
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Xingfa Aluminium Holdings Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is addressed to the shareholders of the Company in connection with an extraordinary general meeting of the Company to be held at 12:00 noon on Thursday, 31 May 2012.

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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)

EXCEEDING ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS WITH XINGFA CURTAIN WALL AND NEW MASTER SUPPLY AGREEMENT AND NOTICE OF EGM

Independent financial adviser to
the Independent Board Committee and the Independent Shareholders



CIMB Securities Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 5 to 15 of this circular. A letter from the Independent Board Committee is set out on pages 16 to 17 of this circular. A letter from Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 29 of this circular.

A notice convening the EGM to be held at No. 23, Renhe Road, Nanzhuang Town, Chancheng District, Foshan City, Guangdong Province, the PRC at 12:00 noon on Thursday, 31 May 2012 is set out on pages 37 to 39 of this circular. If you are not able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

30 April 2012

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2011 Announcement”	the announcement of the Company dated 8 March 2011
“Annual Caps”	2011 Annual Cap, 2012 Annual Cap and 2013 Annual Cap
“Articles”	the articles of association of the Company
“Board”	the board of Directors
“Company”	Xingfa Aluminium Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Continuing Connected Transactions”	the transactions in respect of the supply of aluminium profiles specified by Xingfa Curtain Wall by the Group to Xingfa Curtain Wall on an ongoing basis as contemplated under the Existing Master Supply Agreement
“Director(s)”	the director(s) of the Company
“Effective Date”	the date of approval of the New Master Supply Agreement by the Independent Shareholders at the EGM
“EGM”	the extraordinary general meeting of the Company convened to be held at 12:00 noon on Thursday, 31 May 2012 to consider, if thought fit, among other things, ratifying the Continuing Connected Transactions for Year 2011, approving the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps
“Existing Term”	the term of the Existing Master Supply Agreement, being a period of three years from 1 January 2011 to 31 December 2013

DEFINITIONS

“Existing Master Supply Agreement”	the master supply agreement dated 8 March 2011 and entered into between Guangdong Xingfa and Xingfa Curtain Wall in relation to the supply of aluminium profiles to Xingfa Curtain Wall by Guangdong Xingfa
“Group”	the Company and its subsidiaries from time to time
“Guangdong Xingfa”	廣東興發鋁業有限公司 (Guangdong Xingfa Aluminium Co., Ltd.), a wholly foreign owned enterprise established in the PRC and an indirectly wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all of the independent non-executive Directors, namely, Mr. Chen Mo, Mr. Ho Kwan Yiu and Mr. Lam Ying Hung Andy established to advise the Independent Shareholders
“Independent Financial Adviser”	CIMB Securities Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions for Year 2011, the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps
“Independent Shareholder(s)”	Shareholders other than Mr. Luo Su, Mr. Luo Riming and Mr. Liao Yuqing and their associates
“Latest Practicable Date”	24 April 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Caps”	2012 New Cap, 2013 New Cap and 2014 New Cap

DEFINITIONS

“New Continuing Connected Transactions”	the transactions in respect of the supply of aluminium profiles specified by Xingfa Curtain Wall by the Group to Xingfa Curtain Wall on an ongoing basis as contemplated under the New Master Supply Agreement
“New Master Supply Agreement”	the master supply agreement dated 29 March 2012 and entered into between Guangdong Xingfa and Xingfa Curtain Wall in relation to the supply of aluminium profiles to Xingfa Curtain Wall by Guangdong Xingfa
“New Term”	the term of the New Master Supply Agreement, being a period from the Effective Date to 31 December 2014
“PRC”	the People’s Republic of China
“RMB”	Reminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Cap 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States” or “US” or “USA”	the United States of America
“Xingfa Curtain Wall”	佛山市興發幕牆門窗有限公司 (Foshan Xingfa Curtain Wall, Door & Window Co., Ltd.), a limited liability company established in the PRC and owned as to 46% by Mr. Luo Su, 33% by Mr. Luo Riming and 21% by Mr. Liao Yuqing
“Year 2011”	a period of one year from 1 January 2011 to 31 December 2011
“Year 2012”	a period of one year from 1 January 2012 to 31 December 2012
“Year 2013”	a period of one year from 1 January 2013 to 31 December 2013

DEFINITIONS

“Year 2014”	a period of one year from 1 January 2014 to 31 December 2014
“2011 Annual Cap”	the annual cap in respect of the Continuing Connected Transactions for the Year 2011 previously estimated by the Directors and announced in the 2011 Announcement
“2012 Annual Cap”	the annual cap in respect of the Continuing Connected Transactions for the Year 2012 previously estimated by the Directors and announced in the 2011 Announcement
“2012 New Cap”	the maximum aggregate annual value of RMB117,000,000 (equivalent to approximately HK\$143,734,644), being the annual cap in respect of the New Continuing Connected Transactions for period commencing from the Effective Date to 31 December 2012
“2013 Annual Cap”	the annual cap in respect of the Continuing Connected Transactions for the Year 2013 previously estimated by the Directors and announced in the 2011 Announcement
“2013 New Cap”	the maximum aggregate annual value of RMB200,000,000 (equivalent to approximately HK\$245,700,246), being the annual cap in respect of the New Continuing Connected Transactions for Year 2013
“2014 New Cap”	the maximum aggregate annual value of RMB200,000,000 (equivalent to approximately HK\$245,700,246), being the annual cap in respect of the New Continuing Connected Transactions for Year 2014
“US dollar(s)” or “US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

In this circular, for the purpose of illustration only, the amounts denominated in RMB have been translated into HK\$ using the exchange rate of RMB0.814:HK\$1.00. Such exchange rate should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates at all.

LETTER FROM THE BOARD



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)

Executive Directors:

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

Non-executive Directors:

Mr. CHEN Shengguang
Mr. WONG Siu Ki

Independent non-executive Directors:

Mr. CHEN Mo
Mr. HO Kwan Yiu
Mr. LAM Ying Hung Andy

Registered office:

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

*Principal place of business
in Hong Kong:*

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

30 April 2012

To the Shareholders

Dear Sir or Madam

**EXCEEDING ANNUAL CAP FOR
CONTINUING CONNECTED TRANSACTIONS WITH
XINGFA CURTAIN WALL
AND NEW MASTER SUPPLY AGREEMENT**

INTRODUCTION

Reference is made to the announcement of the Company dated 29 March 2012 in relation to, among other matters, the Continuing Connected Transactions and the New Continuing Connected Transactions.

LETTER FROM THE BOARD

The purpose of this circular is to give you further information regarding, among others, (i) details of the Continuing Connected Transactions for Year 2011; (ii) details of the New Master Supply Agreement and the New Continuing Connected Transactions; and (iii) details of the New Caps; (iv) the advice and recommendations from the Independent Board Committee in respect of the Continuing Connected Transactions for Year 2011, the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps; (v) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions for Year 2011, the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps and to give you notice of the EGM.

