



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 2016

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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. Tong Din Eu (Lead Independent Director)
Mr. Chan Soo Sen
Dr. Xu Wei Dong

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. Chan Soo Sen
Mr. Tong Din Eu

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

SINGAPORE COMPANY 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
135 Cecil Street
#10-01 MYP Plaza
Singapore 069536
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

36/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

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 2016 (“1H2016”) 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)	1H2016	1H2015	Change	%
Aluminium Alloy Extruded Products Division	684,175	689,502	(5,327)	(0.8)
Polyethylene Pipe Division	2,187	5,395	(3,208)	(59.5)
Total	686,362	694,897	(8,535)	(1.2)

Our total revenue decreased by approximately RMB8.5 million or 1.2% from RMB694.9 million in the period for the six months ended 30 June 2015 (“1H2015”) to RMB686.4 million in 1H2016. Revenue at our Aluminium Alloy Extruded Products Division decreased by approximately RMB5.3 million or 0.8% from RMB689.5 million in 1H2015 to RMB684.2 million in 1H2016.

The table below shows the revenue segmentation by end usage at our Aluminium Alloy Extruded Products Division for 1H2016.

Aluminium Alloy Extruded Products Division		
<u>Transport Industry</u>	<u>Power Industry</u>	<u>Others</u>
66.4%	9.0%	24.6%

Sales by end usage indicate that revenue contribution from the transport industry is still the major revenue contributor, contributing approximately 66.4% of the revenue for the Aluminium Alloy Extruded Products Division. Revenue contributions from the “Others” segment in the Aluminium Alloy Extruded Products Division comprised mainly 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)	1H2016	1H2015	Change	%
Aluminium Alloy Extruded Products Division	201,193	195,422	5,771	3.0
Polyethylene Pipe Division	(529)	595	(1,124)	NM
Total	200,664	196,017	4,647	2.4
<i>Gross Profit Margin (%)</i>	<i>29.2</i>	<i>28.2</i>		

NM = not meaning

The Group's gross profit margin for 1H2016 was 29.2% versus 28.2% in 1H2015. This was due to higher gross profit margin at our Aluminium Alloy Extruded Products Division of 29.4% in 1H2016 as compared to 28.3% in 1H2015.

Other income comprised mainly interest income and disposal of scrap materials at our Aluminium Alloy Extruded Products Division. Other income increased due to increase in interest income and government subsidies received.

Administrative expenses increased by about RMB4.9 million in 1H2016 mainly due to higher amortisation expenses, maintenance costs and other taxes as compared with 1H2015.

Finance costs comprised interest for borrowings, bank charges and financing costs relating to discounted notes receivables. Finance costs decreased mainly due to lower interest rates of bank borrowings as compared to 1H2015. Approximately RMB52.2 million (1H2015: RMB64.9 million) of the interest on borrowings that are used to finance the construction of property, plant and equipment for our new production lines were capitalized.

The Group's share of profits from its associated company, CRRR Nanjing Puzhen Rail Transport Co., Ltd. was approximately RMB13.2 million in 1H2016 as compared to RMB16.4 million in 1H2015. This was mainly due to decreased delivery to its customers during the period.

Income tax expense for 1H2016 increased by about RMB12.7 million mainly due to higher withholding tax expense as compared with 1H2015 and adjustment for under provision for income tax in prior years.

1H2016 ended with profits of approximately RMB28.7 million.

Trade and other receivables increased by about RMB302.1 million. This was mainly due to increase in trade receivables of about RMB160.9 million due to slower payments from our customers. Other receivables increased by about RMB141.2 million mainly due to advance payments made to our suppliers for inventories and property, plant and equipment.

The increase in restricted bank deposits was mainly due to guarantee given for the issuance of banker's acceptances in respect of the purchase of raw materials.

Trade and other payables increased by about RMB166.3 million due mainly to slower payment to our suppliers.

