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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 2013**

The board of directors (the “Board”) of Midas Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2013 together with the comparative figures for the previous year as follows:

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

		<b>2013</b>	<b>2012</b>
		<b>RMB'000</b>	<b>RMB'000</b>
	Note		
Revenue	3	1,147,568	869,506
Cost of sales		(866,332)	(618,171)
Gross profit		281,236	251,335
Other operating income		12,587	12,492
Selling and distribution expenses		(54,501)	(40,381)
Administrative expenses		(117,147)	(99,974)
Finance costs		(76,248)	(73,979)
Share of profits /(losses) of an associate		13,631	(5,732)
<b>Profit before income tax expense</b>	5	59,558	43,761
Income tax expense	6	(16,733)	(18,148)
<b>Profit for the year</b>		<b>42,825</b>	<b>25,613</b>
Attributable to :			
Equity holders of the Company		47,711	27,845
Non-controlling interests		(4,886)	(2,232)
		<b>42,825</b>	<b>25,613</b>
<b>Profit for the year</b>		<b>42,825</b>	<b>25,613</b>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		(12,372)	8,993
<b>Total comprehensive income for the year</b>		<b>30,453</b>	<b>34,606</b>
Attributable to:			
Equity holders of the Company		35,339	36,838
Non-controlling interests		(4,886)	(2,232)
		<b>30,453</b>	<b>34,606</b>
<b>Basic earnings per share (RMB Fen)</b>	8	<b>3.92</b>	<b>2.29</b>
<b>Diluted earnings per share (RMB Fen)</b>	8	<b>3.92</b>	<b>2.29</b>

# Consolidated Statement of Financial Position

As at 31 December 2013

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	3,032,823	2,249,418	2,454	163
Interests in subsidiaries	-	-	1,909,143	2,028,147
Interest in an associate	192,539	197,032	142,198	151,547
Land use rights	318,285	325,252	-	-
Available-for-sale financial assets	2,000	2,000	-	-
Restricted bank deposits	35,082	37,456	-	-
Prepaid rental	99	106	-	-
	<u>3,580,828</u>	<u>2,811,264</u>	<u>2,053,795</u>	<u>2,179,857</u>
<b>Current assets</b>				
Inventories	628,933	700,783	-	-
Trade and other receivables	999,602	1,007,627	10,192	685
Income tax recoverable	12,205	22,299	-	-
Cash and cash equivalents	1,046,456	547,033	15,960	33,289
	<u>2,687,196</u>	<u>2,277,742</u>	<u>26,152</u>	<u>33,974</u>
<b>Current liabilities</b>				
Trade and other payables	420,084	367,134	2,529	1,402
Bank borrowings	2,081,582	999,300	-	-
	<u>2,501,666</u>	<u>1,366,434</u>	<u>2,529</u>	<u>1,402</u>
<b>Net current assets</b>	185,530	911,308	23,623	32,572
<b>Total assets less current liabilities</b>	3,766,358	3,722,572	2,077,418	2,212,429
<b>Non-current liabilities</b>				
Deferred tax liability	2,141	2,141	-	-
Bank borrowings	516,028	472,550	-	-
	<u>518,169</u>	<u>474,691</u>	<u>-</u>	<u>-</u>
<b>Net assets</b>	<u>3,248,189</u>	<u>3,247,881</u>	<u>2,077,418</u>	<u>2,212,429</u>

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Capital and reserves attributable to equity holders of the Company</b>				
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	(13,970)	(1,598)	(92,527)	43,908
People's Republic of China ("PRC") statutory reserve	142,016	134,467	-	-
Share option reserve	2,740	2,958	2,740	2,958
Retained earnings	673,797	663,562	3,131	1,489
	2,968,657	2,963,463	2,077,418	2,212,429
Non-controlling interests	279,532	284,418	-	-
Total equity	3,248,189	3,247,881	2,077,418	2,212,429

## STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2013

← Attributable to the equity holders of the Company →

	Share capital	Treasury shares	Foreign currency translation reserve	PRC statutory reserve	Share option reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Group</b>									
<b>Balance at 1 January 2012</b>	2,166,575	(2,501)	(10,591)	126,811	10,913	682,445	2,973,652	-	2,973,652
Profit for the year	-	-	-	-	-	27,845	27,845	(2,232)	25,613
Other comprehensive income:									
Currency translation differences	-	-	8,993	-	-	-	8,993	-	8,993
Total comprehensive income for the financial year	-	-	8,993	-	-	27,845	36,838	(2,232)	34,606
Deemed disposal of interest in subsidiary without a change in control	-	-	-	-	-	(1,274)	(1,274)	286,650	285,376

Transfer of option reserve to retained earnings	-	-	-	-	(7,955)	7,955	-	-	-
Dividend	-	-	-	-	-	(45,753)	(45,753)	-	(45,753)
Transfer to PRC statutory reserve	-	-	-	7,656	-	(7,656)	-	-	-
<b>Balance at 31 December 2012</b>	<b>2,166,575</b>	<b>(2,501)</b>	<b>(1,598)</b>	<b>134,467</b>	<b>2,958</b>	<b>663,562</b>	<b>2,963,463</b>	<b>284,418</b>	<b>3,247,881</b>

