Midas Holdings Limited

(incorporated in Singapore with limited liability)
(Hong Kong Stock Code: 1021)
(Singapore Stock Code: 5EN)

ANNUAL REPORT 2011

stability.

Contents

Corporate Structure

CORPORATE OFFICE
Chen Wei Ping, Executive Chairman
Chew Hwa Kwang, Patrick, Chief Executive Officer
Wang Jiaxin, Deputy Chief Executive Officer
Tan Kai Teck, Chief Financial Officer

Jilin Midas Aluminium Industries Co., Ltd
Wang Jiaxin, General Manager

Shanxi Wanshida Engineering Plastics Co., Ltd
Ma Mingzhang, General Manager

Luoyang Midas Aluminium Industries Co., Ltd
Sun Qixiang, General Manager

Jilin Midas Light Alloy Co., Ltd
Hou Tiemin, General Manager

Corporate Profile

Incorporated on 17 November 2000 as an investment holding company, listed on 23 February 2004 on Singapore Exchange Securities Trading Limited ("SGX-ST") and on 6 October 2010 on The Stock Exchange of Hong Kong Limited ("SEHK"), Midas Holdings Limited (the "Company" or "Midas", together with its subsidiaries, referred to the "Group")has grown over the years to gain recognition as a leading manufacturer of aluminium alloy extrusion products for the rail transportation sector in the People's Republic of China ("PRC").

Under the Group are two business divisions, namely:

(a) the Aluminium Alloy Division, and

(b) the PE Pipes Division

These two divisions are strategically located in the PRC to take on the opportunities as well as to capitalise on the potential benefits of the vast developments that are taking place in the infrastructure and rail transport sectors.

Our customer base consists of all of the major domestic train manufacturers such as CNR Changchun Railway Vehicles Co., Ltd, CNR Tangshan Railway Vehicles Co., Ltd, Nanjing SR Puzhen Rail Transport Co., Ltd, CSR Zhuzhou Electric Locomotive Co., Ltd., Bombardier Sifang (Qingdao) Transportation Ltd, and the top three global train manufacturers, namely, Alstom, Siemens and Bombardier.

Besides our core business, we have a 32.5% stake in a licensed metro train manufacturing company in the PRC, Nanjing SR Puzhen Rail Transport Co., Ltd.

We are one of only six companies, and the only aluminium alloy extrusion products manufacturer, in Asia to be included in the Forbes Asia's "Best Under A Billion" list for four consecutive years from 2006 to 2009, in recognition of our consistent growth and profitability.

On 10 May 2010, we were awarded the Singapore Corporate Awards "Best Investor Relations Award (Gold)" for 2010 in the "S$300 million to less than S$1 billion market capitalisation" category. This is one of only five awards that make up the Singapore Corporate Awards, which was launched in 2006 and is organised by The Business Times and supported by the SGX-ST. This award is a testament of our continuous efforts in adhering to investor relations best practice.

Aluminium Alloy Division

Our Aluminium Alloy Division, Jilin Midas Aluminium Industries Co., Ltd ("Jilin Midas"), is a leading manufacturer of aluminium alloy extrusion products for the passenger rail



transportation sector in the PRC. Our Aluminium Alloy Division is our principal business division and accounted for 96.2% of our total revenue for the financial year ended 31 December 2011. We are also one of the first and amongst the few in the aluminium alloy extrusion industry in the PRC to possess capabilities for the downstream fabrication of passenger train car body components. We have an established track record of supplying aluminium alloy extrusion products to many metro and high speed train projects in the PRC since 2003, representing a majority of the aluminium metro and high speed train projects in the PRC during this period.

In December 2009, our Aluminium Alloy Division was awarded the prestigious EN 15085-2 certification for the welding of railway vehicles and components issued by GSI SLV Duisburg, one of the largest welding engineering institutes in Europe. The EN 15085-2 welding quality assurance certification is recognised internationally, including our major customers in the PRC, and is a testimony of our capabilities to meet international quality assurance standards for welding works in the new build, conversion and repair of railway vehicles and their components. This certification enhances our ability to provide a complete suite of downstream fabrication services and strengthens our competitive edge in the market.

Also in 2009, our Aluminium Alloy Division was awarded the prestigious International Railway Industry Standard ("IRIS") certification. Jilin Midas is the first company in the PRC to receive the IRIS certification under the category of "Manufacturing and Services of Aluminium Alloy Car Body Profile and Parts for Rail Cars". Promoted by the European Rail Industry ("UNIFE") and supported by operators, system integrators and equipment manufacturers, the IRIS certification complements the internationally recognised ISO 9001 quality standard introducing rail specific requirements.

Chosen based on an assessment of its performance in innovation, quality, financial health and organisation, our Aluminium Alloy Division is the first supplier in China to be included in Alstom's "Leading Partners 150" ("LP150") programme in 2008. Under the terms of the agreement, our Aluminium Alloy Division is a preferred supplier for all Alstom's new and re-sourcing projects globally. Our Aluminium Alloy Division will also receive resources and technology support from Alstom to develop key new products and improve industrial quality standards.

Corporate Profile

Our Aluminium Alloy Division is accredited with the Quality Focus Global Sourcing Grade "A" international certification by ALSTOM Transport SA ("Alstom"), in accordance to Alstom Transport Standard. As a testimony to our capability to manufacture large-section aluminium alloy extrusion products, this certification enables us to be the global sourcing partner of all Alstom's units.

In addition, our Aluminium Alloy Division has entered into a Master Agreement with Siemens Aktiengesellschaft, Berlin and Munich, Transportation Systems Group ("Siemens"). Under this agreement, Siemens will engage our Aluminium Alloy Division as a long term high technology supplier of aluminium alloy extrusion products in the context of long term partnership-based cooperation on a global basis.

In recognition of our ability to supply the highest quality aluminium extrusion products, our Aluminium Alloy Division was certified as an approved supplier to Changchun Bombardier Railway Vehicles Co., Ltd ("CBRC") in January 2006. CBRC is a joint venture between Bombardier Transportation, the world leader in rail cars manufacturing, and China's leading train manufacturer, CNR Changchun Railway Vehicles Co., Ltd.

We are a PRC certified supplier for the world's three renowned train manufacturers, which is a testimony and endorsement of the quality of our aluminium alloy extrusion products. This recognition given by Alstom, Siemens and CBRC has provided us the platform to expand our business both in the PRC and the international export markets.

In addition, our Aluminium Alloy Division was conferred the prestigious "Well-Known Trademark" ("馳名商標") by the Trademark Office of the State Administration for Industry & Commerce of the PRC ("中國國家工商行政管理總局商標局") ("SAIC") in 2010 that grants special protection to its trademark and also named "2007 China's Top Brand" by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China ("AQSIQ") (國家質量監督檢驗檢疫總局), in recognition of our product quality and strong brand position.

Our Aluminium Alloy Division currently has five production lines, with annual production capacity of up to 50,000 tonnes and three downstream fabrication lines that are able to process train car body components for approximately 1,000 train cars. Our large section aluminium alloy extrusion products are used in a variety of industries. They are utilised in the rail transportation industry to manufacture body frames of high-speed trains and metro trains. In addition, our aluminium alloy products are also used in power stations for power transmission purposes, electrical energy distribution, transmission cables as well as production of mechanical parts for industrial equipment.

In order to meet the increasing demand from our PRC passenger rail transportation customers, we are in the process of setting up a new production plant in Luoyang City, Henan Province. This is in line with our strategy to expand our aluminium extrusion capacity in a new geographic location beyond northeastern PRC to be in closer proximity to our customers. The new plant is targeted to be completed in the second half of 2012 and we have entered into a master supply agreement with Luoyang CSR Mass Transit Vehicle Co., Ltd (洛陽南車城市軌道車輛有限公司) ("Luoyang CSR"). Under the terms of the agreement, Luoyang CSR has agreed to procure 100% of its requirements for aluminium alloy extrusion products and fabricated parts from Luoyang plant on a "preferred supplier basis".

Since 2004, we have successfully exported / secured contracts to supply large section aluminium alloy profiles to manufacture body frames for metro train/high speed train projects in various countries, including Singapore, Russia, Iran, Saudi Arabia, South Korea, Malaysia, Turkey, Brazil, Switzerland, Norway, etc.

Moving forward, we aim to expand our international presence by capitalising on opportunities emanating from the overseas market.

We have participated in many metro train projects in the PRC since 2003 in cities including Changchun, Guangzhou, Hangzhou, Kunming, Nanjing, Shanghai, Shenzhen, Tianjin and Zhengzhou.

We are currently the market leader in supplying large section aluminium alloy profiles for the railway industry in the PRC. Significantly, we were appointed the supplier for some major high speed and inter-city train projects in the PRC, including:

- Beijing to Tianjin High Speed Train Project
- Regional Line EMU Phase 1 Project
- CRH3-380 Project
- CRH3-300 Project
- CRH5 EMU Project
- CRH1 EMU Project
- Pearl River Delta Inter-City Train Project (Dongguan – Shenzhen Section)
- Dongguan – Huizhou Inter-City Train Project

The recognition for our manufacturing capability of aluminium alloy extrusion products positions us for greater growth in the PRC market.

PE Pipes Division

Our PE Pipes Division manufactures PE pipes for use in gas piping networks and water distribution networks.

Made of high density polyethylene, PE pipes are relatively light-weight and chemically inert. Considered as viable substitutes for traditional concrete and metal pipes, PE pipes are easier and safer to install, more durable and flexible. A proponent that is non-toxic in nature, our PE pipes are cost efficient and possess high resistance to corrosion.

Broadly categorised into two types of PE pipes, namely the Gas PE Pipes and the Water PE Pipes which are manufactured through the extrusion process. We manufacture the various parts required in a piping network, including pipes, joints and fittings.

Our PE Pipes Division accounted for 3.8% of our total revenue for the year ended 31 December 2011. As we consider our PE Pipes Division to be a non-core business, representing a relatively small portion of our Group's revenue, we currently do not have plans to further expand our PE Pipes business.

Associate

We have a 32.5% equity stake in a Sino-foreign joint venture, Nanjing SR Puzhen Rail Transport Co., Ltd. ("NPRT"), which started commercial production in 2007. Through NPRT, we are able to further entrench our position in the PRC railway industry as NPRT is one of the four rolling stock companies in the PRC licensed to manufacture and sell metro trains on a nationwide basis. Many PRC cities have plans to build metro lines to facilitate urban transportation; we believe that NPRT will be a direct beneficiary of the high growth metro train industry in the PRC given the limited number of players in the market.

Since inception, NPRT, together with its consortium partners, has secured many high profile metro train projects in various cities in the PRC, including Shanghai, Nanjing, Hangzhou, Suzhou and Shenzhen.

Moving Forward

In February 2012, we entered into a framework agreement with Jilin Kaitong Engineering Co., Ltd to invest in our wholly owned subsidiary, Jilin Midas Light Alloy Co., Ltd. This proposed new joint venture will focus on manufacturing high precision, high specifications aluminium alloy plates, sheets, strips and foils to further diversify our products mix.

Moving forward, we are committed to springboard towards greater expansion, growth value creation, as well as strengthen our key competencies.

Message From The Executive Chairman

Dear Shareholders,

2011 had been an eventful year, for both the railway industry in the PRC and Midas.

An Eventful Year

During the year, the PRC railway industry had been adversely affected by several incidents which dampened its near-term prospects. These, in turn, affected Midas as the PRC railway sector currently accounts for approximately 70 to 80 percent of the Group's total revenue. Therefore, it is inevitable that our performance would be affected by related macro factors and government policies, such as changes in the PRC Government's budget allocation and revisions to rules and regulations, which are beyond the Group's control.

In spite of these challenges, Midas delivered a commendable performance for the year under review. The Group recorded net profit attributable to equity holders of RMB187.4 million in 2011, which was achieved on the back of a 4.9% increase in Group revenue to RMB1.08 billion.

The Group's core business, the Aluminium Alloy Division, which operates under Jilin Midas Aluminium Industries Co., Ltd (吉林麥達斯鋁業有限公司) ("Jilin Midas") continues to make progress in the PRC, with various new metro contracts secured across Shanghai, Guangzhou, Kunming and Zhengzhou. The contracts in Kunming and Zhengzhou also marked our landmark entry into two major PRC cities that do not have an existing metro system.

Backed by our consistent track record of providing high quality products of international quality standards, as well as strong working relationships with customers, our efforts in expanding into international markets continued to bear fruit, with maiden contracts in Malaysia, Turkey and Brazil secured during the year under review. These contracts also serve to diversify our market geographies and reduce our reliance on the PRC market.

In addition, as recognition of Jilin Midas' consistent push to adopt advanced production processes and innovative technology, Jilin Midas has been accorded the "high/new-technology enterprise" tax status in the PRC. This tax status allows Jilin Midas to enjoy a preferential income tax rate of 15% for a three-year period, instead of the regular 25%. The preferential tax rate took effect in 2011.

Subsequent to the year end, in February 2012, Midas entered into a strategic framework agreement with Jilin Kaitong Engineering Co., Ltd (吉林凱通工程有限公司) ("Jilin Kaitong") to jointly invest in the Group's subsidiary, Jilin Midas Light Alloy Co., Ltd (吉林麥達斯輕合金有限公司) ("Jilin Midas Light Alloy"), for the development of a new production plant in Liaoyuan City, Jilin Province, PRC. When completed in three years, the new facility will have an estimated annual production capacity of 200,000 tonnes. It will undertake the manufacturing of high precision, high specifications aluminium alloy plates, sheets, strips and foils. The new capacity from Jilin Midas Light Alloy will allow us to diversify, tapping for growth opportunities in sectors such as aerospace, aviation, containers, etc.

"DESPITE LINGERING CONCERNS OVER THE OUTLOOK OF THE PRC RAILWAY SECTOR, THE RAILWAY NETWORK DEVELOPMENT IN CHINA REMAINS AN INTEGRAL COMPONENT OF THE COUNTRY'S ECONOMIC GROWTH STRATEGY."

Outlook

Despite lingering concerns over the outlook of the PRC railway sector, the railway network development in China remains an integral component of the country's economic growth strategy. The Chinese Government has shown support to the PRC Ministry of Railways ("MOR") through policies to lower the MOR's financing costs.

Moreover, with a growing focus and emphasis on safety and quality standards following the Wenzhou high-speed rail accident, we believe that these stringent controls will ultimately benefit qualified suppliers such as Midas, which has a solid track record and strong brand reputation in the PRC.

Dividend

In appreciation of the support of our loyal shareholders, the Board is pleased to propose a final cash dividend of 0.5 Singapore cents per ordinary share. Together with the interim cash dividend of 0.5 Singapore cents paid earlier in the year, total dividend payout for 2011 would amount to 1.0 Singapore cent per ordinary share.

Giving Thanks

On behalf of the Board, I would like to take this opportunity to welcome Mr. Tong Din Eu who joined us as an Independent Non-Executive Director on 8 August 2011. Mr. Tong has many years of experience in corporate finance advising many regional initial public offerings and merger & acquisitions transactions.

We would also like to record our thanks to Mr. Chew Chin Hua for his invaluable service and support to the Group since Midas' listing on SGX-ST in 2004. Mr. Chew resigned from Midas' Board (as an Independent Non-executive Director) in September 2011.

In closing, I would like to express our appreciation to shareholders for their support. I would also like to take this opportunity to express my appreciation to our management and staff for their commitment to the Group, and to our customers, suppliers and business associates for their confidence in us. We sincerely look forward to your continued support in the Year of the Dragon!

Chen Wei Ping
Executive Chairman

Message From The Chief Executive Officer

Dear Shareholders,

The railway industry in the PRC suffered several setbacks in 2011. The PRC high-speed train incident in July 2011, together with the ongoing sovereign debt crisis plaguing Europe and the slowdown in the United States' economy, resulted in a significant slowdown in the PRC railway sector during the second half of 2011. As a leading provider of aluminum alloy extrusion products to the PRC passenger rail transportation sector, Midas' business operations in China were inevitably affected.

Nonetheless, it is during such challenging times that we see the importance of a focused and committed management team that had worked doubly hard during the year to maintain Midas' continued success. During the year under review, the Group had demonstrated resilience amidst a challenging operating environment, securing a series of new metro contracts.

2011 Financial Review

The Group continued to perform well in 2011, achieving a 4.9% increase in revenue to RMB1.08 billion as compared to RMB1.03 billion in the previous financial year. This was largely due to continued growth in contribution from our Aluminium Alloy Division, which grew to a record RMB1.04 billion, accounting for approximately 96.2% of Group revenue in 2011.

Within the Aluminium Alloy Division, the Transport Industry remained the largest contributor, accounting for 78.0% of the division's revenue in 2011, with the Power Industry and Others segment contributing 0.8% and 21.2%, respectively.

Raw material prices stayed relatively stable in the year under review, with costs of goods sold rising in tandem with the higher revenue to RMB718.8 million in 2011, from RMB684.9 million a year ago.

Correspondingly, gross profit rose 4.9% to RMB362.0 million in 2011, from RMB345.0 million in 2010. Overall gross profit margin remained stable at 33.5% in 2011, with gross profit margin at the Group's Aluminium Alloy Division marginally higher at 34.2%.

Other operating income, which comprised mainly interest income and disposal of scrap materials recorded a 222.6% jump in contributions to RMB16.5 million in 2011, from RMB5.1 million in 2010. The increase was largely due to higher level of interest-generating bank deposits in the year under review as compared to 2010.

Despite a slowdown in the deliveries of train cars during the year under review, our associated company, Nanjing SR Puzhen Rail Transport Co., Ltd. ("NPRT"), swung from losses in the third quarter of 2011 to report a profit contribution of RMB8.3 million to the Group in 2011.

Against the backdrop of a challenging operating environment, higher selling and distribution expenses, administrative expenses, finance costs and a decrease in contributions from NPRT, which was partially offset by an increase of RMB11.4 million in other operating income, the Group ended the year with profit attributable to equity holders of RMB187.4 million.

Strengthening our Track Record

Notwithstanding the challenging operating environment in the PRC, we are delighted to report that Midas continued to deliver in 2011. As a testament to the Group's proven track record and the quality of our products and services, we have continued to secure new contracts from both PRC and international customers. This is a clear demonstration of customers' confidence in the quality of Midas' products as well as the success of our strategy to grow our international footprint.

"IT IS DURING SUCH CHALLENGING TIMES THAT WE SEE THE IMPORTANCE OF A FOCUSED AND COMMITTED MANAGEMENT TEAM THAT HAD WORKED DOUBLY HARD DURING THE YEAR TO MAINTAIN MIDAS' CONTINUED SUCCESS."

In 2011, we secured various contracts, including:

The PRC

- High-speed train projects
  - CRH5 EMU Project
- Metro train projects
  - Shanghai Metro Line 12 Project
  - Shanghai Metro Line 13 Project
  - Kunming Metro Project
  - Guangzhou Metro Line 1, 2 and 8 Project
  - Zhengzhou Metro Line 1 Project

International

- Malaysia Intercity Urban Rail Project
- Turkey Izmir Light Transit Project
- Brazil Sao Paulo Expresso Tiradentes project

Preparing for Growth

Earlier, we had outlined the Group's plans to establish a new factory in Luoyang City, Henan Province. We are pleased to update shareholders that the new facility remains on track for completion by late 2012. However, in view of the soft near-term demand, we have decided to start-off the new factory with one aluminium alloy extrusion production line, instead of two. Upon completion, the new facility is expected to add 10,000 tonnes to the Group's extrusion capacity and will also bring us in closer proximity to customers in central and southern China.

