



Midas Holdings Limited

麥達斯控股有限公司

(Singapore Registration No.: 200009758W)

(Incorporated in Singapore with limited liability)

(Hong Kong Stock Code: 1021)

(Singapore Stock Code: 5EN)

Interim Report 2012

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Wei Ping, *Executive Chairman*
Mr. Chew Hwa Kwang, Patrick, *Chief Executive Officer*

Independent Non-executive Directors

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

COMMITTEE MEMBERS

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

SINGAPORE PRINCIPAL SHARE REGISTRAR

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

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)

BANKERS

DBS Bank Ltd

Oversea-Chinese Banking Corporation
Limited
Industrial & Commercial Bank of China
China Construction Bank
Agricultural Bank of China

INVESTOR RELATIONS

Singapore:

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

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

REGISTERED OFFICE IN SINGAPORE

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Singapore 068804
Tel: (65) 6438 3052
Fax: (65) 6438 3053
Website: www.midas.com.sg
Company Registration No.
200009758W

HONG KONG SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited
12th Floor, The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

HONG KONG AUTHORISED REPRESENTATIVES

Mr. Chew Hwa Kwang, Patrick
Ms. Ma Sau Kuen Gloria

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2112, 21st Floor
China Merchants Tower
Shun Tak Centre
Nos. 168-200 Connaught Road Central
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Tel: (852) 3152 3278
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MANAGEMENT DISCUSSION & ANALYSIS

(I) BUSINESS REVIEW

REVENUE

The principal activities of Midas Holdings Limited (the “Company” or “Midas”, together with its subsidiaries, referred to the “Group”) for the period for the six months ended 30 June 2012 (“1H2012”) 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, MRT and LRT trains;
 - Power Industry - We produce aluminium alloy tubing 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 polyethylene pipes for use in various types of piping networks including gas piping networks and water distribution networks.

Our revenue by business activities is set out below:

Business segments (RMB' 000)	1H2012	1H2011	Change	%
Aluminium Alloy Extruded Products Division *	431,858	591,750	(159,892)	(27.0)
Polyethylene Pipes Division	18,363	18,639	(276)	(1.5)
Total	450,221	610,389	(160,168)	(26.2)

* Aluminium Alloy Extruded Products Division is previously known as Aluminium Alloy Division

Our total revenue decreased by approximately RMB160.2 million or 26.2% from RMB610.4 million in the period for the six months ended 30 June 2011 (“1H2011”) to RMB450.2 million in 1H2012. Revenue at our Aluminium Alloy Extruded Products Division decreased by approximately RMB159.9 million or 27.0% from RMB591.7 million in 1H2011 to RMB431.9 million in 1H2012. Our Aluminium Alloy Extruded Products Division contributed approximately 95.9% of total revenue in 1H2012 as compared to approximately 96.9% in 1H2011.

The table below shows the revenue segmentation by end usage at our Aluminium Alloy Extruded Products Division for 1H2012.

Aluminium Alloy Extruded Products Division		
<u>Transport Industry</u>	<u>Power Industry</u>	<u>Others</u>
63.0%	6.4%	30.6%

Sales by end usage indicate that revenue contribution from the transport industry is still the major revenue contributor, contributing approximately 63.0% of the revenue for the Aluminium Alloy Extruded Products Division. Revenue contributions for the “Others” segment in the Aluminium Alloy Extruded Products Division included mainly supply of aluminium alloy rods and other specialized profiles for industrial machinery.

PROFITABILITY

Our gross profit by business activities is set out below:

Business segments (RMB' 000)	1H2012	1H2011	Change	%
Aluminium Alloy Extruded Products Division	134,331	207,122	(72,791)	(35.1)
Polyethylene Pipes Division	2,806	2,776	30	1.1
Total	137,137	209,898	(72,761)	(34.7)
<i>Gross Profit Margin (%)</i>	<i>30.5</i>	<i>34.4</i>	<i>(3.9)</i>	<i>11.3</i>

The Group's gross profit margin for 1H2012 was 30.5% versus 34.4% in 1H2011. This was due to lower gross profit margin at our Aluminium Alloy Extruded Products Division of 31.1% in 1H2012 as compared to 35.0% in 1H2011.

