consolidated statement of profit or loss represents: (Continued)

- (i) Pursuant to the income tax rules and regulations of the PRC, the PRC subsidiaries of the Company are liable to PRC corporate income tax at a rate of 25% for the six months ended 30 June 2024 (six months ended 30 June 2023: 25%) except for Guangdong Xingfa Aluminium Co., Ltd. (“**Guangdong Xingfa**”), Xingfa Aluminium (Chengdu) Co., Ltd. (“**Xingfa Chengdu**”), Guangdong Xingfa Aluminium (Henan) Co., Ltd. (“**Xingfa Henan**”), Guangdong Xingfa Aluminium (Jiangxi) Co., Ltd. (“**Xingfa Jiangxi**”) and Guangdong Xingfa Precision Manufacturing Co., Ltd. (“**Xingfa Precision**”), which were certified as “High and New Technology Enterprises” and entitled to the preferential income tax rate of 15% for the six months ended 30 June 2024 (six months ended 30 June 2023: 15%).
- (ii) At 30 June 2024, deferred tax liabilities of RMB13,448,000 (at 31 December 2023: RMB26,948,000) have been provided for in this regard based on the expected dividends to be distributed from Guangdong Xingfa in the foreseeable future.
- (iii) During the six months ended 30 June 2024, Guangdong Xingfa, Xingfa Chengdu, Xingfa Henan, Xingfa Jiangxi and Xingfa Precision were entitled to super deduction on research and development expenses. As such, the income tax of the aforesaid subsidiaries of the Company for the six months ended 30 June 2024 was reduced by RMB32,799,000 (six months ended 30 June 2023: RMB46,284,000). Such additional tax deduction on research and development expenses equals 100% (2023: 100%) of the amount of research and development expenses actually incurred.

### (b) Pillar Two income tax

The Group is subject to the global minimum top-up tax the Global Anti-base Erosion Rules (“**GloBE Rules**” or “**Pillar Two Rules**”). Pillar Two Rules are enacted in certain jurisdiction in which the Company’s subsidiary is incorporated, and this implementation has no material tax impact to the Group. Pillar Two Rules has not yet been enacted in other certain jurisdictions in which the Company’s major subsidiaries are incorporated, and will come into effect on or after 1 January 2025 within the Group. Since the Pillar Two Rules is not yet effective at the reporting date for the Company’s major subsidiaries, the Group has no related current tax exposure during the interim period.

The Group is continuing to assess the impact of the Pillar Two income taxes on its future financial performance.

## 7 Disposal of an associate

On 29 December 2023, the Group entered into an agreement to dispose of 40% interest in Guangdong Xingfa Environmental Technology Co., Ltd. (“**Xingfa Environmental**”) to Yongbao Environmental Technology Co., Ltd. (a subsidiary of China Lesso Group Holdings Limited) at a cash consideration of RMB15 million. Before the disposal, the Group owned 40% interest in Xingfa Environmental and the investment was previously accounted for as an investment in an associate using the equity method of accounting. As at 31 December 2023, the disposal transaction has not yet been completed, the Group discontinued the use of the equity method over its interest in Xingfa Environmental and classified the carrying amount of its interest in Xingfa Environmental amounted to RMB2,040,000 as “Non-current assets held for sale”. In the current interim period, the disposal transaction has been completed.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2024*

### 7 Disposal of an associate (Continued)

This transaction has resulted in the Group recognising a gain of RMB12,960,000 in profit or loss, calculated as follows:

	RMB'000
Cash proceeds	15,000
<i>Less:</i> carrying amount of the 40% investment on the date of loss of significant influence of Xingfa Environmental	(2,040)
Gain recognised in profit or loss	12,960

### 8 Profit for the period

Profit for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Depreciation charge		
– Investment properties	<b>2,465</b>	3,024
– Property, plant and equipment	<b>243,450</b>	196,098
– Right-of-use assets	<b>6,577</b>	6,376
Amortisation cost of intangible assets	<b>822</b>	475
Net foreign exchange gain	<b>(3,553)</b>	(4,285)
Total staff costs	<b>555,630</b>	532,985
Changes in fair value of forward exchange contracts	–	3,402
Interest income	<b>(15,763)</b>	(29,859)
Cost of inventories (i)	<b>7,600,105</b>	6,959,847
Research and development costs (ii)	<b>395,236</b>	371,676
Income from additional value-added tax (“VAT”) input deduction (iii)	<b>54,939</b>	–

- (i) Cost of inventories for the six months ended 30 June 2024 included RMB553,004,000 (six months ended on 30 June 2023: RMB512,650,000) relating to depreciation and staff costs, which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses.
- (ii) Research and development costs for the six months ended 30 June 2024 included RMB88,672,000 (six months ended 30 June 2023: RMB78,156,000) relating to staff costs of employees which amount is also included in total staff costs as disclosed above.
- (iii) Income from additional VAT input deduction represented the deduction on VAT input granted by the government authorities in the PRC, which amount is included in other income.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 9 Dividends

### (a) Dividends payable to owners of the Company attributable to the interim period

The directors of the Company do not propose any payment of interim dividends for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

### (b) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Final dividends in respect of the previous financial year, approved and paid during the interim period ended 30 June 2024 of HKD0.64 per share (six months ended 30 June 2023: HKD0.37 per share)	<b>243,880</b>	141,047

## 10 Earnings per share

### Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB378,355,000 (six months ended 30 June 2023: RMB260,586,000) and the weighted average number of 420,649,134 ordinary shares (six months ended 30 June 2023: 420,649,134 ordinary shares) in issue during the interim period. No diluted earnings per share is presented as the Group did not have dilutive potential ordinary share in both periods.