BACKGROUND

Reference is made to the 2011 Announcement in connection with, among other things, the Existing Master Supply Agreement entered into between Guangdong Xingfa and Xingfa Curtain Wall. The Existing Master Supply Agreement regulates the Continuing Connected Transactions between the Group and Xingfa Curtain Wall for the Existing Term. The Annual Caps for the Continuing Connected Transactions under the Existing Master Supply Agreement were estimated by the Directors primarily based on the historical sale amounts and the expected sale amounts for Year 2011, Year 2012 and Year 2013 as at the date of the 2011 Announcement.

THE 2011 ANNUAL CAP BEING EXCEEDED

From the audited consolidated financial information of the Group for Year 2011, the Directors noted that the aggregate value of the Continuing Connected Transactions for Year 2011 amounted to approximately RMB95,451,000 (equivalent to approximately HK\$117,261,671) and exceeded the 2011 Annual Cap of RMB35,000,000. Pursuant to Rule 14A.36(1) of the Listing Rules, the Company must re-comply with the reporting, announcement, annual review and, if appropriate, independent shareholders' approval requirements once the actual value for the Continuing Connected Transactions during a relevant period exceeds a previously announced annual cap for that relevant period. Since the aggregate value of the Continuing Connected Transactions in Year 2011 was RMB95,451,000 (equivalent to approximately HK\$117,261,671) which had exceeded the 2011 Annual Cap and as a result the relevant percentage ratio(s) under the Listing Rules are more than 5% and the annual consideration was more than HK\$10,000,000, the continuance of the Continuing Connected Transactions in Year 2011 after the 2011 Annual Cap has been exceeded without obtaining the Independent Shareholders' approval on a timely basis constituted a breach of the Listing Rules.

LETTER FROM THE BOARD

The 2011 Annual Cap was exceeded mainly due to: (i) unexpected increase in aluminium ingot market price from the average market price of about RMB15,832 per tonne in 2010 to that of about RMB17,117 per tonne in 2011 since the second half of Year 2011 as a result of which the price of aluminium profiles sold by the Group to Xingfa Curtain Wall had also been increased accordingly; (ii) increase in sales volume of construction aluminium profiles to Xingfa Curtain Wall as a result of (a) the increase in demand for aluminium profiles in the PRC market and (b) the Group's production facilities in Sanshui District of Foshan, Guangdong Province, which were relocated from Nanzhuang Town, Foshan, Guangdong Province in Year 2011, and the Group's two new plants situated in Chengdu, Sichuan Province and Yichuan, Jiangxi Province which commenced production in the second half of Year 2011, being located in places in close proximity to the customers of Xingfa Curtain Wall which had provided the Group with a competitive advantage in supplying aluminium profiles to Xingfa Curtain Wall.

The exceeding of the 2011 Annual Cap took place in the third quarter of Year 2011 and it has come to the attention of the Company in the first quarter of 2012. The Directors consider that the failure to re-comply with the requirements of the Listing Rules on a timely basis, which was inadvertent and regretful, is an isolated event. The Company will take steps to tighten its compliance system in order to prevent a recurrence of a similar event. As remedial and preventive measures, the Board has designated Mr. Dai Feng, an executive Director and the chief financial officer of Guangdong Xingfa, together with accounting staff of the Company to conduct review on the volume of the Continuing Connected Transactions and, if applicable, the New Continuing Connected Transactions, regularly report to the Board on the aggregate value of the Continuing Connected Transactions and, if applicable, the New Continuing Connected Transactions for the relevant period under the Existing Term or, if applicable, the New Term and checking with the marketing and sales department on the forecast volume of the Continuing Connected Transactions and, if applicable, the New Continuing Connected Transactions in the future. The Directors, including the independent non-executive Directors, will closely monitor the transaction amounts of the Continuing Connected Transactions and, if applicable, the New Continuing Connected Transactions and regular meetings for monitoring the same will be held on no less frequent than a quarterly basis.

The auditors of the Company did not confirm in the annual report of the Company for Year 2011 that the aggregate value of the Continuing Connected Transactions for Year 2011 has not exceeded the 2011 Annual Cap.

LETTER FROM THE BOARD

Despite the above, taking into account the smooth cooperation between the Group and Xingfa Curtain Wall in carrying out the Continuing Connected Transactions in Year 2011 and pursuant to the Existing Master Supply Agreement and the New Supply Master Agreement, the terms of each sale made by the Group to Xingfa Curtain Wall shall not be more favourable than those the Group offers to its independent customers, after taking into account the quantity, specifications and the expected date of delivery of the aluminium profiles ordered, the Directors (including the independent non-executive Directors) consider the Continuing Connected Transactions conducted in Year 2011 were fair and reasonable.

THE NEW MASTER SUPPLY AGREEMENT AND THE NEW CAPS

On 29 March 2012, Guangdong Xingfa entered into the New Master Supply Agreement with Xingfa Curtain Wall to regulate the transactions in respect of the supply of aluminium profiles specified by Xingfa Curtain Wall by the Group to Xingfa Curtain Wall on an ongoing basis. The terms of the New Master Supply Agreement are similar to those of the Existing Master Supply Agreement except (i) the effectiveness of which shall be conditional upon the approval of Independent Shareholders and (ii) the duration of the New Master Supply Agreement shall commence from the date of approval of Independent Shareholders to 31 December 2014; and (iii) the Existing Master Supply Agreement shall be terminated on the date the New Master Supply Agreement comes into effect.

New Master Supply Agreement

Details of the New Master Supply Agreement are set out below:

Date

29 March 2012

Parties

- (1) Supplier: Guangdong Xingfa, a wholly foreign owned enterprise established in the PRC and an indirectly wholly-owned subsidiary of the Company.
- (2) Purchaser: Xingfa Curtain Wall, a limited liability company established in the PRC and owned as to 46% by Mr. Luo Su, 33% by Mr. Luo Riming and 21% by Mr. Liao Yuqing, each an executive Director. Xingfa Curtain Wall is principally engaged in the design and installation of curtain wall, door and window projects.

LETTER FROM THE BOARD

Subject matter

Pursuant to the New Master Supply Agreement, Guangdong Xingfa will sell to Xingfa Curtain Wall aluminium profiles specified by Xingfa Curtain Wall. The aluminium profiles purchased by Xingfa Curtain Wall will be further processed into window and curtain wall and sold to its customers. There is no minimum supply amount under the New Master Supply Agreement and Guangdong Xingfa is not contractually bound to supply, in response to a purchase order placed, to Xingfa Curtain Wall any products referred to in the purchase order. The aluminium profiles to be supplied by the Group to Xingfa Curtain Wall will be in accordance with the specifications of Xingfa Curtain Wall if accepted by the Group, on a case by case basis.

Duration

The term of the New Master Supply Agreement will commence from the date of the EGM if the New Master Supply Agreement is approved by the Independent Shareholders at the EGM and will end on 31 December 2014.

Pricing

The terms of each sale made by the Group to Xingfa Curtain Wall pursuant to the New Master Supply Agreement shall not be more favourable than those the Group offers to its independent customers after taking into account the quantity, the specifications and the expected date of delivery of the aluminium profiles ordered. In response to each purchase order placed by Xingfa Curtain Wall, the Group will send a corresponding quotation to Xingfa Curtain Wall and the Group will supply the specified aluminium profiles to Xingfa Curtain Wall only after the Group and Xingfa Curtain Wall have agreed upon the pricing and other terms of each sale.