Other operating income comprised mainly interest income and disposal of scrap materials at our Aluminium Alloy Extruded Products Division. Interest income decreased due to lower level of interest generating bank deposits in 1H2012 as compared to 1H2011.

Administrative expenses increased by about RMB7.7 million in 1H2012 mainly due to higher payroll costs, increase in depreciation, travelling and utilities expenses as compared with 1H2011.

Finance costs comprised interest for bank borrowings, bank charges and financing costs relating to discounted notes receivables. Finance costs increase mainly due to more bank borrowings and lesser interest on bank borrowings being capitalized. Approximately RMB10.9 million (1H2011: RMB19.4 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.

The Group share of loss from its associated company, Nanjing SR Puzhen Rail Transport Co. ("NPRT"), is approximately RMB18.7 million in 1H2012. This is due mainly to fewer train cars delivered to its customers during this period.

Income tax expense for 1H2012 decreased by about RMB30.5 million as a result of lower profits and concessionary tax rates. The Aluminium Alloy Extruded Products Division at our plant in Liaoyuan City of Jilin Province qualified as high tech enterprise and was taxed at a concessionary rate of 15% for three years with effect from the financial year of 2011.

1H2012 ended with profits attributable to shareholders of approximately RMB16.9 million which represented an 86.3% decrease over the corresponding 1H2011.

Property, plant and equipment increased due to additions made to machinery and infrastructure development for:-

1. the fifth extrusion production lines and downstream processing fabrication lines for Aluminium Alloy Extruded Products Division in Liaoyuan City of Jilin Province;
2. construction of new plant in Luoyang City; and
3. construction of new plant for Jilin Midas Light Alloy Co., Ltd.

The decrease in restricted bank deposits was due mainly to the settlement of letter of credit in respect of the purchase of property, plant and equipment.

As a result of a slowdown in the People's Republic of China ("PRC") railway industry, inventories have increased by RMB76.1 million due to slower delivery.

Trade and other receivables increased by about RMB140.8 million. This is mainly due to slower payments from our major customers as a result of the slowdown in the PRC railway industry.

In 2011, the PRC railway industry has been affected by several incidents. These have negative impacts on our major customers. They may further delay payments to their suppliers. Therefore, our trade receivables turnover days may increase in the forthcoming quarters. However, we remain confident because of the following reasons:

- (a) Railway projects are PRC strategic projects and will continue to move ahead.
- (b) Our major customers are major PRC state enterprises. We have confidence in their ability and credibility.

Trade and other payables increased by about RMB75.8 million due mainly to slower payment to our suppliers.

Net bank borrowings increased by RMB128.0 million mainly due to increase in loans for working capital and purchase of plant and machineries.

(II) FINANCIAL REVIEW

1. Net Asset Value

	Group	
	As at 30 June 2012 (Unaudited)	As at 31 Dec 2011 (Audited)
Net asset value per ordinary share based on issued share capital at period/year end	RMB 2.44	RMB 2.44

2. Loans

	As at 30 June 2012		As at 31 December 2011	
	Secured RMB'000 (Unaudited)	Unsecured RMB'000 (Unaudited)	Secured RMB'000 (Audited)	Unsecured RMB'000 (Audited)
Amount repayable in one year or less, or on demand	179,000	708,000	437,690	472,000
Amount repayable after one year	334,000	-	183,310	-
Total	513,000	708,000	621,000	472,000

Details of collateral

The secured borrowings consist of bank loans that are provided to Jilin Midas Aluminium Industries Co. Ltd ("Jilin Midas") and Luoyang Midas Aluminium Industries Co., Ltd. ("Luoyang Midas").

As at 30 June 2012, the bank loans to Jilin Midas are secured by the mortgage of land use rights, property, plant and equipment and various trade receivables with net book value of about RMB797.6 million (31 December 2011: RMB1,085.3 million). The bank loans to Luoyang Midas are guaranteed by Jilin Midas.

All bank borrowings are variable-rate borrowings, and these borrowings carried interest rate ranging from 100% to 130% (2011: 100% 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.