Net borrowings after currency translation adjustments increased by RMB317.4 million mainly to finance our working capital needs.

The Group was in a negative working capital position of about RMB372.2 million as at 30 June 2016 mainly due to the reclassification of about RMB388.5 million of bonds issued pursuant to the medium term note programme from long term to short term and net increase in short-term revolving loans of about RMB162.6 million.

(II) FINANCIAL REVIEW

1. Net Asset Value

	Group	
	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Net asset value per ordinary share based on issued share capital at period/year end	RMB2.48	RMB2.50

2. Loans

	As at 30 June 2016		As at 31 December 2015	
	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	230,000	2,471,396	236,150	1,836,941
Amount repayable after one year	868,000	571,162	937,000	813,109
Total	1,098,000	3,042,588	1,173,150	2,650,050

All bank borrowings are variable-rate borrowings, and these borrowings carried interest rates ranging from 100% to 130% (2015: 100% to 120%) of the benchmark interest rate as quoted by The People's Bank of China.

Bank borrowings are all denominated in Renminbi as at 30 June 2016.

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 (2015: 5.75% and 6.00%). The notes are all denominated in Singapore Dollar as at 30 June 2016.

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 RMB903.7 million (31 December 2015: RMB1,049.4 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 its 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. ("Luoyang Midas") are secured by its mortgage of land use rights with net book value of about RMB56.3 million (31 December 2015: Nil) and guaranteed by Jilin Midas. Finance lease payable of RMB100.0 million of Luoyang Midas are secured by the mortgage of its property, plant and equipment with net book value of about RMB174.7 million (31 December 2015: Nil).

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 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Euro	2,957	22
Renminbi	1,190,254	1,158,562
Singapore dollar	2,435	3,642
United States dollar	43	79
Hong Kong dollar	19	87
Others	32	53
	<u>1,195,740</u>	<u>1,162,445</u>

4. Group's Order Book

The Group's order book as at 30 June 2016 is about RMB870 million.

5. Foreign Exchange Exposure

Certain of our bank accounts, deposits, borrowings, 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. We have not engaged in any foreign currency hedging activities as at the date of this report but may use financial derivatives to hedge exchange risks in the future.

6. Gearing Ratio

The Group monitors capital using a gearing ratio, which is derived by dividing total liabilities by total equity. Our gearing ratios were 173.9% as at 30 June 2016 and 156.5% as at 31 December 2015. If the gearing ratios were derived by dividing total interest bearing borrowings by equity, the gearing ratios would be 137.4% as at 30 June 2016 and 125.7% as at 31 December 2015.

(III) PROSPECTS

Investments into China's railway sector is expected to remain robust, backed by its government's plans to expand the domestic railway network to 150,000 km by 2020, including 30,000 km of high-speed rail. Short-term prospects for the railway sector also remain positive, buoyed by the country's planned assets investment target of RMB800 billion in 2016 to expand China's railway network.

In line with its "One Belt One Road" initiative, China also continues to eye global opportunities by leveraging its expertise in high-speed rail construction. It has plans to build high-speed rail networks connecting China with all of Southeast Asia and CRRC Corporation Limited, China's largest rail train manufacturer, is also in discussions with more than 30 countries about high-speed rail projects.

The Group expects the positive industry environment to benefit market players and will continue to actively seek opportunities in the PRC and international railway sectors. The Group also continues to seek and leverage diversification opportunities into other product segments as well as in export markets.

The Group is pleased to report that it had on 27 July 2016 completed the acquisition of Huicheng Capital Limited, enabling Midas to diversify its range of products and services to include aluminium alloy stretched plates and hot-rolled aluminium alloy plates and coils, expand its customer base and enter new industries and sectors as well as harness synergies via vertical integration. Details of the above-mentioned acquisition are disclosed in the Company's announcements dated 30 November 2015, 17 March 2016, 29 April 2016 and 27 July 2016.