Historical figures

For the three years ended 31 December 2009, 2010 and 2011, the Group's sale of aluminium profiles to Xingfa Curtain Wall amounted to, approximately RMB33,140,000, approximately RMB45,519,000 and approximately RMB95,451,000 respectively.

LETTER FROM THE BOARD

Proposed annual cap amounts

It is expected the New Caps for the sale of aluminium profiles by the Group to Xingfa Curtain Wall under the New Master Supply Agreement for each of the period commencing from the Effective Date and ending 31 December 2012 and the two years ending 31 December 2014 will be RMB117,000,000 (equivalent to approximately HK\$143,734,644), RMB200,000,000 (equivalent to approximately HK\$245,700,246) and RMB200,000,000 (equivalent to approximately HK\$245,700,246) respectively. Such New Caps are estimated primarily based on the historical sales amounts and the expected sales amounts for the period commencing from the Effective Date (which is expected to be on 31 May 2012, assuming the New Master Supply Agreement is approved by the Independent Shareholders at the EGM) and ending 31 December 2012 and the two years ending 31 December 2014.

For the two-month period from 1 January 2012 to 29 February 2012, the unaudited aggregate value of the Continuing Connected Transactions amounted to approximately RMB8,948,271, representing approximately 25.6% of the 2012 Annual Cap. Further, as mentioned in the paragraph headed “The 2011 Annual Cap being exceeded” above, the market price of aluminium ingot has been rising since the second half of Year 2011 from the average of about RMB15,832 per tonne in 2010 to that of about RMB17,117 per tonne in 2011. The Company believes that the aluminium ingot market price is in a rising trend and estimates that there will be an increase of about 30% in the aluminium ingot market price in each of Year 2012, Year 2013 and Year 2014 compared to the historical peak of about RMB21,400 per tonne between 2007 to 2012 and so is the Group’s selling price. Third, the Company expects an increase of approximately 30% in the sales volume of construction aluminium profiles to be supplied to Xingfa Curtain Wall in each of Year 2012, Year 2013 and Year 2014 compared to the sales volume of approximately 5,500 tonnes for Year 2011 because of the projected increase in demand for construction aluminium profiles in the PRC market and the competitive advantage of the locations of its production facilities in Sanshui District of Foshan, Guangdong Province, Chengdu, Sichuan Province and Yichuan, Jiangxi Province which are in close proximity to the customers of Xingfa Curtain Wall. Having taken into account the above, the Company proposes the New Caps for the period commencing from the Effective Date and ending 31 December 2012 and each of the two years ending 31 December 2014 to be RMB117,000,000 (equivalent to approximately HK\$143,734,644), RMB200,000,000 (equivalent to approximately HK\$245,700,246) and RMB200,000,000 (equivalent to approximately HK\$245,700,246) respectively.

LETTER FROM THE BOARD

Each of the 2012 New Cap, the 2013 New Cap and the 2014 New Cap is determined by the Company with reference to the following factors:

- (a) the audited aggregate value of the Continuing Connected Transactions of RMB95,451,000 for Year 2011;
- (b) the unaudited aggregate value of the Continuing Connected Transactions of RMB8,948,271 for the two-month period from 1 January 2012 to 29 February 2012;
- (c) the average market price of aluminium ingot of about RMB15,832 per tonne in 2010 increased to that of about RMB17,117 per tonne in 2011, and the projected increase of about 30% in aluminium ingot market price in each of Year 2012, Year 2013 and Year 2014 compared to the historical peak market price of about RMB21,400 per tonne between 2007 to 2012 and about 63% compared to the average market price of about RMB17,117 in 2011 and a similar projected percentage increase in the Group's selling price; and
- (d) the sales volume of the Continuing Connected Transactions for Year 2011 was approximately 5,500 tonnes and the projected increase of approximately 30% in the sales volume of construction aluminium profiles to be supplied to Xingfa Curtain Wall in each of Year 2012, Year 2013 and 2014 compared to that of Year 2011 for the reasons of the projected increase in market demand and the advantage of the locations of the Group's production facilities as discussed in more detail in the paragraphs headed "Proposed annual cap amounts" above.

The 2012 New Cap is calculated on pro-rata basis by reference to the annual projected sales amount of RMB200,000,000 and the period to be covered by the 2012 New Cap being the approximately seven months commencing from the Effective Date (which is expected to be on 31 May 2012, assuming the New Master Supply Agreement is approved by Independent Shareholders at the EGM) and ending 31 December 2012. Based on the above, and considering that each of the annualised amount of the 2012 New Cap, 2013 New Cap and 2014 New Cap represents approximately 200% of the aggregate value of the Continuing Connected Transactions for Year 2011, the Directors (including the independent non-executive Directors) consider the New Caps are fair and reasonable.

As at the Latest Practicable Date, the 2012 Annual Cap had not been exceeded.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE NEW CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in the manufacture and sale of aluminium profiles. Xingfa Curtain Wall is principally engaged in the design and installation of curtain wall, door and window projects. The Directors (including the independent non-executive Directors) are of the view that (i) the Continuing Connected Transactions conducted in Year 2011 were fair and reasonable; (ii) the terms of the New Master Supply Agreement and the New Continuing Connected Transactions are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the New Caps are fair and reasonable. Given that there has been a smooth cooperation between the Group and Xingfa Curtain Wall in carrying out the Continuing Connected Transactions in Year 2011 and pursuant to the New Supply Master Agreement, the terms of each sale made by the Group to Xingfa Curtain Wall shall not be more favourable than those the Group offers to its independent customers after taking into account the quantity, specifications and the expected date of delivery of the aluminium profiles ordered, the Directors (including the independent non-executive Directors) consider the Continuing Connected Transactions conducted in Year 2011, the entering into of the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps to be in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Xingfa Curtain Wall is a limited liability company established in the PRC and owned as to 46% by Mr. Luo Su, as to 33% by Mr. Luo Riming and as to 21% by Mr. Liao Yuqing, each of them being an executive Director and, collectively, a controlling Shareholder of the Company. In view of the relationship between them and Xingfa Curtain Wall, Xingfa Curtain Wall is a connected person of the Company.

Given that the aggregate value of the Continuing Connected Transactions for the Year 2011 amounted to approximately RMB95,451,000 (equivalent to approximately HK\$117,261,671) which had exceeded the 2011 Annual Cap of RMB35,000,000, pursuant to Rule 14A.36(1) of the Listing Rules, the Company must re-comply with the reporting, announcement, annual review and, if appropriate, Independent Shareholders' approval requirements once the actual value for the Continuing Connected Transactions for Year 2011 exceeds the 2011 Annual Cap. Since the

LETTER FROM THE BOARD

aggregate value of the Continuing Connected Transactions for Year 2011 of RMB95,451,000 (equivalent to approximately HK\$117,261,671) had exceeded the 2011 Annual Cap and the relevant percentage ratio(s) under the Listing Rules are more than 5% and the annual consideration is more than HK\$10,000,000, the continuance of the Continuing Connected Transactions in Year 2011 after the 2011 Annual Cap has been exceeded without obtaining the Independent Shareholders' approval on a timely basis constituted a breach of the Listing Rules. Accordingly, the Continuing Connected Transactions for Year 2011 are subject to the ratification of Independent Shareholders' at the EGM to be voted on by way of poll.