3. Cash and Cash Equivalents

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

	As at 30 June 2012 RMB'000 (Unaudited)	As at 31 December 2011 RMB'000 (Audited)
Euro	37	299
Renminbi	518,945	601,011
Singapore dollar	32,865	59,311
United States dollar	41	56
Hong Kong dollar	45	47
Others	28	29
	<u>551,961</u>	<u>660,753</u>

4. Group's Order Book

The Group's order book as at 30 June 2012 is about RMB600 million.

5. Foreign Exchange Exposure

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 expose 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.

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 report.

6. Gearing Ratio

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

Our debt to equity ratios are 41.1% as at 30 June 2012 and 36.8% as at 31 December 2011.

(III) PROSPECTS

The PRC railway sector is expected to benefit from the Ministry of Railway's recently announced 16% boost in railway infrastructure investment to about RMB470 billion for 2012, lifting the total planned fixed assets investments to approximately RMB580 billion for the year. These planned investments are part of the government's "Twelfth Five-Year Plan" (2011-2015) to enhance China's infrastructure. In addition, the metro sector in the PRC is likely to grow further as less than 20 cities currently have

metro systems in operation, and dozens more cities have already received approvals to build metro systems.

The Group remains cautiously optimistic on the outlook of China's railway industry over the mid to long-term as the development of the PRC railway network remains an integral component of the country's economic growth strategy. Railway transportation is also the most efficient and affordable means of transportation in the PRC.

In view of the challenges in the near-term outlook, we continue to monitor developments in the PRC railway sector. We will also continue to grow other product segments and tapping opportunities in the export markets.

(IV) DISCLOSURE OF INTERESTS

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the six months ended 30 June 2012 was the Company a party to any arrangement whose object is to enable the directors of the Company (the "Director") 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.

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 as at 30 June 2012 had interest and short position in the shares, underlying shares or debentures of the Company and its related corporations as detailed below:

Name of Director	Capacity	Direct Interest		Deemed interest		Percentage of the issued share capital of the company
		At beginning of the period or date of appointment	At end of the period	At beginning of the period or date of appointment	At end of the period	
		Number of ordinary shares		Number of ordinary shares		
Interest in the Company						
Mr. Chen Wei Ping	Beneficial owner	131,405,200	131,405,200	-	-	10.79%
Mr. Chew Hwa Kwang, Patrick	Beneficial owner	121,711,800	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).

As at 30 June 2012, 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 30 June 2012, 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 as at 30 June 2012 had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Midas Employee Share Option Scheme (the "Scheme") as set out below:

Name of Director	Exercise price per share	Exercise period	At beginning of the period	At end of the period
<u>Options to subscribe for ordinary shares of the Company</u>				
Mr. Chan Soo Sen	S\$1.992	14.5.2008 to 13.5.2012	300,000	-
	S\$0.517	09.2.2010 to 08.02.2014	250,000	250,000

Share options

Midas Employee Share Option 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 ("Remuneration Committee"), comprising Mr. Chan Soo Sen, Mr. Tong Din Eu and Dr. Xu Wei Dong.

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 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 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.

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 granted and exercised during the six months ended 30 June 2012 were as follows:

Option participants	Granted in period ended 30 June 2012	Aggregate granted since commencement of scheme to 30 June 2012	Aggregate exercised, lapsed or cancelled since commencement of scheme to 30 June 2012	Aggregate outstanding as at 30 June 2012
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	(300,000)	250,000
Other executives [including resigned director(s)]	-	14,350,000	(9,500,000)	4,850,000
Total	-	17,900,000	(12,800,000)	5,100,000

During the six months ended 30 June 2012, there was no share options granted to controlling shareholders of the Company pursuant to the Scheme.

No other key management or employee has received options on 5% or more of the total number of shares available under the Scheme during the six months ended 30 June 2012. No other Director or employee of the Company and its subsidiaries (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited) has received options on 5% or more of the total number of shares available to all Directors and employees of the Company and its subsidiaries under the Scheme during the period under review.

During the six months ended 30 June 2012, there was no share options exercised but 3,700,000 share options have been lapsed pursuant to the Scheme.