## 11 Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired items of plant and machinery with a cost of RMB453,370,000 (six months ended 30 June 2023: RMB456,402,000). Items of property, plant and equipment with a net book value of RMB2,488,000 were disposed during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB14,141,000), resulting in a loss on disposal of RMB6,000 (six months ended 30 June 2023: RMB10,791,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 12 Trade and other receivables

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

	<b>At 30 June 2024 RMB'000 (unaudited)</b>	At 31 December 2023 RMB'000 (audited)
Within 1 month	<b>2,272,611</b>	2,009,535
1 to 3 months	<b>1,116,304</b>	1,217,612
3 to 6 months	<b>679,817</b>	672,929
Over 6 months	<b>334,291</b>	95,533
Trade receivables and bills receivables, net of allowance for credit losses (i)(ii)	<b>4,403,023</b>	3,995,609
Other receivables, net of loss allowance (iii)	<b>337,915</b>	195,476
Financial assets measured at amortised cost	<b>4,740,938</b>	4,191,085

- (i) The credit period of trade receivables and bills receivables is within 30 days to 360 days from the invoice date or bills acceptance date. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted.

As at 30 June 2024, loss allowances of RMB1,046,379,000 was recognised on trade receivables and bills receivables (at 31 December 2023: RMB1,033,451,000).

The Group measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses ("ECLs").

For the credit-impaired trade receivables, the loss allowances are assessed individually based on the estimated future cash flows derived from the collateralised assets. As at 30 June 2024, the gross carrying amount of credit-impaired trade receivables was RMB838,398,000 (at 31 December 2023: RMB796,661,000), against which a loss allowance of RMB838,398,000 was recognised (at 31 December 2023: RMB796,661,000).

For the remaining trade receivables, ECLs are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and the forward-looking information, including but not limited to the economic condition on the domestic real estate industry at the reporting date.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

### 12 Trade and other receivables (Continued)

- (ii) All the bills receivables are due within one year and the aging are counted starting from the date of acceptance.

Certain bills receivables with carrying value of RMB390,162,000 were pledged as securities for bills payable of the Group as at 30 June 2024 (at 31 December 2023: RMB887,325,000).

- (iii) As at 30 June 2024, VAT input receivable of RMB316,477,000 was included in other receivables (at 31 December 2023: RMB164,600,000). As at 30 June 2024, loss allowances of RMB195,000 was recognised on other receivables (at 31 December 2023: RMB1,476,000).

### 13 Trade and other payables

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

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 1 month	1,137,880	508,500
1 to 3 months	1,735,420	1,205,945
3 to 6 months	1,153,735	1,018,991
Over 6 months	217,701	273,316
Trade payable and bills payable	<b>4,244,736</b>	3,006,752
Trade payables	<b>754,606</b>	1,153,505
Bills payable (Note)	<b>3,490,130</b>	1,853,247
Accrued payroll and benefits	<b>209,391</b>	253,667
Other payables and accruals	<b>294,610</b>	361,621
Payable for the purchase of property, plant and equipment	<b>53,464</b>	137,823
Interest payable	<b>11,107</b>	11,992
Deferred income	<b>4,221</b>	12,303
Financial liabilities measured at amortised cost	<b>4,817,529</b>	3,784,158
Refund liabilities		
– arising from volume rebates	<b>35,811</b>	38,055
	<b>4,853,340</b>	3,822,213

*Note:* These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payable. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the condensed consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 14 Bank and other borrowings

During the current interim period, the Group obtained new bank loans amounting to RMB1,257,078,000 (six months ended 30 June 2023: RMB2,309,421,000). The loans carry interest at fixed market rates of 2.50%-3.30% and variable market rates of 2.30%-2.70%, and are repayable in instalments over a period of 1-4 years. The proceeds were used to finance the acquisition of property, plant and equipment and maintain the working capital of the Group.

## 15 Fair value measurement of financial instruments

### (a) Financial assets and liabilities measured at fair value

#### (i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations for the financial instruments which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each reporting date, and is reviewed and approved by the chief financial officer.