As each of the New Caps will result in the relevant percentage ratio(s) under the Listing Rules exceeding 5% and is more than HK\$10,000,000, the entering into the New Master Supply Agreement and the New Continuing Connected Transactions under the New Caps constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules and are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under the Listing Rules. Accordingly, the entering into the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps are subject to the approval of Independent Shareholders at the EGM to be voted on by way of poll.

As Mr. Luo Su, Mr. Luo Riming and Mr. Liao Yuqing have material interest in the Continuing Connected Transactions and the New Continuing Connected Transactions, each of them has abstained from voting on the board resolutions in relation to the Continuing Connected Transactions for Year 2011, the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps.

EGM

A notice of the EGM is set out on pages 37 to 39 of this circular. The EGM will be held at 12:00 noon on Thursday, 31 May 2012 at No. 23, Renhe Road, Nanzhuang Town, Chancheng District, Foshan City, Guangdong Province, the PRC at which resolutions will be proposed to the Independent Shareholders for, among other things, (i) ratifying the Continuing Connected Transactions for Year 2011 and (ii) approving the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps. At the EGM, voting will be taken by way of poll.

LETTER FROM THE BOARD

As Mr. Luo Su, Mr. Luo Riming and Mr. Liao Yuqing have material interest in the Continuing Connected Transactions and the New Continuing Connected Transactions, they and their associates, who in aggregate held 154,970,000 Shares as at the Latest Practicable Date, will be required to abstain from voting at the EGM on the relevant resolutions to be put forward to vote at the EGM in relation to the ratifying of the Continuing Connected Transactions for Year 2011 and approving of the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps.

Save as disclosed above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, there is no other Shareholder who has a material interest in the Continuing Connected Transactions and the New Continuing Connected Transactions who is required to abstain from voting at the EGM as at the Latest Practicable Date.

A form of proxy for use at the EGM is also enclosed. If you are not able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

RECOMMENDATION

The Independent Board Committee comprising all of the independent non-executive Directors has been established to advise the Independent Shareholders in relation to (i) whether the Continuing Connected Transactions for Year 2011, the terms of the New Master Supply Agreement and the New Continuing Connected Transactions are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole and (ii) whether the New Caps have been determined on a fair and reasonable basis, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. In this connection, the Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Continuing Connected Transactions for Year 2011, the New Master Supply Agreement and the New Continuing Connected Transactions are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole and whether the New Caps have been determined on a fair and reasonable basis, and to advise the Independent Shareholders on how to vote.

LETTER FROM THE BOARD

Your attention is drawn to the advice of the Independent Board Committee set out in its letter set out on page 16 to page 17 of this circular. Your attention is also drawn to the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions for Year 2011, the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps set out on page 18 to page 29 in this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers (i) the Continuing Connected Transactions for Year 2011, the terms of the New Master Supply Agreement and the New Continuing Connected Transactions are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole and (ii) the New Caps have been determined on a fair and reasonable basis. The Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution (i) ratifying the Continuing Connected Transactions for Year 2011 and (ii) approving the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Xingfa Aluminium Holdings Limited
LIU Libin
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee prepared for the propose of inclusion in this circular:



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)

**EXCEEDING ANNUAL CAP FOR
CONTINUING CONNECTED TRANSACTIONS WITH
XINGFA CURTAIN WALL
AND NEW MASTER SUPPLY AGREEMENT**

30 April 2012

To the Independent Shareholders

Dear Sir or Madam

We refer to the circular issued by the Company to its Shareholders and dated 30 April 2012 (“**Circular**”) of which this letter forms part. Terms defined in this Circular have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed by the Board to consider (i) whether the Continuing Connected Transactions for Year 2011, the terms of the New Master Supply Agreement and the New Continuing Connected Transactions are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole and (ii) whether the New Caps have been determined on a fair and reasonable basis. CIMB Securities Limited has been appointed as the independent financial adviser to advise us in this respect.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board and the letter from the Independent Financial Adviser as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice, we consider that (i) the Continuing Connected Transactions for Year 2011, the terms of the New Master Supply Agreement and the New Continuing Connected Transactions are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole and (ii) the New Caps have been determined on a fair and reasonable basis.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions (i) ratifying the Continuing Connected Transactions for Year 2011 and (ii) approving the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps at the EGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

CHEN Mo

HO Kwan Yiu

LAM Ying Hung Andy

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice prepared by the Independent Financial Adviser to the Independent Board Committee for the purpose of inclusion in this circular:

**CIMB****CIMB Securities Limited**

Units 7706-08, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

30 April 2012

*To the Independent Board Committee and the Independent Shareholders of
Xingfa Aluminium Holdings Limited*

Dear Sirs,

EXCEEDING ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS WITH XINGFA CURTAIN WALL AND NEW MASTER SUPPLY AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on (i) ratifying the Continuing Connected Transactions for Year 2011; and (ii) approving the New Master Supply Agreement and the New Continuing Connected Transactions and the New Caps, details of which are set out in the letter from the Board as contained in the circular of the Company to the Shareholders dated 30 April 2012 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Since Mr. Luo Su, Mr. Luo Riming and Mr. Liao Yuqing, each of them is an executive Director and, collectively, a controlling Shareholder of the Company, held approximately 46%, 33% and 21% of the issued share capital of Xingfa Curtain Wall as at the Latest Practicable Date, respectively, Xingfa Curtain Wall is a connected person of the Company and the entering into the New Master Supply Agreement and the New Continuing Connected Transactions under the New Caps constitute continuing connected transaction for the Company under Chapter 14A of the Listing Rules, which is subject to reporting, announcement and Independent Shareholders’ approval requirements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

An independent board committee comprising Mr. Chen Mo, Mr. Ho Kwan Yiu and Mr. Lam Ying Hung Andy, being the independent non-executive Directors, has been formed to advise the Independent Shareholders on (i) ratifying the Continuing Connected Transactions for Year 2011; and (ii) approving the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps. As each of Mr. Luo Su, Mr. Luo Riming and Mr. Liao Yuqing have material interest in the Continuing Connected Transactions and the New Continuing Connected Transactions, they and their associates will be required to abstain from voting at the EGM on the relevant resolution(s) to be put forward to vote at the EGM in relation to the ratifying of the Continuing Connected Transactions for Year 2011 and approving of the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and management of the Company. The Directors have declared in a responsibility statement set out in the Appendix to the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the EGM.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular. We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, Guangdong Xingfa, Xingfa Curtain Wall or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion for the Continuing Connected Transactions for Year 2011, the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps, we have considered the following principal factors and reasons:

Background of the Continuing Connected Transactions

The Group is principally engaged in the manufacture and sale of aluminium profiles.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Xingfa Curtain Wall is principally engaged in the design and installation of curtain wall, door and window projects.