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

Option relating to Scheme	Number outstanding at 30 June 2012	Exercise price	Exercise period
2009 Options	5,100,000	S\$0.517	9.2.2010 to 8.2.2014

Substantial shareholders

As at 30 June 2012, to the best of the Directors' knowledge and belief, no persons (other than the Directors whose interest are set out in the section "Directors' interest and short position in shares, underlying shares or debentures" above), had or deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company, which would fail to be disclosed under the provisions of Part XV of the SFO.

(V) SUPPLEMENTARY INFORMATION

1. Audit Committee

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The interim results for the six months period ended 30 June 2012 have been reviewed by the Audit Committee. As of the date of this report, the Audit Committee comprises three independent non-executive Directors namely, Mr. Tong Din Eu (Chairman), Mr. Chan Soo Sen and Dr. Xu Wei Dong.

2. Compliance with the Corporate Governance Code

In the opinion of the Directors, the Company has complied with all the code provisions of the Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on SEHK (the “Listing Rules”) throughout the six months ended 30 June 2012 except for deviation of the code provision A.2.7 of the Code as mentioned below.

According to code provision A.2.7, the chairman should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. The Company would not be able to meet the requirement of this code provision due to the fact that Mr. Chen Wei Ping, who is the chairman of the board of directors of the Company (the “Board”), is also an executive Director. Currently, Mr. Chen may meet the independent non-executive Directors on a one-to-one basis or on a group basis periodically to understand their concerns and discuss issues pertinent to them. Going forward, the Board will review and consider whether there should be an arrangement whereby non-executive Directors should meet formally among themselves on a regular basis without the presence of any executive Directors.

3. 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 six months ended 30 June 2012, all Directors have complied with the required standards of the Model Code.

4. Reconciliation between Singapore Financial Reporting Standards (“SFRS”) and International Financial Reporting Standards (“IFRS”)

For the six months ended 30 June 2012, there were no material differences between the consolidated financial statements of the Group prepared under SFRS and IFRS (which include all IFRS, International Accounting Standards and Interpretations).

5. Purchase, sale or redemption of the Company’s listed securities

During the six months ended 30 June 2012, neither the Company nor its subsidiary had purchased, sold or redeemed any of the listed securities of the Company.

6. Share capital

As at 30 June 2012, the share capital of the Company comprises 1,217,617,800 issued and fully paid ordinary shares (31 December 2011: 1,217,617,800 shares).

As at 30 June 2012, 1,000,000 ordinary shares were held as treasury shares (31 December 2011: 1,000,000 shares). During the six months ended 30 June 2012, none of the treasury shares were sold, transferred, disposed, cancelled and/or used.

7. Employees, remuneration policy and employee share options

As at 30 June 2012, there were 1,498 (31 December 2011: 1,543) 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 30 June 2012, there were unexercised share options for 5,100,000 unissued ordinary shares (31 December 2011: 8,800,000) under the Scheme.

8. Closure of register of members

A separate announcement regarding the book closure date, record date and the payment date regarding the proposed interim dividend for the six months period ended 30 June 2012 will be published in due course.

9. Disclosure on the website of the SEHK

This report is published on the website of the SEHK (<http://www.hkexnews.hk>) and on the website of the Company (<http://www.midas.com.sg>).

On behalf of the Board
Midas Holdings Limited
Chew Hwa Kwang, Patrick
*Executive Director and
Chief Executive Officer*

Hong Kong, 14 August 2012

Unaudited Consolidated Statement of Comprehensive Income*For the six months ended 30 June 2012*

		For six months ended 30 June	
	Note	2012	2011
		RMB'000	RMB'000
Revenue	3	450,221	610,389
Cost of sales		(313,084)	(400,491)
Gross profit		137,137	209,898
Other operating income		4,880	7,450
Selling and distribution expenses		(17,242)	(17,606)
Administrative expenses		(44,248)	(36,512)
Finance costs		(33,445)	(7,620)
Share of (losses)/ profits of an associate		(18,729)	9,758
Profit before income tax expense	5	28,353	165,368
Income tax expense	6	(11,502)	(42,013)
Profit for the period attributable to equity holders		16,851	123,355
Other comprehensive income:			
Currency translation differences arising from consolidation		7,513	13,011
Total comprehensive income for the period		24,364	136,366
Basic earnings per share (RMB Fen)	8	1.38	10.13
Diluted earnings per share (RMB Fen)	8	1.38	10.12