	Fair value at 30 June 2024 RMB'000 (unaudited)	Fair value measurements as at 30 June 2024 categorised into		
		Level 1 RMB'000 (unaudited)	Level 2 RMB'000 (unaudited)	Level 3 RMB'000 (unaudited)
<b>Recurring fair value measurement</b>				
Assets:				
Equity securities designated at FVTOCI				
– Unlisted equity securities	36,508	–	–	36,508
Derivative financial instruments:				
– Other derivative	4,315	–	–	4,315
	40,823	–	–	40,823



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 15 Fair value measurement of financial instruments (Continued)

### (a) Financial assets and liabilities measured at fair value (Continued)

#### (i) Fair value hierarchy (Continued)

	Fair value at 31 December 2023 RMB'000 (audited)	Fair value measurements as at 31 December 2023 categorised into		
		Level 1 RMB'000 (audited)	Level 2 RMB'000 (audited)	Level 3 RMB'000 (audited)
<b>Recurring fair value measurement</b>				
Assets:				
Equity securities designated at FVTOCI				
– Unlisted equity securities	36,508	–	–	36,508
Derivative financial instruments:				
– Other derivative	4,315	–	–	4,315
	40,823	–	–	40,823

During the six months ended 30 June 2024 and the year ended 31 December 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

#### Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable input	Range
<b>Equity securities designated at FVTOCI</b>			
– Unlisted equity securities	Market comparable companies price/book ratios	Discount for lack of marketability	11.40% – 22.10%
<b>Derivative financial instruments:</b>			
– Other derivative	Black-Scholes model	Expected volatility	29.08% – 46.13%

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 15 Fair value measurement of financial instruments (Continued)

### (b) Fair values of financial assets and liabilities carried at other than fair value

The management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values.

## 16 Commitments

At the end of the reporting period, the Group had the following commitments:

	<b>At 30 June 2024 RMB'000 (unaudited)</b>	At 31 December 2023 RMB'000 (audited)
Contracted for		
– Purchase of property, plant and equipment for the production base in Mainland China	<b>439,604</b>	495,508
– Purchase of property, plant and equipment for the production base outside Mainland China	<b>6,574</b>	10,550
	<b>446,178</b>	506,058

In addition, the Group was committed at 31 December 2023 for a 3 year lease that is not yet commenced, the lease payments under which amounted to AUD1,127,972 (equivalent to RMB5,468,859) per annum. During the six months ended 30 June 2024, the Group entered into a supplement agreement to change the lease period from 3 years to 10 years that is not yet commenced, and the lease payments was changed to AUD1,593,589 (equivalent to RMB7,593,452) per annum. The lease agreement will be commenced upon the completion and acceptance of the plants and office.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 17 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following material related party transactions:

### (a) Transactions

During the six months ended 30 June 2024, the Group sold goods of RMB24,733,000 (six months ended 30 June 2023: RMB24,216,000) to Guangdong Xingfa Curtain Wall, Door & Window Co., Ltd. ("**Xingfa Curtain Wall**"), which is invested by one of the Group's executive directors.

During the six months ended 30 June 2023, the Group provided properties leasing service of RMB2,111,000 to Xingfa Environmental, which was an associate of the Group. During the six months ended 30 June 2024, the Group disposed Xingfa Environmental to Yongbao Environmental Technology Co., Ltd. (a subsidiary of China Lesso Group Holdings Limited), and Xingfa Environmental is no longer an associate of the Group as at 30 June 2024 and the details are disclosed in Note 7.

During the six months ended 30 June 2024, the Group sold goods and provided leasing and other service of RMB54,177,000 (six months ended 30 June 2023: RMB131,221,000) to China Lesso Group Holdings Limited and its subsidiaries ("**China Lesso Group**"), and sold goods of RMB10,967,000 to Guangdong Guangxin Holdings Group Co., Ltd. and its subsidiaries ("**Guangxin Holding**") respectively. Both China Lesso Group and Guangxin Holding are shareholders of the Company.

### (b) Balances with related parties

As at the end of the reporting period, the Group had the balance due from Xingfa Curtain Wall of RMB16,567,000 (at 31 December 2023: RMB23,505,000), balance due from China Lesso Group of RMB20,959,000 (at 31 December 2023: RMB31,184,000), balance due to Xingfa Curtain Wall of RMB557,000 (at 31 December 2023: RMB764,000), balance due to China Lesso Group of RMB110,000 (at 31 December 2023: RMB553,000).

The balances with related parties are trade-related, unsecured, interest-free and have no fixed terms of repayment.

In addition, the Group had a 1-year loan of RMB16,000,000 at 31 December 2023 provided to Xingfa Environmental with interest rate at 4.35% per annum. During the six months ended 30 June 2024, the loan has been fully received.