As announced by the Company in the 2011 Announcement, Guangdong Xingfa entered into the Existing Master Supply Agreement with Xingfa Curtain Wall, pursuant to which Guangdong Xingfa will sell to Xingfa Curtain Wall certain construction materials specified by Xingfa Curtain Wall for a period of three years from 1 January 2011 to 31 December 2013. We understand that the construction materials purchased by Xingfa Curtain Wall were used for further processing into window and curtain wall and sold to its customers.

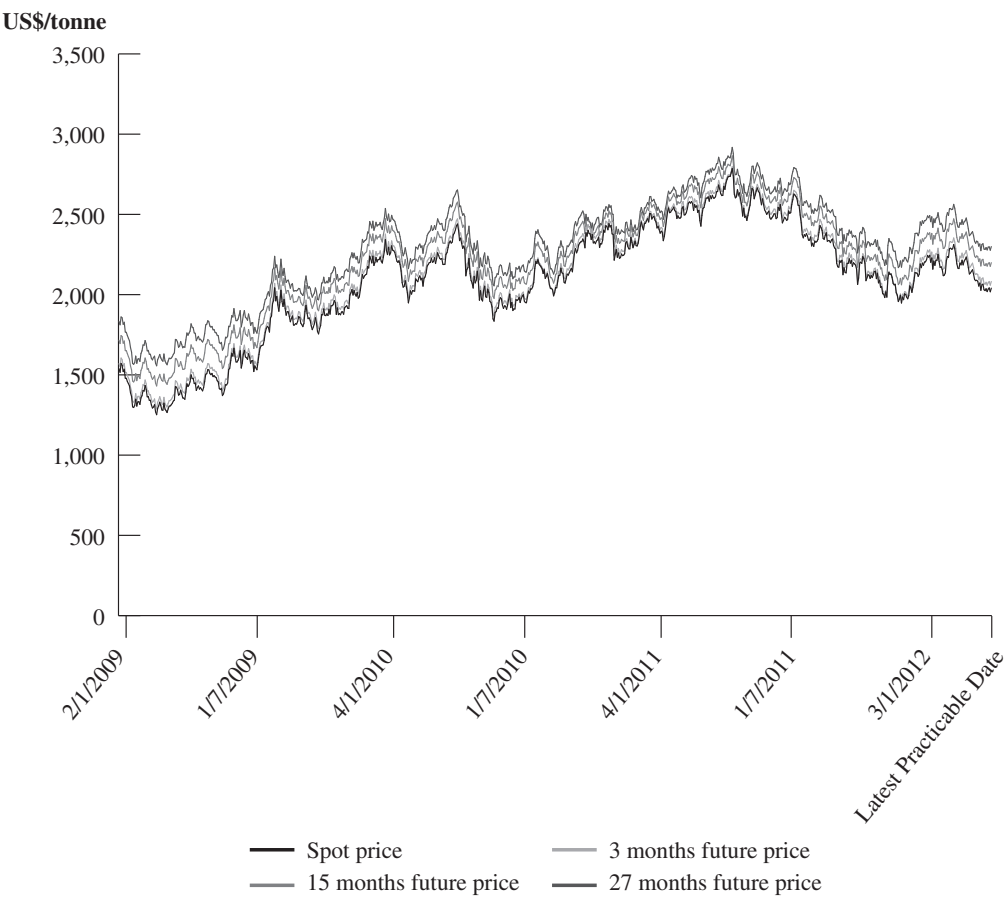
Aluminium industry in the PRC

Aluminium is the most widely used non-ferrous metal. Due to its low tensile strength nature, aluminium metals are used in transportation (such as for the manufacture of automobiles, aircraft, trucks, railway cars and marine vessels), packaging (such as for the manufacture of cans and foils), construction (such as for the manufacture of windows, doors, siding and building wire). Due to the increase in market demand for aluminium products as a result of continuous economic growth in the PRC, the PRC aluminium industry has experienced a significant growth over the previous years. According to the National Bureau of Statistics of China (“NBSC”), the production volume of aluminium products in the PRC grew from approximately 5.9 million tonnes in 2005 to approximately 27.4 million tonnes in 2011, representing a compound annual growth rate (“CAGR”) of approximately 29.2%.

The prices of aluminium are on an increasing trend over the previous years. The average spot prices of aluminium on the London Metal Exchange (“LME”) for the three years ended 31 December 2009, 2010 and 2011 were US\$1,671 per tonne, US\$2,172 per tonne and US\$2,397 per tonne, respectively, representing a simple growth rate of 43.5% from 2009 to 2011. Set forth below is a graph showing the trend of the historical aluminium spot price and future contract prices as quoted on the LME from 1 January 2009 to the Latest Practicable Date and the aluminium spot price and future contract prices for 3 months and up to 27 months as quoted on the LME on the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Historical Aluminium Spot Price and Future Prices – LME



LME Aluminium Spot Price and Future Prices
 (US\$/tonne)

	(for the period of 2009-2011)		(As at the Latest Practicable Date)
	Highest	Lowest	
Spot	2,785	1,251	2,040
3 months future	2,797	1,288	2,082
15 months future	2,865	1,431	2,199
27 months future	2,917	1,556	2,299

Source: Bloomberg

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Background for the exceeded 2011 Annual Cap

As stated in the letter from the Board of this Circular (the “Letter from the Board”), the Group’s audited aggregated value of the Continuing Connected Transactions for Year 2011 amounted to approximately RMB95,451,000 (equivalent to approximately HK\$117,261,671) and exceeded the 2011 Annual Cap of RMB35,000,000. Pursuant to Rule 14A.36(1) of the Listing Rules, the Company must re-comply with the reporting, announcement, annual review and, if appropriate, independent shareholders’ approval requirements once the actual value for the Continuing Connected Transactions during a relevant period exceeds a previously announced annual cap for that relevant period. Since the aggregate value of the Continuing Connected Transactions in Year 2011 had exceeded the 2011 Annual Cap, the continuance of the Continuing Connected Transactions in Year 2011 after the 2011 Annual Cap had been exceeded without obtaining the independent shareholders’ approval on a timely basis constituted a breach of the Listing Rules.

As advised by the Directors, the 2011 Annual Cap was exceeded mainly due to: (i) an unexpected increase in aluminium ingot market price from the average market price of about RMB15,832 per tonne (including tax) in 2010 to that of about RMB17,117 per tonne (including tax) in 2011 since the second half of Year 2010 as a result of which the price of aluminium profiles sold by the Group to Xingfa Curtain Wall had also been increased accordingly; and (ii) increase in sales volume of construction aluminium profiles to Xingfa Curtain Wall as a result of (a) the increase in demand for aluminium profiles products in the PRC market and (b) the Group’s production facilities in Sanshui District of Foshan, Guangdong Province, which were relocated from Nanzhuang Town, Foshan, Guangdong Province in Year 2011, and the Group’s two new plants situated in Chengdu, Sichuan Province and Yichuan, Jiangxi Province which commenced production in the second half of Year 2011, being located in places in close proximity to the customers of Xingfa Curtain Wall which had provided the Group with a competitive advantage in supplying aluminium profiles to Xingfa Curtain Wall.

