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**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)**

**ANNOUNCEMENT OF FINAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

The board of directors (the “Board”) of Midas Holdings Limited (the “Company” or “Midas”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2016 together with the comparative figures for the previous year as follows:

**Consolidated Statement of Comprehensive Income**  
*For the year ended 31 December 2016*

		<b>2016</b>	<b>2015</b>
		<b>RMB'000</b>	<b>RMB'000</b>
	Note		
Revenue	3	1,485,676	1,512,199
Cost of sales		(1,044,610)	(1,105,425)
Gross profit		<u>441,066</u>	<u>406,774</u>
Other income		40,918	23,767
Selling and distribution expenses		(76,213)	(73,431)
Administrative expenses		(185,751)	(172,648)
Finance costs		(119,137)	(138,959)
Share of profits of an associate		<u>35,042</u>	<u>31,712</u>
<b>Profit before income tax expense</b>	6	135,925	77,215
Income tax expense	7	<u>(35,104)</u>	<u>(20,023)</u>
<b>Profit for the year</b>		<u>100,821</u>	<u>57,192</u>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		(24,466)	14,547
<b>Total comprehensive income for the year</b>		<u>76,355</u>	<u>71,739</u>
<b>Basic earnings per share (RMB Fen)</b>	9	<u>7.11</u>	<u>4.70</u>
<b>Diluted earnings per share (RMB Fen)</b>	9	<u>6.66</u>	<u>4.70</u>

**Statements of Financial Position**  
*As at 31 December 2016*

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	4,836,064	4,142,814	1,331	1,499
Interests in subsidiaries	-	-	3,553,163	2,594,383
Interest in an associate	253,624	225,282	142,881	136,580
Land use rights	413,455	333,934	-	-
Intangible assets	56,865	-	-	-
Goodwill	64,526	-	-	-
Prepaid rental	77	84	-	-
Deferred tax assets	20,108	18,118	-	-
	<u>5,644,719</u>	<u>4,720,232</u>	<u>3,697,375</u>	<u>2,732,462</u>
<b>Current assets</b>				
Inventories	552,855	558,694	-	-
Trade and other receivables	2,245,991	1,264,102	12,907	12,578
Restricted bank deposits	137,737	96,550	-	-
Cash and cash equivalents	1,083,198	1,162,445	43,256	3,710
	<u>4,019,781</u>	<u>3,081,791</u>	<u>56,163</u>	<u>16,288</u>
<b>Current liabilities</b>				
Trade and other payables	1,046,560	927,311	14,331	14,041
Income tax payable	9,750	8,040	-	-
Finance lease payable	76,072	-	-	-
Borrowings	2,764,445	2,073,091	615,453	343,161
	<u>3,896,827</u>	<u>3,008,442</u>	<u>629,784</u>	<u>357,202</u>
<b>Net current assets /(liabilities)</b>	122,954	73,349	(573,621)	(340,914)
<b>Total assets less current liabilities</b>	5,767,673	4,793,581	3,123,754	2,391,548
<b>Non-current liabilities</b>				
Finance lease payable	254,203	-	-	-
Deferred tax liability	4,720	2,141	-	-
Borrowings	1,555,650	1,750,109	207,100	388,339
	<u>1,814,573</u>	<u>1,752,250</u>	<u>207,100</u>	<u>388,339</u>
<b>Net assets</b>	<u>3,953,100</u>	<u>3,041,331</u>	<u>2,916,654</u>	<u>2,003,209</u>

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Capital and reserves</b>				
Share capital	2,745,457	2,166,575	2,745,457	2,166,575
Treasury shares	(2,501)	(2,501)	(2,501)	(2,501)
Foreign currency translation reserve	8,011	32,477	(98,119)	(175,253)
People's Republic of China ("PRC") statutory reserve	172,493	158,378	-	-
Retained earnings	758,585	686,402	762	14,388
Equity reserve	271,055	-	271,055	-
<b>Total equity</b>	<b>3,953,100</b>	<b>3,041,331</b>	<b>2,916,654</b>	<b>2,003,209</b>

## STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 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
<b>Balance at 1 January 2015</b>	2,166,575	(2,501)	17,930	149,823	665,661	2,997,488
Profit for the year	-	-	-	-	57,192	57,192
Other comprehensive income:						
Foreign currency reserve	-	-	14,547	-	-	14,547
Total comprehensive income for the financial year	-	-	14,547	-	57,192	71,739
Dividends	-	-	-	-	(27,896)	(27,896)
Transfer to PRC statutory reserve	-	-	-	8,555	(8,555)	-
<b>Balance at 31 December 2015</b>	<b>2,166,575</b>	<b>(2,501)</b>	<b>32,477</b>	<b>158,378</b>	<b>686,402</b>	<b>3,041,331</b>

<b>Group</b>	<b>Share capital RMB'000</b>	<b>Treasury shares RMB'000</b>	<b>Foreign currency translation reserve RMB'000</b>	<b>PRC statutory reserve RMB'000</b>	<b>Retained earnings RMB'000</b>	<b>Equity reserve RMB'000</b>	<b>Total RMB'000</b>
<b>Balance at 1 January 2016</b>	2,166,575	(2,501)	32,477	158,378	686,402	-	3,041,331
Profit for the year	-	-	-	-	100,821	-	100,821
<i>Other comprehensive income:</i>							
Foreign currency reserve	-	-	(24,466)	-	-	-	(24,466)
Total comprehensive income for the financial year	-	-	(24,466)	-	100,821	-	76,355
Dividends	-	-	-	-	(14,523)	-	(14,523)
Shares issued for acquisition of a subsidiary	578,895	-	-	-	-	271,055	849,950
Share issuance expense	(13)	-	-	-	-	-	(13)
Transfer to PRC statutory reserve	-	-	-	14,115	(14,115)	-	-
<b>Balance at 31 December 2016</b>	<b>2,745,457</b>	<b>(2,501)</b>	<b>8,011</b>	<b>172,493</b>	<b>758,585</b>	<b>271,055</b>	<b>3,953,100</b>

<b>Company</b>	<b>Share capital RMB'000</b>	<b>Treasury shares RMB'000</b>	<b>Foreign currency translation reserve RMB'000</b>	<b>Retained earnings RMB'000</b>	<b>Equity reserve RMB'000</b>	<b>Total RMB'000</b>
<b>Balance at 1 January 2015</b>	2,166,575	(2,501)	(132,602)	17,541	-	2,049,013
Profit for the year	-	-	-	24,743	-	24,743
<i>Other comprehensive income:</i>						
Foreign currency reserve	-	-	(42,651)	-	-	(42,651)
Total comprehensive income for the financial year	-	-	(42,651)	24,743	-	(17,908)
Dividends	-	-	-	(27,896)	-	(27,896)
<b>Balance at 31 December 2015</b>	<b>2,166,575</b>	<b>(2,501)</b>	<b>(175,253)</b>	<b>14,388</b>	<b>-</b>	<b>2,003,209</b>

<b>Company</b>	<b>Share capital RMB'000</b>	<b>Treasury shares RMB'000</b>	<b>Foreign currency translation reserve RMB'000</b>	<b>Retained earnings RMB'000</b>	<b>Equity reserve RMB'000</b>	<b>Total RMB'000</b>
<b>Balance at 1 January 2016</b>	2,166,575	(2,501)	(175,253)	14,388	-	2,003,209
Profit for the year	-	-	-	897	-	897
<i>Other comprehensive income:</i>						
Foreign currency reserve	-	-	77,134	-	-	77,134
Total comprehensive income for the financial year	-	-	77,134	897	-	78,031
Shares issued for acquisition of a subsidiary	578,895	-	-	-	271,055	849,950
Share issuance expense	(13)	-	-	-	-	(13)
Dividends	-	-	-	(14,523)	-	(14,523)
<b>Balance at 31 December 2016</b>	<b>2,745,457</b>	<b>(2,501)</b>	<b>(98,119)</b>	<b>762</b>	<b>271,055</b>	<b>2,916,654</b>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **For the year ended 31 December 2016**

#### **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 Singapore Financial Reporting Standards ("SFRS") including related interpretation of SFRS ("INT SFRS") issued by the Singapore Accounting Standards Council and the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 year, 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 year.