## 18 Comparison Information

Certain comparative figures have been reclassified in these condensed consolidated financial statements to conform with the current period's presentation, which have no material effect on previously reported financial performance and financial position.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY REVIEW

According to the data of the National Bureau of Statistics (“NBS”), in the first half of 2024, China’s Gross Domestic Product (“GDP”) reached RMB61,683.6 billion, representing a year-on-year increase of 5.0% at constant prices. Generally, in the first half of the year, the national economy continued to restore to the positive momentum, with overall stable and progressive operation, stable growth in production, and continuous recovery in demand. However, there were still new challenges brought by the significantly increasing complexity and severity of the external environment, and the continuous reinforcement of domestic structural adjustment. In terms of real estate market, the key note of the real estate policy in the first half of 2024 continued to be lenient. Since the meeting of the Political Bureau held in April, the policy focus has shifted to “de-stocking”. After the “17 May New Policies”, residents’ credit policies have ushered in epic benefits, namely lowering the down payment ratio to as low as 15%, and cancellation of the minimum mortgage rate for housing loans. At the same time, the real estate financing coordination mechanism has been established and accelerated, and the Whitelist Projects have been approved for nearly trillion financing quotas. Overall, in the first half of the year, the real estate market continued its weak recovery trend. Although there were positive signals in the market, the overall downward pressure on the market remained unabated. According to data from the NBS, the sales area of newly built commercial housing nationwide in the first half of 2024 was 479.16 million square meters, representing a year-on-year decrease of 19.0%. The amount of sales of newly built commercial housing nationwide was RMB4,713.3 billion, representing a year-on-year decrease of 25.0%. In face of industry fluctuations and uncertainties, Xingfa Aluminium, as a major manufacturer and supplier of construction aluminium profiles in China, adopted a proactive business attitude, flexibly adjusted its business principles, reinforced its cooperation with real estate developers with healthy cash flow conditions, as well as actively expanded its business scope, effectively resisted market risks, so as to maintain the Group’s market competitiveness and profitability through the diversified development of the aluminium profile business.

### BUSINESS REVIEW

Xingfa Aluminium is one of the leading aluminium profile manufacturers in the PRC and is principally engaged in the manufacture and sale of aluminium profiles. As of 30 June, 2024, the Group had a total of 1,259 valid patents, including 105 invention patents, 310 utility model patents, 844 design patents, and participated in the drafting of approximately 137 national and industrial standards. In the first half of this year, the Group was honoured with the titles of “2024 Top 500 Preferred Suppliers Brand of Comprehensive Strengths in Real Estate Supply Chain” and “2024 Benchmark of Investment Value of China Real Estate Suppliers”.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2024, the real estate market, which was in the process of adjustment and weak recovery, posed significant challenges to the Group's daily operations and sales. Nevertheless, the Group still adhered to the mission of "Pursuing Excellence in Quality, Serving Global Customers". Through the persistence and efforts of the team, leveraging on our own advantages on product technology and outstanding quality, the Group continued to consolidate its good brand image and market reputation in the industry, and demonstrated its competitive advantages in a challenging business environment.

During the six months ended 30 June 2024, the Group achieved revenue of RMB8,349.8 million, representing a year-on-year increase of 6.7% compared to RMB7,826.7 million in the first half of 2023. The sales volume was 362,049 tonnes, representing a year-on-year increase of 3.1% compared to 351,101 tonnes in the first half of 2023. The net profit attributable to owners of the Group was RMB378.4 million, representing a year-on-year significant increase of 45.2% compared to RMB260.6 million in the first half of 2023. Although the market competition was intense, the Group had fully demonstrated the inherent resilience of its business model, and improved its profitability.

In terms of business development, the Group, as one of the earliest enterprises to manufacture aluminium profiles in Mainland China, specialises in the production of construction aluminium profiles and industrial aluminium profiles. In terms of construction aluminium profiles, the Group will continue to consolidate its market share and enhance its profitability. In the first half of 2024, sales revenue from construction aluminium profiles was RMB6,694.9 million (in the first half of 2023: RMB6,396.9 million), representing a year-on-year increase of 4.7%. Confronted with the increasing overall volatility in the construction market and pressure on order volumes, as well as the uncertain business environment, the Group adopted a more prudent business strategy, which proactively chose to establish partnerships with central-government-controlled enterprises, state-owned enterprises, and real estate developers with good reputations, strong financial positions, and healthy cash flows, to reduce financial risks, so as to ensure the Group possessed healthy cash flow for stable operations. At the same time, the Group actively responded to market changes, promptly adjusted strategic direction, actively explored and expanded the home decoration market, and got closer to the end market to gain an in-depth understanding of users' needs, and diversified risks and sought steady growth. Home building materials consumption is an important carrier of consumers' aspirations for a better life. Aluminium profiles have unique environmental protection, durability, non-deformation, fire resistance, and moisture resistance and other unique properties.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