Profit for the year	-	-	-	-	-	47,711	47,711	(4,886)	42,825
<i>Other comprehensive income:</i>									
Currency translation differences	-	-	(12,372)	-	-	-	(12,372)	-	(12,372)
Total comprehensive income for the financial year	-	-	(12,372)	-	-	47,711	35,339	(4,886)	30,453
Transfer option reserve to retained earnings	-	-	-	-	(218)	218	-	-	-
Dividends	-	-	-	-	-	(30,145)	(30,145)	-	(30,145)
Transfer to PRC statutory reserve	-	-	-	7,549	-	(7,549)	-	-	-
<b>Balance at 31 December 2013</b>	<b>2,166,575</b>	<b>(2,501)</b>	<b>(13,970)</b>	<b>142,016</b>	<b>2,740</b>	<b>673,797</b>	<b>2,968,657</b>	<b>279,532</b>	<b>3,248,189</b>

<u>Company</u>	<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>Share option reserve RMB'000</b>	<b>Retained earnings RMB'000</b>	<b>Total RMB'000</b>
<b>Balance at 1 January 2012</b>	2,166,575	(2,501)	(62,497)	-	10,913	7,871	2,120,361
Profit for the year	-	-	-	-	-	31,416	31,416
<i>Other comprehensive income:</i>	-	-	-	-	-	-	-
Currency translation differences	-	-	106,405	-	-	-	106,405
Total comprehensive income for the financial year	-	-	106,405	-	-	31,416	137,821
Transfer of option reserve to retained earnings	-	-	-	-	(7,955)	7,955	-

Dividends	-	-	-	-	-	(45,753)	(45,753)
<b>Balance at 31 December 2012</b>	<b>2,166,575</b>	<b>(2,501)</b>	<b>43,908</b>	<b>-</b>	<b>2,958</b>	<b>1,489</b>	<b>2,212,429</b>
Profit for the year	-	-	-	-	-	31,569	31,569
<i>Other comprehensive income:</i>	-	-	-	-	-	-	-
Currency translation differences	-	-	(136,435)	-	-	-	(136,435)
Total comprehensive income for the financial year	-	-	(136,435)	-	-	31,569	(104,866)
Transfer of option reserve to retained earnings	-	-	-	-	(218)	218	-
Dividends	-	-	-	-	-	(30,145)	(30,145)
<b>Balance at 31 December 2013</b>	<b>2,166,575</b>	<b>(2,501)</b>	<b>(92,527)</b>	<b>-</b>	<b>2,740</b>	<b>3,131</b>	<b>2,077,418</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the year ended 31 December 2013

#### 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 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 follow:

	2013 RMB'000	2012 RMB'000
Sales of aluminium extrusion products	1,098,226	829,571
Sales of polyethylene pipes	49,342	39,935
Total	<u>1,147,568</u>	<u>869,506</u>

### 4. SEGMENT INFORMATION

For the year ended  
31 December 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	<u>1,098,226</u>	<u>49,342</u>	-	-	<u>1,147,568</u>

#### RESULT

Segment result	148,419	4,674	(10,842)	-	142,251
Unallocated corporate expenses	-	-	-	(20,076)	(20,076)
Finance costs	(76,190)	(2)	(17)	(39)	(76,248)
Share of profit of an associate	-	-	-	13,631	13,631
Profit before income tax expense	<u>72,229</u>	<u>4,672</u>	<u>(10,859)</u>	<u>(6,484)</u>	<u>59,558</u>
Income tax expense					<u>(16,733)</u>
Profit for the year					<u>42,825</u>

## OTHER INFORMATION

Additions of property, plant and equipment	609,945	119	340,407	2,736	953,207
Depreciation of property, plant and equipment	124,303	3,665	247	447	128,662
Amortisation of land use rights and prepaid rental	3,149	86	3,739	-	6,974

## As at 31 December 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
<b>Assets</b>					
Segment assets	4,527,257	110,187	1,409,324	28,717	6,075,485
Interest in an associate					192,539
					<u>6,268,024</u>
<b>Liabilities</b>					
Segment liabilities	2,224,749	4,224	788,209	2,653	<u>3,019,835</u>



**For the year ended**  
**31 December 2012**

	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	829,571	39,935	-	-	869,506
<b>RESULT</b>					
Segment result	157,589	2,113	(8,442)	-	151,260
Unallocated corporate expenses	-	-	-	(27,788)	(27,788)
Finance costs	(73,967)	(2)	(8)	(2)	(73,979)
Share of losses of an associate	-	-	-	(5,732)	(5,732)
Profit before income tax expense	83,622	2,111	(8,450)	(33,522)	43,761
Income tax expense					(18,148)
Profit for the year					25,613
<b>OTHER INFORMATION</b>					
Additions of property, plant and equipment	357,768	109	164,251	26	522,154
Depreciation of property, plant and equipment	111,070	3,736	24	100	114,930
Amortisation of land use rights and prepaid rental	3,149	85	2,459	-	5,693

<b><u>As at 31 December 2012</u></b>	<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>Unallocated RMB'000</b>	<b>Total RMB'000</b>
<b>Assets</b>					
Segment assets	4,058,517	145,859	653,327	34,271	4,891,974
Interest in an associate	-	-	-	-	197,032
					<u>5,089,006</u>
<b>Liabilities</b>					
Segment liabilities	1,813,119	5,141	21,353	1,512	<u>1,841,125</u>

For the year ended 31 December 2013, Aluminium Alloy Extruded Products Division accounted for about 95.7% of our total Group revenue as compared to about 95.4% for the financial year 2012. PE Pipe Division accounted for about 4.3% and 4.6% of our total Group revenue for FY2013 and FY2012 respectively.

