



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 2014

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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 (Lead Independent Director)

COMMITTEE MEMBERS

Audit Committee
Mr. Tong Din Eu, *Chairman*
Mr. Chan Soo Sen
Dr. Xu Wei Dong

Nominating Committee
Dr. Xu Wei Dong, *Chairman*
Mr. Tong Din Eu
Mr. Chan Soo Sen

Remuneration Committee
Mr. Chan Soo Sen, *Chairman*
Mr. Tong Din Eu
Dr. Xu Wei Dong

SINGAPORE SECRETARY

Ms. Tan Cheng Siew @ Nur Farah Tan, ACIS

HONG KONG COMPANY SECRETARY

Ms. Mok Ming Wai

SINGAPORE PRINCIPAL SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

HONG KONG SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited
31/F, 148 Electric Road
North Point, Hong Kong

HONG KONG AUTHORISED REPRESENTATIVES

Mr. Chew Hwa Kwang, Patrick
Ms. Mok Ming Wai

AUDITORS

Mazars LLP
Public Accountants and
Chartered Accountants
133 Cecil Street
#15-02 Keck Seng Tower
Singapore 069535
Partner-in-charge: Mr. Chan Hock Leong
(Appointed with effect since financial
year ended 31 December 2013)

BANKERS

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

INVESTOR RELATIONS

Citigate Dewe Rogerson, i.MAGE Pte Ltd
55 Market Street #02-01
Singapore 048941
Tel: (65) 6534 5122
Fax: (65) 6534 4171

REGISTERED OFFICE IN SINGAPORE

4 Shenton Way
#18-03 SGX Centre 2
Singapore 068807
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 7, 35th Floor
Tower 1, Millennium City 1
No. 388 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong
Tel: (852) 3746 9192
Fax: (852) 3746 9195

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 six months ended 30 June 2014 (“1H2014”) are as follows:

- a. manufacture of large section aluminium alloy extrusion products for use mainly in the following:
 - Transport Industry - We produce aluminium alloy profiles which are used to manufacture train car body frames for use by high-speed trains, metro trains and freight wagons;
 - 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 of polyethylene pipes for gas piping networks and water distribution networks.

Our revenue by business activities is set out below:

Business segments (RMB' 000)	1H2014	1H2013	Change	%
Aluminium Alloy Extruded Products Division	622,540	468,403	154,137	32.9
Polyethylene Pipe Division	10,631	18,020	(7,389)	(41.0)
Total	633,171	486,423	146,748	30.2

Our total revenue increased by approximately RMB146.7 million or 30.2% from RMB486.4 million in the period for the six months ended 30 June 2013 (“1H2013”) to RMB633.2 million in 1H2014. Revenue at our Aluminium Alloy Extruded Products Division increased by approximately RMB154.1 million or 32.9% from RMB468.4 million in 1H2013 to RMB622.5 million in 1H2014.

The table below shows the revenue segmentation by end usage at our Aluminium Alloy Extruded Products Division for 1H2014.

Aluminium Alloy Extruded Products Division		
<u>Transport Industry</u>	<u>Power Industry</u>	<u>Others</u>
83.0%	5.0%	12.0%

Sales by end usage indicate that revenue contribution from the transport industry is still the major revenue contributor, contributing approximately 83.0% of the revenue for the Aluminium Alloy Extruded Products Division. Revenue contributions for the “Others” segment in the Aluminium Alloy Extruded Products Division comprised mainly of the 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)	1H2014	1H2013	Change	%
Aluminium Alloy Extruded Products Division	155,386	111,878	43,508	38.9
Polyethylene Pipe Division	1,272	3,012	(1,740)	(57.8)
Total	156,658	114,890	41,768	36.4
<i>Gross Profit Margin (%)</i>	<i>24.7</i>	<i>23.6</i>		

The Group's gross profit margin for 1H2014 was 24.7% versus 23.6% in 1H2013. This was due to higher gross profit margin at our Aluminium Alloy Extruded Products Division of 25.0% in 1H2014 as compared to 23.9% in 1H2013.