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:

	2016 RMB'000	2015 RMB'000
Sales of aluminium extrusion products	1,293,334	1,500,597
Sales of polyethylene pipes	10,382	11,602
Sales of aluminium stretched plates and hot-rolled products	181,960	-
Total	<u>1,485,676</u>	<u>1,512,199</u>

### 4. SEGMENT INFORMATION

For the year ended  
31 December 2016

	Aluminium Alloy Extruded Products Division RMB'000	Polyethylene Pipe Division RMB'000	Aluminium Alloy Plates and Sheets Division RMB'000	Aluminium Alloy Stretched Plates Division RMB'000	Unallocated RMB'000	Total RMB'000
<b>Revenue</b>	<b>1,293,334</b>	<b>10,382</b>	-	<b>181,960</b>	-	<b>1,485,676</b>

#### RESULTS

Segment results	187,727	(3,332)	(16,153)	75,860	-	244,102
Unallocated corporate expenses	-	-	-	-	(24,081)	(24,081)
Finance costs	(73,906)	(3)	(853)	(3,549)	(40,827)	(119,138)
Share of profits of an associate	-	-	-	-	35,042	35,042
Profit/ (Loss) before income tax expense	113,821	(3,335)	(17,006)	72,311	(29,866)	135,925
Income tax expense						(35,104)
Profit for the year						<u>100,821</u>

**OTHER  
INFORMATION**

Additions of property, plant and equipment and land use rights	283,063	4	51,033	30,832	13	364,945
Depreciation of property, plant and equipment	165,805	1,310	3,269	48,904	248	219,536
Amortisation of intangible	-	-	-	3,596	-	3,596
Amortisation of land use rights and prepaid rental	3,533	85	4,051	927	-	8,596

**As at 31 December  
2016**

	<b>Aluminium Alloy Extruded Products Division RMB'000</b>	<b>Polyethylene Pipe Division RMB'000</b>	<b>Aluminium Alloy Plates and Sheets Division RMB'000</b>	<b>Aluminium Alloy Stretched Plates Division RMB'000</b>	<b>Unallocated RMB'000</b>	<b>Total RMB'000</b>
<b>Assets</b>						
Segment assets	6,114,808	77,862	1,695,656	1,414,910	107,640	9,410,876
Interest in an associate	-	-	-	-	253,624	253,624
	<b>6,114,808</b>	<b>77,862</b>	<b>1,695,656</b>	<b>1,414,910</b>	<b>361,264</b>	<b>9,664,500</b>
<b>Liabilities</b>						
Segment liabilities	3,390,441	8,057	957,405	518,555	836,942	5,711,400



<u>For the year ended 31 December 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
<b>Revenue</b>	1,500,597	11,602	-	-	1,512,199
<b>RESULTS</b>					
Segment results	213,392	(3,948)	(5,986)	-	203,458
Unallocated corporate expenses	-	-	-	(18,996)	(18,996)
Finance costs	(101,630)	(1)	(20)	(37,308)	(138,959)
Share of profit of an associate	-	-	-	31,712	31,712
Profit/ (Loss) before income tax expense	111,762	(3,949)	(6,006)	(24,592)	77,215
Income tax expense					(20,023)
Profit for the year					57,192
<b>OTHER INFORMATION</b>					
Additions of property, plant and equipment and land use rights	591,136	4	119,022	-	710,162
Depreciation of property, plant and equipment	150,587	1,352	1,856	366	154,161
Amortisation of land use rights and prepaid rental	3,407	85	3,791	-	7,283
<b>As at 31 December 2015</b>					
	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
<b>Assets</b>					
Segment assets	5,700,788	87,356	1,770,704	17,893	7,576,741
Interest in an associate	-	-	-	225,282	225,282
	5,700,788	87,356	1,770,704	243,175	7,802,023
<b>Liabilities</b>					
Segment liabilities	3,015,727	2,107	997,262	745,596	4,760,692

For the year ended 31 December 2016 (“FY2016”), Aluminium Alloy Extruded Products Division accounted for about 87.1% of our total Group revenue as compared to about 99.2% for the year ended 31 December 2015 (“FY2015”). Polyethylene Pipe Division accounted for about 0.7% and 0.8% of our total Group revenue for FY2016 and FY2015 respectively. Aluminium Alloy Stretched Plates Division accounted for about 12.2% of our total Group revenue for FY2016 (FY2015: Nil).