(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 2016 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 in the Company's announcements dated 30 November 2015, 17 March 2016, 29 April 2016 and 27 July 2016.

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 2016 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	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 2016, 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 2016, 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 2016 had interests in options to subscribe for ordinary shares of the Company.

Share options

Previously, the Company had in place a share option scheme, namely, the "Midas Employee Share Option Scheme" (the "ESOS"). The ESOS expired on 5 January 2014 and there were no outstanding share options that had been granted under the ESOS at the beginning and at the end of the period under review.

A share incentive scheme known as the "Midas Performance Share Plan 2016" was approved by the shareholders of the Company at the extraordinary general meeting held on 29 April 2016. No award was granted since the adoption of the Midas Performance Share Plan 2016.

Substantial shareholders

As at 30 June 2016, to the best of the Directors' knowledge and belief, no persons (other than the Directors whose interests are set out in the section "Directors' interests 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 risk management, internal control and reporting matters. The interim results for the six months period ended 30 June 2016 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 of the Audit Committee), 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 the SEHK (the "Listing Rules") throughout the six months ended 30 June 2016 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 Issuers

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 transactions by the Directors. The Board confirms that, having made specific enquiries with all Directors, throughout the six months ended 30 June 2016, 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 2016, 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 2016, neither the Company nor its subsidiaries 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 2016.

As at 30 June 2016, the share capital of the Company comprises 1,217,617,800 issued and fully paid ordinary shares (31 December 2015: 1,217,617,800 shares).

As at 30 June 2016, 1,000,000 ordinary shares were held as treasury shares (31 December 2015: 1,000,000 shares). During the six months ended 30 June 2016, none of the treasury shares were sold, transferred, disposed, cancelled and/or used.

7. Employees and remuneration policy

As at 30 June 2016, there were 2,535 (31 December 2015: 2,545) 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. Interim Dividend

The Board resolved not to declare any payment of interim dividend for the six months ended 30 June 2016 (30 June 2015: 0.25 Singapore cents).

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, 12 August 2016

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

		For six months ended 30 June	
	Note	2016 RMB'000	2015 RMB'000
Revenue	3	686,362	694,897
Cost of sales		(485,698)	(498,880)
Gross profit		200,664	196,017
Other income		6,695	3,954
Selling and distribution expenses		(33,957)	(34,979)
Administrative expenses		(85,995)	(81,109)
Finance costs		(55,301)	(73,838)
Share of profits of an associate		13,224	16,363
Profit before income tax expense	6	45,330	26,408
Income tax expense	7	(16,648)	(3,923)
Profit for the period		28,682	22,485
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		(41,441)	12,030
Total comprehensive (loss)/ income for the period		(12,759)	34,515
Basic and diluted earnings per share (RMB Fen)	9	2.36	1.85