Other operating income comprised mainly interest income and disposal of scrap materials at our Aluminium Alloy Extruded Products Division.

Selling and distribution expenses increased by approximately RMB7.8 million in 1H2014, driven mainly by higher transportation expenses and staff costs as compared with 1H2013.

Administrative expenses increased by about RMB19.6 million in 1H2014 mainly due to increase in depreciation and higher start up staff costs at our new plants as compared with 1H2013.

Finance costs comprised interest for debt borrowings, bank charges and financing costs relating to discounted notes receivables. Finance costs increased mainly due to higher bank borrowings and the issuance of bonds pursuant to the medium term note programme. Approximately RMB56.2 million (1H2013: RMB19.4 million) of the interest on borrowings that are used to finance the construction of property, plant and equipment for our new production lines were capitalised.

The Group's share of profits from its associated company, Nanjing SR Puzhen Rail Transport Co., Ltd was approximately RMB21.6 million in 1H2014. This was attributed to an increase in delivery of train cars to its customers during the period.

Income tax expense for 1H2014 increased by about RMB6.7 million as a result of higher withholding tax and expiration of concessionary tax rates. Our Jilin Aluminium Alloy Extruded Products Division was taxed at 25% as compared with the concessionary rate of 15% in 1Q2013.

1H2014 ended with profits attributable to owners of the Company of approximately RMB19.8 million.

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

1. extrusion moulds, ancillary facilities and construction of new plant for our Aluminium Alloy Extruded Products Division; and
2. construction of new plant for our Aluminium Alloy Plates and Sheets Division.

Inventories decreased by about RMB131.6 million mainly due to lower levels of raw materials held at period end.

Trade and other receivables increased by about RMB442.4 million. This was mainly due to increase in trade receivables of about RMB236.7 million in line with the increase in sales. Other receivables increased by about RMB205.7 million mainly due to advance payments made to our suppliers for inventories.

Trade and other payables increased by about RMB59.0 million due mainly to slower payment to our suppliers.

Net borrowings increased by RMB1,040.9 million mainly due to issuance of bonds pursuant to the medium term note programme amounting to approximately RMB795.2 million.

(II) FINANCIAL REVIEW

1. Net Asset Value

	Group	
	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Net asset value per ordinary share based on issued share capital at period/year end	RMB 2.44	RMB2.44

2. Loans

	As at 30 June 2014		As at 31 December 2013	
	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	1,027,290	1,184,744	1,175,581	906,001
Amount repayable after one year	270,830	1,155,685	248,990	267,038
Total	1,298,120	2,340,429	1,424,571	1,173,039

All bank borrowings are variable-rate borrowings, and these borrowings carried interest rates ranging from 100% to 110% (2013: 70% to 120%) of the benchmark interest rate as quoted by The People's Bank of China.

Bank borrowings are all denominated in Renminbi as 30 June 2014.

Bonds issued pursuant to the medium term note programme are fixed rate notes and have coupon rates at 5.75% and 6.00% per annum (2013: Nil). The notes are all denominated in Singapore Dollar as at 30 June 2014.

Details of collateral

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

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 RMB1,199.1 million (31 December 2013: RMB1,202.7 million). The bank loans to JMLA are guaranteed by the Company, Jilin Midas and Dalian Huicheng Aluminium Industries Co., Ltd (which is ultimately owned by Mr. Chen Wei Ping, who is the Executive Director and Chairman of the Company). The bank loans to JMLA are also secured by land use rights, future constructions and developments on the land including factory buildings, office buildings and workshops for auxiliary facilities, and two cold-rolling mills. The bank loans to Luoyang Midas Aluminium Industries Co., Ltd. are guaranteed by Jilin Midas.