Consolidated Statement of Financial Position
as at 30 June 2012

	Group		Company	
	Unaudited as at 30 Jun 2012 RMB'000	Audited as at 31 Dec 2011 RMB'000	Unaudited as at 30 Jun 2012 RMB'000	Audited as at 31 Dec 2011 RMB'000
Non-current assets				
Property, plant and equipment	2,105,638	1,938,385	184	225
Interest in subsidiaries	-	-	1,976,967	1,909,784
Interest in an associate	177,933	192,559	148,371	144,268
Land use rights	234,394	236,007	-	-
Available-for-sale financial assets	2,000	2,000	-	-
Restricted bank deposits	6,571	24,659	-	-
Prepaid rental	109	113	-	-
	<u>2,526,645</u>	<u>2,393,723</u>	<u>2,125,522</u>	<u>2,054,277</u>
Current assets				
Inventories	554,549	478,443	-	-
Trade and other receivables	838,437	697,626	8,662	7,464
Income tax recoverable	27,043	20,365	-	-
Restricted bank deposits	-	50,001	-	-
Cash and cash equivalents	551,961	660,753	32,877	59,333
	<u>1,971,990</u>	<u>1,907,188</u>	<u>41,539</u>	<u>66,797</u>
Current liabilities				
Trade and other payables	307,918	232,080	100	713
Bank borrowings	887,000	909,690	-	-
	<u>1,194,918</u>	<u>1,141,770</u>	<u>100</u>	<u>713</u>
Net current assets	777,072	765,418	41,439	66,084
Total assets less current liabilities	3,303,717	3,159,141	2,166,961	2,120,361
Non-current liabilities				
Bank borrowings	334,000	183,310	-	-
Deferred tax liability	2,141	2,179	-	-
	<u>336,141</u>	<u>185,489</u>	<u>-</u>	<u>-</u>
Net assets	<u>2,967,576</u>	<u>2,973,652</u>	<u>2,166,961</u>	<u>2,120,361</u>
Capital and reserves				
Share capital	2,166,575	2,166,575	2,166,575	2,166,575
Treasury shares	(2,501)	(2,501)	(2,501)	(2,501)
Foreign currency translation reserve	(3,078)	(10,591)	(2,108)	(62,497)
PRC statutory reserve	132,074	126,811	-	-
Share option reserve	2,958	10,913	2,958	10,913
Retained earnings	671,548	682,445	2,037	7,871
Total equity attributable to owners of the Company	<u>2,967,576</u>	<u>2,973,652</u>	<u>2,166,961</u>	<u>2,120,361</u>

**Unaudited Statements of Changes in Equity
For the six months ended 30 June 2012**

Attributable to equity holders of the Company

<u>The Group</u>	Share capital RMB'000	Treasury shares RMB'000	Foreign currency translation reserve RMB'000	PRC statutory reserve RMB'000	Share option reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 Jan 2012	2,166,575	(2,501)	(10,591)	126,811	10,913	682,445	2,973,652
Total comprehensive income for the financial period	-	-	6,956	-	-	15,260	22,216
Transfer to PRC statutory reserve	-	-	-	2,666	-	(2,666)	-
Balance at 31 Mar 2012 and 1 Apr 2012	2,166,575	(2,501)	(3,635)	129,477	10,913	695,039	2,995,868
Total comprehensive income for the financial period	-	-	557	-	-	1,591	2,148
Transfer to PRC statutory reserve	-	-	-	2,597	-	(2,597)	-
Dividends	-	-	-	-	-	(30,440)	(30,440)
Transfer of option reserve to retained earnings	-	-	-	-	(7,955)	7,955	-
Balance at 30 Jun 2012	2,166,575	(2,501)	(3,078)	132,074	2,958	671,548	2,967,576