Consolidated Statement of Financial Position
as at 30 June 2016

	Group		Company	
	Unaudited as at 30 June 2016 RMB'000	Audited as at 31 December 2015 RMB'000	Unaudited as at 30 June 2016 RMB'000	Audited as at 31 December 2015 RMB'000
Non-current assets				
Property, plant and equipment	4,232,089	4,142,814	1,474	1,499
Interest in subsidiaries	-	-	2,752,455	2,594,383
Interest in an associate	248,397	225,282	146,471	136,580
Land use rights	328,833	333,934	-	-
Prepaid rental	81	84	-	-
Deferred tax asset	18,200	18,118	-	-
	<u>4,827,600</u>	<u>4,720,232</u>	<u>2,900,400</u>	<u>2,732,462</u>
Current assets				
Inventories	538,388	558,694	-	-
Trade and other receivables	1,566,193	1,264,102	637	12,578
Restricted bank deposits	126,436	96,550	-	-
Cash and cash equivalents	1,195,740	1,162,445	13,671	3,710
	<u>3,426,757</u>	<u>3,081,791</u>	<u>14,308</u>	<u>16,288</u>
Current liabilities				
Trade and other payables	1,093,562	927,311	12,805	14,041
Income tax payable	4,047	8,040	-	-
Finance lease payable	100,000	-	-	-
Borrowings	2,601,396	2,073,091	786,283	343,161
	<u>3,799,005</u>	<u>3,008,442</u>	<u>799,088</u>	<u>357,202</u>
Net current (liabilities) /assets	(372,248)	73,349	(784,780)	(340,914)
Total assets less current liabilities	4,455,352	4,793,581	2,115,620	2,391,548
Non-current liabilities				
Borrowings	1,439,162	1,750,109	-	388,339
Deferred tax liability	2,141	2,141	-	-
	<u>1,441,303</u>	<u>1,752,250</u>	<u>-</u>	<u>388,339</u>
Net assets	<u>3,014,049</u>	<u>3,041,331</u>	<u>2,115,620</u>	<u>2,003,209</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	(8,964)	32,477	(32,745)	(175,253)
PRC statutory reserve	163,280	158,378	-	-
Retained earnings	695,659	686,402	(15,709)	14,388
Total equity	<u>3,014,049</u>	<u>3,041,331</u>	<u>2,115,620</u>	<u>2,003,209</u>

Unaudited Statements of Changes in Equity
For the six months ended 30 June 2016

Group	Share capital	Treasury shares	Foreign currency translation reserve	PRC statutory reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2016	2,166,575	(2,501)	32,477	158,378	686,402	3,041,331
Profit for the period	-	-	-	-	28,682	28,682
<i>Other comprehensive income:</i>						
Currency translation differences	-	-	(41,441)	-	-	(41,441)
Total comprehensive (loss)/ income for the financial period	-	-	(41,441)	-	28,682	(12,759)
Transfer to PRC statutory reserve	-	-	-	4,902	(4,902)	-
Dividends	-	-	-	-	(14,523)	(14,523)
Balance at 30 June 2016	2,166,575	(2,501)	(8,964)	163,280	695,659	3,014,049
Balance at 1 January 2015	2,166,575	(2,501)	17,930	149,823	665,661	2,997,488
Profit for the period	-	-	-	-	22,485	22,485
<i>Other comprehensive income:</i>						
Currency translation differences	-	-	12,030	-	-	12,030
Total comprehensive income for the financial period	-	-	12,030	-	22,485	34,515
Transfer to PRC statutory reserve	-	-	-	3,638	(3,638)	-
Dividends	-	-	-	-	(14,021)	(14,021)
Balance at 30 June 2015	2,166,575	(2,501)	29,960	153,461	670,487	3,017,982

Unaudited Statements of Changes in Equity (continued)

For the six months ended 30 June 2016

<u>Company</u>	Share capital RMB'000	Treasury shares RMB'000	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2016	2,166,575	(2,501)	(175,253)	14,388	2,003,209
Loss for the period	-	-	-	(15,574)	(15,574)
<i>Other comprehensive income:</i>					
Currency translation differences	-	-	142,508	-	142,508
Total comprehensive income for the financial period	-	-	142,508	(15,574)	126,934
Dividends	-	-	-	(14,523)	(14,523)
Balance at 30 June 2016	2,166,575	(2,501)	(32,745)	(15,709)	2,115,620
Balance at 1 January 2015	2,166,575	(2,501)	(132,602)	17,541	2,049,013
Loss for the period	-	-	-	(17,076)	(17,076)
<i>Other comprehensive income:</i>					
Currency translation differences	-	-	(37,744)	-	(37,744)
Total comprehensive income for the financial period	-	-	(37,744)	(17,076)	(54,820)
Dividends	-	-	-	(14,021)	(14,021)
Balance at 30 June 2015	2,166,575	(2,501)	(170,346)	(13,556)	1,980,172