While the Group implemented the in-depth adjustment and optimization of the layout in the construction aluminium profile business, at the same time, the Group also continued to develop the industrial aluminium profile business. Industrial aluminium profiles are widely used in various industries such as new energy photovoltaics, automotive parts, durable consumer goods, medical devices, electromechanical equipment, aviation and aerospace, electronic consumer goods, and transportation, with good development prospects. In the first half of 2024, sales revenue from industrial aluminium profiles was RMB1,388.5 million (in the first half of 2023: RMB1,245.7 million), representing a year-on-year increase of 11.5%. To better capture market opportunities, the Group's research and development team will continue to strengthen the research and development of industrial aluminium profile products, so as to seek to develop new products with better performance, continuously leverage the market competitive advantage accumulated through research and development, and achieve diversified business development.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of overseas business, the Group actively increased production capacity to enhance competitiveness in overseas markets such as Australia and Southeast Asia. The equipment installation work of the plant of the project in Australia is expected to be officially launched this year, with a project planned capacity of 20,000 tonnes. The project in Vietnam was also underway in an orderly manner, and it is expected to commence the application process for the construction of the plant in the second half of this year, with a project planned capacity of 180,000 tonnes. The Group believes that building professional sales teams, sales networks and production bases overseas will effectively intensify the cooperation ties with overseas customers, realise the “zero-distance strategy” of local production, local users, and local services, provide higher quality and more efficient services to overseas customers, expand the Group’s business footprint in the global market, consolidate its industry position, and help the Group become a well-positioned pioneer in this industry.

### Revenue

The Group’s revenue remained stable during 1H24. For the six months ended 30 June 2024, the revenue of the Group increased by 6.7% to RMB8,349.8 million (1H23: RMB7,826.7 million), and the sales volume was 362,049 tonnes (1H23: 351,101 tonnes). The sales of construction aluminium profiles and industrial aluminium profiles accounted for 80.2% (1H23: 81.7%) and 16.6% (1H23: 15.9%) of the revenue, respectively.

### ***Construction Aluminium Profiles***

Construction aluminium profiles are surface treated aluminium profiles which are mainly used for the construction and installation of doors and windows, curtain walls, ceilings and blinds and other decorative products. In the first half of 2024, the revenue of construction aluminium profiles increased by 4.7% year-on-year to approximately RMB6,694.9 million (1H23: RMB6,396.9 million), and sales volume grew by 1.7% year-on-year to approximately 289,689 tonnes (1H23: 284,850 tonnes).

### ***Industrial Aluminium Profiles***

Industrial aluminium profiles are mainly plain aluminium profiles, which can be used as container frames and other products such as new conductive profiles of urban railway locomotives and ship components. In addition, they can also be made into different forms and shapes, such as heat sinks of central processing units (CPUs) and displays and frames of consumer electronic products. The revenue of industrial aluminium profiles increased by 11.5% year-on-year to approximately RMB1,388.5 million (1H23: RMB1,245.7 million) in the first half of 2024, and sales volume increased by 10.3% year-on-year to approximately 69,083 tonnes (1H23: 62,650 tonnes).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Prospect

Entering into the second half of 2024, in terms of real estate, the central government's policies to "stabilize the market" and "de-stocking" are expected to continue to be implemented. Local policies will continue to be increased, namely stabilize the market from both supply and demand sides. With the positive effectiveness of various measures, the boosting effect of policies will continue to ferment, and the high base effect will significantly be weakened. The activity level of the real estate market has shown marginal improvement, and the downward trend of the market is likely to further slowdown. In terms of aluminium profile industry, although the industry may show marginal adjustment trend in the short term, it is expected that with the recovery of the global economy and the continuous expansion of aluminium application segment, the market size of aluminium profiles will show a stable growth trend. Especially, with the rapid development of new energy, photovoltaic, and aviation and aerospace sectors, the demand for aluminium profiles will continue to increase. From a medium to long-term perspective, the aluminium profile industry, as a huge market, is still full of development opportunities. The Group maintains a cautiously optimistic attitude toward the aluminium profile industry and its own development.

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

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



## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

## FINANCIAL REVIEW

### Revenue

The revenue of the Group for 1H24 were increased by 6.7% to approximately RMB8,349.8 million while the sales volume increased by 3.1% to approximately 362,049 tonnes (1H23: RMB7,826.7 million and 351,101 tonnes respectively).

The sales volume of construction aluminium profiles for 1H24 increased by 1.7% to 289,689 tonnes (1H23: 284,850 tonnes) and the sales volume of industrial profiles for 1H24 increased by 10.3% to 69,083 tonnes (1H23: 62,650 tonnes).

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the details of our revenue by segments for 1H24 and 1H23:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Sale of aluminium profiles		
– Construction aluminium profiles	<b>6,694,894</b>	6,396,885
– Industrial aluminium profiles	<b>1,388,461</b>	1,245,711
	<b>8,083,355</b>	7,642,596
Others <i>(Note)</i>	<b>266,485</b>	184,105
<b>Total</b>	<b>8,349,840</b>	7,826,701

*Note:* Our Group's revenue generated from other segments represents revenue generated from processing service contracts related to aluminium products and sale of aluminium panels, aluminium alloy, moulds and spare parts.

### Gross profit and gross profit margin

The gross profit of the Group for 1H24 decreased by 13.5% to approximately RMB749.7 million (1H23: RMB866.9 million).