3. Cash and Cash Equivalents

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

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Euro	1,773	4,131
Renminbi	1,215,067	1,026,246
Singapore dollar	414,452	2,251
United States dollar	57	13,793
Hong Kong dollar	50	7
Others	29	28
	<u>1,631,428</u>	<u>1,046,456</u>

4. Group's Order Book

The Group's order book as at 30 June 2014 is about RMB750 million.

5. Foreign Exchange Exposure

Certain of our bank accounts, deposits, receivables and payables are denominated in currencies other than the functional currency of our Group entities (Renminbi). This exposes us to foreign currency risk. However, most of our operating expenses and revenue recognised are denominated in Renminbi and we do not expect a change in the way we operate. 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 liabilities by total equity. Our gearing ratio was 127.0% as at 30 June 2014 and 93.0% as at 31 December 2013. If the gearing ratio were derived by dividing total interest bearing borrowings by equity, the gearing ratio would be 112.1% as at 30 June 2014 and 80.0% as at 31 December 2013.

(III) PROSPECTS

Investments in the railway sector are expected to accelerate in the second half of 2014 as the state-owned railway operator, China Railway Corporation ("CRC"), strives to achieve its fixed asset investment target of RMB800 billion for the year 2014.

The market fundamentals of the People's Republic of China ("PRC") rail transportation industry remain supported by the prospect of new awards of high-speed rail train orders from CRC and the demand for urban rail solutions from an increasing number of PRC cities.

Currently, 36 PRC cities have embarked on plans to build urban rail solutions such as metro systems. This number is expected to increase as growing affluence and urbanisation drive PRC cities to upgrade their transport systems in response to the strains experienced in their current public transport networks. Investments into the urban rail network is expected to reach RMB220 billion in 2014, an increase of RMB40 billion from 2013.

The Group expects these positive developments to benefit industry players, and will continue to actively identify and harness opportunities in the PRC railway sector, other product segments as well as in 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 2014 was the Company a party to any arrangement whose object is to enable the directors of the Company (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.

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 2014 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 2014, 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 2014, none of the Directors, chief executive of the Company or 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, no Directors holding office as at 30 June 2014 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\$0.517	09.2.2010 to 08.02.2014	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 lapsed 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 lapsed 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 lapsed on 8 February 2014.

The details of options movement during 1H2014 were as follows:

Option participants	Granted in period ended 30 June 2014	Aggregate granted since commencement of scheme to 30 June 2014	Aggregate exercised, lapsed or cancelled since commencement of scheme to 30 June 2014	Aggregate outstanding as at 30 June 2014
Director				
Mr. Chan Soo Sen	-	550,000	(550,000)	-
Other executives (including resigned directors)	-	17,350,000	(17,350,000)	-
Total	-	17,900,000	(17,900,000)	-

During the six months ended 30 June 2014, there were 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 2014. 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 2014, there were no share options exercised.

There were no unissued ordinary shares of the Company under options outstanding at the end of the period under review.

The Scheme expired on 5 January 2014.

Substantial shareholders

As at 30 June 2014, 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 fall 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 2014 have been reviewed by the Audit Committee. As of the date of this report, the Audit Committee comprises three independent non-executive directors of the Company 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 and Corporate Governance Report (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 2014 save for the deviation from code provision A.4.1 of the Code as mentioned below.

Under code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Currently, none of the existing independent non-executive Directors is appointed for a specific term. However, all Directors are subject to the retirement and re-election provisions of the Articles of Association of the Company, which require that one third of the board of Directors (the “Board”) shall retire from office by rotation every year and the retiring Directors are eligible for re-election. In addition, each of the Directors appointed to fill a casual vacancy will be subject to election by the shareholders at the first general meeting after such appointment. In view of this, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and, therefore, does not intend to take any remedial steps in this regard.

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 2014, 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 2014, 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 2014, neither the Company nor its subsidiary had purchased, sold or redeemed any of the listed securities of the Company.

6. Share capital

There was no change in share capital during the six months ended 30 June 2014.

As at 30 June 2014, the share capital of the Company comprises 1,217,617,800 issued and fully paid ordinary shares (31 December 2013: 1,217,617,800 shares).