Attributable to equity holders of the Company

<u>The Group</u>	Share capital RMB'000	Treasury shares RMB'000	Foreign currency translation reserve RMB'000	PRC statutory reserve RMB'000	Share option reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 Jan 2011	2,166,575	(2,501)	(2,755)	108,813	15,303	568,588	2,854,023
Total comprehensive income for the financial period	-	-	10,992	-	-	60,357	71,349
Transfer to PRC statutory reserve	-	-	-	6,133	-	(6,133)	-
Balance at 31 Mar 2011 and 1 Apr 2011	2,166,575	(2,501)	8,237	114,946	15,303	622,812	2,925,372
Total comprehensive income for the financial period	-	-	2,019	-	-	62,998	65,017
Transfer to PRC statutory reserve	-	-	-	6,342	-	(6,342)	-
Dividends	-	-	-	-	-	(31,626)	(31,626)
Balance at 30 Jun 2011	2,166,575	(2,501)	10,256	121,288	15,303	647,842	2,958,763

Unaudited Statements of Changes in Equity (Continued)
For the six months ended 30 June 2012

<u>The Company</u>	Share capital RMB'000	Treasury shares RMB'000	Foreign currency translation reserve RMB'000	PRC statutory reserve RMB'000	Share option reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 Jan 2012	2,166,575	(2,501)	(62,497)	-	10,913	7,871	2,120,361
Total comprehensive income for the financial period	-	-	70,127	-	-	(4,377)	65,750
Balance at 31 Mar 2012 and 1 Apr 2012	2,166,575	(2,501)	7,630	-	10,913	3,494	2,186,111
Total comprehensive income for the financial period	-	-	(9,738)	-	-	21,028	11,290
Dividends	-	-	-	-	-	(30,440)	(30,440)
Transfer of option reserve to retained earnings	-	-	-	-	(7,955)	7,955	-
Balance at 30 Jun 2012	2,166,575	(2,501)	(2,108)	-	2,958	2,037	2,166,961

<u>The Company</u>	Share capital RMB'000	Treasury shares RMB'000	Foreign currency translation reserve RMB'000	PRC statutory reserve RMB'000	Share option reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 Jan 2011	2,166,575	(2,501)	57,217	-	15,303	61,769	2,298,363
Total comprehensive income for the financial period	-	-	33,388	-	-	(4,837)	28,551
Balance at 31 Mar 2011 and 1 Apr 2011	2,166,575	(2,501)	90,605	-	15,303	56,932	2,326,914
Total comprehensive income for the financial period	-	-	27,725	-	-	(6,097)	21,628
Dividends	-	-	-	-	-	(31,626)	(31,626)
Balance at 30 Jun 2011	2,166,575	(2,501)	118,330	-	15,303	19,209	2,316,916

Unaudited Statement of Cash Flows
For the six months ended 30 June 2012

	1H2012	1H2011
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before income tax expense	28,353	165,368
Adjustments for:		
Depreciation of property, plant and equipment	50,564	32,978
Share of (losses)/ profits of an associate	18,729	(9,758)
Amortisation of land use rights and prepaid rental	1,617	1,383
Interest income	(2,585)	(2,626)
Interest expenses	31,015	3,868
Operating profits before changes in working capital	127,693	191,213
Changes in working capital		
Inventories	(76,106)	(101,949)
Trade and other receivables	(140,811)	(319,158)
Trade and other payables	75,838	104,704
Cash generated used in operations	(13,386)	(125,190)
Interest received	2,585	2,626
Interest paid	(31,015)	(3,868)
Income tax paid	(18,218)	(34,939)
Net cash used in operating activities	(60,034)	(161,371)
Cash flows from investing activities		
Purchases of property, plant and equipment	(206,842)	(208,545)
Net decrease in pledged bank deposits	68,089	18,823
Interest paid and capitalised	(10,945)	(19,497)
Decrease in financial asset	-	2,000
Net cash used in investing activities	(149,698)	(207,219)
Cash flows from financing activities		
Dividends paid	(30,440)	(31,626)
Repayment of bank borrowings	(495,000)	(445,280)
Proceeds from bank borrowings	623,000	471,000
Net cash from/ (used in) financing activities	97,560	(5,906)
Net decrease in cash and cash equivalents	(112,172)	(374,496)
Cash and cash equivalents at beginning of period	660,753	1,253,056
Net effect of exchange rate changes in cash and cash equivalents	3,380	8,930
Cash and cash equivalents at end of period	551,961	887,490

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2012

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act"), the SFRS including related interpretation of SFRS ("INT SFRS") issued by the Singapore Accounting Standards Council and the Listing Rules on the SEHK.