The overall gross profit margin for 1H24 of the Group decreased to 9.0%, while the sales to production ratio maintained stable at 96.5% (1H23: 96.9%).

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
Overall	<b>9.0%</b>	11.1%
Construction aluminium profiles	<b>9.3%</b>	11.6%
Industrial aluminium profiles	<b>4.0%</b>	6.3%
All other segments <i>(Note)</i>	<b>26.0%</b>	25.1%

*Note:* Our Group's all other segments include processing service contracts related to aluminium products and sale of aluminium panels, aluminium alloy, moulds and spare parts.

## MANAGEMENT DISCUSSION AND ANALYSIS

The gross profit margin of construction aluminium profiles and industrial aluminium profiles segments decreased to 9.3% and 4.0% respectively. Such decrease in gross profit margin was mainly due to the intensified market competition.

### Other income

The other income of the Group for 1H24 increased by 93.2% to approximately RMB97.2 million (1H23: RMB50.3 million). Such increase was mainly attributable to the increase in the amount of government grants received during 1H24.

### Distribution costs

The distribution costs of the Group for 1H24 increased by 17.2% to approximately RMB179.0 million (1H23: RMB152.8 million), which was 2.1% of the revenue (1H23: 2%). During 1H24, the distribution costs increased as compared to that of 1H23 and such increase is in line with the increase in the growth of sales volume.

### Administrative expenses

The administrative expenses of the Group for 1H24 increased by 1.1% to RMB212.7 million (1H23: RMB210.4 million), which was 2.5% of the revenue (1H23: 2.7%).

### Profit attributable to owners of the Company and net profit margin

The profit attributable to owners of the Company for 1H24 increased by 45.2% to approximately RMB378.4 million (1H23: RMB260.6 million), whilst the net profit margin increased to 4.5% (1H23: 3.3%).

The Board believes that such increase in profit was primarily attributable to the decrease in impairment losses on trade and other receivables.

# MANAGEMENT DISCUSSION AND ANALYSIS

## ANALYSIS OF FINANCIAL POSITION

### Current and quick ratios

The following table sets out our Group's current and quick ratios as at 30 June 2024 and 31 December 2023:

	<b>At 30 June 2024</b>	At 31 December 2023
Current ratio ( <i>Note i</i> )	<b>1.59</b>	1.80
Quick ratio ( <i>Note ii</i> )	<b>1.28</b>	1.52

*Note:*

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

Current ratio and quick ratio as at 30 June 2024 decreased as compared to that as at 31 December 2023. Such decrease was mainly due to higher utilisation of bills payables to settle the payment of suppliers and short-term bank borrowings during 1H24.

### Gearing ratio

The following table sets out our Group's gearing ratio as at 30 June 2024 and 31 December 2023:

	<b>At 30 June 2024</b>	At 31 December 2023
Gearing ratio ( <i>Note</i> )	<b>23.3%</b>	24.5%

*Note:*

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

The gearing ratio as at 30 June 2024 decreased slightly as compared to that as at 31 December 2023, mainly because the combined effect of the increase in the amount of bank and other borrowings and the increase in the amount of current assets during 1H24.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Inventory turnover days

The following table sets out our Group's inventory turnover days during 1H24 and 1H23:

	Six months ended 30 June	
	2024	2023
Inventory turnover days ( <i>Note</i> )	39	42

*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 period under review multiplied by 181 days.

Inventories balance as at the respective periods ended 30 June 2024 and 2023 represents aluminium profiles segment including our raw materials, work in progress and the unsold finished goods and completed properties for sale.

The Group's inventory turnover days for 1H24 decreased as compared to that of 1H23 because the Group has imposed tighter control on the balance of inventories during 1H24.

### Debtors' turnover days

The following table sets out our Group's debtors' turnover days during 1H24 and 1H23:

	Six months ended 30 June	
	2024	2023
Debtors' turnover days ( <i>Note</i> )	91	99

*Note:*

Debtors' turnover days is calculated based on the average of the beginning and ending balance of trade and bills receivables (net of allowance for credit losses) for the corresponding period divided by revenue during the period under review multiplied by 181 days.

The debtor's turnover days decreased in 1H24 as compared to that of 1H23 because the Group reinforces credit control to shorten the collection period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Creditors' turnover days

The following table sets out our Group's creditors' turnover days during 1H24 and 1H23:

	Six months ended 30 June	
	2024	2023
Creditors' turnover days ( <i>Note</i> )	86	92

*Note:*

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

The creditors' turnover days decreased in 1H24 as compared to that of 1H23 as the Group accelerated the repayment schedules of suppliers to secure stable supply of materials in view of increased sales volume during 1H24.

### Loans and borrowings

As at 30 June 2024, the Group's loans and borrowings amounted to approximately RMB3,310.2 million (31 December 2023: RMB3,147.5 million), among which amounted to approximately RMB552.4 million were at fixed interest rates (31 December 2023: RMB1,146.6 million). All of the Group's loans and borrowings as at 30 June 2024 were denominated in RMB.

