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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the "Board") of Midas Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2014 ("1H2014") together with the comparative figures for the corresponding period in 2013 ("1H2013") as follows:

Unaudited Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2014

	Note	For the six months ended 30 June 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 :			
Owners of the Company		19,828	9,983
Non-controlling interests		(3,019)	(1,690)
		16,809	8,293
Total comprehensive income attributable to:			
Owners 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	-	-
	3,797,590	3,580,828	2,524,507	2,053,795
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
	3,570,758	2,687,196	424,201	26,152
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	-	-
	2,693,048	2,501,666	13,245	2,529
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	-	-
	1,428,656	518,169	795,229	-
Net assets	3,246,644	3,248,189	2,140,234	2,077,418

	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**
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)
People's Republic of China ("PRC") statutory reserve	145,084	142,016	-	-
Share options reserve	-	2,740	-	2,740
Retained earnings	678,414	673,797	(12,082)	3,131
Equity attributable to owners of the Company	2,970,131	2,968,657	2,140,234	2,077,418
Non–controlling interests	276,513	279,532	-	-
Total equity	3,246,644	3,248,189	2,140,234	2,077,418

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 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 (the "Listing Rules") Governing the Listing of Securities 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 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	633,171	486,423

4. SEGMENT INFORMATION

For the six months ended 30 June 2014	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

As at 30 June 2014	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
					7,368,348
Liabilities					
Segment liabilities	2,363,136	2,120	947,974	808,474	4,121,704

For the six months ended 30 June 2013	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

As at 30 June 2013	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
					5,382,428
Liabilities					
Segment liabilities	2,115,118	6,657	25,737	1,167	2,148,679

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	633,171	486,423

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	13,676	6,941

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 Aluminium Industries Co., Ltd ("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	**2013**
	RMB'000	**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	-
	14,883	15,152

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	19,828	9,983

	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	1,217,617,800	1,217,617,800

	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
	1,005,577	760,542
Allowance for doubtful trade receivables	(1,832)	(1,832)
Total trade receivables	1,003,745	758,710

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
	1,005,577	760,542

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
	216,982	186,966

12. CONTINGENT LIABILITIES

As at 30 June 2014, the Group has no material contingent liabilities (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	539,843	565,093

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

Our total revenue increased by approximately RMB146.7 million or 30.2% from RMB486.4 million in 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 the six months ended 30 June 2014.

Aluminium Alloy Extruded Products Division		
Transport Industry	Power Industry	Others
83.0%	5.0%	12.0%

Revenue contributions for the "Transport Industry" segment in the Aluminium Alloy Extruded Products Division included the supply of aluminium alloy extrusion profiles for freight wagons.

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.

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 bond 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 capitalized.

The Group's share of profits from its associated company, Nanjing SR Puzhen Rail Transport Co., Ltd ("NPRT") 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 Dec 2013 (Audited)**
Net asset value per ordinary share based on issued share capital at period/ year end	RMB 2.44	RMB 2.44

2. Loans

	As at 30 June 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

Details of collateral

The secured borrowings consist of bank loans that are provided to 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 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.

(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 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.

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 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 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 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 for Securities Transactions by Directors of Listed Issuer (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 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 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, 14 August 2014

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.