## 5. GEOGRAPHICAL INFORMATION

The following is an analysis of the revenue by geographical market:

	<b>2016</b>	<b>2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>		
PRC	1,135,239	1,300,738
Others	350,437	211,461
Total	<u>1,485,676</u>	<u>1,512,199</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:

	<b>2016</b>	<b>2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Cost of inventories recognised as expenses	824,038	742,746
Depreciation of property, plant and equipment	219,536	154,161
Amortisation of land use rights and prepaid rental	8,596	7,283
Amortisation of intangible asset	3,599	-
Loss on disposal of property, plant and equipment, net	3,657	434
Operating lease rentals - properties	<u>1,744</u>	<u>1,039</u>

## 7. INCOME TAX EXPENSE

	2016 RMB'000	2015 RMB'000
Current – Singapore		
Withholding tax arising from loan interest from PRC's subsidiaries	2,158	1,375
Withholding tax arising from dividends declared by PRC's subsidiaries and associate	4,442	2,400
Under provision for income tax in prior years	5	19
Current - PRC		
Provision for income tax for the year	34,252	15,096
Benefits arising from previously unrecognised tax losses	(5,753)	(980)
Under provision for income tax in prior years	-	2,113
Income tax expense	<u>35,104</u>	<u>20,023</u>

Reconciliation of effective tax rate is as below:

	2016 RMB'000	2015 RMB'000
Profit before income tax expense	<u>135,925</u>	<u>77,215</u>
Income tax calculated at statutory tax rate of 17% (2015:17%)	23,107	13,126
Effect of different tax rates of overseas operations	12,076	7,044
Tax effect of share of profits of an associate	(5,957)	(5,391)
Tax effect of revenue not taxable for tax purposes	3,742	(384)
Tax effect of expenses not deductible for tax purposes	5,748	10,506
Benefits from previously unrecognised tax losses	-	(980)
Effect of tax concession of a subsidiary	(10,181)	(9,755)
Singapore statutory stepped income exemption	(36)	(50)
Provision for income tax for the year	<u>28,499</u>	<u>14,116</u>
Withholding tax arising from loan interest from PRC's subsidiaries	2,158	1,375
Withholding tax arising from dividends declared by PRC subsidiaries	4,442	2,400
Under provision for income tax in prior years	5	2,132
Income tax expense	<u>35,104</u>	<u>20,023</u>

The Company is incorporated in Singapore and accordingly, is subject to income tax rate of 17% (2015: 17%).

Pursuant to the income tax rules and regulations of the PRC, PRC subsidiaries are liable to PRC enterprise income tax at a rate of 25% during the year ended 31 December 2016 (2015: 25%) except for the following:

- Jilin Midas Aluminium Industries Co., Ltd. (“Jilin Midas”) was awarded with the approved High Technology Enterprise status and is entitled to enjoy a concessionary tax rate of 15% for the financial years from 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

	<b>2016</b> <b>RMB'000</b>	<b>2015</b> <b>RMB'000</b>
Final dividend of S\$0.0025 per ordinary share paid in respect of the financial year ended 2014 under the exempt 1-tier system	-	14,021
2015 interim dividends of S\$0.0025 per ordinary share under the exempt 1-tier system	-	13,875
Final dividend of S\$0.0025 per ordinary share paid in respect of the financial year ended 2015 under the exempt 1-tier system	14,523	-
	<u>14,523</u>	<u>27,896</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:

	2016 RMB'000	2015 RMB'000
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share, being profit for the year attributable to owners of the Company	100,821	57,192
	<hr/>	<hr/>
	2016	2015
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,418,322,717	1,217,617,800
<b>Effect of dilutive potential ordinary shares:</b>		
Effects of dilution – Earned out consideration	95,540,888	-
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,513,863,605	1,217,617,800
	<hr/>	<hr/>
	2016 RMB Fen	2015 RMB Fen
Basic earnings per share	7.11	4.70
Diluted earnings per share	6.66	4.70