A Word of Thanks

I would like to take this opportunity to thank my colleagues on the Board and management team, staff and business associates for their dedication, hard work and support. Most importantly, I would like to express my appreciation to our loyal shareholders for standing by us in a difficult year. As we move into a year of new challenges and opportunities, I sincerely look forward to your continued support.

Chew Hwa Kwang, Patrick
Chief Executive Officer

Board Of Directors

Mr. Chen Wei Ping

Mr. Chew Hwa Kwang, Patrick

Mr. Chen Wei Ping | Executive Chairman

Aged 51, was appointed as our Director on 21 August 2002 and has been Executive Chairman of our Company since March 2003. Mr. Chen is instrumental in developing and steering our Group's corporate directions and strategies. Mr. Chen is responsible for the effective management of business relations with our strategic partners. In addition, Mr. Chen spearheaded the listing of our Company's shares on the SGX-ST on 23 February 2004 and on the SEHK on 6 October 2010. Mr. Chen has more than twenty years of management experience and holds a Bachelor Degree in Economics from Jilin Finance & Trade College (PRC) as well as a Master Degree in Economics from Jilin University (PRC).

Mr. Chew Hwa Kwang | Chief Executive Officer

Aged 49, is a founding member of our Group and is our Chief Executive Officer who is responsible for the overall operations and finance of our Group and its financial well-being. Mr. Chew is responsible for identifying future business opportunities and services which our Group may provide to drive future growth. Mr. Chew is also in charge of overseeing the day-to-day management of our Group as well as our Group's strategic and business development. Mr. Chew has served as our Executive Director since November 2000 and played a major role in the listing of our Company's shares on the SGX-ST on 23 February 2004 and on the SEHK on 6 October 2010. Mr. Chew has more than twenty years of management experience.

Dr. Xu Wei Dong   Mr. Chan Soo Sen   Mr. Tong Din Eu

Dr. Xu Wei Dong | Independent Non-Executive Director

Aged 52, was appointed as an Independent Non-Executive Director on 17 March 2010. Dr. Xu is currently a professor and a PhD supervisor of the School of Law, Jilin University (PRC). Dr. Xu graduated from the School of Law (formerly known as the Law Department), Jilin University (PRC) with a Bachelor Degree in 1982. He obtained a Master Degree in law in 1989 and a Doctoral Degree in economics in 2002, both from Jilin University (PRC). Between June 2000 and December 2004, Dr. Xu served as the Deputy Dean of the School of Law, Jilin University. He was promoted to become the Dean of the School of Law, Jilin University in December 2004 and held such position till December 2008. Dr. Xu concurrently holds senior positions in various law related institutions and organisations. Dr. Xu is the deputy chairman of Commercial Law Research Department of the China Law Society, executive director and secretary general of the Legal Education Research Department of the China Law Society, deputy chairman of the Jilin Province Law Society, executive director of Jilin Province's Intellectual Property Right Research Commission, an arbitrator with China International Economic and Trade Arbitration Commission, and a lawyer with the Changchun Branch of Dacheng Law Office. Dr. Xu is also a member and secretary general of the Legal Teaching Guidance Committee of the PRC Education Department; a member of the National Legal Profession Examination Coordination Committee; a member of the Advisory Committee of the Jilin Municipal Government; and a member of the Legislation Advisory Committee of the Heilongjiang Municipal Government. Dr. Xu is currently an independent non-executive director of a company listed on the Shanghai Stock Exchange and a company listed on the Shenzhen Stock Exchange.

Mr. Chan Soo Sen | Independent Non-Executive Director

Aged 55, was appointed as an Independent Non-Executive Director on 29 June 2006. Mr. Chan was a Minister of State and had served in several ministries including the Ministry of Education, Ministry of Trade and Industry and Ministry of Community Development, Youth and Sports. Before entering the political scene, Mr. Chan started up the China-Singapore Suzhou Industrial Park as the founding CEO in 1994, laying the foundation and framework for infrastructure and utilities development. Mr. Chan holds a Master of Management Science from the University of Stanford, United States of America and is a director of a few listed companies in Singapore.

Mr. Tong Din Eu | Independent Non-Executive Director

Aged 47, was appointed as an Independent Non-Executive Director of our Company on 8 August 2011. Mr. Tong holds a Bachelor Degree in Accountancy from the National University of Singapore and passed the examinations to be a Chartered Financial Analyst. Mr. Tong has many years of experience in corporate finance advising many regional initial public offerings and merger & acquisitions transactions.

Executive Officers

Mr. Wang Jiaxin | Deputy Chief Executive Officer
Aged 56, is the Deputy Chief Executive Officer of the Group and the General Manager of Jilin Midas Aluminium Industries Co., Ltd. Mr. Wang assists the Chief Executive Officer in the overall management of our subsidiaries in China and is responsible for the business operations of our Aluminium Alloy Division. Mr. Wang holds a Bachelor Degree in Mechanical Engineering from Jilin University (PRC). Mr. Wang joined our Group in January 2002.

Mr. Tan Kai Teck | Chief Financial Officer
Aged 42, is our Chief Financial Officer responsible for our financial management and the reporting functions of our Group. Mr. Tan holds a Bachelor Degree in Accountancy (Second Upper Class Honours) from the Nanyang Technological University and is a Fellow Member of the Institute of Certified Public Accountants of Singapore (FCPA Singapore). Mr. Tan joined our Group in March 2003.

Mr. Ma Mingzhang | General Manager
Aged 59, is the General Manager of Shanxi Wanshida Engineering Plastics Co., Ltd. Mr. Ma is responsible for the overall business operations of our PE Pipes Division. Mr. Ma holds a Bachelor Degree in Industrial Automation Instrument from Harbin Industry University (PRC) and a Master Degree in Science and Engineering from Chengdu Science and Technology University (PRC). Mr. Ma joined our Group in August 2001.

Mr. Sun Qixiang | General Manager
Aged 49, is the General Manager of Luoyang Midas Aluminium Industries Co., Ltd, Mr. Sun holds a Bachelor Degree in Accountancy from Jilin Finance & Trade College (PRC). Mr. Sun joined our Group in April 2001.

Mr. Hou Tiemin | General Manager
Aged 49, is the General Manager of Jilin Midas Light Alloy Co., Ltd, Mr. Hou holds a Bachelor Degree from Jilin Province Economic Management Cadre College (PRC). Mr. Hou joined our Group in April 2011.

Corporate Information

BOARD OF DIRECTORS
Mr. Chen Wei Ping, Executive Chairman
Mr. Chew Hwa Kwang, Patrick,
Chief Executive Officer
Mr. Chan Soo Sen,
Independent Non-executive Director
Mr. Tong Din Eu,
Independent Non-executive Director
Dr. Xu Wei Dong,
Independent Non-executive Director

AUDIT COMMITTEE
Mr. Tong Din Eu, Chairman
Mr. Chan Soo Sen
Dr. Xu Wei Dong

NOMINATING COMMITTEE
Mr. Chan Soo Sen, Chairman
Mr. Tong Din Eu
Dr. Xu Wei Dong

REMUNERATION COMMITTEE
Mr. Chan Soo Sen, Chairman
Mr. Tong Din Eu
Dr. Xu Wei Dong

JOINT COMPANY SECRETARY
Singapore: Ms. Tan Cheng Siew
@ Nur Farah Tan, ACIS
Hong Kong: Ms. Ma Sau Kuen Gloria

COMPLIANCE ADVISOR
Platinum Securities Company Limited
22/F Standard Chartered Bank Building
4 Des Voeux Road Central
Hong Kong

HONG KONG AUTHORISED REPRESENTATIVES
Mr. Chew Hwa Kwang, Patrick
Ms. Ma Sau Kuen Gloria

REGISTERED OFFICE
2 Shenton Way
#04-01 SGX Centre 1
Singapore 068804
Tel: (65) 6438 3052
Fax: (65) 6438 3053
Website: www.midas.com.sg
Company Registration No. 200009758W

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Unit 2112, 21st Floor
China Merchants Tower
Shun Tak Centre
Nos. 168-200 Connaught Road Central
Hong Kong
Tel: (852) 3152 3278
Fax: (852) 3152 3279

AUDITORS
BDO LLP
Public Accountants and Certified Public Accountants
21 Merchant Road #05-01
Royal Merukh S.E.A. Building
Singapore 058267
Partner-in-charge: Mr. Lai Keng Wei
(Appointed with effect since financial year
ended 31 December 2011)

SINGAPORE PRINCIPAL SHARE REGISTRAR
Intertrust Singapore Corporate Services Pte Ltd
3 Anson Road #27-01
Springleaf Tower
Singapore 079909

HONG KONG SHARE REGISTRAR
Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

BANKERS
DBS Bank
6 Shenton Way
DBS Building Tower 1
Singapore 068809

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

Industrial & Commercial Bank of China
Liaoyuan City Branch
518 Renmin Avenue
Liaoyuan City
Jilin Province, PRC 136200

Shanxi Branch
Da Yu West Street
Ruicheng County
Shanxi Province, PRC 044600

China Construction Bank
Liaoyuan City Branch
418 Renmin Avenue
Liaoyuan City
Jilin Province, PRC 136200

Luoyang Branch
New Area Press Building 1st Floor East
Luoyang City
Henan Province, PRC 471000

Agricultural Bank of China
Liaoyuan City Branch
303 Renmin Avenue
Liaoyuan City
Jilin Province, PRC 136200

SUBSIDIARIES
Green Oasis Pte Ltd
North East Industries Pte Ltd
Midas Ventures Pte. Ltd.
2 Shenton Way
#04-01 SGX Centre 1
Singapore 068804
Tel: (65) 6438 3052
Fax: (65) 6438 3053

Jilin Midas Aluminium Industries Co., Ltd
188 Fuzhen Road
Liaoyuan City
Jilin Province
PRC 136200
Tel: (86) 437 - 508 2536
Fax: (86) 437 - 508 2500

Shanxi Wanshida Engineering Plastics Co., Ltd
108 Yongle South Road
Ruicheng County
Shanxi Province
PRC 044600
Tel: (86) 359 - 303 0518
Fax: (86) 359 - 302 7431

Midas Trading (Beijing) Co., Ltd
c/o 2 Shenton Way
#04-01 SGX Centre 1
Singapore 068804
Tel: (65) 6438 3052
Fax: (65) 6438 3053

Luoyang Midas Aluminium Industries Co., Ltd
Yiluo Avenue 8 Yiluo Industrial Park
Luoyang City, Henan Province
PRC 471000
Tel: (86) 379- 6966 0911
Fax: (86) 379- 6966 0900

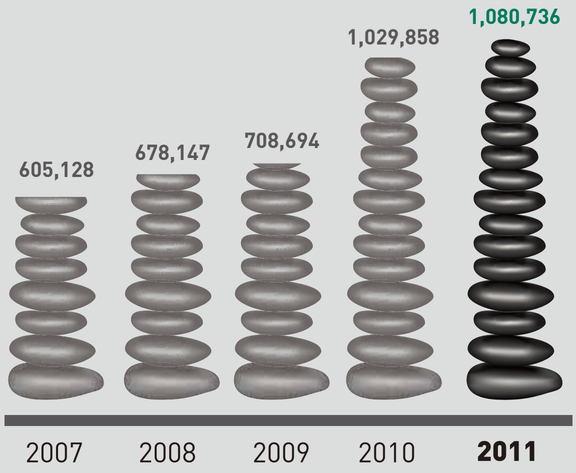
Jilin Midas Light Alloy Co., Ltd
9 Longshan East Street
Longshan District, Liaoyuan City
Jilin Province
PRC 136200
Tel: (86) 437-339 5088
Fax: (86) 437 -339 5077

ASSOCIATE
Nanjing SR Puzhen Rail Transport Co., Ltd.
No. 208 Puzhu Middle Road,
Nanjing, Jiangsu Province
PRC 210031
Tel: (86) 25 - 8584 7362
Fax: (86) 25 - 8584 7392

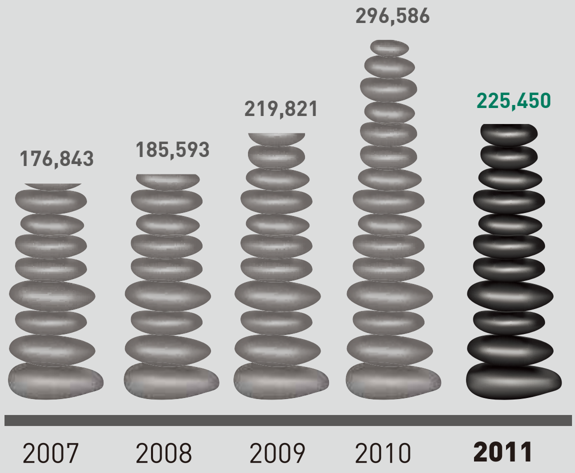
IR CONTACT
Citigate Dewe Rogerson, i.MAGE Pte Ltd
1 Raffles Place
#26-02 OUB Centre
Singapore 048616
Tel: (65) 6534 5122
Fax: (65) 6534 4171

Financial Highlights

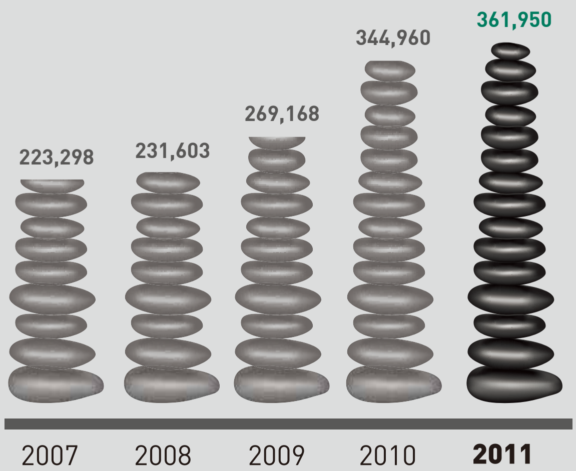
Revenue (RMB'000)



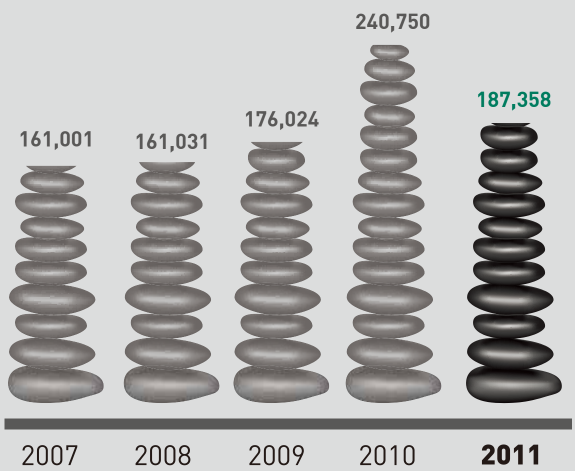
Profit before income tax (RMB'000)



Gross profit (RMB'000)



Profit attributable to equity holders (RMB'000)



	2011 RMB'000	2010 RMB'000	2009* RMB'000	2008* RMB'000	2007* RMB'000
Revenue	**1,080,736**	1,029,858	708,694	678,147	605,128
Gross profit	**361,950**	344,960	269,168	231,603	223,298
Profit before income tax	**225,450**	296,586	219,821	185,593	176,843
Profit attributable to equity holders	**187,358**	240,750	176,024	161,031	161,001
Shareholders' funds	**2,973,652**	2,854,023	1,561,093	995,509	920,296
Non current assets	**2,393,723**	1,783,312	1,268,920	706,672	554,724
Current assets	**1,907,188**	1,955,158	846,048	547,865	564,012
Current liabilities	**1,141,770**	582,393	470,821	226,974	198,467
Non current liabilities	**185,489**	302,054	83,054	32,054	–

* *Results (Revenue, Gross Profit, Profit before income tax) from continuing operations (Aluminium Alloy Division and PE Pipe Division) only. Agency and Procurement Division ceased trading operations in March 2009.*

For the Year (RMB'000)	**2011**	2010	Change (%)
Revenue	**1,080,736**	1,029,858	4.9
Gross profit	**361,950**	344,960	4.9
Profit before income tax	**225,450**	296,586	(24.0)
Profit attributable to equity holders	**187,358**	240,750	(22.2)
At Year End (RMB'000)			
Shareholders' funds	**2,973,652**	2,854,023	4.2
Non current assets	**2,393,723**	1,783,312	34.2
Current assets	**1,907,188**	1,955,158	(2.5)
Current liabilities	**1,141,770**	582,393	96.0
Non current liabilities	**185,489**	302,054	(38.6)
Financial Ratios			
Net Tangible Assets per Share (RMB yuan)	**2.44**	2.34	4.3
Basic Earnings per Share (RMB fen)	**15.39**	23.53	(34.6)

Contents

Financial Review

REVENUE

Our Group's principal activities for 2011 are as follows:

a. manufacture of large section aluminium alloy extrusion products for use mainly in the following:

- Rail Transport Industry – We produce aluminium alloy profiles which are used to manufacture train car body frames for use by high-speed trains and metro trains;
- Power Industry – We produce aluminium alloy tubings which are used in power stations for power transmission purposes, electrical energy distribution and transmission cables; and
- Others – We produce aluminium alloy rods and other specialized profiles which are used in the production of mechanical parts for industrial machinery.

b. manufacture PE pipes for gas piping networks and water distribution networks.

Our revenue by business activities is set out below:

Business segments (RMB'000)	**2011**	**2010**	**Change**	**%**
Aluminium Alloy Division	1,039,404	991,341	48,063	4.8
PE Pipes Division	41,332	38,517	2,815	7.3
Total	**1,080,736**	**1,029,858**	**50,878**	**4.9**

Our total revenue increased by about RMB50.9 million or 4.9% from RMB1,029.9 million in 2010 to RMB1,080.7 million in 2011. Revenue at our Aluminium Alloy Division increased by approximately RMB48.1 million or 4.8% from RMB991.3 million in 2010 to RMB1,039.4 million in 2011. Our Aluminium Alloy Division contributed approximately 96.2% of total revenue for 2011 as compared to approximately 96.3% for 2010.

The table below show the revenue segmentation in percentage terms by end usage at the Aluminium Alloy Division for the financial year ended 31 December 2011:

Aluminium Alloy Division

	2011	**2010**
	%	**%**
Rail Transport Industry	**78.0**	80.3
Power Industry	**0.8**	5.4
Others	**21.2**	14.3
Total	**100.0**	100.0

Financial Review

Sales by end usage indicate that revenue contribution from the rail transport industry is still the major revenue contributor, contributing approximately 78.0% of the revenue for the Aluminium Alloy Division. "Others" segment included mainly revenue from the supply of aluminium alloy rods and other specialized profiles for industrial equipment.

Our Aluminium Alloy Division is well placed to compete effectively, especially in supplying aluminium alloy profiles for use as train car body frames in the rail transport industry. In addition, our Aluminium Alloy Division also has the capabilities to process car body components for train cars. Our Aluminium Alloy Division is certified by the world's three leading train manufacturers, namely Alstom, Siemens and Changchun Bombardier. It was also awarded the EN 15085-2 certification for the welding of railway vehicles and components issued by GSI SLV Duisburg, one of the largest welding engineering institutes in Europe and the International Railway Industry Standard ("IRIS") certification in 2009. We believe that such recognition would provide us the platform to expand our business both in the PRC and the international markets. We have demonstrated our capabilities in supplying aluminium alloy profiles of international standards and meeting the stringent requirements of our international customers by securing more contracts in the international markets.

In 2011, our Aluminium Alloy Division commenced the setting up of a new production plant, Luoyang Midas Aluminium Industries Co., Ltd, in Luoyang City, Henan Province. This is in line with our strategy to expand our aluminium extrusion capacity in a new geographic location beyond north eastern PRC to be in closer proximity to our customers. The new plant is targeted to be completed in the second half of 2012.