As at 30 June 2014, 1,000,000 ordinary shares were held as treasury shares (31 December 2013: 1,000,000 shares). During the six months ended 30 June 2014, 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 2014, there were 2,037 (31 December 2013: 1,754) 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.

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 2014 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 2014

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 June 2014

		For six months ended 30 June	
	Note	2014 RMB'000	2013 RMB'000
Revenue	3	633,171	486,423
Cost of sales		(476,513)	(371,533)
Gross profit		156,658	114,890
Other operating income		5,736	12,249
Selling and distribution expenses		(27,365)	(19,532)
Administrative expenses		(72,347)	(52,764)
Finance costs		(53,763)	(38,709)
Share of profits/ (loss) of an associate		21,566	(900)
Profit before income tax expense	6	30,485	15,234
Income tax expense	7	(13,676)	(6,941)
Profit for the period		16,809	8,293
Other comprehensive income:			
Currency translation differences arising from consolidation		(3,471)	(7,273)
Total comprehensive income for the period		13,338	1,020
Profit attributable to:			
Owner of the Company		19,828	9,983
Non-controlling interest		(3,019)	(1,690)
		16,809	8,293
Total comprehensive income attributable to:			
Owner of the Company		16,357	2,710
Non-controlling interests		(3,019)	(1,690)
		13,338	1,020
Basic earnings per share (RMB Fen)	9	1.63	0.82
Diluted earnings per share (RMB Fen)	9	1.63	0.82

Consolidated Statement of Financial Position
as at 30 June 2014

	Group		Company	
	Unaudited as at 30 Jun 2014 RMB'000	Audited as at 31 Dec 2013 RMB'000	Unaudited as at 30 Jun 2014 RMB'000	Audited as at 31 Dec 2013 RMB'000
Non-current assets				
Property, plant and equipment	3,233,096	3,032,823	2,309	2,454
Interest in subsidiaries	-	-	2,374,417	1,909,143
Interest in an associate	219,688	192,539	147,781	142,198
Land use rights	315,704	318,285	-	-
Available-for-sale financial assets	2,000	2,000	-	-
Restricted bank deposits	27,007	35,082	-	-
Prepaid rental	95	99	-	-
	<u>3,797,590</u>	<u>3,580,828</u>	<u>2,524,507</u>	<u>2,053,795</u>
Current assets				
Inventories	497,351	628,933	-	-
Trade and other receivables	1,441,979	999,602	9,726	10,192
Income tax recoverable	-	12,205	-	-
Cash and cash equivalents	1,631,428	1,046,456	414,475	15,960
	<u>3,570,758</u>	<u>2,687,196</u>	<u>424,201</u>	<u>26,152</u>
Current liabilities				
Trade and other payables	479,108	420,084	13,245	2,529
Income tax payable	1,906	-	-	-
Borrowings	2,212,034	2,081,582	-	-
	<u>2,693,048</u>	<u>2,501,666</u>	<u>13,245</u>	<u>2,529</u>
Net current assets	877,710	185,530	410,956	23,623
Total assets less current liabilities	4,675,300	3,766,358	2,935,463	2,077,418
Non-current liabilities				
Borrowings	1,426,515	516,028	795,229	-
Deferred tax liability	2,141	2,141	-	-
	<u>1,428,656</u>	<u>518,169</u>	<u>795,229</u>	<u>-</u>
Net assets	<u>3,246,644</u>	<u>3,248,189</u>	<u>2,140,234</u>	<u>2,077,418</u>
Capital and reserves and non-controlling interests				
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	(17,441)	(13,970)	(11,758)	(92,527)
PRC statutory reserve	145,084	142,016	-	-
Share option reserve	-	2,740	-	2,740
Retained earnings	678,414	673,797	(12,082)	3,131
Equity attributable to owners of the Company	<u>2,970,131</u>	<u>2,968,657</u>	<u>2,140,234</u>	<u>2,077,418</u>
Non-controlling interests	276,513	279,532	-	-
Total equity	<u>3,246,644</u>	<u>3,248,189</u>	<u>2,140,234</u>	<u>2,077,418</u>