Unaudited Statement of Cash Flows
For the six months ended 30 June 2016

	1H2016	1H2015
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before income tax expense	45,330	26,408
Adjustments for:		
Depreciation of property, plant and equipment	85,249	66,462
Share of profits of an associate	(13,224)	(16,363)
Amortisation of land use rights and prepaid rental	3,843	3,551
Loss on disposal of property, plant and equipment	2,063	21
Net fair value gain on derivative financial asset	-	(199)
Interest income	(3,908)	(2,131)
Interest expenses	55,301	73,838
Operating profits before changes in working capital	<u>174,654</u>	<u>151,587</u>
Changes in working capital		
Inventories	20,306	(123,132)
Trade and other receivables	(314,467)	(115,723)
Trade and other payables	206,093	40,609
Cash from/(used in) operations	<u>86,586</u>	<u>(46,659)</u>
Interest received	3,908	2,131
Interest paid	(35,669)	(55,111)
Income tax paid	(14,814)	(8,755)
Net cash from/(used in) operating activities	<u>40,011</u>	<u>(108,394)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	530	-
Purchases of property, plant and equipment	(155,792)	(231,504)
Purchase of land use rights	(12,641)	-
Proceeds from sale of other financial assets	-	175
Net increase in restricted bank deposits	(29,886)	(75,222)
Interest paid and capitalised	(52,108)	(65,132)
Dividends received from an associate	11,846	-
Net cash used in investing activities	<u>(238,051)</u>	<u>(371,683)</u>
Cash flows from financing activities		
Dividends paid	(14,523)	-
Repayment of bank borrowings	(525,175)	(561,584)
Proceeds from bank borrowings	687,750	894,000
Proceeds from other borrowings	100,000	-
Payment of medium term notes interests	(18,343)	(17,168)
Net cash from financing activities	<u>229,709</u>	<u>315,248</u>
Net change in cash and cash equivalents	31,669	(164,829)
Cash and cash equivalents at beginning of period	1,162,445	1,209,501
Net effect of exchange rate changes in cash and cash equivalents	1,626	1,347
Cash and cash equivalents at end of period	<u>1,195,740</u>	<u>1,046,019</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2016

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.

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	
	2016	2015
	RMB'000	RMB'000
Sales of aluminium extrusion products	684,175	689,502
Sales of polyethylene pipes	2,187	5,395
Total	<u>686,362</u>	<u>694,897</u>

4. SEGMENT INFORMATION

<u>For the six months ended 30 June 2016</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	684,175	2,187	-	-	686,362
RESULTS					
Segment results	107,631	(2,917)	(7,239)	-	97,475
Unallocated corporate expenses	-	-	-	(10,068)	(10,068)
Finance costs	(35,126)	(2)	(526)	(19,647)	(55,301)
Share of profits of an associate	-	-	-	13,224	13,224
Profit/(loss) before income tax expense	72,505	(2,919)	(7,765)	(16,491)	45,330
OTHER INFORMATION					
Additions of property, plant and equipment	115,691	4	60,782	8	176,485
Depreciation of property, plant and equipment	82,813	657	1,642	137	85,249
Amortisation of land use rights and prepaid rental	1,767	43	2,033	-	3,843
BALANCE SHEET					
<u>As at 30 June 2016</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	6,178,866	80,088	1,731,112	15,894	8,005,960
Interest in an associate	-	-	-	248,397	248,397
	6,178,866	80,088	1,731,112	264,291	8,254,357
Liabilities					
Segment liabilities	3,429,304	10,868	1,001,048	799,088	5,240,308