PROFITABILITY

Our gross profit by business activities is set out below:

Business segments (RMB'000)	**2011**	**2010**	**Change**	**%**
Aluminium Alloy Division	355,475	338,093	17,382	5.1
PE Pipes Division	6,475	6,867	(392)	(5.7)
Total	**361,950**	**344,960**	**16,990**	**4.9**
Gross Profit Margin (%)	*33.5*	*33.5*		

Gross profit increased by approximately RMB17.0 million or 4.9% from RMB345.0 million in 2010 to RMB362.0 million in 2011. Gross profit margin for 2011 remains stable at 33.5% (2010: 33.5%). The gross profit margin at our Aluminium Alloy Division is 34.2% in 2011 as compared to 34.1% in 2010.

Financial Review

Our profit before income tax by business activities is set out below:

Business segments (RMB'000)	2011	2010	Change	%
Aluminium Alloy Division	272,386	274,106	(1,720)	(0.6)
PE Pipes Division	3,965	2,392	1,573	65.8
Unallocated	(20,425)	(16,428)	(3,997)	24.3
Finance costs	(38,766)	(9,360)	(29,406)	314.2
Share of profits of an associate	8,290	45,876	(37,586)	(81.9)
Total	**225,450**	**296,586**	**(71,136)**	**(24.0)**

Other operating income comprised mainly interest income and disposal of scrap materials. Interest income increased due to higher level of interest generating bank deposits in 2011 as compared with 2010.

Selling and distribution expenses increased by approximately RMB11.1 million in 2011, driven mainly by an increase in staff costs and higher transportation costs as compared with 2010.

Administrative expenses increased by about RMB21.4 million in 2011 mainly due to higher payroll costs arising from an increase in headcount to cater to our current expansion plans, increase in depreciation, travelling and property taxes as compared with 2010.

Finance costs comprised interest for bank borrowings, bank charges and financing costs relating to discounted notes receivables. Finance costs increased mainly due to more bank borrowings, higher interest rates and lesser interest on bank borrowings being capitalized. Approximately RMB25.4 million (2010: RMB34.1 million) of the interest on bank borrowings that are used to finance the construction of property, plant and equipment for our new production lines were capitalized in 2011.

Our associated company, Nanjing SR Puzhen Rail Transport Co. ("NPRT"), contributed approximately RMB8.3 million in 2011. The decrease was due mainly to fewer train cars delivered to its customers during the year.

Income tax expense for 2011 decreased by about RMB17.7 million. In November 2011, our Jilin Aluminium Alloy Division qualified as a high tech enterprise and would be taxed at a concessionary rate of 15% for three years with effect from 2011. In 2010, our Aluminium Alloy Division was granted a 50% relief of Enterprise Income Tax in respect of its profits derived from the second production line.

2011 ended with profits attributable to equity holders of approximately RMB187.4 million which represented a 22.2% decrease over 2010.

Financial Review

CAPITAL STRUCTURE OF THE GROUP

Loans

	As at 31 December 2011		As at 31 December 2010	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Amount repayable in one year or less, or on demand	**437,690**	**472,000**	268,280	110,000
Amount repayable after one year	**183,310**	**–**	300,000	–
Total	**621,000**	**472,000**	568,280	110,000

Details of collateral

The secured borrowings relate to bank loans that are provided to Jilin Midas Aluminium Industries Co., Ltd.

As at 31 December 2011, the bank loans are secured by the mortgage of land use rights, property, plant and equipment and various trade receivables with net book value of about RMB1,085,277,000 (31 December 2010: RMB918,261,000).

All bank borrowings are variable-rate borrowings, and these borrowings carried interest at rates ranging from 90% to 120% (2010: 90% to 110%) of the benchmark interest rate as quoted by The People's Bank of China.

Bank borrowings are all denominated in Renminbi as at the reporting date.

Cash and Cash Equivalents

The carrying amounts of cash and cash equivalents approximate their fair value and are denominated in the following currencies:

The Group	2011 RMB'000	2010 RMB'000
Euro	**299**	650
Renminbi	**601,011**	939,467
Singapore dollar	**59,311**	307,588
United States dollar	**56**	4,055
Hong Kong dollar	**47**	1,260
Others	**29**	36
	660,753	1,253,056

Financial Review

GROUP'S ORDER BOOK

The Group's order book as at 31 December 2011 is approximately RMB800 million.

EMPLOYEES, REMUNERATION POLICY AND EMPLOYEE SHARE OPTIONS

As at 31 December 2011, there were 1,543 (2010: 1,380) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants share options to eligible staff based on their performance and contributions to the Group. As at 31 December 2011, there were unexercised share options for 8,800,000 unissued ordinary shares (31 December 2010: 12,350,000) under the "Midas Employees Share Options Scheme".

GEARING

The Group monitors capital using a gearing ratio, which is derived by dividing total interest bearing bank loans to shareholder's equity.

Our gearing ratio was 23.8% as at 31 December 2010 and 36.8% as at 31 December 2011. Our gearing ratio increased from 2010 to 2011 due to increase in bank borrowings.

UPDATE ON USE OF PROCEEDS

Update on the use of proceeds from the listing of 253,000,000 new ordinary shares in the capital of the Company on SEHK:

Further to our update in Annual Report 2010, the remaining net proceeds of RMB733.7 million had been utilised as follows:

(i) An amount of approximately RMB95.0 million had been used for capital expenditure for Jilin Midas Aluminium Industries Co., Ltd;

(ii) An amount of approximately RMB134.3 million has been used for capital expenditure for Luoyang Midas Aluminium Industries Co., Ltd;

(iii) An amount of approximately RMB228.0 million has been used for capital expenditure for Jilin Midas Light Alloy Co., Ltd; and

(iv) The remaining balance is being held for its intended purpose.

Risk Management

Business Risk

Our revenue is mainly derived in the PRC from the sales of aluminium alloy extrusion products and PE pipes for the rail transport and infrastructure industries. We intend to further our growth opportunities by marketing our products overseas to minimise any over reliance on the local PRC markets. Since 2004, we have successfully exported or secured contracts to supply large section aluminium alloy profiles to manufacture body frames for metro train/high speed train projects in various countries, including Singapore, Russia, Iran, Saudi Arabia, South Korea, Malaysia, Turkey, Brazil, Switzerland, Norway, etc.

The raw materials used in our manufacturing processes are plastic resins (for our PE Pipes Division) and aluminium alloy billets (for our Aluminium Alloy Division). Raw materials make up a significant component of the cost of sales. We are therefore vulnerable to fluctuations in the prices of these raw materials and components. We generally do not purchase or store raw materials in advance. Purchases of raw materials are generally made in response to customers' order. Our Group makes use of this natural hedge to minimise any impact of fluctuations in raw materials prices on our Group's profitability.

Interest Rate Risk

Our interest rate risk relates primarily to our restricted bank deposits, bank deposits and bank borrowings. We place our cash balances with reputable banks and financial institutions. Our policy is to obtain the most favourable rates available. We currently have not entered into interest rate swaps to hedge against our exposure to changes in fair values of our borrowings.

In addition, to the extent that we may need to raise debt financing in the future, upward fluctuations in interest rates will increase the cost of new debts. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations.

We currently do not use any derivative instruments to manage our interest rate. To the extent we decide to do so in the future, there can be no assurance that any future hedging activities will protect us from fluctuations in interest rates.

Risk Management

Liquidity Risk

Liquidity risk is the risk that we have net current liabilities at the end of a reporting period. We are exposed to liquidity risk if we are unable to raise sufficient funds to meet our financial obligations when they fall due.

To manage liquidity risk, we monitor and maintain a level of cash and cash equivalents considered adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flow. In doing so, our management monitors the utilisation of borrowings to ensure adequate unutilised banking facilities and compliance with loan covenants.

Foreign Currency Risk

Foreign currency risk refers to the risk that movement in foreign currency exchange rates will affect our Group's financial results and cash flow.

Certain of our bank accounts, deposits, receivables and payables are denominated in Singapore dollars, U.S. dollars and Euros, which are different from the functional currency of our entities, which exposes us to foreign currency risk. However, most of our operating expenses, including our operating and administrative costs are denominated in Renminbi, and we collect most of our revenue in Renminbi. We expect to continue to incur a significant portion of our operating costs, and to recognise operating revenue, in Renminbi. As a result, we do not believe we are exposed to significant foreign currency risk.

However, our Company's cash flow is derived from dividend income from our subsidiaries in Singapore dollars. Hence, our Company would be exposed to foreign exchange risks when we receive dividends from our PRC subsidiaries in Renminbi.

As we expand our operations, we may incur a certain portion of our cash flow in currencies other than Renminbi and, thereby, may increase our exposure to fluctuations on exchange rates. Our policy is not to take speculative positions through forward currency contracts and we have not engaged in any foreign currency hedging activities as at the date of this annual report.

Risk Management

Credit Risk

Our principal financial assets are trade and other receivables and bank balances, which represent our maximum exposure to credit risk in relation to financial assets.

Our credit risk is primarily attributable to trade receivables. In order to minimise credit risk, our management continuously monitors the level of our exposure to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, our Directors consider that our credit risk is significantly reduced.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets stated in the statements of financial position.

The Group has a concentration of credit risk of the trade receivables due from the five largest debtors. As at 31 December 2011 and 2010, approximately 70% and 84% of total trade receivables respectively, were due from the five largest debtors.

In addition, the credit risk on bank deposits and bank balances is limited because a majority of the counterparties are state-owned banks with good reputations and credit ratings.

Corporate Governance Statement

Midas Holdings Limited (the "Company") is committed to maintaining a high standard of corporate governance in complying with the benchmark set by the Code of Corporate Governance 2005 (the "Singapore CG Code") and has fully complied with the Code on Corporate Governance Practices (the "HK CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "SEHK") for the financial year ended 31 December 2011.

The main corporate governance practices that were in place since are set out below.

A BOARD MATTERS

Board's conduct of its affairs

The Board of Directors (the "Board") supervises the management of the business and affairs of the Company and its subsidiaries (the "Group"). The Board approves the Group's corporate and strategic direction, appointment of Directors and key managerial personnel, major funding and investment proposals, and reviews the financial performance of the Group.

To assist in the execution of its responsibilities, the Board has established an Audit Committee ("AC"), a Remuneration Committee ("RC") and a Nominating Committee ("NC"). Each of these committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Company has adopted internal guidelines setting forth matters that require Board approval.

The types of material transactions that require the Board's approval under such guidelines included the following:

- Approval of quarterly results announcement;
- Approval of the annual reports and accounts;
- Declaration of interim dividends and proposal of final dividends;
- Convening of shareholders' meetings;
- Approval of broad policies, strategies and financial objectives of the Group and monitoring the performance of management;
- Oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Approval of nominations of Directors;
- Approval of material acquisitions and disposals of assets; and
- Authorisation of major transactions.

The Board comprises business leaders and professionals with financial backgrounds. Profiles of our Directors are found on pages 10 to 11 of this Report.

The Board conducts scheduled meetings on a regular basis. Ad hoc meetings will be convened to deliberate on urgent substantive matters when necessary. Telephonic attendance and conference via audio-visual communications at Board meetings are allowed under the Company's Articles of Association ("Articles"). The attendance of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings, is disclosed in Part E of this Report.

Corporate Governance Statement

The Directors are provided with important and relevant information of the Company and the Group. The Directors are also provided with the phone numbers and email addresses of the Company's senior management and Company Secretary to facilitate access to information.

Newly appointed Directors are given an orientation on the Group's business strategies and operations, including factory visits to ensure their familiarity with the Group's operations and governance practices.

The Company Secretary and/or her representative attend(s) all Board meetings and, together with the Directors, are responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary and/or her representative administer(s), attend(s) and prepare(s) minutes of all Board and Board committee meetings.

Directors are welcome to request further explanations, briefings or informal discussions on any aspects of the Group's operations or business issues from the management. The Chief Executive Officer ("CEO") will make the necessary arrangements for the briefings, informal discussions or explanations required by the Directors.

Board composition and guidance

The Board comprises two Executive Directors and three Independent Non-Executive Directors. Key information regarding the Directors can be found under the Board of Directors' Profile section in this report.

Name of Director	Board Committee as Chairman or Member	Directorship: Date of first appointment/ Date of last re-election	Board appointment: Executive or non-executive/ Independent	Due for re-election at next AGM
Chen Wei Ping	NA	21 August 2002/ 30 April 2010	Executive	Retirement pursuant to Article 91 of the Company's Articles
Chew Hwa Kwang, Patrick	NA	17 November 2000/ 29 April 2011	Executive	NA
Tong Din Eu	Chairman of AC, Member of NC and RC	8 August 2011	Independent	Re-election pursuant to Article 97 of the Company's Articles
Chan Soo Sen	Chairman of NC and RC, Member of AC	29 June 2006/ 29 April 2011	Independent	NA
Xu Wei Dong	Member of AC, NC and RC	17 March 2010/ 30 April 2010	Independent	Retirement pursuant to Article 91 of the Articles

The independence of each Independent Non-Executive Director is reviewed annually by the NC. The NC adopts the Singapore CG Code and HK CG Code's definition of what constitutes an Independent Non-Executive Director in its review, and the Company requires the Independent Non-Executive Directors to declare their independence annually. As a result of the review of the independence of each Director for the year and upon receipt of confirmation of independent pursuant to Rule 3.13 of the Listing Rules from each of the Independent Non-Executive Director, the NC is satisfied with the independence of all the Independent Non-Executive Directors.

Corporate Governance Statement

Roles of Chairman and CEO

The roles for both Chairman and CEO in the Company are separately assumed by Mr. Chen Wei Ping and Mr. Chew Hwa Kwang, Patrick. As such, there is a clear division of responsibilities at the top of the Group. Mr. Chen bears responsibility for the workings of the Board and ensures that procedures are introduced to comply with the Singapore CG Code and HK CG Code while Mr. Chew bears executive responsibility for the Group's business.

Nominating Committee ("NC")

The NC comprises 3 Independent Non-Executive Directors:

- Mr. Chan Soo Sen, Chairman of the NC and Independent Non-Executive Director
- Mr. Tong Din Eu, Independent Non-Executive Director
- Dr. Xu Wei Dong, Independent Non-Executive Director

The principal functions of the NC are to:

- Identify suitable candidates and review all nominations for the appointment to the Board before making recommendations to the Board for appointment.
- Assess the independence of the Directors annually and is of the opinion that the Directors who have been classified as independent under the "Board of Directors" section are indeed independent.
- Decide whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company particularly where the Director has multiple board representations.
- Access the effectiveness of the Board.
- To recommend Directors who are retiring by rotation to be put forward for re-election, having regard to their contribution and performance.

The NC is of the view that the current Board comprises persons who as a group, provide core competencies necessary to meet the Company's targets and that the current Board size is adequate, taking into account the nature and scope of the Group's operations.

Key information on the individual Directors is set out on pages 10 to 11 of this Report. Their shareholdings are also disclosed on page 36 of the Directors' report. None of the Directors hold shares in the subsidiaries of the Company.

Board Performance

The NC will use its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge to enable balanced and well-considered decisions to be made. The performance criteria the NC will consider in relation to an individual Director include the Director's industry knowledge and/or functional expertise, contribution and workload requirements, sense of independence and attendance at the Board and committee meetings. One of the NC's responsibilities is to undertake a review of the Board's performance. The NC will consider practicable methods to assess the effectiveness of the Board.

Corporate Governance Statement

During the year, the NC has reviewed and evaluated the performance of the Board, taking into consideration the attendance record at the meetings of the Board and the Committees and also the contribution of each Director to the effectiveness of the Board.

Where a Director has multiple board representations, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his/her duties as a director of the Company.

For the year under review, the Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Company.

B REMUNERATION MATTERS

Remuneration Committee ("RC")

The RC comprises 3 Independent Non-Executive Directors:

1. Mr. Chan Soo Sen, Chairman of the RC and Independent Non-Executive Director
2. Mr. Tong Din Eu, Independent Non-Executive Director
3. Dr. Xu Wei Dong, Independent Non-Executive Director

The principal functions of the RC are to:

- Review and advise the Board on the remuneration packages of senior management of the Group.
- Review and approve annually the remuneration of the Directors.
- Determine targets for any performance related pay schemes operated by the Company.
- Administer the Midas Employees Share Option Scheme (the "Scheme").

The members of the RC do not have specialized knowledge in the field of executive compensation. However, they have gained experiences in this area via managing the business and/or the human resources matters of the Group and companies outside the Group. The Company will ensure that the RC has access to expert advice on the human resource matter whenever there is a need to consult externally. In setting remuneration packages, the Group takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's performance and individual's performance. No Director or executive will be involved in deciding his own remuneration.

The remuneration packages for our Executive Chairman and CEO include a basic salary component, a profit sharing component or up to three months bonus as well as share option elements, which are performance related. Both our Executive Chairman and CEO have respectively renewed their service agreements with the Group with effect from 1 January 2012 for a period of three years.

Independent and Non-Executive Directors do not have service contracts with the Company. Independent and Non-Executive Directors will receive directors' fees, in accordance with their contributions, taking into factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. Directors' fees have been recommended by the Board for approval at the Company's Annual General Meeting ("AGM").

Corporate Governance Statement

During the year of 2011, the RC has conducted a review of the remuneration policy for Directors.

Disclosure on Remuneration

A breakdown of each individual Director's remuneration, in percentage terms showing the level and mix for the year ended 31 December 2011, is as follows:

	Fees %	Salary %	Other Benefits %	Total %
S$500,000 and above:				
Chen Wei Ping	–	84	16	100
S$250,000 to S$499,999:				
Chew Hwa Kwang, Patrick	–	84	16	100
Below S$250,000:				
Chew Chin Hua (resigned on 23 September 2011)	100	–	–	100
Chan Soo Sen	100	–	–	100
Xu Wei Dong	100	–	–	100
Tong Din Eu (appointed on 8 August 2011)	100	–	–	100

The table below sets out the ranges of gross remuneration received by the top five executives in the Group, but does not include associate during the financial year under review.

S$250,000 to S$499,999:	
Wang Jiaxin	– Deputy CEO and General Manager of Jilin Midas Aluminium Industries Co., Ltd.
Tan Kai Teck	– Chief Financial Officer
Sun Qixiang	– General Manager of Luoyang Midas Aluminium Industries Co., Ltd. and Financial Controller of Jilin Midas Aluminium Industries Co., Ltd.
Below S$250,000:	
Ma Mingzhang	– General Manager of Shanxi Wanshida Engineering Plastics Co., Ltd.
Hou Tiemin	– General Manager of Jilin Midas Light Alloy Co., Ltd.

There are no persons occupying managerial positions in the Company who are related to a Director or substantial shareholder of the Company or any of its principal subsidiaries who earned more than S$150,000 per annum for the financial year ended 31 December 2011.

Corporate Governance Statement

C ACCOUNTABILITY AND AUDIT

Audit Committee ("AC")

The AC comprises 3 Independent Non-Executive Directors:

- Mr. Tong Din Eu, Chairman of the AC and Independent Non-Executive Director
- Mr. Chan Soo Sen, Independent Non-Executive Director
- Dr. Xu Wei Dong, Independent Non-Executive Director

The chairman of the AC, Mr. Tong Din Eu has many years of experience in the corporate finance profession. Mr. Chan Soo Sen and Dr. Xu Wei Dong have many years of experience in business and financial management. The AC members bring with them extensive managerial and financial expertise. Mr. Chan and Dr. Xu are also board members of various listed companies in Singapore and China. The AC meets at least 4 times a year, with further meetings if circumstances require. The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions.