We have reviewed, on a sample basis, the sales records of the Group and made comparison between the Group’s sales transactions with Xingfa Curtain Wall and sales transactions with other customers who are independent third parties, and noted that the sales transactions conducted with Xingfa Curtain Wall and with independent third parties were made at comparable prices.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our work, we are of the view that the Continuing Connected Transactions for Year 2011 were conducted on normal commercial terms, in the ordinary and usual course of business and in the interests of the Group and the Shareholders as a whole and are fair and reasonable insofar as the Independent Shareholders are concerned.

Reasons for and benefits of entering into the New Continuing Connected Transactions

The Group is principally engaged in the manufacture and sale of aluminium profiles. Xingfa Curtain Wall is principally engaged in the design and installation of curtain wall, door and window projects. As set out in the Letter from the Board, there has been a smooth cooperation between the Group and Xingfa Curtain Wall in carrying out the Continuing Connected Transactions in Year 2011 and pursuant to the New Supply Master Agreement, the terms of each sale made by the Group to Xingfa Curtain Wall shall not be more favourable than those the Group offers to its independent customers after taking into account the quantity, specifications and the expected date of delivery of the aluminium profiles ordered.

Having considered the principal business of the Group and the nature of the New Continuing Connected Transactions contemplated under the New Master Supply Agreement, we are of the view that the entering into of the New Continuing Connected Transactions contemplated under the New Master Supply Agreement falls within the ordinary and usual course of business of the Group.

Principal terms of the New Master Supply Agreement

The terms of the New Master Supply Agreement are similar to those of the Existing Master Supply Agreement except (i) the effectiveness of which shall be conditional upon the approval of Independent Shareholders and (ii) the duration of the New Master Supply Agreement shall commence from the date of approval of Independent Shareholders to 31 December 2014; and (iii) the Existing Master Supply Agreement shall be terminated on the date the New Master Supply Agreement comes into effect.

Pursuant to the New Master Supply Agreement, Guangdong Xingfa will sell to Xingfa Curtain Wall aluminium profiles specified by Xingfa Curtain Wall. The aluminium profiles purchased by Xingfa Curtain Wall will be further processed into window and curtain wall and sold to its customers. There is no minimum supply amount under the New Master Supply Agreement and Guangdong Xingfa is not contractually bound to supply, in response to a purchase order placed, to Xingfa Curtain Wall any products referred to in the purchase order. The aluminium profiles to be supplied by the Group to Xingfa Curtain Wall will be in accordance with the specifications of Xingfa Curtain Wall if accepted by the Group, on a case by case basis.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the Letter from the Board, the terms of each sale made by the Group to Xingfa Curtain Wall pursuant to the New Master Supply Agreement shall not be more favourable than those the Group offers to its independent customers after taking into account the quantity, the specifications and the expected date of delivery of the aluminium profiles ordered. In response to each purchase order placed by Xingfa Curtain Wall, the Group will send a corresponding quotation to Xingfa Curtain Wall and the Group will supply the specified aluminium profiles to Xingfa Curtain Wall only after the Group and Xingfa Curtain Wall have agreed upon on the pricing and other terms of each sale.

Based on the principal terms of the New Master Supply Agreement, in particular the fact that (i) there is no minimum supply amount and Guangdong Xingfa is not contractually bound to supply, in response to a purchase order placed, to Xingfa Curtain Wall any products referred to in the purchase order; and (ii) the terms of each sale made by the Group to Xingfa Curtain Wall pursuant to the New Master Supply Agreement shall not be more favourable than those the Group offers to its independent customers after taking into account the quantity, the specifications and the expected date of delivery of the aluminium profiles ordered, we concur with the view of the Directors that the terms of the New Master Supply Agreement are fair and reasonable, on normal commercial terms and in the interest of the Group and the Shareholder as a whole.

Proposed annual cap amounts

The following table sets out the proposed annual caps in respect of the supply of aluminum profiles under the New Master Supply Agreement for the period from the Effective Date to 31 December 2012 and each of the two years ending 31 December 2014:

	For the year ended 31 December			For the two months ended 29 February
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Historical amounts	33,140	45,519	95,451	8,948
			(equivalent to approximately HK\$117.3 million)	(equivalent to approximately HK\$11.0 million)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	For the period commencing from the Effective Date to 31 December 2012 <i>RMB'000</i>	For the year ending 31 December 2013 <i>RMB'000</i>	2014 <i>RMB'000</i>
Proposed annual caps in respect of the supply of aluminum profiles under the New Master Supply Agreement	117,000 (equivalent to approximately HK\$143.7 million) <i>(Note)</i>	200,000 (equivalent to approximately HK\$245.7 million)	200,000 (equivalent to approximately HK\$245.7 million)

Note: This amount is calculated on pro-rata basis by reference to the annual projected sales amount of RMB200,000,000 and the period to be covered by the 2012 New Cap being the approximately seven months commencing from the Effective Date (which is expected to be on 31 May 2012, assuming the New Master Supply Agreement is approved by Independent Shareholders at the EGM which is tentatively expected to be held on 31 May 2012) and ending 31 December 2012.

As set out in the Letter from the Board, the proposed New Caps are determined primarily based on the historical sales amounts and the expected sales amounts for the period commencing from the Effective Date and ending 31 December 2012 and the two years ending 31 December 2014 with reference to the historical market price of aluminum ingot and the projected increase in aluminum ingot market price in the future. The Directors are of the opinion that the proposed new caps set out above are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

We note that the aggregate amount for the transaction value for the Continuing Connected Transactions during the first two months of 2012 and the proposed annual cap commencing from the Effective date to 31 December 2012 is approximately HK\$154.7 million, which represents approximately nine months period during 2012. On a 12-month basis, the amount would be approximately HK\$206.3 million, which is approximately 75.9% higher than the historical amount for 2011. In assessing the reasonableness of such increase, we have reviewed and discussed with management of the Company the sales projection to Xingfa Curtain Wall for 2012. Based on our discussion with the Company's management and review of the Company's sales projection to Xingfa Curtain Wall, we understand that such increase is mainly based on the (i) the projected increase in sales volume to Xingfa Curtain Wall in 2012 resulting from the projected increase in demand for construction aluminium profiles in the PRC; (ii) the increasing price trend of aluminium ingot as illustrated in the aluminium future contract prices as quoted on the LME as at the Latest Practical Date, details of which are illustrated in the "Aluminium industry in the PRC" section above; and (iii) the projected increase in the Company's production capacity of aluminium profiles in 2012.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the reasonableness of the proposed New Caps, we have reviewed and discussed with the management of the Company the underlying calculation. Based on our review and discussion, we understand from the management of the Company that the Company has taken into account the following factors in determining the proposed New Caps:

- (i) the historical rising trend of the Group's sales volume of aluminium profiles from approximately 76,702 tonnes during the year of 2006 to approximately 108,467 tonnes during the year of 2010, representing a CAGR of approximately 9.1%;
- (ii) the historical transactions between the Group and Xingfa Curtain Wall for the three financial years ended 31 December 2011 and two months ended 29 February 2012, in particular that the sales of the construction aluminium profiles products to Xingfa Curtain Wall for the two months ended 29 February 2012 amounted to approximately RMB8,948,271, representing approximately 25.6% of the 2012 Annual cap;
- (iii) the historical rising trend and fluctuation of the market price of aluminum ingot between 2009 and 2011, which we concur with after performing research on the aluminium industry and is highlighted in the "Aluminium industry in the PRC" section above;
- (iv) the historical peak aluminium spot price as quoted on LME of approximately RMB22,318 per tonne (being the price quoted in US\$ on LME as exchanged with reference to the exchange rate between US\$ and RMB as quoted on the People's Bank of China on 7 November 2008) between 2006 to 2012 is approximately 30% higher than the reference aluminium ingot market price used in the calculation for the annual cap for each of Year 2012, Year 2013 and Year 2014;
- (v) the anticipated increase in sales volume of construction aluminium profiles to Xingfa Curtain Wall due to the Group's relocation of its production facilities and the Group's new plants, which commenced operations in the second half of Year 2011, being situated in places that are in closer proximity to the customers of Xingfa Curtain Wall, which provides the Group with an on-going competitive edge in supplying aluminium profiles to Xingfa Curtain Wall; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vi) the anticipated increase in sales volume of construction aluminum profiles to Xingfa Curtain Wall due to the general increase in demand for construction aluminium profiles in the PRC, which we concur with after performing research on the aluminium industry and is highlighted in the “aluminium profiles industry in the PRC” section above.

Based on the various factors described above, we consider the basis of the proposed New Caps as fair and reasonable so far as the Group and the Shareholders are concerned. However, as the proposed New Caps relate to future events and are based upon assumptions that may or may not remain valid for the whole period up to 31 December 2014, we express no opinion as to how closely the actual volume of sale of aluminum profiles pursuant to the New Master Supply Agreement shall correspond to the proposed New Caps.

Requirement by the Listing Rules regarding the New Continuing Connected Transaction

We noted from the Letter from the Board that the Board will designate Mr. Dai Feng, an executive Director and the chief financial officer of Guangdong Xingfa, together with accounting staff of the Company to conduct review on the volume of the Continuing Connected Transactions and, if applicable, the New Continuing Connected Transactions, regularly report to the Board on the aggregate value of the Continuing Connected Transactions and, if applicable, the New Continuing Connected Transactions for the relevant period under the Existing Term or, if applicable, the New Term and checking with the marketing and sales department on the forecast volume of the Continuing Connected Transactions and, if applicable, the New Continuing Connected Transactions in the future. The Directors, including the independent non-executive Directors, will closely monitor the transaction amounts of the Continuing Connected Transactions and, if applicable, the New Continuing Connected Transactions and regular meetings for monitoring the same will be held on no less frequent than a quarterly basis.

In addition, as required by the Listing Rules, for each the three financial years ending 31 December 2014, the New Continuing Connected Transactions shall be subject to the annual review by the independent non-executive Directors and the Company’s auditors as required by Rules 14A.37 and 14A.38 of the Listing Rules, respectively. In particular, each year, the independent non-executive Directors must confirm that the New Continuing Connected Transactions are:

- (i) in the ordinary and usual course of business of the Company;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Furthermore, each year, the Company's auditors must provide a letter to the Board confirming that the New Continuing Connected Transactions:

- (i) have received the approval of the Board;
- (ii) are in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company;
- (iii) have been entered into in accordance with the relevant agreement governing the transactions; and
- (iv) have not exceeded the New Caps.

Given the above, we consider that there exist appropriate procedures and arrangements in place to ensure that the New Continuing Connected Transactions will be conducted on terms as set out in the Letter from the Board.

Recommendation

Having considered the principal factors and reasons referred to above, we are of the opinion that (i) the Continuing Connected Transactions for Year 2011 were conducted on normal commercial terms, in the ordinary and usual course of business and in the interests of the Group and the Shareholders as a whole; and (ii) the terms of the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps are fair and reasonable and that the New Master Supply Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Group and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to ratify the Continuing Connected Transactions for Year 2011 and to approve the New Master Supply Agreement, the New Continuing Connected Transactions and the New Caps.

Yours faithfully,

For and on behalf of

CIMB Securities Limited

Heidi Cheng

Deputy Head

Corporate Finance

Alvin Tsui

Vice President

Corporate Finance

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS’ INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of each Director in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Nature of interest	Number and class of Shares (Note)	Approximate percentage of interest
			as at the Latest Practicable Date
Luo Su	beneficial owner	54,956,200 ordinary Shares (L)	13.15%
Luo Riming	beneficial owner	51,813,700 ordinary Shares (L)	12.40%
Liao Yuqing	beneficial owner	48,200,100 ordinary Shares (L)	11.53%
Law Yung Koon	beneficial owner	19,050,000 ordinary Shares (L)	4.56%
	interest of spouse	1,719,000 ordinary Shares (L)	0.41%

Note:

The letter “L” represents the Director’s interest in the Shares.

- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.
- (c) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have since 31 December 2011, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group since 31 December 2011, being the date to which the latest published audited financial statements of the Group were made up, and which was significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS’ INTERESTS

As at the Latest Practicable Date, so far as is known to the Directors, the persons or entities, other than a director or chief executive of the Company whose interests are disclosed under the paragraph headed “Directors’ interests” above, who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Nature of interest	Number and class of Shares (Note 1)	Approximate percentage of interest as at the Latest Practicable Date
Guangxin Aluminium (HK) Limited (Note 2)	beneficial owner	123,000,000 ordinary Shares (L)	29.43%
廣東省廣新控股集團有限公司 (Note 2)	interest of controlled corporation	123,000,000 ordinary Shares (L)	29.43%
廣東省人民政府國有資產監督管理委員會 (Note 2)	interest of controlled corporation	123,000,000 ordinary Shares (L)	29.43%

Notes:

1. The letter “L” represents the Director’s interest in the Shares.
2. Guangxin Aluminium (HK) Limited is wholly owned by 廣東省廣新控股集團有限公司, which in turn is wholly owned by 廣東省人民政府國有資產監督管理委員會.

Save as disclosed above, there is no person or entity other than a director or chief executive of the Company whose interests are disclosed under the paragraph headed “Directors’ interests” above, who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

4. DIRECTORS' SERVICE CONTRACTS

Each of Mr. Luo Su, Mr. Luo Riming, Mr. Liao Yuqing and Mr. Wang Zhihua, an executive Director, has entered into a service agreement with the Company for a fixed term of three years commencing on 1 March 2011.

Mr. Law Yung Koon, an executive Director, has entered into a service agreement with the Company for a fixed term of three years commencing from 1 May 2009.