## 10. TRADE RECEIVABLES

	2016 RMB'000	2015 RMB'000
Trade receivables – third parties	1,305,393	937,583
– associate	-	-
	<hr/>	<hr/>
	1,305,393	937,583
Allowance for doubtful trade receivables	(1,832)	(1,832)
Total trade receivables	<hr/> 1,303,561	<hr/> 935,751

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:

	<b>2016</b> <b>RMB'000</b>	<b>2015</b> <b>RMB'000</b>
Within 90 days	382,509	390,074
Over 90 days and within 120 days	114,739	197,575
Over 120 days and within 6 months	167,761	116,001
Over 6 months and within 1 year	466,559	173,589
Over 1 year and within 2 years	171,821	59,819
Over 2 years	2,004	525
	<u>1,305,393</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:

	<b>2016</b> <b>RMB'000</b>	<b>2015</b> <b>RMB'000</b>
Within 90 days	129,730	96,721
Over 90 days and within 6 months	71,130	25,954
Over 6 months and within 1 year	52,580	40,957
Over 1 year	77,150	81,946
	<u>330,590</u>	<u>245,578</u>

## **12. CONTINGENT LIABILITIES**

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

### 13. CAPITAL COMMITMENTS

	2016 RMB'000	2015 RMB'000
Commitments for the acquisition and construction of property, plant and equipment:		
- Contracted but not provided for	633,372	540,903

### MANAGEMENT DISCUSSION AND ANALYSIS

#### (I) BUSINESS REVIEW

On 27 July 2016, we completed the acquisition of Huicheng Capital Limited (“Huicheng Capital”) and its subsidiary (the “Huicheng Group”) which forms the segment “Aluminium Alloy Stretched Plates Division” of the Group. As a result of the acquisition, Huicheng Group’s results from 27 July 2016 to 31 December 2016 have been consolidated in our results.

Our total revenue decreased by approximately RMB26.5 million or 1.8% from RMB1,512.2 million in FY2015 to RMB1,485.7 million in FY2016. Revenue from our Aluminium Alloy Extruded Products Division decreased by approximately RMB207.3 million or 13.8% from RMB1,500.6 million in FY2015 to RMB1,293.3 million in FY2016. The decrease was offset by revenue from Aluminium Alloy Stretched Plates Division of RMB182.0 million. Our Aluminium Alloy Extruded Products Division contributed approximately 87.1% of total revenue as compared to approximately 99.2% for FY2015.

The table below shows the revenue segmentation by end usage at our Aluminium Alloy Extruded Products Division for FY2016.

Aluminium Alloy Extruded Products Division		
<u>Transport Industry</u>	<u>Power Industry</u>	<u>Others</u>
65.1%	12.7%	22.2%

Revenue contributions for the “Others” segment in the Aluminium Alloy Extruded Products Division comprised mainly the supply of aluminium alloy rods and other specialized profiles for various other industries.

	<b>Year Ended 31 Dec 2016 RMB'000</b>	<b>Group Year Ended 31 Dec 2015 RMB'000</b>	<b>Increase/ (Decrease) %</b>
<b>(a) Revenue reported for first half year</b>	686,362	694,897	(1.2)
<b>(b) Net profit after tax reported for first half year</b>	28,682	22,485	27.6
<b>(c) Revenue reported for second half year</b>	799,314	817,302	(2.2)
<b>(d) Net profit after tax reported for second half year</b>	72,139	34,707	107.9

The Group's gross profit margin for FY2016 was 29.7% as compared to 26.9% in FY2015. This was due to higher gross profit margin at our Aluminium Alloy Extruded Products Division of 30.0% in FY2016 as compared to 27.0% in FY2015.

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

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 FY2015. Approximately RMB129.3 million (FY2015: RMB124.7 million) of the interest on borrowings that was used to finance the construction of property, plant and equipment for our new production lines were capitalised.

The Group's share of profit from its associated company, CRRC Nanjing Puzhen Rail Transport Co., Ltd, is approximately RMB35.0 million in FY2016. This was mainly due to increased delivery to its customers during the year.