The AC assists the Board to maintain a high standard of corporate governance, particularly in the areas of effective financial reporting and the adequacy of internal control systems of the Group.

During the year, the AC reviewed and approved the audit plans submitted by both the internal and external auditors. The AC reviewed the findings and recommendations from the auditors. The AC also reviewed and discussed the announcements of the quarterly, half year and full year results.

The AC evaluates the assistance given by management to the external auditors and also reviews any interested person transactions.

The AC has full access to management and is given the resources required for it to discharge its functions. It has the full authority and discretion to invite any Director or executive officer to attend its meetings.

The AC meets with the external auditors, without the presence of management, at least once a year.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The Group does comply with Rules 712 and 715 of the Listing Manual in relation to its auditors. The AC recommends BDO LLP to the Board for re-appointment as external auditors of the Company.

Internal Control

The Group has established a risk identification and management framework. In the Group, risks are proactively identified and addressed. The ownership of these risks lie with the respective business and corporate executive heads with stewardship residing with the Board. Action plans to manage the risks are continually being monitored and refined by management and the Board. External and internal auditors conduct annual review on the effectiveness of the material internal control systems in the Group including material financial, operational and compliance controls. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the AC. Additionally, the external auditors, in performing their audit of the financial statements, design appropriate procedures and perform tests on certain internal controls which the auditors consider relevant to the Company's preparation of its financial statements, and any significant deficiencies noted in such internal controls will be reported to the AC.

Corporate Governance Statement

Based on the framework established and the reviews conducted, the Board opines, with the concurrence of the AC, that there are adequate internal controls in place within the Group addressing material financial, operational and compliance risks.

Internal Audit

The internal audit function is outsourced to a firm of certified public accountants. The internal auditors report directly to the Chairman of the AC. The AC reviews and approves the annual internal audit plans and reviews the scope of internal audit procedures. The internal auditors report to the AC directly their significant findings and recommendations arising from the internal audit carried out.

Director's Responsibility for the Financial Statements

The Directors are responsible for overseeing the preparation of financial statements for each financial period with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. The Group's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable. The statement of the independent auditors of the Company, Messrs. BDO LLP, with regard to their reporting responsibilities on the Company's financial statements is set out in the Independent Auditors' Report on page 45.

D COMMUNICATIONS WITH SHAREHOLDERS

The Group is mindful of the obligation to provide regular, effective and fair communication with shareholders on a timely basis. The Group does not practice selective disclosure. The results announcements are published through the SGXNET, website of SEHK, website of the Company and news releases. All information on the Company's and/or the Group's new initiatives are first disseminated via SGXNET and websites of SEHK and the Company followed by a news release. Results and annual reports are announced or issued within the mandatory period.

All shareholders of the Company receive the annual report, circulars and notices of the shareholders' meetings. The notices are also advertised in newspapers in Singapore. The Company encouraged shareholders to attend the AGM to ensure a high level of accountability and to stay informed of the Company's and/or the Group's strategies and goals. The notice of this AGM has been dispatched to the shareholders, at least 20 clear business days before the meeting. The Board welcomes questions from shareholders either formally or informally before or at the AGM.

The Company's Articles allow a shareholder of the Company to appoint more than one proxy to attend, represent him and vote instead of the shareholder at the AGM.

Corporate Governance Statement

E OTHERS

Director's Attendance at Board & Committee Meetings

The number of Board and Committee meetings held in the year ended 31 December 2011 and the attendance at those meetings were as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
	Total no. of meetings held = 4	Total no. of meetings held = 4	Total no. of meetings held = 1	Total no. of meetings held = 1
	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended
Chen Wei Ping	4/4	NA	NA	NA
Chew Hwa Kwang, Patrick	4/4	NA	NA	NA
Chew Chin Hua (resigned on 23 September 2011)	3/3	3/3	1/1	1/1
Chan Soo Sen	4/4	4/4	1/1	1/1
Xu Wei Dong	4/4	4/4	1/1	1/1
Tong Din Eu (appointed on 8 August 2011)	2/2	1/1	–	–

Securities Trading

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") and in compliance with the best practices stipulated in Listing Rule 1207(19) of the SGX-ST Listing Manual with respect to the dealings in securities for the guidance of Directors and officers. In addition, having made specific enquiry to all Directors, the Company understands that all Directors have compiled with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions throughout the year 2011. In line with the guidelines, Directors and executive officers of the Group are not permitted to deal in the Company's shares on short-term consideration and during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the quarterly or half-year period up to the publication date of the results; or during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of financial year up to the publication date of the results; or when they are in possession of any unpublished price sensitive information on the Group.

Corporate Governance Statement

Interested Person Transactions Policy

The Group has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for periodic review and approval of these transactions by the AC.

Risk Management

The Group regularly reviews and improves its business and operational activities to take into account the risk management perspective. The Group seeks to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Group reviews all significant control policies and procedures and highlights all significant matters to the AC.

Whistle-Blowing Program

As a further enhancement to internal risk control processes, the Company introduced and implemented the "Policy on Reporting Wrongdoing" across the Group. Under this "Whistleblowing" policy, all forms of "wrong-doings" can be reported to an investigation unit, with the "whistle-blower" being provided confidentiality protection. "Wrong-doings" can include fraud, theft, abuse of authority, breach of regulations or non-compliance with corporate policy such as improper banking or financial transactions.

Material Contracts

Save as disclosed, there are no other material contracts entered into by the Company and its subsidiaries involving the interest of the CEO, Director or controlling shareholder, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Auditors' remuneration

For the year ended 31 December 2011, the remuneration paid or payable to the Group's external auditors for providing the audit and other non-audit services is set out on page 75 of the Annual Report.

Report of the Directors

The directors of the Company (the "Director(s)") present their report to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2011 and the statement of financial position of the Company as at 31 December 2011.

1. **Principal activities**

   The principal activity of the Company continues to be investment holding. The principal activities of its subsidiaries are manufacturing and sale of aluminium alloy extrusion products and polyethylene pipes. The principal activities and other particulars of the Company's subsidiaries are set out in note 18 to the consolidated financial statements.

2. **Results and appropriations**

   The results of the Group for the financial year ended 31 December 2011 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 47 to 111.

   Interim dividends of S$0.005 per ordinary share, totalling S$6,088,000 (RMB28,267,000 equivalent) was paid during the financial year. The Directors recommend the payment of a final dividend S$0.005 per ordinary share, totalling S$6,088,000 (RMB30,228,000 equivalent), in respect of the financial year ended 31 December 2011.

3. **Share capital**

   Details of the movements in the Company's issued share capital during the financial year are set out in note 29 to the consolidated financial statements.

4. **Distributable reserves of the Company**

   The Company's reserves available for distribution to shareholders as at 31 December 2011 amounted to approximately RMB7,871,000.

5. **Reserves**

   Details of the movements in reserves of the Group and the Company during the financial year are set out in the consolidated statement of changes in equity and note 30 to the consolidated financial statements respectively.

6. **Fixed assets**

   Details of the acquisitions and other movements in the fixed assets of the Group and of the Company are set out in notes 16 and 17 to the consolidated financial statements.

Report of the Directors

7. Major customers and suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
	%	**%**
The largest customer	31.1	
Five largest customers in aggregate	70.6	
The largest supplier		47.7
Five largest suppliers in aggregate		85.0

At no time during the financial year have the Directors, and/or their associates had any interest in these major customers and suppliers.

8. Directors

The Directors during the financial year and up to date of this report were as follows:

Executive Directors:
Mr. Chen Wei Ping
Mr. Chew Hwa Kwang, Patrick

Independent Non-Executive Directors:
Mr. Tong Din Eu (appointed on 8 August 2011)
Mr. Chan Soo Sen
Dr. Xu Wei Dong
Mr. Chew Chin Hua (resigned on 23 September 2011)

The biographical details of the Directors and executive officers are set out under the section "Board of Directors" of this report.

In accordance with Article 91 of the Company's Articles of Association ("Articles"), Mr. Chen Wei Ping and Dr. Xu Wei Dong shall retire from the Board of Directors by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting ("AGM").

In accordance with Article 97 of the Company's Articles, Mr. Tong Din Eu shall hold office only until next AGM and shall then be eligible for re-election at the forthcoming AGM.

Report of the Directors

9. Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as disclosed under "Share options" of this report.

10. Directors' interests and short position in shares, underlying shares or debentures

According to the register of Directors' shareholding kept by the Company for the purpose of Section 164 of the Singapore Companies Act, Cap. 50 (the "Act") and Section 352 of the Securities and Futures Ordinance ("SFO"), the Directors who were holding office at the end of financial year had interest and short position in the shares, underlying shares or debentures of the Company and its related corporations as detailed below:

		Direct Interest		Deemed interest		
Name of Director	Capacity	At beginning of the financial year or date of appointment	At end of the financial year	At beginning of the financial year or date of appointment	At end of the financial year	Percentage of the issued share capital of the Company
		Number of ordinary shares		Number of ordinary shares		
Interest in the Company						
Mr. Chen Wei Ping	Beneficial owner	130,905,200	131,405,200	–	–	10.79%
Mr. Chew Hwa Kwang, Patrick	Beneficial owner	120,711,800	121,711,800	–	–	10.00%
Mr. Tong Din Eu	Beneficial owner	749,000	749,000	–	–	0.06%

The percentage of the issued share capital of the Company is computed based on 1,217,617,800 issued voting shares (excluding 1,000,000 treasury shares).

In accordance with the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors state that, according to the register of Directors' shareholdings, there was no other change in the Directors' interests as at 21 January 2012 in shares of the Company and its related corporations from those disclosed as at 31 December 2011.

Report of the Directors

10. Directors' interests and short position in shares, underlying shares or debentures (Continued)

As at 31 December 2011, the abovementioned interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Save as disclosed above, as at 31 December 2011, none of the Directors, chief executive of the Company nor their associates had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations.

According to the register of Directors' shareholdings, certain Directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Midas Employee Share Options Scheme (the "Scheme") as set out below:

Name of Director	Exercise price per share	Exercise period	At beginning of the financial year	At end of the financial year
Options to subscribe for ordinary shares of the Company				
Mr. Chen Wei Ping	S$0.873	11.5.2007 to 10.5.2011	1,500,000	–
Mr. Chew Hwa Kwang, Patrick	S$0.873	11.5.2007 to 10.5.2011	1,500,000	–
Mr. Chan Soo Sen	S$1.992	14.5.2008 to 13.5.2012	300,000	300,000
	S$0.517	09.2.2010 to 08.2.2014	250,000	250,000

11. Corporate governance

The Board of Directors (the "Board") is committed to ensuring that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of its responsibilities to protect and enhance shareholders value and the financial performance of the Group.

12. Directors' contractual benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the consolidated financial statements.

Report of the Directors

13. Directors' service contracts

No Directors proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one financial year without payment of compensation (other than statutory compensation).

14. Share options

Midas Employee Share Options Scheme

The Scheme was approved by the shareholders of the Company at an Extraordinary General Meeting held on 6 January 2004. The Scheme is administered by the Company's Remuneration Committee, comprising Mr. Chan Soo Sen, Dr. Xu Wei Dong and Mr. Tong Din Eu.

Under the Scheme, an option entitles the option holder to subscribe for a specific number of new ordinary shares in the Company comprised in the option at a subscription price per share determined with reference to the market price of the share at the time of grant of the option. The Remuneration Committee may at its discretion, fix the subscription price at a maximum discount of 20% off the market price. Options granted with the subscription price set at the market price shall only be exercised after the first anniversary from the date of the grant of the option. Options granted with the market price set at a discount to the market price shall only be exercised after the second anniversary from the date of the grant of the option. The shares under option may be exercised in whole or in part thereof. Options granted will lapse when the option holder ceases to be a full-time employee of the Company or any Company of the Group subject to certain exceptions at the discretion of the Company.

The number of shares available under the Scheme shall not exceed 15% of the issued share capital of the Company.

The Scheme became operative with options to subscribe for 2,500,000 ordinary shares of the Company being granted on 18 May 2005 ("2005 Options"). Particulars of the 2005 Options were set out in the Directors' Report for the financial year ended 31 December 2005.

On 11 May 2006, options to subscribe for 4,950,000 ordinary shares of the Company at an exercise price of S$0.873 per share were granted ("2006 Options"). The 2006 Options are exercisable from 11 May 2007 and expire on 10 May 2011.

On 14 May 2007, options to subscribe for 4,600,000 ordinary shares of the Company at an exercise price of S$1.992 per share were granted ("2007 Options"). The 2007 Options are exercisable from 14 May 2008 and expire on 13 May 2012.

Report of the Directors

14. Share options (Continued)

On 9 February 2009, options to subscribe for 5,850,000 ordinary shares of the Company at an exercise price of S$0.517 per share were granted ("2009 Options"). The 2009 Options are exercisable from 9 February 2010 and expire on 8 February 2014.

The details of options movement during the financial year were as follows:

Option participants	Granted in financial year ended 31.12.2011	Aggregate granted since commencement of scheme to 31.12.2011	Aggregate exercised or cancelled since commencement of scheme to 31.12.2011	Aggregate outstanding as at 31.12.2011
Directors				
– Mr. Chen Wei Ping	–	1,500,000	(1,500,000)	–
– Mr. Chew Hwa Kwang, Patrick	–	1,500,000	(1,500,000)	–
– Mr. Chan Soo Sen	–	550,000	–	550,000
Other executives (including resigned director(s))	–	14,350,000	(6,100,000)	8,250,000
Total	–	17,900,000	(9,100,000)	8,800,000

During the financial year, there was no share options granted to controlling shareholders of the Company at the financial year pursuant to the Scheme.

No other key management or employee has received options of 5% or more of the total number of shares available under the Scheme during the financial year. No other Director or employee of the Group (as defined in the Singapore Exchange Securities Trading Listing Manual) has received options of 5% or more of the total number of shares available to all Directors and employees of the Group under the Scheme during the financial year.

During the financial year ended 31 December 2011, no shares were issued in respect of the conversion of Midas Employee Share Options Scheme.

The number of unissued ordinary shares of the Company under options outstanding at the end of the financial year is as follows:

Option relating to the Scheme	Number outstanding at 31.12.2011	Exercise price	Exercise period
2007 Options	3,700,000	S$1.992	14.5.2008 to 13.5.2012
2009 Options	5,100,000	S$0.517	9.2.2010 to 8.2.2014

Report of the Directors

15. Substantial shareholders

As at 31 December 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
JPMorgan Chase & Co. (Note 1)	Beneficial Owner	1,684,970 (Long position)	0.14%
		1,663,970 (Short position)	0.14%
	Investment Manager	112,807,000 (Long position)	9.26%
	Custodian	7,069,672 (Long position)	0.58%
		7,069,672 (Lending pool)	0.58%

Note:

1. JP Morgan Chase & Co. is deemed to be interested in these shares through its several directly and indirectly controlled corporations.

Save as disclosed above, as at 31 December 2011, no person, other than the Directors whose interests are set out in the section "Directors' interests and short position in shares, underlying shares or debentures" above, has an interest or short position in the issued share capital of the Company that was required to be recorded.

16. Appointment of independent non-executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules"). The Company considers all of the independent non-executive Directors are independent.

Report of the Directors

17. Related party

Details of significant related party transactions of the Group are set out in note 36 to the consolidated financial statements.

18. Emolument policy

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regards to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share options scheme as an incentive to Directors and eligible employees, details of the Scheme is set out in note 33 to the consolidated financial statements.

19. Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's Articles, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

20. Sufficiency of public float

The Company has maintained a sufficient public float throughout the financial year ended 31 December 2011.

21. Purchase, sale or redemption of the Company's listed securities

During the financial year ended 31 December 2011, neither the Company nor its subsidiary had purchased, sold or redeemed any of the listed securities of the Company.

22. Directors' interests in competing business

None of the Directors have any ownership in other businesses which competes or is likely to compete, either directly or indirectly, with the businesses of our Group.

23. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuer

The Board has adopted the Model Code as set out in Appendix 10 of the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transaction by the Directors. The Board confirms that, having made specific enquiries with all Directors, throughout the financial year ended 31 December 2011, all Directors have complied with the required standards of the Model Code.

Report of the Directors

24. Audit committee

In performing its functions, the audit committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The audit committee of the Company is chaired by Mr. Tong Din Eu, an independent non-executive Director, and includes Mr. Chan Soo Sen and Dr. Xu Wei Dong, who are both independent non-executive Directors. The audit committee has met four times since the last AGM and has reviewed the following, where relevant, with the executive Directors and external and internal auditors of the Company:

(a) the audit plans and results of the internal auditors examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Directors and external auditors' report on those financial statements;

(d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) the co-operation and assistance given by the management to the Group's external auditors; and

(f) the re-appointment of the external auditor of the Group.

The audit committee has reviewed the consolidated financial statements of the Group for the financial year ended 31 December 2011.

The audit committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the audit committee.

The audit committee has recommended to the Directors the nomination of BDO LLP for re-appointment as external auditor of the Group at the forthcoming AGM of the Company.