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

### Banking facilities and guarantee

As at 30 June 2024, the banking facilities of the Group amounted to approximately RMB14,536.2 million (31 December 2023: RMB14,176.2 million), of which approximately RMB6,183.5 million were utilized (31 December 2023: RMB4,509.0 million).

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Capital structure

As at 30 June 2024, the Company had 420,649,134 ordinary shares of HK\$0.01 each in issue. No shares of the Company has been issued or repurchased during 1H24.

### Treasury Policies

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

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

## CASH FLOW HIGHLIGHTS

The following table sets out our Group's cash flow highlights during 1H24 and 1H23:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net cash generated from operating activities	<b>680,595</b>	196,692
Payment for the purchase of property, plant and equipment and land use rights	<b>(530,511)</b>	(492,344)
Payment for deposit of futures contracts	–	(2,000)
Net (increase)/decrease in pledged deposits	<b>(49,917)</b>	9,653
Interest paid	<b>(58,400)</b>	(71,658)
Net increase in bank borrowings	<b>162,712</b>	1,436,199
Dividends paid	<b>(243,880)</b>	(141,047)

We generally finance our operations through 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB2,875.8 million (31 December 2023: RMB2,840.4 million), among which 0.47% was held in US dollars, 1.85% was held in HK dollars and the remaining balance was held in RMB.

### SUBSEQUENT EVENT

There was no significant subsequent event affecting the Group that had occurred since the end of 1H24.

### HUMAN RESOURCES

As at 30 June 2024, our Group employed a total of approximately 10,069 full time employees in the PRC and Hong Kong which included management staff, technicians, salespersons and workers. In 1H24, our Group's total expenses on the remuneration of employees were approximately RMB555.6 million (1H23: approximately RMB533.0 million), representing approximately 6.7% (1H23: 6.8%) of the revenue of our Group. Our Group's emolument policies are formulated on the performance of individual employees and directors, which will be reviewed regularly every year. Apart from the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the laws of Hong Kong) for Hong Kong employees) or state-managed retirement pension scheme (for the PRC employees), housing fund, medical insurance, unemployment insurance and other relevant insurance (according to the PRC rules and regulations for PRC employees), discretionary bonuses and employee share options would also be awarded to employees according to the assessment of individual performance. In-house and external training programmes are provided as and when required. The Group did not have any share award scheme for its employees during 1H24.



## OTHER INFORMATION

### INTERIM DIVIDEND

The Directors did not propose the payment of interim dividend for 1H24 (1H23: Nil).

### SHARE SCHEME

The Company conditionally adopted a share option scheme ("**Share Option Scheme**") on 29 December 2017. The Share Option Scheme became effective for 10 years commencing from 5 January 2018.

No share option was granted, vested, exercised, cancelled or lapsed under the Share Option Scheme during 1H24. No share option was outstanding or unvested as at 1 January 2024 and 30 June 2024. As at 1 January 2024 and 30 June 2024, the total number of share options available for grant under the scheme mandate is 39,150,866, which represent 9.31% of the issued shares of the Company as at the date of this report. No service provider sublimit has been authorised under the Share Option Scheme.

The Company has not adopted any share award scheme.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

At no time during 1H24 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 on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") during the six months ended 30 June 2024.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the applicable 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 of the Company ("**Shareholders**").

## OTHER INFORMATION

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during 1H24.

### DISPOSAL OF AN ASSOCIATE

On 29 December 2023, 廣東興發環境科技有限公司 (Guangdong Xingfa Environmental Technology Co., Ltd.\*) ("**Xingfa Environmental**") and 江蘇永祿環保科技股份有限公司 (Jiangsu Yongbao Environmental Technology Co., Ltd.\*) ("**Yongbao Environmental**") entered into the equity transfer agreement ("**Equity Transfer Agreement**") pursuant to which Guangdong Xingfa, as vendor, agreed to transfer and Yongbao Environmental, as purchaser, agreed to acquire 40% of the equity interest of Xingfa Environmental ("**Disposal**"). As at the date of Equity Transfer Agreement, (i) Xingfa Environmental was indirectly owned as to 40% by the Group through Guangdong Xingfa and as to 60% by Yongbao Environmental; and (ii) Yongbao Environmental was a non-wholly owned subsidiary of China Lesso, a substantial Shareholder. According to the public record immediately after the change in business registration in respect of the Disposal which took place in February 2024, Xingfa Environmental was wholly-owned by Yongbao Environmental and Guangdong Xingfa ceased to hold any equity interest in Xingfa Environmental.

### MATERIAL ACQUISITION AND DISPOSAL

For the six months ended 30 June 2024, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

### SIGNIFICANT INVESTMENT

As at 30 June 2024, the Group did not hold any significant investment with a value of 5% or more of the Group's total assets.

### CHARGES ON GROUP ASSETS

As at 30 June 2024, bills receivable of the Group with a carrying value of RMB390.2 million (31 December 2023: RMB887.3 million) and pledged deposits of the Group amounting to RMB140.5 million (31 December 2023: RMB124.3 million) were pledged as securities for bills payable of the Group.