Income tax expense for FY2016 increased by about RMB15.1 million as a result of higher profits as compared with FY2015.

FY2016 ended with profits of approximately RMB100.8 million which represented 76.3% increase over FY2015.



Following the completion of the acquisition of Aluminium Alloy Stretched Plates Division, the fair values of the identifiable assets and liabilities of Huicheng Group as at the date of the acquisition were as follows:

	RMB million
Property, plant and equipment	551.4
Land use rights	88.1
Intangible assets	60.5
Inventories	53.4
Trade and other receivables	514.5
Cash and cash equivalents	28.1
	<hr/> 1,296.0 <hr/>
Trade and other payables	125.8
Deferred tax liability	2.6
Borrowings	382.2
	<hr/> 510.6 <hr/>
Net identifiable assets	785.4
Total consideration	849.9
Goodwill from the acquisition of subsidiary	<hr/> 64.5 <hr/>
Net cash acquired from the acquisition of subsidiary	<hr/> 28.1 <hr/>

The above fair values of the identifiable assets and liabilities are pending finalisation by the external professional valuer and subject to changes.

Property, plant and equipment increased mainly due to the inclusion of approximately RMB533.4 million from our Aluminium Alloy Stretched Plates Division and additions made to machinery and infrastructure development for:-

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

Land use rights increased mainly due to the inclusion of approximately RMB87.2 million from our Aluminium Alloy Stretched Plates Division.

Trade and other receivables increased by about RMB981.9 million. This was mainly due to increase in trade receivables of about RMB367.8 million due to slower payments from our customers. Other receivables increased by about RMB614.1 million mainly due to advance payments made to our suppliers for inventories and property, plant and equipment. Our Aluminium Alloy Stretched Plates Division accounted for about RMB626.1 million of the increase in trade and other receivables.

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 RMB119.2 million mainly due to slower payment to our suppliers and the inclusion of approximately RMB79.8 million of trade and other payables from our Aluminium Alloy Stretched Plates Division.

Net borrowings after currency translation adjustments increased by RMB827.2 million mainly due to financing for our working capital needs and inclusion of approximately RMB430.2 million from our Aluminium Alloy Stretched Plates Division.

## (II) FINANCIAL REVIEW

### 1. Full Year Statement of Cash Flows

For the year ended 31 December 2016

	2016 RMB'000	2015 RMB'000
<b>Cash flows from operating activities</b>		
Profit before income tax expense	135,925	77,215
Adjustments for:		
Depreciation of property, plant and equipment	219,536	154,161
Amortisation of intangible	3,599	-
Amortisation of land use rights and prepaid rental	8,596	7,283
Share of profits of an associate	(35,042)	(31,712)
Realised gain on derivative financial asset	3,657	(199)
Loss on disposal of property, plant and equipment, net	-	434
Interest income	(12,599)	(13,980)
Interest expenses	119,137	138,959
Operating profit before changes in working capital	442,809	332,161
Changes in working capital :		
Inventories	59,296	5,017
Trade and other receivables	(466,877)	130,116
Trade and other payables	49,231	119,214
Cash generated from operations	84,459	666,508
Income tax paid	(35,384)	(19,829)
Interest paid	(78,311)	(101,651)
Interest received	12,599	13,980
<b>Net cash (used in) / from operating activities</b>	<b>(16,637)</b>	<b>559,008</b>

	2016 RMB'000	2015 RMB'000
<b>Cash flows from investing activities</b>		
Proceeds from sale of derivative financial assets	-	175
Proceeds from disposal of property, plant and equipment	-	265
Purchase of property, plant and equipment	(288,651)	(450,119)
Purchase of land use rights	(5,683)	(23,047)
Dividends received from an associate	11,846	10,004
Net increase in restricted bank deposits	(41,187)	(58,728)
Interest paid and capitalised	(128,621)	(124,086)
Acquisition of a subsidiary, net of cash acquired	28,044	-
<b>Net cash used in investing activities</b>	<u>(424,252)</u>	<u>(645,536)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(14,523)	(27,896)
Proceeds from issuance of medium term notes	409,307	-
Proceeds from bank borrowings	1,698,872	1,852,000
Proceeds from other borrowings	440,000	-
Repayment of bank borrowings	(1,675,249)	(1,751,740)
Repayment of other borrowings	(109,725)	-
Repayment of medium term note	(360,404)	-
Payment of medium term note interests	(34,945)	(34,969)
<b>Net cash from financing activities</b>	<u>353,333</u>	<u>37,395</u>
Net change in cash and cash equivalents	(87,556)	(49,133)
Cash and cash equivalents at beginning of the financial year	1,162,445	1,209,501
Net effect of exchange rate changes in cash and cash equivalents	8,309	2,077
<b>Cash and cash equivalents at end of the financial year</b>	<u>1,083,198</u>	<u>1,162,445</u>