Report of the Directors

25. Auditor

The auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

MR. CHEN WEI PING
Director

MR. CHEW HWA KWANG, PATRICK
Director

Singapore
13 March 2012

Statement by the Directors

In the opinion of the Board of Directors,

(a) the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are drawn up in accordance with the provision of the Singapore Companies Act, Cap. 50, applicable disclosure requirements of the Hong Kong Companies Ordinance and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011, and of the results, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

MR. CHEN WEI PING
Director

MR. CHEW HWA KWANG, PATRICK
Director

Singapore
13 March 2012

Independent Auditor's Report

TO THE MEMBERS OF MIDAS HOLDINGS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Midas Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2011, and the consolidated statements of comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 47 to 111.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act"), applicable disclosure requirements of the Hong Kong Companies Ordinance and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

TO THE MEMBERS OF MIDAS HOLDINGS LIMITED

Report on the Consolidated Financial Statements (Continued)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act, applicable disclosure requirements of the Hong Kong Companies Ordinance and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Certified Public Accountants

Singapore
13 March 2012

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	2011 RMB'000	2010 RMB'000
Revenue	4	**1,080,736**	1,029,858
Cost of sales		**(718,786)**	(684,898)
Gross profit		**361,950**	344,960
Other operating income	6	**16,531**	5,124
Selling and distribution expenses		**(40,343)**	(29,229)
Administrative expenses		**(82,212)**	(60,785)
Finance costs	7	**(38,766)**	(9,360)
Share of profits of an associate	19	**8,290**	45,876
Profit before income tax expense	9	**225,450**	296,586
Income tax expense	12	**(38,092)**	(55,836)
Profit for the financial year		**187,358**	240,750
Other comprehensive income:			
Currency translation differences arising from consolidation		**(7,836)**	3,788
Total comprehensive income for the financial year		**179,522**	244,538
Basic earnings per share (RMB Fen)	15	**15.39**	23.53
Diluted earnings per share (RMB Fen)	15	**15.38**	23.43

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2011

	Note	2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment	16	**1,938,385**	1,393,505
Land use rights	17	**236,007**	123,538
Interest in an associate	19	**192,559**	199,266
Available-for-sale financial assets	20	**2,000**	2,000
Prepaid rental	21	**113**	120
Restricted bank deposits	22	**24,659**	64,883
		2,393,723	1,783,312
Current assets			
Inventories	23	**478,443**	190,151
Trade and other receivables	24	**697,626**	511,951
Income tax recoverable		**20,365**	–
Restricted bank deposits	22	**50,001**	–
Cash and cash equivalents	25	**660,753**	1,253,056
		1,907,188	1,955,158
Current liabilities			
Trade and other payables	26	**232,080**	188,513
Bank borrowings	27	**909,690**	378,280
Income tax payable		**–**	15,600
		1,141,770	582,393
Net current assets		**765,418**	1,372,765
Total assets less current liabilities		**3,159,141**	3,156,077
Non-current liabilities			
Bank borrowings	27	**183,310**	300,000
Deferred tax liability	28	**2,179**	2,054
		185,489	302,054
Net assets		**2,973,652**	2,854,023
Capital and reserves			
Share capital	29(a)	**2,166,575**	2,166,575
Treasury shares	29(b)	**(2,501)**	(2,501)
Foreign currency translation reserve	31	**(10,591)**	(2,755)
PRC statutory reserve	32	**126,811**	108,813
Share options reserve	33	**10,913**	15,303
Retained earnings		**682,445**	568,588
Total equity attributable to equity holders of the Company		**2,973,652**	2,854,023

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position of the Company

AS AT 31 DECEMBER 2011

	Note	2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment	16	**225**	47
Interests in subsidiaries	18	**1,909,784**	1,818,325
Interest in an associate	19	**144,268**	152,245
		2,054,277	1,970,617
Current assets			
Other receivables	24	**7,464**	17,843
Cash and cash equivalents	25	**59,333**	312,900
		66,797	330,743
Current liabilities			
Other payables	26	**713**	2,997
		713	2,997
Net current assets		**66,084**	327,746
Total assets less current liabilities		**2,120,361**	2,298,363
Capital and reserves			
Share capital	29(a)	**2,166,575**	2,166,575
Treasury shares	29(b)	**(2,501)**	(2,501)
Foreign currency translation reserve	30, 31	**(62,497)**	57,217
Share options reserve	33	**10,913**	15,303
Retained earnings	30	**7,871**	61,769
Total equity		**2,120,361**	2,298,363

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Attributable to the equity holders of the Company						
	Share capital (note 29(a)) RMB'000	Treasury shares (note 29(b)) RMB'000	Foreign currency translation reserve (note 31) RMB'000	PRC statutory reserve (note 32) RMB'000	Share option reserve (note 33) RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2010	1,078,287	(2,501)	(6,543)	86,845	15,159	389,846	1,561,093
Total comprehensive income for the financial year	–	–	3,788	–	–	240,750	244,538
Transfer to PRC statutory reserve	–	–	–	21,968	–	(21,968)	–
Issue of shares							
– Secondary listing on Stock Exchange of Hong Kong Limited	1,087,495	–	–	–	–	–	1,087,495
– Option shares	655	–	–	–	–	–	655
Transfer of option reserve to share capital upon exercise of ESOS	138	–	–	–	(138)	–	–
Dividends (note 14)	–	–	–	–	–	(40,040)	(40,040)
Share-based payment expense	–	–	–	–	282	–	282
Balance at 31 December 2010 and 1 January 2011	2,166,575	(2,501)	(2,755)	108,813	15,303	568,588	2,854,023
Total comprehensive income for the financial year	–	–	(7,836)	–	–	187,358	179,522
Transfer to PRC statutory reserve	–	–	–	17,998	–	(17,998)	–
Transfer of option reserve to retained earnings	–	–	–	–	(4,390)	4,390	–
Dividends (note 14)	–	–	–	–	–	(59,893)	(59,893)
Balance at 31 December 2011	2,166,575	(2,501)	(10,591)	126,811	10,913	682,445	2,973,652

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	2011 RMB'000	2010 RMB'000
Cash flows from operating activities			
Profit before income tax expense		**225,450**	296,586
Adjustments for:			
Depreciation of property, plant and equipment		**79,187**	47,860
Write-off of property, plant and equipment		**194**	183
Amortisation of prepaid rental and land use rights		**2,923**	2,459
Loss on disposal of property, plant and equipment, net		**344**	52
Impairment loss on property, plant and equipment		**667**	591
Share-based payment expense		**–**	282
Share of profits of an associate		**(8,290)**	(45,876)
Interest expenses		**30,798**	3,864
Interest income		**(6,129)**	(2,634)
Operating profit before changes in working capital		**325,144**	303,367
Changes in working capital:			
Increase in inventories		**(288,292)**	(103,990)
Increase in trade and other receivables		**(178,655)**	(227,993)
Increase in trade and other payables		**43,567**	123,018
Cash (used in)/generated from operations		**(98,236)**	94,402
Interest paid		**(30,798)**	(3,864)
Interest received		**6,129**	2,634
Income tax paid		**(74,057)**	(44,030)
Net cash (used in)/from operating activities		**(196,962)**	49,142
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**688**	17
Purchase of property, plant and equipment	16	**(600,585)**	(498,123)
Net (increase)/decrease in restricted bank deposits		**(9,777)**	3,477
Purchase of land use rights		**(115,385)**	–
Interest paid and capitalised	16	**(25,374)**	(34,112)
Net cash used in investing activities		**(750,433)**	(528,741)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	2011 RMB'000	2010 RMB'000
Cash flows from financing activities			
Net proceeds from issuance of ordinary shares		**–**	1,088,150
Dividends paid		**(59,893)**	(51,772)
Proceeds from bank borrowings		**793,000**	1,059,400
Repayment of bank borrowings		**(378,280)**	(851,920)
Net cash from financing activities		**354,827**	1,243,858
Net change in cash and cash equivalents		**(592,568)**	764,259
Cash and cash equivalents at beginning of the financial year		**1,253,056**	492,569
Net effect of exchange rate changes in cash and cash equivalents		**265**	(3,772)
Cash and cash equivalents at end of the financial year, comprising bank balances and cash	25	**660,753**	1,253,056

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. General

Midas Holdings Limited (the "Company") (Registration Number: 20009758W) is a public limited liability company incorporated and domiciled in Singapore with its registered office and principal place of business at No. 2 Shenton Way, #04-01 SGX Centre 1, Singapore 068804. The Company is listed on the Main Board of the Singapore Exchange Securities Trading Limited and the Main Board of the Stock Exchange of Hong Kong Limited.

The principal activity of the Company is that of an investment holding.

The principal activities of the subsidiaries are set out in note 18 to the consolidated financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (hereinafter known as the "Group") and the Group's interest in an associate.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act"), the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the listing of securities on the Stock Exchange of Hong Kong Limited, and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") issued by the Singapore Accounting Standards Council. The consolidated financial statements are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The Company completed the listing of 220,000,000 new ordinary shares in the capital of the Company at the offer price of HK$5.43 for each new share on the Stock Exchange of Hong Kong Limited (the "Hong Kong Listing") during the financial year ended 31 December 2010. The new shares were listed and quoted on the Stock Exchange with effect from 9:30am on 6 October 2010. As disclosed in the listing prospectus for the Hong Kong Listing, the Directors of the Company (the "Directors") indicated an intention to prepare the consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS") subsequent to the Hong Kong Listing and that the Company would apply to the Accounting and Corporate Regulatory Authority of Singapore ("ACRA") to seek approval to prepare its consolidated financial statements in accordance with IFRS instead of FRS.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Subsequent to the Hong Kong Listing, the Company submitted its application to ACRA in this regard. At the same time, the Company also made further enquiries with the Stock Exchange of Hong Kong Limited with regards to whether the Company should adopt IFRS or FRS; the Stock Exchange of Hong Kong Limited has agreed to accept that the Group's financial statements could be prepared in accordance with FRS, on the condition that the Company would include in its financial reports a reconciliation of its consolidated financial statements in accordance with IFRS, with a narrative description of the major differences between the two standards, in a form that facilitates investors' understanding of the Company's financial performance.

The Company has informed ACRA of the outcome of their enquiry with the Stock Exchange of Hong Kong Limited, but did not obtained approval from ACRA on the Company's application to prepare its consolidated financial statements in accordance with IFRS. Therefore, the Company continues to prepare the current set of consolidated financial statements for the financial year ended 31 December 2011 in accordance with FRS and the Company has included a reconciliation of its financial statements in accordance with IFRS in note 40 to the consolidated financial statements which will contain a narrative description of the major differences between the two standards if any, that is relevant to the preparation of the consolidated financial statements of the Group, in a form that facilitates investors' understanding of the Company's financial performance.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the Company is Singapore dollar ("S$"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Renminbi ("RMB") and all values presented are rounded to the nearest thousand ("RMB'000"), unless otherwise stated. In the current financial year, the Group has changed the presentation currency of the financial statement from Singapore dollar to RMB as presenting the financial statements in RMB will be more reflective of the Group's operating results and closely align with the profile of the Group.

The preparation of the consolidated financial statements in conformity with FRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3 to the consolidated financial statements.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that may be relevant to the Group were issued but not effective:

		Effective date (annual periods beginning on or after)
FRS 1 (Amendments)	Presentation of Financial Statements – Presentation of item of other comprehensive income	1 July 2012
FRS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets	1 January 2012
FRS 19	Employee benefits	1 January 2013
FRS 27	Separate financial statements	1 January 2013
FRS 28	Investment in associate and joint ventures	1 January 2013
FRS 107 (Amendments)	Disclosures – Transfer of financial assets	1 July 2011
FRS 110	Consolidated financial statements	1 January 2013
FRS 111	Joint arrangements	1 January 2013
FRS 112	Disclosure of interests in other entities	1 January 2013
FRS 113	Fair value measurements	1 January 2013

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies are eliminated in full on consolidation.

On acquisition of subsidiaries, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. Non-controlling interests, if any, is initially measured at the non-controlling interest's proportionate share of the fair values of the acquiree's identifiable assets and liabilities.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

The results of subsidiaries acquired or disposed of during the financial year are included in the consolidated statements of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment comprises its purchase price and any direct attributable cost of bringing the property, plant and equipment to the location and condition necessary for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Depreciation is charged so as to write off the depreciable amount of property, plant and equipment to their residual values over their estimated useful lives, using the straight-line method on the following bases:

	Annual depreciation rates
Buildings and improvements	3% to 5%
Plant, equipment and mould	3% to 20%
Motor vehicles	10% to 20%
Office equipment	10%

Construction-in-progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction-in-progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction-in-progress until it is completed and ready for its intended use.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.3 Property, plant and equipment (Continued)

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

Fully depreciated items are retained in the financial statement until they are no longer in use.

2.4 Subsidiaries

Subsidiaries are entities over which the Company has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are accounted for at cost in the statements of financial position of the Company less any accumulated impairment losses, if any.

2.5 Associate

An associate is an entity over which the Group has significant influence, but not control, and generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associate are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.5 Associate (Continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after assessment, is recognised immediately in profit or loss.

Where a Group entity transacts with an associate of the Group, profit and losses are eliminated to the extent of the Group's interest in the relevant associate.

The financial statements of the associate are prepared as of the same reporting date as the Company.

In the Company's statement of financial position, investment in associate is carried at cost less accumulated impairment losses, if any.

2.6 Land use right

Land use right is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on the straight-line basis to write off the cost of land use right over the lease terms.

2.7 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- land use right; and
- interests in subsidiaries and an associate.

If any such indication of impairment loss exists, the asset's recoverable amount is estimated. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.7 Impairment of non-financial assets (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life, discounted at a pre-tax rate that reflects current market assessments of the time value of the money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less all estimated cost of completion and cost to be incurred in marketing, selling and distribution.

2.9 Financial instruments

Financial instruments (financial assets and financial liabilities) are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. **Summary of significant accounting policies** (Continued)

2.9 Financial instruments (Continued)

Financial assets (Continued)

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of these financial assets, which are initially measured at fair value plus transaction costs that are directly attributable to the acquisition.

Loans and receivables

These assets, including trade receivables, loans and other receivables, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income until the financial asset is derecognised, except for impairment losses, foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses.

Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. **Summary of significant accounting policies** (Continued)

2.9 **Financial instruments** (Continued)

Financial assets (Continued)

Impairment loss on financial assets (Continued)

- granting concession to a debtor because of the debtor's financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial restructuring.

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of a financial asset is reduced through the use of an allowance account. When any part of a financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities include trade and other payables and bank borrowings. They are initially recognised at fair value, net of directly attributable transaction costs incurred and subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Equity instruments and treasury shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares is deducted against the share capital account if the shares are purchased out of capital of the Company, or against the accumulated profits of the Company if the shares are purchased out of profits of the Company.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. **Summary of significant accounting policies** (Continued)

2.9 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments and treasury shares (Continued)

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. On derecognition of a financial liability, the difference between the carrying amount and consideration paid is recognised in profit or loss.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.14 Operating leases

When the Group is the lessee:

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the period of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases, if any, are recognised as an expense in the period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.15 Employee benefits

(i) Defined contribution plans

The Company makes contributions to the Central Provident Fund ("CPF") Scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have each participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries in the PRC are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.15 Employee benefits (Continued)

(i) Defined contribution plans (Continued)

Contributions under the Scheme are recognised as an expense as incurred. There is no provision under the Scheme whereby forfeited contributions may be used to reduce future contributions.

(ii) Share-based payment

The Group operates an equity-settled share-based compensation plan.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss with a corresponding increase in the share option reserve over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised as an expense over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the fair value of goods and services received is recognised in profit or loss unless the goods or services qualify for recognition as an asset.

Fair value is measured using the Hull-White pricing model. Under this pricing model, the fair value takes into account the impact of events, such as the early exercise of options by employees or employee exit rates after vesting, which occur during the term of the option. The exit rate is defined as the probability that an employee will leave the Company during the vesting period. The Hull-White model also incorporates the employee's early exercise strategy or possibility of the employee's termination after the vesting period. It assumes that early exercise may occur when the stock price is a certain multiple of the exercise price. The exercise multiple is defined as the average ratio of the stock price to the exercise price at the time of exercise.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. **Summary of significant accounting policies** (Continued)

2.16 Income tax expense

Income tax expense for the year comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case such income tax is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted by the end of each reporting period, and any adjustment to income tax payable in respect of previous year.

Deferred tax is provided using the liability method for temporary differences at the end of each reporting period between the carrying amounts and tax bases of assets and liabilities in the consolidated financial statements. The amount of deferred tax provided is based on the manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the end of each reporting period. Deferred tax liabilities are generally recognised for all taxable temporary differences.

A deferred tax liability is recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against tax liabilities when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.17 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

Dividends proposed or declared after the end of each reporting period, are not recognised as a liability at the end of each reporting period.

2.18 Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which case, the exchange differences are also recognised directly in other comprehensive income.

On consolidation, the results of foreign operations are translated into the presentation currency of the Group at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of each reporting period. The exchange differences arising on the translation are recognised directly in other comprehensive income and accumulated as foreign currency translation reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to the foreign currency translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign currency translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements made in applying the accounting policies

The following are the critical judgements that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Impairment of financial assets

The Group follows the guidance of FRS 39 "Financial Instruments: Recognition and Measurement" in determining whether a financial asset is impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) **Depreciation of property, plant and equipment**

These assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 30 years. The carrying amounts of the Group's and company's property, plant and equipment as at 31 December 2011 were approximately RMB1,938,385,000 (2010: RMB1,393,505,000) and RMB225,000 (2010: RMB47,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) **Income taxes**

The Group has exposure to income taxes in the People's Republic of China ("PRC") and Singapore. Due to its inherent nature, judgement is involved in determining the Group's provisions for income taxes.

The Group recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made. The carrying amounts of the Group's current income tax liabilities as at 31 December 2011 and 2010 were approximately RMBNil and RMB15,600,000 respectively.

(iii) **Equity-settled share-based payments**

The charge for equity-settled share-based payment is calculated in accordance with estimates and assumptions which are described in note 2.15(ii) and note 33 to the consolidated financial statements. The option valuation model used requires highly subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yields, risk-free interest rates and expected staff turnover. The management draws upon a variety of external sources to aid them in determination of the appropriate data to use in such calculations. The carrying amounts of share options reserves for the Group and the Company for the financial year ended 31 December 2011 and 2010 were RMB10,913,000 and RMB15,303,000 respectively.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

4. Revenue

Revenue of the Group is as follows:

	2011 RMB'000	2010 RMB'000
Sales of aluminium extrusion products	**1,039,404**	991,341
Sales of polyethylene pipes	**41,332**	38,517
	1,080,736	1,029,858

5. Segment information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

All the segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Aluminium Alloy Division – manufacturing and sale of aluminium alloy extrusion products; and

- Polyethylene Pipe Division – manufacturing and sale of polyethylene pipes.

Both divisions are located and operating in People's Republic of China.

Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-makers for assessment of segment performance.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

5. **Segment information** (Continued)

	Aluminium Alloy Division RMB'000	Polyethylene Pipe Division RMB'000	Unallocated RMB'000	Total RMB'000
2011				
Revenue	**1,039,404**	**41,332**	**–**	**1,080,736**
Results				
Segment results	**272,386**	**3,965**	**–**	**276,351**
Unallocated corporate expenses	**–**	**–**	**(20,425)**	**(20,425)**
Finance costs	**(38,662)**	**(102)**	**(2)**	**(38,766)**
Share of profits of an associate	**–**	**–**	**8,290**	**8,290**
Profit before income tax expense	**233,724**	**3,863**	**(12,137)**	**225,450**
Other information				
Impairment loss on property, plant and equipment	**667**	**–**	**–**	**667**
Additions of property, plant and equipment	**625,678**	**29**	**252**	**625,959**
Depreciation of property, plant and equipment	**75,221**	**3,891**	**75**	**79,187**
Amortisation of land use rights and prepaid rental	**2,837**	**86**	**–**	**2,923**
2010				
Revenue	991,341	38,517	–	1,029,858
Results				
Segment results	274,106	2,392	–	276,498
Unallocated corporate expenses	–	–	(16,428)	(16,428)
Finance costs	(8,647)	(705)	(8)	(9,360)
Share of profits of an associate	–	–	45,876	45,876
Profit before income tax expense	265,459	1,687	29,440	296,586
Other information				
Impairment loss on property, plant and equipment	591	–	–	591
Additions of property, plant and equipment	531,988	192	55	532,235
Depreciation of property, plant and equipment	43,873	3,839	148	47,860
Amortisation of land use rights and prepaid rental	2,373	86	–	2,459

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

5. **Segment information** (Continued)

	Aluminium Alloy Division RMB'000	Polyethylene Pipe Division RMB'000	Unallocated RMB'000	Total RMB'000
2011				
Assets				
Segment assets	**3,871,954**	**172,219**	**64,179**	**4,108,352**
Interest in an associate	**–**	**–**	**192,559**	**192,559**
	3,871,954	**172,219**	**256,738**	**4,300,911**
Liabilities				
Segment liabilities	**1,325,659**	**776**	**824**	**1,327,259**
2010				
Assets				
Segment assets	3,015,690	192,293	331,221	3,539,204
Interest in an associate	–	–	199,266	199,266
	3,015,690	192,293	530,487	3,738,470
Liabilities				
Segment liabilities	871,809	9,163	3,475	884,447

The following is an analysis of the Group's revenue from its major customers during the financial year. These revenue are attributable to the Aluminium Alloy Division.

	2011 RMB'000	2010 RMB'000
Customer A	**335,960**	226,022
Customer B	**175,734**	357,507
Customer C	**131,658**	106,112
Customer D	**60,085**	8,451

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

6. Other operating income

	2011 RMB'000	2010 RMB'000
Foreign exchange gain/(loss)	**2,054**	(1,698)
Income from disposal of scrap materials	**714**	3,014
Interest income	**6,129**	2,631
Reinvestment tax refunds (note i)	**160**	–
Government subsidy (note i)	**1,600**	–
Sundry income	**5,874**	1,177
	16,531	5,124

Note:

(i) There are no unfulfilled conditions or contingencies relating to the reinvestment tax refunds and government subsidy.