Unaudited Statements of Changes in Equity
 For the six months ended 30 June 2014

← **Attributable to Owners of the Company** →

Group	Share capital	Treasury shares	Foreign currency translation reserve	PRC statutory reserve	Share options reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 Jan 2014	2,166,575	(2,501)	(13,970)	142,016	2,740	673,797	2,968,657	279,532	3,248,189
Profit for the period	-	-	-	-	-	19,828	19,828	(3,019)	16,809
<i>Other comprehensive income:</i>									
Currency translation differences	-	-	(3,471)	-	-	-	(3,471)	-	(3,471)
Total comprehensive income for the financial period	-	-	(3,471)	-	-	19,828	16,357	(3,019)	13,338
Transfer to PRC statutory reserve	-	-	-	3,068	-	(3,068)	-	-	-
Dividends	-	-	-	-	-	(14,883)	(14,883)	-	(14,883)
Transfer of option reserve to retained earnings	-	-	-	-	(2,740)	2,740	-	-	-
Balance at 30 Jun 2014	2,166,575	(2,501)	(17,441)	145,084	-	678,414	2,970,131	276,513	3,246,644
Balance at 1 Jan 2013	2,166,575	(2,501)	(1,598)	134,467	2,958	663,562	2,963,463	284,418	3,247,881
Profit for the period	-	-	-	-	-	9,983	9,983	(1,690)	8,293
<i>Other comprehensive income:</i>									
Currency translation differences	-	-	(7,273)	-	-	-	(7,273)	-	(7,273)
Total comprehensive income for the financial period	-	-	(7,273)	-	-	9,983	2,710	(1,690)	(1,020)
Transfer to PRC statutory reserve	-	-	-	3,154	-	(3,154)	-	-	-
Dividends	-	-	-	-	-	(15,152)	(15,152)	-	(15,152)
Balance at 30 Jun 2013	2,166,575	(2,501)	(8,871)	137,625	2,958	(655,239)	2,951,021	282,728	3,233,749

Unaudited Statements of Changes in Equity (continued)

For the six months ended 30 June 2014

<u>Company</u>	Share capital RMB'000	Treasury shares RMB'000	Foreign currency translation reserve RMB'000	Share options reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 Jan 2014	2,166,575	(2,501)	(92,527)	2,740	3,131	2,077,418
Loss for the period	-	-	-	-	(3,070)	(3,070)
<i>Other comprehensive income:</i>						
Currency translation differences	-	-	80,769	-	-	80,769
Total comprehensive income for the financial period	-	-	80,769	-	(3,070)	77,699
Dividends	-	-	-	-	(14,883)	(14,883)
Transfer of option reserve to retained earnings	-	-	-	(2,740)	2,740	-
Balance at 30 Jun 2014	2,166,575	(2,501)	(11,758)	-	(12,082)	2,140,234
Balance at 1 Jan 2013	2,166,575	(2,501)	43,908	2,958	1,489	2,212,429
Profit for the period	-	-	-	-	14,169	14,169
<i>Other comprehensive income:</i>						
Currency translation differences	-	-	(104,205)	-	-	(104,205)
Total comprehensive income for the financial period	-	-	(104,205)	-	14,169	(90,036)
Dividends	-	-	-	-	(15,152)	(15,152)
Balance at 30 Jun 2013	2,166,575	(2,501)	(60,297)	2,958	506	2,107,241