<u>For the six months ended 30 June 2015</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	689,502	5,395	-	-	694,897
RESULTS					
Segment results	103,351	(1,768)	(9,453)	-	92,130
Unallocated corporate expenses	-	-	-	(8,247)	(8,247)
Finance costs	(54,943)	(1)	(8)	(18,886)	(73,838)
Share of profits of an associate	-	-	-	16,363	16,363
Profit/(loss) before income tax expense	48,408	(1,769)	(9,461)	(10,770)	26,408
OTHER INFORMATION					
Additions of property, plant and equipment	473,907	4	72,848	-	546,759
Depreciation of property, plant and equipment	65,013	681	583	185	66,462
Amortisation of land use rights and prepaid rental	1,638	43	1,870	-	3,551
BALANCE SHEET					
<u>As at 30 June 2015</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	5,867,562	104,762	1,803,342	18,722	7,794,388
Interest in an associate	-	-	-	222,157	222,157
	5,867,562	104,762	1,803,342	240,879	8,016,545
Liabilities					
Segment liabilities	3,231,305	3,270	1,005,874	758,114	4,998,563

For the six months ended 30 June 2016, revenue contributed from our Aluminium Alloy Extruded Products Division accounted for about 99.7% of our Group's total revenue as compared to about 99.2% for 1H2015. Polyethylene Pipe Division accounted for about 0.3% and 0.8% of our Group's total revenue for 1H2016 and 1H2015 respectively.

5. GEOGRAPHICAL INFORMATION

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

	For the six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Revenue		
PRC	571,868	603,497
Others	114,494	91,400
Total	<u>686,362</u>	<u>694,897</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	
	2016 RMB'000	2015 RMB'000
Cost of inventories recognised as expenses	370,825	334,634
Depreciation of property, plant and equipment	85,249	66,462
Amortisation of prepaid rental and land use rights	3,843	3,551
Operating lease rentals - properties	572	520

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Current – Singapore		
Under provision for income tax in prior financial year	4	22
Withholding tax arising from loan interest from PRC subsidiaries	1,101	687
Withholding tax arising from dividends declared by PRC subsidiary and associate	2,392	-
Current - PRC		
Provision for income tax for the period	10,162	6,419
Under provision for income tax in prior year	4,930	-
Provision for deferred tax assets	(1,941)	(3,205)
Income tax expense	<u>16,648</u>	<u>3,923</u>

The Company is incorporated in Singapore and accordingly, is subject to income tax rates of 17% (1H2015: 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 2016 (1H2015: 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 2016.

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	
	2016 RMB'000	2015 RMB'000
Final dividend of S\$0.0025 per share paid in respect of the financial year ended 2014	-	14,021
Final dividend of S\$0.0025 per share payable in respect of the financial year ended 2015	14,523	-
	<u>14,523</u>	<u>14,021</u>

#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	
	2016 RMB'000	2015 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>28,682</u>	<u>22,485</u>
	For the six months ended 30 June	
	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,217,617,800</u>	<u>1,217,617,800</u>
	For the six months ended 30 June	
	2016 RMB Fen	2015 RMB Fen
Basic and diluted earnings per share	<u>2.36</u>	<u>1.85</u>

10. TRADE RECEIVABLES

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Trade receivables – third parties – associate	1,098,513	937,583
	-	-
	<u>1,098,513</u>	<u>937,583</u>
Allowance for doubtful trade receivables	(1,832)	(1,832)
Total trade receivables	<u>1,096,681</u>	<u>935,751</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 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Within 90 days	407,087	390,074
Over 90 days and within 120 days	90,658	197,575
Over 120 days and within 6 months	143,974	116,001
Over 6 months and within 1 year	379,807	173,589
Over 1 year and within 2 years	54,191	59,819
Over 2 years	22,796	525
	<u>1,098,513</u>	<u>937,583</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 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Within 90 days	75,393	96,721
Over 90 days and within 6 months	68,951	25,954
Over 6 months and within 1 year	21,016	40,957
Over 1 year	109,090	81,946
	<u>274,450</u>	<u>245,578</u>

12. CONTINGENT LIABILITIES

As at 30 June 2016, the Group has no contingent liabilities (31 December 2015: Nil).

13. CAPITAL COMMITMENTS

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Commitments for the acquisition and construction of property, plant and equipment:		
- Contracted but not provided for	522,587	540,903