7. Finance costs

	2011 RMB'000	2010 RMB'000
Interest on bank borrowings		
Wholly repayable within five years	**31,880**	23,595
Not wholly repayable within five years	**19,200**	12,741
	51,080	36,336
Bank charges	**7,968**	5,496
Interest on discounted notes receivables	**5,092**	1,640
Total borrowing costs	**64,140**	43,472
Less: Amount capitalised (note i)	**(25,374)**	(34,112)
	38,766	9,360

Note:

(i) Borrowing costs capitalised during the financial years arose on the specific and general borrowing pools. The borrowing costs capitalised arose on the general borrowing pools are calculated by applying a capitalisation rate of 6.59% (2010: 5.17%) to expenditure on qualifying assets for the financial year ended 31 December 2011.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

8. Staff costs

	2011 RMB'000	2010 RMB'000
Staff costs (including Directors' emoluments) comprise:		
Salaries, allowance and bonuses	**81,502**	52,403
Contribution to defined contribution plans	**14,400**	7,651
Share-based payment expense (note 33)	**–**	282
	95,902	60,336

9. Profit before income tax expense

(a) Profit before income tax expense is arrived at after charging/(crediting):

	2011 RMB'000	2010 RMB'000
Depreciation of property, plant and equipment	**79,187**	47,860
Audit fees:		
– Auditor of the Company	**626**	556
– Other auditors	**745**	586
Non-audit fees:		
– Auditor of the Company	**178**	1,430
– Other auditors	**–**	2,224
Written-off of property, plant and equipment	**194**	183
Write-back of allowance for doubtful trade receivables	**(2)**	–
Amortisation of prepaid rental and land use rights	**2,923**	2,459
Loss on disposal of property, plant and equipment, net	**344**	52
Impairment loss on property, plant and equipment	**667**	591
Operating lease rentals – properties	**1,823**	968

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

10. Directors' emoluments

The aggregate amounts of Directors' emoluments are as follows:

	For the financial year ended 31 December 2011				
	Fee RMB'000	Retirement benefits scheme contribution RMB'000	Other emoluments (mainly basic salaries and allowances) RMB'000	Equity-settled share-based payment expenses RMB'000	Total RMB'000
Executive Directors					
Chen Wei Ping	**–**	**33**	**2,960**	**–**	**2,993**
Chew Hwa Kwang, Patrick	**–**	**45**	**2,497**	**–**	**2,542**
Independent non-executive Directors					
Tong Din Eu	**103**	**–**	**–**	**–**	**103**
Chew Chin Hua[1]	**190**	**–**	**–**	**–**	**190**
Chan Soo Sen	**257**	**–**	**–**	**–**	**257**
Xu Wei Dong	**257**	**–**	**–**	**–**	**257**
	807	**78**	**5,457**	**–**	**6,342**

	For the financial year ended 31 December 2010				
	Fee RMB'000	Retirement benefits scheme contribution RMB'000	Other emoluments (mainly basic salaries and allowances) RMB'000	Equity-settled share-based payment expenses RMB'000	Total RMB'000
Executive Directors					
Chen Wei Ping	–	32	2,892	–	2,924
Chew Hwa Kwang, Patrick	–	40	2,453	–	2,493
Independent non-executive Directors					
Chew Chin Hua	198	–	–	11	209
Chan Soo Sen	198	–	–	11	209
Xu Wei Dong	198	–	–	–	198
Non-Executive Directors					
Tong Wei Min, Raymond[2]	198	–	–	11	209
	792	72	5,345	33	6,242

Note[1]: Chew Chin Hua, resigned on 23 September 2011.
Note[2]: Tong Wei Min, Raymond, resigned on 30 November 2010.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

10. Directors' emoluments (Continued)

There were no amounts paid to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. Also, there was no arrangement under which a Director waived or agreed to waive any remuneration during the financial year.

11. Five highest paid individuals

Of the five highest paid individuals, Chen Wei Peng and Chew Hwa Kwang, Patrick are Directors whose emoluments are set out in note 10 above. The emoluments paid or payable to the remaining individuals for the financial year are as follows:

	2011 RMB'000	2010 RMB'000
Salaries, allowance and benefits in kind	**2,577**	2,324
Performance related bonuses	**1,843**	1,842
Contribution to defined contribution plans	**128**	104
Share-based payment expense	**–**	89
	4,548	4,359

An analysis of their emoluments by number of employee and emolument range is set out below:

	2011	2010
HK$1,500,001 – HK$2,000,000	**2**	3
HK$2,000,001 – HK$2,500,000	**1**	–

12. Income tax expense

	2011 RMB'000	2010 RMB'000
Current – Singapore		
Under provision for income tax in prior financial year	**177**	–
Withholding tax arising from dividends declared by PRC's subsidiaries	**1,545**	6,169
Current – PRC		
Provision for income tax for the financial year	**36,370**	48,406
Under provision for income tax in prior financial years	**–**	1,261
Income tax expense	**38,092**	55,836

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

12. Income tax expense (Continued)

Reconciliation of effective tax rate is as below:

	2011 RMB'000	2010 RMB'000
Profit before income tax expense	**225,450**	296,586
Income tax calculated at statutory tax rate of 17%	**38,326**	50,420
Effect of different tax rates of overseas operations	**19,125**	21,285
Tax effect of share of profits of an associate	**(1,409)**	(7,799)
Tax effect of expenses not deductible for tax purposes	**4,716**	2,767
Effect of tax concession of a subsidiary	**(23,515)**	(18,233)
Tax effect of revenue not taxable for tax purpose	**(130)**	–
Singapore statutory stepped income exemption	**(140)**	–
Permanent difference not recognised	**(603)**	(34)
Provision for income tax for the financial year	**36,370**	48,406
Withholding tax arising from dividends declared by PRC's subsidiaries	**1,545**	6,169
Under provision for income tax in prior financial years	**177**	1,261
Income tax expense	**38,092**	55,836

The Company is incorporated in Singapore and accordingly, is subject to income tax rates of 17%.

Pursuant to the income tax rules and regulations of the PRC, PRC subsidiaries are liable to PRC enterprise income tax at a rate of 25% during the year ended 31 December 2011 (2010: 25%) except for the following:

- For financial year ended 31 December 2011, Jilin Midas was awarded with the approved High Technology Enterprise status (高新技術企業) and is entitled to enjoy a concessionary tax rate of 15% for financial years 2011 to 2013.

- Jilin Midas is entitled to exemption from PRC enterprise income tax for its profit derived from its second production line for the two years commencing from its first profit making year in 2006, followed by a 50% reduction in PRC enterprise income tax for the next three years till 2010.

Under the PRC tax law, dividends received by foreign investors from its investment in foreign-invested enterprises in respect of its profits earned since 1 January 2008 are subject to withholding tax at a rate of 10% unless reduced by treaty. Pursuant to a tax arrangement between the PRC and Singapore, the investment holding companies established in Singapore are subject to a reduced withholding tax rate of 5% on dividends they received from their PRC subsidiaries.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

13. Profit for the financial year

The consolidated profit for the financial year includes a loss of RMB23,600,000 (2010: RMB21,400,000) which has been dealt with in the financial statements of the Company.

14. Dividends

	2011 RMB'000	2010 RMB'000
Final dividend of S$0.0025 per share paid in respect of the financial year ended 2009 under the exempt-1-tier system	–	11,675
2010 first and second interim tax-exempt dividends of S$0.0025 per ordinary share under the exempt-1-tier system	–	28,365
Final dividend of S$0.005 per share paid in respect of the financial year ended 2010 under the exempt-1-tier system	**31,626**	–
2011 interim tax-exempt dividends of S$0.005 per ordinary share under the exempt-1-tier system	**28,267**	–
	59,893	40,040

Subsequent to the end of the financial year, the Board proposed a final tax-exempt dividend# of S$0.005 (2010: S$0.005) per ordinary share, amounting to S$6,088,000 (2010: S$6,088,000) under the exempt-1-tier system. The proposed final dividends had not been recognised as a liability at the end of reporting period.

\# With effect from 1 January 2003, Singapore has adopted a one-tier corporate tax system under which tax paid by a resident company on its chargeable income is a final tax. All dividends paid are tax exempt in the hands of its shareholders. There is no withholding tax on dividend payments to all shareholders.

15. Earnings per share

The calculation of the basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

	2011 RMB'000	2010 RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share, being profit for the year attributable to equity holders of the Company	**187,358**	240,750

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

15. Earnings per share (Continued)

	2011 '000	2010 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,217,618**	1,023,247
Effect of dilutive potential ordinary shares:		
Effects of dilution – share options	**738**	4,276
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,218,356**	1,027,523

	2011 RMB Fen	2010 RMB Fen
Basic earnings per share	**15.39**	23.53
Diluted earnings per share	**15.38**	23.43

A batch of 3,700,000 (2010: 6,750,000) share options did not have dilutive effect on the Group's earnings per share because the average market price per ordinary share of the Company during the financial year was below the exercise price of the share option granted.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

16. Property, plant and equipment

The Group	Buildings and improvements RMB'000	Plant, equipment and mould RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost						
Balance at 1 January 2011	499,260	611,679	11,193	9,474	505,496	1,637,102
Additions	108,425	121,678	7,734	1,759	386,363	625,959
Transfers	23,797	236,144	–	56	(259,997)	–
Disposals	–	(2,072)	(917)	(60)	–	(3,049)
Written off	–	–	–	(1,061)	–	(1,061)
Foreign currency realignment	–	–	–	(3)	–	(3)
Balance at 31 December 2011	631,482	967,429	18,010	10,165	631,862	2,258,948
Accumulated depreciation and impairment loss						
Balance at 1 January 2011	29,401	202,809	3,603	7,784	–	243,597
Depreciation for the financial year	17,657	59,017	1,457	1,056	–	79,187
Disposals	–	(1,430)	(534)	(53)	–	(2,017)
Written off	–	–	–	(867)	–	(867)
Impairment loss for the financial year	–	667	–	–	–	667
Foreign currency realignment	–	–	–	(4)	–	(4)
Balance at 31 December 2011	47,058	261,063	4,526	7,916	–	320,563
Carrying amount						
At 31 December 2011	584,424	706,366	13,484	2,249	631,862	1,938,385

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

16. Property, plant and equipment (Continued)

The Group	Buildings and improvements RMB'000	Plant, equipment and mould RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost						
Balance at 1 January 2010	196,355	420,201	8,751	9,023	508,513	1,142,843
Additions	2,536	42,178	2,442	917	484,163	532,236
Transfers#	300,369	149,801	–	–	(487,180)	(37,010)
Disposals	–	(280)	–	–	–	(280)
Written off	–	(221)	–	(465)	–	(686)
Foreign currency realignment	–	–	–	(1)	–	(1)
Balance at 31 December 2010	499,260	611,679	11,193	9,474	505,496	1,637,102
Accumulated depreciation and impairment loss						
Balance at 1 January 2010	22,748	163,158	2,618	7,336	–	195,860
Depreciation for the financial year	6,653	39,359	985	863	–	47,860
Disposals	–	(211)	–	–	–	(211)
Written off	–	(88)	–	(415)	–	(503)
Impairment loss for the financial year	–	591	–	–	–	591
Balance at 31 December 2010	29,401	202,809	3,603	7,784	–	243,597
Carrying amount						
At 31 December 2010	469,859	408,870	7,590	1,690	505,496	1,393,505

During the financial year ended 31 December 2010, land use rights of approximately RMB37,010,000 had been transferred from construction-in-progress to Land Use Rights (note 17).

The Group's land and buildings, included above at cost and land use right (note 17), were valued at RMB440,000,000 as at 31 July 2010 in the Prospectus. Had the Group's land and buildings been included in these consolidated financial statements at this valuation amount throughout the year ended 31 December 2011, an additional depreciation charge and amortisation of approximately RMB1,500,000 would been charged to the consolidated statement of comprehensive income for the year ended 31 December 2011.

During the financial year, the Group carried out annual review of the recoverable amount of its plant, equipment and mould, which led to the recognition of an impairment loss of approximately RMB667,000 (2010: RMB591,000) that has been recognised in the profit or loss, and included in the cost of sales. The recoverable amount of the relevant assets has been determined on the basis of their fair value less cost to sell.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

16. Property, plant and equipment (Continued)

As at 31 December 2011 and 2010, certain property, plant and equipment with carrying amount of approximately RMB653,132,000 and RMB598,059,000 respectively were pledged as securities for bank borrowings (note 27). The borrowing costs of RMB25,374,000 (2010: RMB34,112,000) had been capitalised into construction-in-progress for the year ended 31 December 2011.

The Company	Buildings and improvements RMB'000	Office equipment RMB'000	Total RMB'000
Cost			
Balance at 1 January 2011	**28**	**113**	**141**
Additions	**159**	**93**	**252**
Foreign currency alignment	**–**	**(3)**	**(3)**
Balance at 31 December 2011	**187**	**203**	**390**
Accumulated depreciation			
Balance at 1 January 2011	**28**	**66**	**94**
Depreciation for the financial year	**42**	**33**	**75**
Foreign currency alignment	**(2)**	**(2)**	**(4)**
Balance at 31 December 2011	**68**	**97**	**165**
Carrying amount			
At 31 December 2011	**119**	**106**	**225**
Cost			
Balance at 1 January 2010	28	60	88
Additions	–	53	53
Balance at 31 December 2010	28	113	141
Accumulated depreciation			
Balance at 1 January 2010	28	45	73
Depreciation for the financial year	–	21	21
Balance at 31 December 2010	28	66	94
Carrying amount			
At 31 December 2010	–	47	47

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

17. Land use rights

The Group	2011 RMB'000	2010 RMB'000
Cost		
Balance at beginning of the financial year	**129,522**	92,512
Transfer from property, plant and equipment (note 16)	**–**	37,010
Additions	**115,385**	–
Balance at end of the financial year	**244,907**	129,522
Accumulated amortisation		
Balance at beginning of the financial year	**5,984**	3,532
Amortisation for the financial year	**2,916**	2,452
Balance at end of the financial year	**8,900**	5,984
Carrying amount		
At end of the financial year	**236,007**	123,538

The amount represents cost of the land use rights in respect of land located in the PRC under medium term leases, where certain of the Group's property, plant and equipment and properties under development are built on.

As at 31 December 2011, land use rights with carrying amount of approximately RMB117,527,000 (2010: RMB120,202,000) were pledged as securities for bank borrowings (note 27).

As at reporting date, the legal ownership and title deeds of certain land use rights with carrying amount of approximately RMB92,046,000 (2010: Nil) have not yet been formally transferred to the Group due to delay in completion of certain formal procedures.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

18. Interests in subsidiaries

The Company	2011 RMB'000	2010 RMB'000
Unquoted equity shares, at cost	**231,028**	46,847
Amounts due from subsidiaries	**1,678,887**	1,768,750
Exchange differences	**(131)**	2,728
	1,909,784	1,818,325

The amounts due from subsidiaries form part of the Company's net investments in certain subsidiaries. They are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

Amounts due from subsidiaries are denominated in the following currencies:

	2011 RMB'000	2010 RMB'000
Singapore dollar	**1,348,081**	1,423,041
United States dollar	**13,614**	345,422
Renminbi	**317,192**	287
	1,678,887	1,768,750

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

18. Interests in subsidiaries (Continued)

Details of the subsidiaries are as follows:

Name of subsidiaries	Effective equity interest		Issued/Registered and paid up capital	Country of incorporation/ operations	Principal activities
	2011 %	2010 %			
North East Industries Pte Ltd[1]	**100**	100	2 ordinary shares[6]	Singapore	Investment holding
Green Oasis Pte Ltd[1]	**100**	100	2 ordinary shares[6]	Singapore	Investment holding
Midas Ventures Pte Ltd[1]	**100**	100	2 ordinary shares[6]	Singapore	Inactive
Midas Trading (Beijing) Co., Ltd[2][5]	**100**	100	Registered and paid up capital of USD2.1 million	People's Republic of China ("PRC")	Inactive
Jilin Midas Light Alloy Co., Ltd[4][5]	**100**	–	Registered and paid up capital of RMB200 million	PRC	Sale of aluminium extrusion products
<u>Subsidiary of North East Industries Pte Ltd</u>					
Jilin Midas Aluminium Industries Co., Ltd[3][5]	**100**	100	Registered and paid up capital of USD184 million	PRC	Manufacture and sales of aluminium alloy extrusion products
Louyang Midas Aluminium Industries Co., Ltd[3][5]	**100**	–	Registered and paid up capital of USD30 million	PRC	Manufacture of high precision, high specifications aluminium.
<u>Subsidiary of Green Oasis Pte Ltd</u>					
Shanxi Wanshida Engineering Plastics Co., Ltd[4][5]	**100**	100	Registered and paid up capital of USD6 million	PRC	Manufacture and sales of polyethylene pipes

[1] Audited by BDO LLP, Singapore
[2] Reviewed by BDO LLP, Singapore for consolidation purposes
[3] Audited by an overseas member firm of BDO
[4] Reviewed by an overseas member firm of BDO for consolidation proposes
[5] These entities are wholly foreign owned enterprises established in the PRC
[6] Total issued and paid up share capital of the entity is S$2 only

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

19. Interest in an associate

Details of the associate are as follows:

Name of associate	Effective equity interest 2011 %	Effective equity interest 2010 %	Issued/Registered and paid up capital	Country of incorporation/ operations	Principal activities
Nanjing SR Puzhen Rail Transport Co., Ltd [1][2]	**32.5**	32.5	Registered and paid up capital of RMB340 million	PRC	Manufacture and sale of metro trains, bogies and their related parts

[1] Reviewed by an overseas member firm of BDO for equity accounting purpose
[2] This entity is a sino-foreign investment joint enterprise in the PRC

The Group	2011 RMB'000	2010 RMB'000
Unquoted equity investment, share of net assets		
Balance at beginning of the financial year	**199,266**	166,965
Dividend received/receivable	**(7,020)**	(16,641)
Share of profits	**8,290**	45,876
Exchange difference	**(7,977)**	3,066
Balance at end of the financial year	**192,559**	199,266

The Company	2011 RMB'000	2010 RMB'000
Unquoted equity investment, at cost		
Balance at beginning of the financial year	**152,245**	149,179
Exchange difference	**(7,977)**	3,066
Balance at end of the financial year	**144,268**	152,245

The Group's associate, Nanjing SR Puzhen Rail Transport Co., Ltd was incorporated on 18 October 2006 and commenced its commercial operations with effect from January 2007. The summary of the financial information as at 31 December 2011 and 2010 are as follows:

	2011 RMB'000	2010 RMB'000
Total assets	**2,292,000**	2,456,000
Total liabilities	**1,728,000**	1,892,000
Revenue	**1,594,000**	2,013,000
Profit for the financial year	**32,000**	144,000

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

20. Available-for-sale financial assets

The Group	2011 RMB'000	2010 RMB'000
Unquoted equity investment, at cost	**2,000**	2,000

The available-for-sale financial asset is denominated in Renminbi.

