

**XINGFA ALUMINIUM HOLDINGS LTD:
THERE ARE PROS AND CONS, BUT MORE PROS THAN CONS**

It is difficult, if not impossible, for an outsider to know what is the likely Net Profit Attributable to Shareholders of Xingfa Aluminium Holdings Ltd () (Code: 98, Main Board, The Stock Exchange of Hongkong Ltd) for the Current Financial Year, ending December 31, 2008, but it is an odds-on favourite that it will not be anywhere close to the Bottom Line of the 2007-Year.

This is because, in the 2007-Year, this newly listed Company bagged 182,168,000 renminbi, most of which were one-off gains, but were taken above the line, nevertheless.

This is shown at Note 5 to the Accounts, located at Appendix I-26: '*Other Net Income*'.

This note indicates that 174,941,000 renminbi was the result of '*Gain on disposal of lease payments*'.

The following is Note 5, which tells the story:

	<i>For the year ended 31 December</i>		
	<i>2005</i>	<i>2006</i>	<i>2007</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Compensation from patent infringements</i>	<i>2,455</i>	<i>3,540</i>	<i>936</i>
<i>Government grants</i>	<i>210</i>	<i>1,845</i>	<i>415</i>
<i>Rental income</i>			
<i>– investment property</i>			
<i>– others</i>	<i>202</i>	<i>329</i>	<i>329</i>
	<i>32</i>	<i>56</i>	<i>78</i>
<i>Realised net gains/(losses) on settlement of derivative financial instruments</i>	<i>3,607</i>	<i>(2,985)</i>	<i>3,159</i>
<i>Unrealised net gains of derivative financial instruments</i>	<i>73</i>	<i>2,482</i>	<i>88</i>
<i>Gain on disposal of lease prepayments</i>	<i>Nil</i>	<i>Nil</i>	<i>174,941</i>
<i>Services income generated from design and installation of aluminium panels</i>	<i>248</i>	<i>388</i>	<i>1,668</i>
<i>Others</i>	<i>173</i>	<i>251</i>	<i>554</i>
	<u>7,000</u>	<u>5,906</u>	<u>182,168</u>

Without that one-off credit of 174,941,000 renminbi, the Net Profit Attributable to Shareholders of Xingfa Aluminium for the 2007-Year would have been reduced to about 116,659,000 renminbi, at least.

However, even so, that reduced, Bottom-Line figure is, still, an increase, Year-On-Year, of about 93.50 percent.

The following is the Combined Income Statements for this aluminium profile manufacturer for the 3 Financial Years, ended December 31, 2007:

	Financial Year, Ended December 31
--	-----------------------------------

	2005	Increase (Percent)*	2006	Increase (Percent)*	2007
	All Figures Are Denominated in Renminbi'000 (except where otherwise designated)				
Turnover	1,309,103	42.48	1,861,244	15.44	2,148,674
Cost Of sales	(1,218,463)		(1,724,743)		(1,949,498)
Gross Profit	90,640		136,501		199,176
Gross Profit Margin*	6.92 Percent		7.33 Percent		9.27 Percent
Other Net Income	7,000		5,906		182,168
Distribution Expenses	(18,599)		(21,419)		(32,529)
Administrative Expenses	(22,084)		(32,289)		(29,849)
Results From Operating Activities	56,957	55.73	88,699	259.60	318,966
Financing Income	1,375		2,368		2,435
Financing Expenses	(21,455)	16.07	(24,903)	22.39	(30,478)
Net Financing Costs	(20,080)		(22,535)		(28,043)
Profit Before Income Tax	36,877		66,164		290,923
Income Tax (Expenses)/Credit	(11,062)		(5,875)		677
Net Profit Attributable To Shareholders	25,815	133.54	60,289	383.67	291,600
Net Profit Margin*	1.97 Percent		3.24 Percent		13.57 Percent
Attributable To:					
Shareholders Of The Company	24,774		59,377		291,750
Minority Interests	1,041		912		(150)

	25,815		60,289		291,600
--	--------	--	--------	--	---------

*These are **TARGET**'s calculations

On ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*