The preparation of financial statements in conformity with SFRS 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.

2. ADOPTION OF NEW OR AMENDED SFRS

In the current financial period, the Group has adopted all the new and revised SFRS and INT SFRS that are relevant to its operations and effective for the current financial period.

The adoption of these new and revised SFRS and INT SFRS does not result in any substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

3. TURNOVER

Revenue recognised as turnover of the Group is as follow:

	For the six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Sales of aluminium extrusion products	431,858	591,750
Sales of polyethylene pipes	18,363	18,639
Total	<u>450,221</u>	<u>610,389</u>

4. SEGMENT INFORMATION

<u>For the six months ended 30 June 2012</u>	Aluminium Alloy Extruded Products Division RMB'000	Polyethylene Pipe Division RMB'000	Aluminium Alloy Plates and Sheets Division RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	431,858	18,363	-	-	450,221
RESULT					
Segment result	92,499	571	(2,806)	-	90,264
Unallocated corporate expenses	-	-	-	(9,737)	(9,737)
Finance costs	(33,434)	(1)	(3)	(7)	(33,445)
Share of losses of an associate	-	-	-	(18,729)	(18,729)
Profit before income tax expense					28,353
Income tax expense					(11,502)
Profit attributable to equity holders					<u>16,851</u>
OTHER INFORMATION					
Additions of property, plant and equipment	173,827	2	33,013	-	206,842
Depreciation of property, plant and equipment	48,569	1,911	12	72	50,564
Amortisation of land use rights and prepaid rental	1,574	43	-	-	<u>1,617</u>

BALANCE SHEET

<u>As at 30 June 2012</u>	Aluminium Alloy Extruded Products Division RMB'000	Polyethylene Pipe Division RMB'000	Aluminium Alloy Plates and Sheets Division RMB'000	Unallocated RMB'000	Total RMB'000
Assets					
Segment assets	3,841,360	169,040	268,446	41,856	4,320,702
Interest in an associate					177,933
					<u>4,498,635</u>
Liabilities					
Segment liabilities	1,454,094	1,275	75,477	213	<u>1,531,059</u>

<u>For the six months ended 30 June 2011</u>	Aluminium Alloy Extruded Products Division RMB'000	Polyethylene Pipe Division RMB'000	Aluminium Alloy Plates and Sheets Division RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	591,750	18,639	-	-	610,389
RESULT					
Segment result	172,642	746	1,027	-	174,415
Unallocated corporate expenses	-	-	-	(11,185)	(11,185)
Finance costs	(7,516)	(101)	(2)	(1)	(7,620)
Share of profits of an associate	-	-	-	9,758	9,758
Profit before income tax expense					165,368
Income tax expense					(42,013)
Profit attributable to equity holders					<u>123,355</u>
OTHER INFORMATION					
Additions of property, plant and equipment	208,258	21	4	262	208,545
Depreciation of property, plant and equipment	30,894	2,027	-	57	32,978
Amortisation of land use rights and prepaid rental	1,341	42	-	-	1,383

BALANCE SHEET

<u>As at 30 June 2011</u>	Aluminium Alloy Extruded Products Division RMB'000	Polyethylene Pipe Division RMB'000	Aluminium Alloy Plates and Sheets Division RMB'000	Unallocated RMB'000	Total RMB'000
Assets					
Segment assets	3,287,684	188,554	196,919	94,445	3,767,602
Interest in an associate					213,106
					<u>3,980,708</u>
Liabilities					
Segment liabilities	1,016,922	4,211	256	556	<u>1,021,945</u>

For the six months ended 30 June 2012, revenue contribution from our Aluminium Alloy Extruded Products Division accounted for about 95.9% of our total Group revenue for 1H2012 as compared to about 96.9% for 1H2011. Polyethylene Pipe Division accounted for about 4.1% and 3.1% of our total Group revenue for 1H2012 and 1H2011 respectively.