As at 31 December 2011, unquoted equity investment with an aggregate carrying amount of RMB2,000,000 (2010: RMB2,000,000) was stated at cost because of the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

21. Prepaid rental

The Group	2011 RMB'000	2010 RMB'000
Cost		
Balance at beginning and end of the financial year	**193**	193
Accumulated amortisation		
Balance at beginning of the financial year	**73**	66
Amortisation for the financial year	**7**	7
Balance at end of the financial year	**80**	73
Carrying amount		
At end of the financial year	**113**	120

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

22. Restricted bank deposits

As at 31 December 2011 and 2010, non-current restricted bank deposits represent deposits placed in certain banks mainly for securing the issuance of letters of credit amounted to RMB24,659,000 (2010: RMB64,883,000). The current restricted bank deposit of RMB50,001,000 (2010: Nil) was relating to additional investment injected as at year end to one of the PRC subsidiaries which was pending for local authority's approval on this additional investment as at year end. The restricted bank deposits bear interest at effective rate ranging from 0.1% to 0.5% (2010: 0.05% to 0.36%) per annum respectively and for a tenure ranging between 1 year to 3 years.

The carrying amounts of restricted bank deposits approximate their fair values and are denominated in the following currencies:

The Group	2011 RMB'000	2010 RMB'000
Euro	**9,602**	59,722
United States dollar	**10,536**	–
Renminbi	**54,522**	5,161
	74,660	64,883

23. Inventories

The Group	2011 RMB'000	2010 RMB'000
Raw materials	**262,033**	114,691
Work-in-progress	**80,290**	35,029
Finished goods	**136,120**	40,431
	478,443	190,151

The cost of inventories recognised as expense and included in "cost of sales" in consolidated statement of comprehensive income amounted to RMB718,786,000 (2010: RMB684,305,000).

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

24. Trade and other receivables

The Group	2011 RMB'000	2010 RMB'000
Trade receivables – third parties	**537,639**	419,280
Trade receivables – associate	**19,888**	11,254
	557,527	430,534
Allowance for doubtful trade receivables	**(1,832)**	(1,834)
	555,695	428,700
Deposits and prepayments	**43,884**	29,027
Notes receivables	**51,500**	16,728
Amount due from an associate – non-trade	**6,669**	16,641
Others – non-trade	**39,878**	20,855
	697,626	511,951

The Company	2011 RMB'000	2010 RMB'000
Deposits and prepayments	**735**	1,202
Others – non-trade	**60**	–
Amount due from an associate – non-trade	**6,669**	16,641
	7,464	17,843

Trade receivables due from third parties are non-interest bearing and are generally on 90 to 120 days credit terms.

Note receivables are non-interest bearing and are generally settled on terms of 6 months.

Trade amount due from an associate is non-interest bearing and is generally on 90 days credit term. Non-trade amount due from an associate which mainly relates to dividend receivable from an associate is unsecured, non-interest bearing and repayable on demand.

The Group and Company recognised impairment loss on individual assessment of customers based on the accounting policy stated in note 2.9.

As at 31 December 2011, certain trade receivables with carrying values of approximately RMB314,618,000 (2010: RMB200,000,000) were pledged as securities for bank borrowings (note 27).

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

24. Trade and other receivables (Continued)

The ageing analysis of the Group's trade receivables at the reporting date is as follows:

The Group	2011 RMB'000	2010 RMB'000
Within 90 days	**238,831**	333,035
Over 90 days and within 120 days	**85,629**	92,953
Over 120 days and within 6 months	**106,990**	1,518
Over 6 months and within 1 year	**98,272**	1,227
Over 1 year and within 2 years	**27,456**	1,512
Over 2 years	**349**	289
	557,527	430,534

The ageing analysis of the Group's trade receivables past due but not impaired at the reporting date is as follows:

The Group	2011 RMB'000	2010 RMB'000
Over 90 days and within 120 days	**83,041**	91,992
Over 120 days and within 6 months	**106,628**	1,516
Over 6 months and within 1 year	**89,400**	1,203
Over 1 year	**27,805**	1,393
	306,874	96,104

The balances that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on the past experience, the management estimated that the carrying amounts could be fully recovered.

Movements in allowance for doubtful trade receivables are as follows:

The Group	2011 RMB'000	2010 RMB'000
Balance at beginning of the financial year	**1,834**	1,834
Write back of allowance for doubtful trade receivables	**(2)**	–
Balance at end of the financial year	**1,832**	1,834

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

24. Trade and other receivables (Continued)

The carrying amounts of trade and other receivables are denominated in the following currencies:

The Group	2011 RMB'000	2010 RMB'000
Singapore dollar	**436**	630
Renminbi	**688,404**	503,251
Euro	**8,420**	7,486
Hong Kong dollar	**366**	584
	697,626	511,951

The Company	2011 RMB'000	2010 RMB'000
Singapore dollar	**428**	619
Renminbi	**367**	16,641
Hong Kong dollar	**6,669**	583
	7,464	17,843

25. Cash and cash equivalents

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

The Group	2011 RMB'000	2010 RMB'000
Euro	**299**	650
Renminbi	**601,011**	939,467
Singapore dollar	**59,311**	307,588
United States dollar	**56**	4,055
Hong Kong dollar	**47**	1,260
Others	**29**	36
	660,753	1,253,056

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

25. Cash and cash equivalents (Continued)

The Company	2011 RMB'000	2010 RMB'000
Euro	**21**	20
Renminbi	**8**	123
Singapore dollar	**59,208**	307,481
United States dollar	**19**	3,984
Hong Kong dollar	**48**	1,255
Others	**29**	37
	59,333	312,900

26. Trade and other payables

The Group	2011 RMB'000	2010 RMB'000
Trade payables	**98,100**	49,672
Notes payable	**15,000**	42,950
Other payables and accruals	**111,328**	55,537
Advance from third parties customers	**7,652**	40,354
	232,080	188,513

The Company	2011 RMB'000	2010 RMB'000
Other payables and accruals	**713**	2,997

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days terms while other payables have an average term of 30 days.

Notes payable have an average maturity period of 6 months and are non-interest bearing.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

26. Trade and other payables (Continued)

The ageing analysis of the Group's trade payables at the reporting date is as follows:

	2011 RMB'000	2010 RMB'000
Within 90 days	**97,610**	41,807
Over 90 days and within 6 months	**171**	7,691
Over 6 months and within 1 year	**97**	174
Over 1 year	**222**	–
	98,100	49,672

The carrying amounts of trade and other payables are denominated in the following currencies:

The Group	2011 RMB'000	2010 RMB'000
Singapore dollar	**785**	792
Renminbi	**231,052**	185,194
Euro	**243**	244
United States dollar	**–**	2,280
Hong Kong dollar	**–**	3
	232,080	188,513

The Company	2011 RMB'000	2010 RMB'000
Singapore dollar	**713**	2,997

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

27. Bank borrowings

The Group	2011 RMB'000	2010. RMB'000
Secured bank borrowings (note i)	**621,000**	568,280
Unsecured bank borrowings (note ii)	**472,000**	110,000
	1,093,000	678,280
Carrying amount repayable:		
Within one financial year	**909,690**	378,280
Between one to two financial years	**–**	–
Between two to five financial years	**183,310**	–.
Over five financial years	**–**	300,000
	1,093,000	678,280
Less: Amounts due within one financial year shown under current liabilities	**(909,690)**	(378,280)
	183,310	300,000

The effective interest rates, which are also equal to contracted interest rates, per annum are as follows:

	2011 %	2010 %
Short-term loans	**6.06 – 7.98**	4.37 – 6.37
Long-term loans	**7.05**	6.40

All bank borrowings are variable-rate borrowings, and these borrowings carried interest at rates ranging from 90% to 120% (2010: 90% to 110%) of the benchmark interest rate as quoted by The People's Bank of China.

Bank borrowings are all denominated in Renminbi as at the reporting date.

Notes:

(i) The bank borrowings were secured by certain property, plant and equipment, land use rights and various trade receivables owned by the Group as set out in notes 16, 17 and 24 to the consolidated financial statements.

(ii) The bank borrowings were guaranteed by Jilin Midas Aluminium Industries Co., Ltd in 2011 and 2010.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

28. Deferred tax liability

Details of the deferred tax liability recognised and movements during the financial year are as follows:

The Group	2011 RMB'000
Deferred tax liability	
At 1 January 2010	**2,019**
Exchange difference	**35**
At 31 December 2010 and 1 January 2011	**2,054**
Exchange difference	**125**
At 31 December 2011	**2,179**

During the financial year ended 31 December 2008, an inter-company loan within the Group had been capitalised that gave rise to an exchange difference of approximately S$1,635,000 (RMB7,411,000 equivalent) which was credited to the foreign currency translation reserve at the Group level.

This exchange difference had also given rise to a future tax obligation of approximately S$419,000 (RMB1,899,000 equivalent) which was recognised as a deferred tax liability on the consolidated statement of financial position with a corresponding entry to the foreign currency translation reserve as at 31 December 2008.

Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated statements of comprehensive income in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as at 31 December 2011 and 2010 amounting to approximately RMB651,500,000 and RMB450,400,000 respectively as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

29. Share capital and treasury shares

(a) Share capital

	The Group and the Company			
	2011	2010	2011	2010
	Number of ordinary shares		RMB'000	RMB'000
Issued and fully paid				
Balance at beginning of the financial year	**1,218,617,800**	965,367,800	**2,166,575**	1,078,287
Issuance of ordinary shares in respect of the conversion of employee share options S$0.517 each	**–**	250,000	**–**	655
Issuance of ordinary shares in respect of the secondary listing on the Stock Exchange of Hong Kong Limited ("SEHK")	**–**	253,000,000	**–**	1,087,495
Transfer of options reserve to share capital upon exercise of employee share options	**–**	–	**–**	138
Balance at end of the financial year	**1,218,617,800**	1,218,617,800	**2,166,575**	2,166,575

(i) The Company has one class of ordinary shares which carries no right to fixed income. All ordinary shares carry one vote per share without restrictions and have no par value.

(ii) On 24 November 2010, 250,000 ordinary shares were issued in respect of the conversion of share options under the Employee Share Options Scheme ("ESOS").

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

29. **Share capital and treasury shares** (Continued)

(a) **Share capital** (Continued)

(iii) The Company completed the listing of 220,000,000 new ordinary shares in the capital of the Company at the offer price of HK$5.43 for each new share. The new shares were listed and quoted on the SEHK with effect from 6 October 2010.

On 22 October 2010, the Company exercised the over-allotment option in full in respect of an aggregate of 33,000,000 shares at HK$5.43 per share.

	2010
	RMB'000
Gross proceeds from secondary listing on SEHK	1,177,351
Less: share issuance costs#	(89,856)
Net proceeds from secondary listing on SEHK	1,087,495
# Includes non-audit fee in relation to secondary listing on SEHK	
– paid to auditor of the Company	1,430
– paid to other auditors	2,224
	3,654

(b) **Treasury shares**

	The Group and the Company			
	2011	**2010**	**2011**	**2010**
	Number of ordinary shares		**RMB'000**	**RMB'000**
Balance at beginning and end of the financial year	**1,000,000**	1,000,000	**2,501**	2,501

The Company acquired 1,000,000 of its own shares through purchases on the Singapore Stock Exchange during the financial year ended 31 December 2008. The total amount paid to acquire the shares was S$518,000 (RMB2,501,000 equivalent) and has been deducted from shareholders' equity.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

30. Reserves

The Company	Treasury. share (note 29(b)) RMB'000	Foreign currency translation reserve RMB'000	Share option reserve (note 33) RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2011	**(2,501)**	**57,217**	**15,303**	**61,769**	**131,788**
Total comprehensive income for the financial year	**–**	**(119,714)**	**–**	**1,605**	**(118,109)**
Dividends (note 14)	**–**	**–**	**–**	**(59,893)**	**(59,893)**
Transfer of option reserve to retained earnings	**–**	**–**	**(4,390)**	**4,390**	**–**
Balance at 31 December 2011	**(2,501)**	**(62,497)**	**10,913**	**7,871**	**(46,214)**
Balance at 1 January 2010	(2,501)	(4,379)	15,159	8,036	16,315
Total comprehensive income for the financial year	–	61,596	–	103,773	165,369
Dividends (note 14)	–	–	–	(40,040)	(40,040)
Dividend cancelled by subsidiary	–	–	–	(10,000)	(10,000)
Transfer of option reserve to share capital	–	–	(138)	–	(138)
Share-based payment expense	–	–	282	–	282
Balance at 31 December 2010	(2,501)	57,217	15,303	61,769	131,788

31. Foreign currency translation reserve

The Group and the Company

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. Movements in the Group's foreign currency translation reserve are set out in the consolidated statement of changes in equity.

32. PRC statutory reserve

The Group

PRC statutory reserve represents the amounts transferred from profit after income tax of the subsidiaries incorporated in the PRC in accordance with the PRC statutory requirements. The PRC statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off the accumulated losses or increasing share capital. Movement in this account is set out in the consolidated statement of changes in equity.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

33. Share options reserve

The Group and the Company

Share options reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options. Movement in this account is set out in the consolidated statement of changes in equity.

Equity-settled share options scheme

The Company has a share options scheme known as Midas Employee Share Options Scheme (the "Scheme") for all employees of the Group. Under the Scheme, an option entitles the option holder to subscribe for a specific number of new ordinary shares in the Company comprised in the option at a subscription price per share determined with reference to the market price of the share at the time of grant of the option.

Options granted with the subscription price set at the market price shall only be exercised after the first anniversary from the date of grant of the option. Options granted with the subscription price set at a discount to the market price shall only be exercised after the second anniversary from the date of the grant of the option. The shares under option may be exercised in whole or in part thereof.

Options granted will lapse when the option holder ceases to be a full-time employee of the Group subject to certain exceptions at the discretion of the Company.

Details of the share options outstanding during the financial year are as follows:

The Group and the Company	Balance at beginning of the financial year	Granted during the financial year	Exercised/ Expired/Cancelled during the financial year	Balance at end of the financial year	Exercise price
At 31 December 2011					
2006 options	3,000,000	–	(3,000,000)	–	–
2007 options	4,000,000	–	(300,000)	3,700,000	S$1.992
2009 options	5,350,000	–	(250,000)	5,100,000	S$0.517
	12,350,000	–	(3,550,000)	8,800,000	
Exercisable at 31 December 2011				8,800,000	

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

33. Share option reserve (Continued)

The Group and the Company (Continued)

Equity-settled share options scheme (Continued)

The Group and the Company	Balance at beginning of the financial year	Granted during the financial year	Exercised/ Cancelled during the financial year	Balance at end of the financial year	Exercise price
At 31 December 2010					
2006 options	3,000,000	–	–	3,000,000	S$0.873
2007 options	4,000,000	–	–	4,000,000	S$1.992
2009 options	5,600,000	–	(250,000)	5,350,000	S$0.517
	12,600,000	–	(250,000)	12,350,000	
Exercisable at 31 December 2010				12,350,000	

The weighted average share price at the date of exercise for share options exercised or cancelled in the financial year ended 31 December 2011 and 2010 were S$0.60 and S$0.98 respectively. The options outstanding as at 31 December 2011 and 2010 have a weighted average remaining contractual life of 1.3 years and 2.3 years respectively. The fair values for the above share options granted in the previous financial years were calculated using the Hull-White option pricing model.

There were no shares options granted for the financial years ended 31 December 2011 and 31 December 2010.

34. Operating lease commitments

As at reporting date, the total future minimum lease payments under non-cancellable operating leases are as follows:

The Group	2011 RMB'000	2010 RMB'000
Within one financial year	**1,609**	1,554
After one financial year but within five financial years	**125**	770
Total	**1,734**	2,324

The Group leases a number of properties under operating leases. Leases are negotiated for an average term of 3 to 5 years and rentals are fixed for an average of 3 to 5 years. These leases have no escalation clauses, restriction and do not provide contingent rents.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

35. Capital commitments

The Group	2011 RMB'000	2010 RMB'000
Commitments for the acquisition and construction of property, plant and equipment:		
– Contracted but not provided for	**442,445**	266,959

36. Significant related party transaction

(a) Transactions with related parties

In addition to the information disclosed in note 24 to the consolidated financial statements, significant related party transactions between the Group and its related parties during the financial year were as follows:

Related party relationship	Type of transaction	2011 RMB'000	2010 RMB'000
Associate	Sales of goods	**30,758**	67,989
Associate	Dividend income	**7,020**	16,641

(b) Compensation of key management personnel

Remuneration of key management personnel of the Group, including certain amounts paid or payable to the Company's Directors as disclosed in note 10 to the consolidated financial statement, for the financial year is as follows:

	2011 RMB'000	2010 RMB'000
Salaries and other short-term employee benefits	**9,877**	9,975
Post-employment benefits – CPF contribution	**206**	209
Share-based payment expense	**–**	139
Directors fees	**807**	792
	10,890	11,115

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

37. Financial risk and capital management

37.1 Financial risk management

The Group's activities expose it to capital risk, credit risk, market risk (including interest rate risk and foreign currency risk), and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuation, if any, in interest rates and foreign exchange rates. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) Credit risk

The Group places its bank balances and restricted bank balances with approved credit worthy financial institutions which are regulated. The Group performs ongoing credit evaluation of its customers' financial condition and generally does not require collateral. This evaluation includes assessing and valuation of customers' credit reliability and periodic review of their financial status to determine credit limits to be granted.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets stated in the statements of financial position.

The Group has a concentration of credit risk of the trade receivables due from the five largest debtors. As at 31 December 2011 and 2010, approximately 70% and 84% of total trade receivables respectively, were due from the five largest debtors.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(b) Market risk

(i) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The following tables set out the carrying amount, by maturity, of the Group's financial instruments as at end of the financial year, that are exposed to interest rate risk.

The Group	Weighted average effective interest rate		Carrying amount	
	2011	2010	2011	2010
	%	%	RMB'000	RMB'000
Variable rate instruments				
Financial assets				
Restricted bank deposits	**0.13**	0.12	**74,660**	64,883
Cash and cash equivalents	**0.50**	0.30	**660,753**	1,253,056
			735,413	1,317,939
Financial liabilities				
Interest-bearing bank borrowings	**6.84**	5.65	**1,093,000**	678,280

The Company	Weighted average effective interest rate		Carrying amount	
	2011	2010	2011	2010
	%	%	RMB'000	RMB'000
Variable rate instruments				
Financial assets				
Cash and cash equivalents	**0.15**	0.14	**59,333**	312,900

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(b) Market risk *(Continued)*

(i) Interest rate risk (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for financial instruments as at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 100 basis point ("bp") change in the interest rates from the reporting date, with all variables held constant.

	Impact to profit attributable to equity holders	
	100 bp increase RMB'000	**100 bp decrease RMB'000**
The Group		
At 31 December 2011		
Bank borrowings	**(9,291)**	**9,291**
At 31 December 2010		
Bank borrowings	(5,517)	5,517

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(b) Market risk *(Continued)*

(ii) Foreign currency risk

The Group has foreign currency exposures arising from transactions that are denominated in a currency other than the functional currency of Group entities, primarily Renminbi. As at the reporting date, the Group and the Company do not have significant foreign currency risk exposure except for the financial assets denominated in Singapore dollar, Euro and United States dollar which is not the presentation currency. The Group makes use of natural hedge in the above situation to minimise its exposure to foreign currency movements. It is not the Group's policy to enter into any financial derivatives to hedge its exchange risks.

The following table sets out the carrying amount of monetary assets and liabilities of the Group in their respective currencies:

	Assets		Liabilities	
	2011	**2010**	**2011**	**2010**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Euro	**18,321**	60,372	**243**	243
Renminbi	**1,341,911**	1,497,085	**1,324,052**	863,475
Singapore dollar	**59,605**	307,969	**785**	792
United States dollar	**10,593**	11,541	**–**	2,280
Hong Kong dollar	**415**	1,839	**–**	3
Other	**29**	35	**–**	–
	1,430,874	1,878,841	**1,325,080**	866,793

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(b) Market risk *(Continued)*

(ii) Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit to a reasonably possible 10% change in exchange rate of Singapore dollar, Euro and United States dollar against the respective functional currencies of the Group entities, with all other variables held constant.