During the year under review, our net cash position decreased by about RMB87.6 million and was mainly due to payments made for property, plant and equipment of about RMB288.7 million and interest paid and capitalised of about RMB128.6 million. The above outflows were offset by net borrowings of about RMB402.8 million.

## 2. Net Asset Value

As at 31 December	Group	
	2016	2015
Net asset value per ordinary share based on issued share capital at financial year end (RMB)	2.35	2.50

## 3. Loans

	As at 31 December 2016		As at 31 December 2015	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Amount repayable in one year or less, or on demand	1,035,572	1,804,945	236,150	1,836,941
Amount repayable after one year	1,233,863	575,990	937,000	813,109
<b>Total</b>	<b>2,269,435</b>	<b>2,380,935</b>	<b>1,173,150</b>	<b>2,650,050</b>

### Details of collateral

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

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 RMB1,286.6 million (31 December 2015: RMB1,049.4 million). The bank loans to JMLA are guaranteed by the Company, Jilin Midas and Dalian Huicheng. 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 are secured by the mortgage of its land use rights with net book value of about RMB55.8 million (31 December 2015: Nil) and guaranteed by Jilin Midas. The bank loans to Dalian Huicheng are secured by the mortgage of its land use rights and property, plant and equipment with net book value of about RMB278.1 million (31 December 2015: Nil). Finance lease payable of Luoyang Midas are secured by the mortgage of its land use rights and property, plant and equipment with net book value of about RMB443.3 million (31 December 2015: Nil) and guaranteed by the Company, Jilin Midas and a third party.

### **(III) PROSPECTS**

The PRC's railway expansion plans, together with its "One Belt One Road" initiative, represent significant infrastructure and construction opportunities in the PRC and overseas markets for businesses. Looking ahead, the Group expects to capitalise on the positive trends in the industry, to tap onto its business networks and to actively prospect for new market opportunities within the PRC and globally.

Besides capitalising on opportunities in the railway industry, the Group remains on track with its strategy to expand its customer base to enter new industries and sectors. With the acquisition of Huicheng Capital on 27 July 2016, the Group has expanded its range of products and services to include aluminium alloy stretched plates and hot-rolled aluminium alloy plates and coils. The Group aims to further expand its operational capabilities in a similar direction for the coming years.

### **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 annual results for the year ended 31 December 2016 have been reviewed by the Audit Committee. As of the date of this announcement, 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 of the Company (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 Listing Rules save for the deviation from code provision A.4.1 of the Code during the year ended 31 December 2016.

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 Constitution of the Company, which require that one third of 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 for Securities Transactions by Directors of Listed Issuers (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, having made specific enquiries with all Directors, that all Directors have complied with the required standards of the Model Code throughout the year ended 31 December 2016.

### **4. Reconciliation between SFRS and IFRS**

For the year ended 31 December 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 year ended 31 December 2016, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

### **6. Share Capital**

On 26 July 2016, the Company has allotted and issued 461,999,997 shares (being the Initial Consideration Shares) for the acquisition of Huicheng Capital. 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.

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

### **7. Employees and remuneration policy**

As at 31 December 2016, there were 2,725 (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. Dividends**

The Board resolved not to declare any payment of dividend for the year ended 31 December 2016 (31 December 2015: 0.25 Singapore cents).

## **9. Disclosure on the website of the Stock Exchange**

This announcement is published on the website of the Stock Exchange (<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, 28 February 2017

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