Each of Mr. Liu Libin and Mr. Dai Feng, an executive Director, has entered into a service agreement with the Company for a fixed term of three years commencing from 8 September 2011.

Mr. Wong Siu Ki, a non-executive Director, has entered into a service agreement with the Company for a fixed term of three years commencing from 21 April 2010.

Mr. Chen Shengguang, a non-executive Director, has been appointed for a fixed term of three years commencing from 8 September 2011.

Each of Mr. Chen Mo, Mr. Ho Kwan Yiu and Mr. Lam Ying Hung Andy, an independent non-executive Director, has been appointed for a fixed term of two years commencing from 1 March 2012.

Save as disclosed above, none of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

5. OTHER INTERESTS OF THE DIRECTORS AND THE EXPERTS

Save as disclosed in this circular, as at the Latest Practicable Date:

- (i) none of the Directors had any direct or indirect interest in any assets which have, since 31 December 2011, being the date of the latest published audited accounts of the Group, been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any member of the Group;

- (ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement is subsisting as at the date of this circular and which is significant in relation to the business of the Group taken as a whole;
- (iii) The Independent Financial Adviser did not have any direct or indirect interest in any assets which have, since 31 December 2011, being the date of the latest published audited accounts of the Group, been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any member of the Group; and
- (iv) The Independent Financial Adviser was not materially interested in any contract or arrangement entered into by any member of the Group which is subsisting as at the date of this circular and is significant in relation to the business of the Group taken as a whole.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited accounts of the Group were made up.

8. QUALIFICATIONS OF EXPERTS

The following are the qualifications of the expert who has given opinion or, advice contained in this circular:

Name	Qualification
CIMB Securities Limited	a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

9. CONSENTS

The Independent Financial Adviser has given and has not withdrawn its written consents as to the issue of this circular with the inclusion herein of its respective opinions or letter and/or reference to its name, opinions or letter in the form and context in which they respectively appear.

10. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors nor his associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of the Company’s principal place of business in Hong Kong at Suite 1513, 15th Floor, Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours from 30 April 2012 up to and including 31 May 2012 and at the EGM:

- (1) the memorandum of association of the Company and the Articles of Association of the Company;
- (2) the service contracts and letters of appointment referred to in the section headed “Directors’ Service Contracts”;

- (3) the letter from CIMB Securities Limited, the text of which is set out on pages 18 to 29 of this circular;
- (4) the written consent of CIMB Securities Limited referred to in the paragraph headed “Consents” in this appendix;
- (5) the New Master Supply Agreement; and
- (6) this circular.

12. MISCELLANEOUS

- (1) The principal place of business in Hong Kong of the Company is situated at Suite 1513, 15th Floor, Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.
- (2) The share registrar and transfer office of the Company is Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**Meeting**”) of Xingfa Aluminium Holdings Limited (“**Company**”) will be held on Thursday, 31 May 2012 at No. 23, Renhe Road, Nanzhuang Town, Chancheng District, Foshan City, Guangdong Province, the PRC at 12:00 noon, for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** the transactions in respect of the supply of aluminium profiles specified by 佛山市興發幕牆門窗有限公司 (unofficial translation being Foshan Xingfa Curtain Wall, Door & Window Co., Ltd.) (“**Xingfa Curtain Wall**”), a limited liability company established in the People’s Republic of China, by the Company and its subsidiaries to Xingfa Curtain Wall on an ongoing basis as contemplated under the master supply agreement dated 8 March 2011 and entered into between 廣東興發鋁業有限公司 (unofficial translation being Guangdong Xingfa Aluminium Co., Ltd.) (“**Guangdong Xingfa**”), a wholly foreign owned enterprise established in the People’s Republic of China and an indirectly wholly-owned subsidiary of the Company, and Xingfa Curtain Wall in relation to the supply of aluminium profiles to Xingfa Curtain Wall by Guangdong Xingfa for a period of one year from 1 January 2011 to 31 December 2011 (“**Year 2011**”), of which the aggregate value amounted to RMB95,451,000, which had exceeded the annual cap of RMB35,000,000 in respect of such transactions for Year 2011 previously estimated by the directors of the Company (“**Directors**”) and announced in an announcement published on the website of The Stock Exchange of Hong Kong Limited dated 8 March 2011, be and are hereby confirmed, ratified and approved.”

NOTICE OF EGM

2. “THAT

- (a) the form and substance of the master supply agreement dated 29 March 2012 and entered into between Guangdong Xingfa and Xingfa Curtain Wall in relation to the supply of aluminium profiles to Xingfa Curtain Wall by Guangdong Xingfa (“**New Master Supply Agreement**”) (a copy of the New Master Supply Agreement marked “A” and initialled by the chairman of the Meeting for identification purpose has been tabled at the Meeting) and all transactions contemplated thereunder (“**New Continuing Connected Transactions**”) be and are hereby approved; and the Directors or a duly authorised committee of the board of Directors be and are hereby authorised to do all such acts and things (including, without limitation, signing, executing (under hand or under seal), perfecting and delivery of all agreements, documents and instruments) which are in their opinion necessary, appropriate, desirable or expedient to implement or to give effect to the terms of the New Master Supply Agreement and the New Continuing Connected Transaction and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith that are, in the opinion of the Directors, not material to the terms of the New Master Supply Agreement and the New Continuing Connected Transactions and are in the interests of the Company; and
- (b) the annual caps of RMB117,000,000, RMB200,000,000, RMB200,000,000, being the maximum aggregate annual value in respect of the New Continuing Connected Transactions for the period commencing from the date of passing this resolution to 31 December 2012, the period of one year from 1 January 2013 to 31 December 2013 and the period of one year from 1 January 2014 to 31 December 2014 respectively, be and are hereby approved and confirmed.”

Yours faithfully,
By order of the Board
Xingfa Aluminium Holdings Limited
LIU Libin
Chairman

Hong Kong, 30 April 2012

NOTICE OF EGM

Principal place of business in Hong Kong:

Suite 1513, 15th Floor

Tower 6

The Gateway

Harbour City

Tsim Sha Tsui

Kowloon

Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is appointed. A proxy need not be a member of the Company. A form of proxy for use at the Meeting is enclosed herewith. In case of a joint holding, the form of proxy may be signed by any joint holder, but if more than one joint holder is present at the Meeting, whether in person or by proxy, that one of the joint holders whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
2. To be valid, the form of proxy together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. Completion and return of the accompanying form of proxy will not preclude members of the Company from attending and voting in person at the Meeting or any adjournment thereof should they so wish.

As at the date hereof, the board of Directors comprises the following members:

Executive Directors

Mr. LIU Libin (*Chairman*)

Mr. LUO Su (*Honorary Chairman*)

Mr. LUO Riming (*Chief Executive Officer*)

Mr. LIAO Yuqing

Mr. DAI Feng

Mr. LAW Yung Koon

Mr. WANG Zhihua

Non-executive Directors

Mr. CHEN Shengguang

Mr. WONG Siu Ki

Independent non-executive Directors

Mr. CHEN Mo

Mr. HO Kwan Yiu

Mr. LAM Ying Hung Andy