	Impact to profit attributable to equity holders	
	Strengthened by 10% RMB'000	**Weakened by 10% RMB'000**
The Group		
At 31 December 2011		
Singapore dollar	**5,882**	**(5,882)**
Euro dollar	**1,808**	**(1,808)**
United States dollar	**1,059**	**(1,059)**
	8,749	**(8,749)**
At 31 December 2010		
Singapore dollar	30,718	(30,718)
Euro dollar	6,013	(6,013)
United States dollar	926	(926)
	37,657	(37,657)

(c) Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up using undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the Group is expected to pay. The table includes both interest and principal cash flows.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(c) Liquidity risk (Continued)

The Group	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within one year RMB'000	After one year but less than five years RMB'000	Due five or more than five years RMB'000
At 31 December 2011					
Financial liabilities					
Trade and other payables	**232,080**	**232,080**	**232,080**	**–**	**–**
Bank borrowings	**1,093,000**	**1,164,082**	**941,262**	**222,820**	**–**
	1,325,080	**1,396,162**	**1,173,342**	**222,820**	**–**
At 31 December 2010					
Financial liabilities					
Trade and other payables	188,513	188,513	188,513	–	–
Bank borrowings	678,280	765,379	403,258	324,236	37,885
	866,793	953,892	591,771	324,236	37,885

The Company	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within one year RMB'000
At 31 December 2011			
Financial liabilities			
Other payables	**713**	**713**	**713**
	713	**713**	**713**
At 31 December 2010			
Financial liabilities			
Other payables	2,997	2,997	2,997
	2,997	2,997	2,997

The Group's operations are financed mainly through equity, retaining earnings and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

As at 31 December 2011 and 2010, the Company has a net current assets position of RMB66,084,000 and RMB327,746,000 respectively. The Company's cash flow obligations are supported by dividend and management fee income derived from its subsidiaries and associate.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

37. Financial risk and capital management (Continued)

37.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising share capital, treasury shares, foreign currency translation reserve, PRC statutory reserve, share options reserve and retained earnings as disclosed in notes 29 to 33 to the consolidated financial statements.

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total liabilities divided by equity. Total liabilities are the sum of "current liabilities" and "non-current liabilities" as shown on the consolidated statement of financial position and equity is "capital and reserves" as shown on the consolidated statement of financial position. The strategy remained unchanged from 2010.

The debt-equity ratio as at 31 December 2011 and 2010 were as follows:

The Group	2011 RMB'000	2010 RMB'000
Total liabilities	**1,327,259**	884,447
Equity	**2,973,652**	2,854,023
Debt to equity ratio (times)	**0.45**	0.31

As disclosed in note 32 to the consolidated financial statements, all PRC subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities.

The Group is in compliance with the externally imposed capital requirement for the financial years ended 31 December 2011 and 2010.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

38. Fair values

The carrying amounts of the current financial assets and financial liabilities in the consolidated financial statements approximate their fair values due to the relative short term maturity of these financial instruments.

As disclosed in note 20 to the consolidated financial statements, the available-for-sale financial assets of the Group are not stated at fair value but at cost less any accumulated impairment losses because fair values of which cannot be reasonably assessed and therefore, no disclosure of the fair values of these financial instruments is made.

Amounts due from subsidiaries are unsecured, interest-free and settlement is neither planned nor likely to occur in foreseeable future. Given these terms, it is not meaningful to disclose fair values of these balances.

39. Properties of the Group

Location	Description	Existing use	Tenure	Unexpired lease term (years)	Site area ('000 sqm)	Gross floor area ('000 sqm)
No. 108 Yongle South Road, Hi-tech Development Zone, Ruicheng Country, Shanxi Province, PRC	Industrial complex	Office building, workshop, warehouse staff dormitory and other ancillary facilities	Leasehold	38	28.7	10.8
Industrial Development Zone, Liaoyuan City, Jilin Province, PRC	Industrial complex	Office building, workshops and portion of the property under development	Leasehold	40–48	374.8	81.8
188 Fuzhen Road Liaoyuan City, Jilin Province, PRC	Industrial complex	Office building, workshop and other uses	Leasehold	40–45	81.8	48.5
New Zone, Louyang City, He Nan Province, PRC	Industrial complex	Office building, workshops and portion of the property under development	Leasehold	50	389	–
Industrial Development Zone, You Yi Village, Liaoyuan City, Jilin Province, PRC	Industrial complex	Office building, workshops and portion of the property under development	Leasehold	50	386	–

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

40. Reconciliation between Singapore Financial Reporting Standards and International Financial Reporting Standards ("IFRS")

For the year ended 31 December 2011, there were no material differences between the consolidated financial statements of the Group prepared under Singapore Financial Reporting Standards and IFRS (which include all IFRS, International Accounting Standards and Interpretations).

41. Authorisation of financial statements

The consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Directors on 13 March 2012.

Size of Shareholdings

AS AT 12 MARCH 2012

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares Held	Percentage
1 – 999	6	0.04%	566	0.00%
1,000 – 10,000	8,299	49.19%	55,241,445	4.53%
10,001 – 1,000,000	8,521	50.50%	429,885,432	35.28%
1,000,001 and above	46	0.27%	733,490,357	60.19%
	16,872	100.00%	1,218,617,800	100.00%

Number of issued shares	:	1,218,617,800
Number of issued shares (excluding treasury shares)	:	1,217,617,800
Number/Percentage of Treasury Shares	:	1,000,000 (0.08%)
Class of shares	:	ordinary shares
Voting rights	:	one vote per share

As at 12 March 2012, approximately 78.83% of the Company's ordinary shares were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual by the Stock Exchange Securities Trading Limited and Rule 8.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Top Twenty Shareholders as at 12 March 2012

S/No.	Name	No. of Shares	Percentage
1	HSBC (SINGAPORE) NOMINEES PTE LTD	113,670,658	9.33%
2	CITIBANK NOMINEES SINGAPORE PTE LTD	107,380,754	8.81%
3	DBS NOMINEES PTE LTD	82,913,276	6.80%
4	CHEW HWA KWANG PATRICK	81,411,800	6.68%
5	BANK OF EAST ASIA NOMINEES PTE LTD	62,000,000	5.09%
6	HKSCC NOMINEES LIMITED	35,957,730	2.95%
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	25,066,994	2.06%
8	PHILLIP SECURITIES PTE LTD	20,956,500	1.72%
9	DBSN SERVICES PTE LTD	20,578,977	1.69%
10	CHEN WEIPING	19,405,200	1.59%
11	OCBC SECURITIES PRIVATE LTD	18,594,000	1.53%
12	CIMB SECURITIES SINGAPORE PTE LTD	15,676,000	1.29%
13	TOMMIE GOH THIAM POH	14,435,400	1.18%
14	MAYBANK KIM ENG SECURITIES PTE LTD	11,930,212	0.98%
15	RAFFLES NOMINEES (PTE) LTD	11,862,450	0.97%
16	UOB KAY HIAN PTE LTD	10,914,000	0.90%
17	DBS VICKERS SECURITIES (S) PTE LTD	8,769,000	0.72%
18	CITIBANK CONSUMER NOMINEES PTE LTD	6,904,000	0.57%
19	OCBC NOMINEES SINGAPORE PTE LTD	6,506,000	0.53%
20	HONG LEONG FINANCE NOMINEES PTE LTD	6,483,000	0.53%
		681,415,951	55.92%

Substantial Shareholders

As shown in the Register of Substantial Shareholders

		No of Shares	
Name of Shareholders		**Direct Interest**	**Deemed Interest**
1	CHEN WEIPING	131,405,200	–
2	CHEW HWA KWANG PATRICK	121,711,800	–

Notice of Annual General Meeting

MIDAS HOLDINGS LIMITED
(Company Registration No.: 200009758W)
(Incorporated in Singapore with limited liability)
(Hong Kong Stock Code: 1021)
(Singapore Stock Code: 5EN)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of Midas Holdings Limited (the "Company") will be held at Bras Basah Room, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 on Monday, 30 April 2012 at 2:30 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31 December 2011 together with the Auditors' Report thereon. **[Resolution 1]**

2. To declare a Final Dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 December 2011 (2010: 0.5 Singapore cents). **[Resolution 2]**

3. To approve the Directors' fees of S$157,000 for the financial year ended 31 December 2011 (2010: S$160,000). **[Resolution 3]**

4. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:–
   (i) Mr. Chen Wei Ping (Article 91) **[Resolution 4]**
   (ii) Dr. Xu Wei Dong (Article 91) **[Resolution 5]**
   (iii) Mr. Tong Din Eu (Article 97) **[Resolution 6]**

5. To re-appoint Messrs BDO LLP, as the Company's Auditors and to authorise the Directors to fix their remuneration. **[Resolution 7]**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without any modifications:–

7. Authority to allot and issue shares up to 20% of the total number of issued shares

"THAT pursuant to Section 161 of the Companies Act, Cap. 50 and subject to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and Rule 13.36(2) of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "SEHK"), authority be and is hereby given to the Directors of the Company to issue shares or convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) or to grant any offers, agreements or options which would or might require securities to be issued, allotted or disposed of at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:–

i. the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed 20 per cent (20%) of the total number of issued shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

ii. (subject to such manner of calculation as may be prescribed by the SGX-ST and the SEHK), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares in the capital of the Company at the time this Resolution is passed, after adjusting for: -

a. new shares arising from the conversion or exercise of any convertible securities;

b. new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

c. any subsequent consolidation or subdivision of shares;

Notice of Annual General Meeting

iii. in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST and the SEHK as amended from time to time being in force (unless such compliance has been waived by the SGX-ST and the SEHK) and the Articles of Association for the time being of the Company; and

iv. unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **[Resolution 8]**

[See Explanatory Note]

BY ORDER OF THE BOARD
MIDAS HOLDINGS LIMITED

Tan Cheng Siew
Company Secretary

Singapore,
26 March 2012

CLOSURE OF REGISTERS OF MEMBERS

NOTICE IS HEREBY GIVEN that the share transfer books and register of members of the Company will be closed on 18 May 2012 on which day no share transfer will be effected.

Duly completed registrable transfers received by the Company's share registrar in Singapore, Intertrust Singapore Corporate Services Pte. Ltd., 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909 up to the close of business at 5.00 p.m. on 17 May 2012 will be registered to determine Singapore shareholders' entitlements to the final dividend.

In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the final dividend will be paid by the bank to CDP which will, in turn, distribute the dividend to holders of the securities accounts.

Duly completed registrable transfers accompanied with the relevant share certificates received by the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 17 May 2012 will be registered to determine Hong Kong shareholders' entitlements to the final dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 30 April 2011, will be made on 4 June 2012.

Notice of Annual General Meeting

Notes:

1. A member is entitled to appoint a proxy to attend and vote in his place. A proxy need not be a member of the Company. Members wishing to vote by proxy at the meeting may use the proxy form enclosed. The completed proxy form must be lodged at the registered office of the Company at 2 Shenton Way, #04-01 SGX Centre 1, Singapore 068804 (for Singapore shareholders), or at the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) (for Hong Kong shareholders), not less than 48 hours before the time appointed for the Meeting.

2. In respect of proposed Resolutions 4, 5 and 6, the Board of Directors, in consultation with the Nominating Committee, recommends to members the re-election of Mr. Chen Wei Ping, Dr. Xu Wei Dong and Mr. Tong Din Eu.

   As at the date of this notice, each of the following Directors, save as disclosed herein, did not have any other interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance in Hong Kong.

   Save as disclosed herein, each of the following Directors does not hold any other position with the Company or any other member of the Company's group (the "Group"), nor has any directorships in other listed public companies in the last three years, and no Director has any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders (as defined in the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules")) of the Company.

   Save as disclosed herein, there is no other matter in relation to the following Directors that needs to be brought to the attention of the shareholders and there is no other information relating to the following Directors which is required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

   Mr. Chen Wei Ping, aged 51, was appointed as our Director on 21 August 2002 and has been Executive Chairman of our Company since March 2003. Mr. Chen is instrumental in developing and steering our Group's corporate directions and strategies. Mr. Chen is responsible for the effective management of business relations with our strategic partners. In addition, Mr. Chen spearheaded the listing of our Company's shares on the SGX-ST on 23 February 2004 and on the SEHK on 6 October 2010. Mr. Chen has more than twenty years of management experience and holds a Bachelor Degree in Economics from Jilin Finance & Trade College (PRC) as well as a Master Degree in Economics from Jilin University (PRC).

   Mr. Chen has entered into a service contract with the Company for a term of three years commencing from 1 January 2012 which may be terminated by either party thereto giving to the other party not less than six months' prior notice in writing.

   Mr. Chen is entitled to receive a monthly salary of S$41,000, a monthly transport allowance of S$7,000 and a bonus equivalent to a percentage of the audited consolidated profit before taxation and before profit sharing (excluding gains on exceptional items and extraordinary item) but after minority interest of our Group for the relevant year or up to three months salary.

   As at the date of this notice, Mr. Chen had an interest in 131,405,200 shares of the Company.

   Dr. Xu Wei Dong, aged 52, was appointed as an Independent Non-Executive Director on 17 March 2010. Dr. Xu is currently a professor and a PhD supervisor of the School of Law, Jilin University (PRC). Dr. Xu graduated from the School of Law (formerly known as the Law Department), Jilin University (PRC) with a Bachelor Degree in 1982. He obtained a Master Degree in law in 1989 and a Doctoral Degree in economics in 2002, both from Jilin University (PRC). Between June 2000 and December 2004, Dr. Xu served as the Deputy Dean of the School of Law, Jilin University. He was promoted to become the Dean of the School of Law, Jilin University in December 2004 and held such position till December 2008. Dr. Xu concurrently holds senior positions in various law related institutions and organisations. Dr. Xu is the deputy chairman of Commercial Law Research Department of the China Law Society, executive director and secretary general of the Legal Education Research Department of the China Law Society, deputy chairman of the Jilin Province Law Society, executive director of Jilin Province's Intellectual Property Right Research Commission, an arbitrator with China International Economic and Trade Arbitration Commission, and a lawyer with the Changchun Branch of Dacheng Law Office. Dr. Xu is also a member

Notice of Annual General Meeting

and secretary general of the Legal Teaching Guidance Committee of the PRC Education Department; a member of the National Legal Profession Examination Coordination Committee; a member of the Advisory Committee of the Jilin Municipal Government; and a member of the Legislation Advisory Committee of the Heilongjiang Municipal Government. Dr. Xu is currently an independent non-executive director of a company listed on the Shanghai Stock Exchange and a company listed on the Shenzhen Stock Exchange.

There is no service contract entered into between Dr. Xu and the Company, but his appointment will be subject to the rotation and retirement requirements in accordance with the Articles of Association of the Company.

Dr. Xu is entitled to receive an annual director's fee of S$50,000 per annum as determined by the Board with reference to his experience and responsibility with the Company, the remuneration benchmarks in the industry and the prevailing market situation.

Dr. Xu Wei Dong will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST and Rule 3.13 of the Listing Rules.

Mr. Tong Din Eu, aged 47, was appointed as an Independent Non-Executive Director of our Company on 8 August 2011. Mr. Tong holds a Bachelor Degree in Accountancy from the National University of Singapore and passed the examinations to be a Chartered Financial Analyst. Mr. Tong has many years of experience in corporate finance advising many regional initial public offerings and merger & acquisitions transactions.

There is no service contract entered into between Mr. Tong and the Company, but his appointment will be subject to the rotation and retirement requirements in accordance with the Articles of Association of the Company.

Mr. Tong is entitled to receive an annual director's fee of S$20,000 per annum as determined by the Board with reference to his experience and responsibility with the Company, the remuneration benchmarks in the industry and the prevailing market situation.

As at the date of this notice, Mr. Tong had an interest in 749,000 shares of the Company.

Mr. Tong Din Eu will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST and Rule 3.13 of the Listing Rules.

EXPLANATORY NOTE ON SPECIAL BUSINESS TO BE TRANSACTED:

The Ordinary Resolution 8 proposed in item (7), if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue new shares in the Company (whether by way of rights, bonus or otherwise). The number of shares which the Directors may issue under this Resolution shall not exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

As at the date of this notice, the issued share capital of the Company comprised 1,217,617,800 shares (excluding 1,000,000 treasury shares). Subject to the passing of Ordinary Resolution no. 8 and on the basis that no further shares are issued or repurchased after the date of this notice and up to the Annual General Meeting, the Company will be allowed to issue a maximum of 243,523,560 shares.

As at the date of this notice, the executive directors of the Company are Mr. Chen Wei Ping and Mr. Chew Hwa Kwang, Patrick; and the independent non-executive directors of the Company are Mr. Chan Soo Sen, Dr. Xu Wei Dong and Mr. Tong Din Eu.

MIDAS HOLDINGS LIMITED

(Company Registration No.: 200009758W)

(Hong Kong Stock Code: 1021)

(Singapore Stock Code: 5EN)

PROXY FORM

Important

1. For investors who have used their CPF monies to buy shares of Midas Holdings Limited, the Annual Report 2011 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We____

of____

being a member/members of Midas Holdings Limited, hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings(%)
and/or (delete as appropriate)			

or failing him/her, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Eleventh AGM of the Company to be held at Bras Basah Room, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 on 30 April 2012 at 2:30 p.m. and at any adjournment thereof.

If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the AGM.

No.	Resolutions	No. of Votes For	No. of Votes Against
1.	To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2011 together with the Auditors' Report thereon.		
2.	To approve payment of proposed final dividend.		
3.	To approve payment of Directors' fees of S$157,000.		
4.	To re-elect Mr. Chen Wei Ping as a Director.		
5.	To re-elect Dr. Xu Wei Dong as a Director.		
6.	To re-elect Mr. Tong Din Eu as a Director.		
7.	To re-appoint Messrs BDO LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.		
8.	Authority to allot and issue shares.		

Signed this__________ day of __________ 2012

Total No. of Shares in:	No. of Shares
1) CDP Register	
2) Register of Members	

____

Signature(s) of Member(s) or
Common Seal of Corporate Shareholder

Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint more than one proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, the appointments shall be deemed to be in the alternatives unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. The instrument appointing a proxy must be signed by the appointer or his duly authorised attorney or if the appointer is a corporation, it must be executed either under its common seal or signed by its attorney or a duly authorised officer of the corporation.

4. A corporation which is a member may also appoint by resolution of its directors or other governing body such person as it thinks fit to act as an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote on its behalf.

5. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof), must be deposited at the registered office of the Company, 2 Shenton Way, #04-01 SGX Centre 1, Singapore 068804 (for Singapore shareholders), or at the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders) at least 48 hours before the time fixed for holding the Annual General Meeting.

6. A member should insert the total number of Ordinary Shares held. If the member has Ordinary Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of Ordinary Shares. If the member has Ordinary Shares registered in his name in the Register of Members, he should insert that number of Ordinary Shares. If the member has Ordinary Shares entered against his name in the Depository Register as well as Ordinary Shares registered in his name in the Register of Members, he should insert the aggregate number of Ordinary Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Ordinary Shares held by the member.

7. The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a member whose Ordinary Shares are entered in the Depository Register, the Company shall be entitled to reject this instrument of proxy which has been lodged if such member is not shown to have Ordinary Shares entered against his name in the Depository Register at least 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Midas Holdings Limited

2 Shenton Way
#04-01 SGX Centre 1
Singapore 068804
Tel : (65) 6438 3052
Fax : (65) 6438 3053
www.midas.com.sg

Designed and produced by
TOPPAN
TOPPAN VITE PTE. LTD.
(65) 6578 6522