5. PROFIT BEFORE INCOME TAX EXPENSE

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Cost of inventories recognised as expenses	313,084	400,491
Depreciation of property, plant and equipment	50,564	32,978
Amortisation of prepaid rental and land use rights	1,617	1,383
Operating lease rentals - properties	863	823
	<hr/>	<hr/>

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Current – Singapore		
Under provision for income tax in prior financial year	28	175
Provision for income tax for the period	19	-
Withholding tax arising from dividends declared by PRC's subsidiaries	1,375	-
Current - PRC		
Provision for income tax for the period	10,080	41,838
Income tax expense	<hr/>	<hr/>

The Company is incorporated in Singapore and accordingly, is subject to income tax rates of 17% (1H2011: 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 six months ended 30 June 2012 (1H2011: 25%) except for the following:

- Jilin Midas qualified as high tech enterprise and was taxed at a concessionary rate of 15% for three years with effect from 2011.

7. DIVIDENDS

	For the six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Final dividend of S\$0.005 per share paid in respect of the financial year ended 2010	-	31,626
Final dividend of \$0.005 per share paid in respect of the financial year ended 2011	30,440	-
	<u>30,440</u>	<u>31,626</u>

The Board recommended and proposed an interim tax-exempt dividend[#] of S\$0.0025 (2011: S\$0.005) per ordinary share in respect of the six months ended 30 June 2012 under the exempt-1-tier system. The above proposed interim dividends had not been recognised as a liability at the end of reporting period. The book closure date for the proposed interim dividend will be published in a separate announcement.

[#]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.

8. EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share, being profit for the period attributable to owners of the Company	<u>16,851</u>	<u>123,355</u>

	For the six months ended 30 June	
	2012	2011
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,217,617,800	1,217,617,800
Effect of dilutive potential ordinary shares:		
Effects of dilution – Share options	-	1,785,113
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,217,617,800</u>	<u>1,219,402,913</u>

	For the six months ended 30 June	
	2012 RMB Fen	2011 RMB Fen
Basic earnings per share	1.38	10.13
Diluted earnings per share	1.38	10.12

A batch of 5,100,000 (1H2011: 4,000,000) 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 period was below the exercise price of the share option granted.

9. TRADE RECEIVABLES

	As at 30 June 2012 RMB'000 (Unaudited)	As at 31 December 2011 RMB'000 (Audited)
Trade receivables – third parties	668,325	537,639
– associate	57,597	19,888
	<u>725,922</u>	<u>557,527</u>
Allowance for doubtful trade receivables	(1,832)	(1,832)
Total trade receivables	<u>724,090</u>	<u>555,695</u>

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

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

	As at 30 June 2012 RMB'000 (Unaudited)	As at 31 December 2011 RMB'000 (Audited)
Within 90 days	254,826	238,831
Over 90 days and within 120 days	115,067	85,629
Over 120 days and within 6 months	116,142	106,990
Over 6 months and within 1 year	215,055	98,272
Over 1 year and within 2 years	24,174	27,456
Over 2 years	658	349
	<u>725,922</u>	<u>557,527</u>

10. TRADE PAYABLES

Trade payables are normally settled on 30 to 90 days terms.

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

	As at 30 June 2012 RMB'000 (Unaudited)	As at 31 December 2011 RMB'000 (Audited)
Within 90 days	166,178	97,610
Over 90 days and within 6 months	2,399	171
Over 6 months and within 1 year	473	97
Over 1 year	259	222
	<u>169,309</u>	<u>98,100</u>

11. CONTINGENT LIABILITIES

As at 30 June 2012, the Group has no material contingent liabilities (31 December 2011: Nil).

12. CAPITAL COMMITMENTS

	As at 30 June 2012 RMB'000 (Unaudited)	As at 31 December 2011 RMB'000 (Audited)
Commitments for the acquisition of property, plant and equipment:		
- Contracted but not provided for	267,051	442,445
	<u>267,051</u>	<u>442,445</u>