Unaudited Statement of Cash Flows
For the six months ended 30 June 2014

	1H2014	1H2013
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before income tax expense	30,485	15,234
Adjustments for:		
Depreciation of property, plant and equipment	72,987	59,169
Share of profits of an associate	(21,566)	900
Amortisation of land use rights and prepaid rental	2,585	2,538
Loss on disposal of property, plant and equipment	4	-
Interest income	(4,177)	(884)
Interest expenses	53,763	33,509
Operating profits before changes in working capital	134,081	110,466
Changes in working capital		
Inventories	131,582	(40,792)
Trade and other receivables	(374,114)	(256,942)
Trade and other payables	44,339	121,204
Cash used in operations	(64,112)	(66,064)
Interest received	4,177	884
Interest paid	(41,973)	(33,509)
Income tax recovered/(paid)	435	(6,828)
Net cash used in operating activities	(101,473)	(105,517)
Cash flows from investing activities		
Purchases of property, plant and equipment	(292,326)	(160,582)
Net decrease/(increase) in restricted bank deposits	8,076	(18,920)
Interest paid and capitalised	(53,293)	(19,416)
Dividends received from an associate	7,083	-
Net cash used in investing activities	(330,460)	(198,918)
Cash flows from financing activities		
Dividends paid	(14,883)	(15,152)
Repayment of bank borrowings	(423,290)	(500,650)
Proceeds from bank borrowings	669,000	687,000
Proceeds from medium term note	795,229	-
Net cash from financing activities	1,026,056	171,198
Net change in cash and cash equivalents	594,123	(133,237)
Cash and cash equivalents at beginning of period	1,046,456	547,033
Net effect of exchange rate changes in cash and cash equivalents	(9,151)	2,909
Cash and cash equivalents at end of period	1,631,428	416,705

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2014

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the provisions of 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. REVENUE

Revenue of the Group is as follows:

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Sales of aluminium extrusion products	622,540	468,403
Sales of polyethylene pipes	10,631	18,020
Total	<u>633,171</u>	<u>486,423</u>

4. SEGMENT INFORMATION

<u>For the six months ended 30 June 2014</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	622,540	10,631	-	-	633,171
RESULTS					
Segment results	81,421	(1,428)	(6,699)	-	73,294
Unallocated corporate expenses	-	-	-	(10,612)	(10,612)
Finance costs	(44,828)	(29)	(10)	(8,896)	(53,763)
Share of profits of an associate	-	-	-	21,566	21,566
Profit before income tax expense	36,593	(1,457)	(6,709)	2,058	30,485
OTHER INFORMATION					
Additions of property, plant and equipment	162,009	50	186,448	8	348,515
Depreciation of property, plant and equipment	71,613	711	418	245	72,987
Amortisation of land use rights and prepaid rental	1,574	43	968	-	2,585

BALANCE SHEET

<u>As at 30 June 2014</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	4,900,291	106,470	1,715,275	426,624	7,148,660
Interest in an associate					219,688
					<u>7,368,348</u>
Liabilities					
Segment liabilities	2,363,136	2,120	947,974	808,474	<u>4,121,704</u>

<u>For the six months ended 30 June 2013</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	468,403	18,020	-	-	486,423
RESULTS					
Segment results	67,640	764	(3,751)	-	64,653
Unallocated corporate expenses	-	-	-	(9,810)	(9,810)
Finance costs	(38,702)	(1)	(5)	(1)	(38,709)
Share of losses of an associate	-	-	-	(900)	(900)
Profit before income tax expense	28,938	763	(3,756)	(10,711)	15,234
OTHER INFORMATION					
Additions of property, plant and equipment	81,881	61	95,216	2,840	179,998
Depreciation of property, plant and equipment	57,052	1,860	62	195	59,169
Amortisation of land use rights and prepaid rental	1,575	43	920	-	2,538

BALANCE SHEET

<u>As at 30 June 2013</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	4,383,969	131,108	653,955	24,404	5,193,436
Interest in an associate					188,992
					<u>5,382,428</u>
Liabilities					
Segment liabilities	2,115,118	6,657	25,737	1,167	<u>2,148,679</u>

For the six months ended 30 June 2014, revenue contributed from our Aluminium Alloy Extruded Products Division accounted for about 98.3% of our Group's total revenue as compared to about 96.3% for 1H2013. Polyethylene Pipe Division accounted for about 1.7% and 3.7% of our Group's total revenue for 1H2014 and 1H2013 respectively.