As at 30 June 2024, property, plant and equipment of the Group with net book value of RMB360.2 million (31 December 2023: RMB365.6 million) and right-of-use-assets of the Group in the carrying value of RMB392.3 million (31 December 2023: RMB379.8 million) were charged as security for bank loans and borrowings of the Group amounting to RMB1,700.7 million.

## OTHER INFORMATION

### CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2024.

### DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, 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 C3 to the Listing Rules ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

#### Long position

Name of directors	Capacity	No. of ordinary shares of the Company	Percentage of shareholding of the Company as at 30 June 2024
LIAO Yuqing	Founder of a discretionary trust who can influence how the trustee exercises his discretion	48,200,100	11.46%
LAW Yung Koon	Beneficial owner Interest of spouse	19,432,000 1,719,000	4.62% 0.41%
WANG Zhihua	Beneficial owner	128,000	0.03%

Save as disclosed above, as at 30 June 2024, none of the Directors or the chief executive of the Company had registered an interest or short position in the shares, underlying shares and debentures 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.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO PART XV OF THE SFO

As at 30 June 2024, the following persons, other than a Director or the chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which are required to be recorded in the register required to be kept by the Company under section 336 of the SFO:

#### Long Position

Name of entities	Capacity	Total number of ordinary shares of the Company	Percentage of interest in the Company
GuangXin (Hong Kong) Investment Limited	Beneficial owner	132,382,000	31.47%
Guangdong Guangxin Holdings Group Ltd.*	Interest of controlled corporation	132,382,000	31.47%
State-owned Assets Supervision and Administration Commission of The People's Government of Guangdong Province*	Interest of controlled corporation	132,382,000 (Note 1)	31.47%
Lesso Group Holdings Limited	Beneficial owner	109,842,900	26.11%
China Lesso Group Holdings Limited	Interest of controlled corporation	109,842,900	26.11%
New Fortune Star Limited	Interest of controlled corporation	109,842,900	26.11%
Xi Xi Development Limited	Interest of controlled corporation	109,842,900	26.11%
UBS Trustees (B.V.I.) Limited	Interest of controlled corporation	109,842,900 (Note 2)	26.11%

## OTHER INFORMATION

Name of entities	Capacity	Total number of ordinary shares of the Company	Percentage of interest in the Company
WONG Luen Hei	Founder of a discretionary trust who can influence how the trustee exercises his discretion	109,842,900 <i>(Note 2)</i>	26.11%
Sure Keen Limited	Beneficial owner	48,200,100	11.46%
Glorious Joy Limited	Interest of controlled corporation	48,200,100	11.46%
TMF (Cayman) Limited	Trustee	48,200,100 <i>(Note 3)</i>	11.46%
LAM Yuk Ying	Beneficial owner Interest of spouse	<i>1,719,000</i> <i>19,432,000</i>	
		21,151,000 <i>(Note 4)</i>	5.03%

### Notes:

- These Shares were held by GuangXin (Hong Kong) Investment Limited, which was directly wholly-owned by Guangdong Guangxin Holdings Group Ltd.\* and ultimately wholly-owned by the State-owned Assets Supervision and Administration Commission of The People's Government of Guangdong Province\*.
- These Shares were held by Lesso Group Holdings Limited, which was directly wholly-owned by China Lesso Group Holdings Limited. China Lesso Group Holdings Limited was owned as to 68.93% by New Fortune Star Limited, which was wholly-owned by Xi Xi Development Limited and ultimately owned by UBS Trustees (B.V.I.) Limited, as trustee of a discretionary trust, the settlor of which was Mr. Wong Luen Hei.
- These Shares were held by Sure Keen Limited, which was directly wholly-owned by Glorious Joy Limited and ultimately wholly-owned by TMF (Cayman) Limited, as trustee of a discretionary trust, the settlor of which was Mr. LIAO Yuqing, an executive Director.
- The spouse of LAM Yuk Ying is Mr. LAW Yung Koon, an executive Director.

\* For identification purpose only

## OTHER INFORMATION

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 2024, 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, the Company had complied with all the code provisions of the Corporate Governance Code (“**Corporate Governance Code**”) as set out in Part 2 of Appendix C1 to the Listing Rules for 1H24.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix C3 to 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 as set out in the Model Code for 1H24.

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

### 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.

## OTHER INFORMATION

The audit committee of the Board ("**Audit Committee**") composed of three independent non-executive Directors of the Company namely, Mr. CHEN Mo, Mr. HO Kwan Yiu and Mr. LAM Ying Hung, Andy ("**Mr. LAM**") and one non-executive Director namely, Mr. WANG Lei. Mr. LAM, who has professional qualification and experience in financial matters, serves as the chairman of the Audit Committee.

The Audit Committee has met with the management and external auditors of the Company and has reviewed the unaudited condensed consolidated results of our Group for 1H24.

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

28 August 2024