5. GEOGRAPHICAL INFORMATION

The following table provides an analysis of the revenue by geographical market:

	For the six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Revenue		
PRC	535,787	453,911
Others	97,384	32,512
Total	<u>633,171</u>	<u>486,423</u>

Revenues are attributed to countries on the basis of the customers' location.

6. PROFIT BEFORE INCOME TAX EXPENSE

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

	For the six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Cost of inventories recognised as expenses	476,513	371,533
Depreciation of property, plant and equipment	72,987	59,169
Amortisation of prepaid rental and land use rights	2,585	2,538
Operating lease rentals - properties	666	703

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Current – Singapore		
Under provision for income tax in prior financial year	-	4
Withholding tax arising from loan interest from a subsidiary	471	-
Withholding tax arising from dividends declared by PRC subsidiary and associate	2,588	1,250
Current - PRC		
Provision for income tax for the period	10,617	5,687
Income tax expense	<u>13,676</u>	<u>6,941</u>

The Company is incorporated in Singapore and accordingly, is subject to income tax rates of 17% (1H2013: 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 2014 (1H2013: 25%) except for the following:

Jilin Midas was awarded with the approved High Technology Enterprise status and is entitled to enjoy a concessionary rate of 15% for the financial years 2011 to 2013.

Under the PRC tax law, dividends received by foreign investors from their investment in Chinese enterprises in respect of their 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.

8. DIVIDENDS

	For the six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Final dividend of S\$0.0025 per share paid in respect of the financial year ended 2012	-	15,152
Final dividend of S\$0.0025 per share paid in respect of the financial year ended 2013	14,883	-
	<u>14,883</u>	<u>15,152</u>

The Board recommended and proposed an interim tax-exempt dividend[#] of S\$0.0025 (2013: S\$0.0025) per ordinary share in respect of the six months ended 30 June 2014 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.

9. 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	
	2014 RMB'000	2013 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>19,828</u>	<u>9,983</u>
	For the six months ended 30 June	
	2014	2013
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	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,217,617,800</u>	<u>1,217,617,800</u>

	For the six months ended 30 June	
	2014 RMB Fen	2013 RMB Fen
Basic earnings per share	1.63	0.82
Diluted earnings per share	1.63	0.82

As at 30 June 2014, there were no unexercised share options under the “Midas Employees Share Option Scheme” (the “Scheme”). The Scheme expired on 5 January 2014.

In 1H2013, a batch of 5,100,000 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.

10. TRADE RECEIVABLES

	As at 30 June 2014 RMB’000 (Unaudited)	As at 31 December 2013 RMB’000 (Audited)
Trade receivables – third parties	946,365	700,857
– associate	59,212	59,685
	<u>1,005,577</u>	<u>760,542</u>
Allowance for doubtful trade receivables	(1,832)	(1,832)
Total trade receivables	<u>1,003,745</u>	<u>758,710</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 2014 RMB’000 (Unaudited)	As at 31 December 2013 RMB’000 (Audited)
Within 90 days	363,086	373,806
Over 90 days and within 120 days	108,729	130,211
Over 120 days and within 6 months	143,935	117,871
Over 6 months and within 1 year	310,862	88,348
Over 1 year and within 2 years	77,174	48,199
Over 2 years	1,791	2,107
	<u>1,005,577</u>	<u>760,542</u>

11. 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 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Within 90 days	70,972	100,382
Over 90 days and within 6 months	26,307	4,760
Over 6 months and within 1 year	49,918	50,524
Over 1 year	69,785	31,300
	<u>216,982</u>	<u>186,966</u>

12. CONTINGENT LIABILITIES

As at 30 June 2014, the Group has no contingent liabilities (31 December 2013: Nil).

13. CAPITAL COMMITMENTS

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Commitments for the acquisition and construction of property, plant and equipment:		
- Contracted but not provided for	<u>539,843</u>	<u>565,093</u>