## **5. PROFIT BEFORE INCOME TAX EXPENSE**

The Group's profit before tax is arrived at after charging/ (crediting):

	<b>2013 RMB'000</b>	<b>2012 RMB'000</b>
Cost of inventories recognised as expenses	860,252	616,251
Depreciation of property, plant and equipment	128,662	114,930
Amortisation of land use rights and prepaid rental	6,974	5,693
Loss on disposal of property, plant and equipment, net	846	1,038
Operating lease rentals - properties	<u>1,416</u>	<u>1,725</u>

## 6. INCOME TAX EXPENSE

	2013 RMB'000	2012 RMB'000
Current – Singapore		
Withholding tax arising from dividends declared by PRC's subsidiaries and associate	2,682	3,449
Under provision for income tax in prior years	4	44
Current - PRC		
Provision for income tax for the year	13,871	14,005
Under provision for income tax in prior years	176	650
Income tax expense	<u>16,733</u>	<u>18,148</u>

Reconciliation of effective tax rate is as below:

	2013 RMB'000	2012 RMB'000
Profit before income tax expense	<u>59,558</u>	<u>43,761</u>
Income tax calculated at statutory tax rate of 17% (2012:17%)	10,125	7,439
Effect of different tax rates of overseas operations	5,283	5,943
Tax effect of share of profits /(losses) of an associate	(2,317)	974
Tax effect of expenses not deductible for tax purposes	9,252	8,300
Effect of tax concession of a subsidiary	(8,469)	(8,620)
Singapore statutory stepped income exemption	(3)	(77)
Permanent difference not recognised	-	46
Provision for income tax for the year	<u>13,871</u>	<u>14,005</u>
Withholding tax arising from dividends declared by PRC's subsidiaries	2,682	3,449
Under provision for income tax in prior years	180	694
Income tax expense	<u>16,733</u>	<u>18,148</u>

The Company is incorporated in Singapore and accordingly, is subject to income tax rate of 17% (2012: 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 2013 (2012: 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 its investment in foreign-invested enterprises in respect of its 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 receive from their PRC subsidiaries.

## 7. DIVIDENDS

	2013 RMB'000	2012 RMB'000
Final dividend of S\$0.005 per share paid in respect of the financial year ended 2011 under the exempt 1-tier system	-	30,440
2012 interim dividends of S\$0.0025 per ordinary share under the exempt 1-tier system	-	15,313
Final dividend of S\$0.0025 per share paid in respect of the financial year ended 2012 under the exempt 1-tier system	15,152	-
2013 interim dividends of S\$0.0025 per ordinary share under the exempt 1-tier system	14,993	-
	<u>30,145</u>	<u>45,753</u>

Subsequent to the year ended 31 December 2013, the Board proposed a final tax-exempt dividend<sup>#</sup> of S\$0.0025 (2012: S\$0.0025) per ordinary share, amounting to S\$3,044,000 (2012: S\$3,044,000) under the exempt-1-tier system. The proposed final dividends had not been recognised as a liability at the end of reporting period.

<sup>#</sup>With effect from 1 January 2003, Singapore has adopted a one-tier corporate tax system under which tax paid by a resident company on its chargeable income is a final tax. All dividends paid are tax exempt in the hands of its shareholders. There is no withholding tax on dividend payments to all shareholders.

## 8. EARNINGS PER SHARE

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

	2013 RMB'000	2012 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	47,711	27,845
	2013	2012
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,217,617,800	1,217,617,800
<b>Effect of dilutive potential ordinary shares:</b>		
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
	2013 RMB Fen	2012 RMB Fen
Basic earnings per share	3.92	2.29
Diluted earnings per share	3.92	2.29

A batch of 4,750,000 (2012: 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 year was below the exercise price of the share option granted.

## 9. TRADE RECEIVABLES

	<b>2013</b> <b>RMB'000</b>	<b>2012</b> <b>RMB'000</b>
Trade receivables – third parties	700,857	734,493
– associate	59,685	34,466
	<u>760,542</u>	<u>768,959</u>
Allowance for doubtful trade receivables	(1,832)	(1,832)
Total trade receivables	<u>758,710</u>	<u>767,127</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:

	<b>2013</b> <b>RMB'000</b>	<b>2012</b> <b>RMB'000</b>
Within 90 days	373,806	265,679
Over 90 days and within 120 days	130,211	61,290
Over 120 days and within 6 months	117,871	99,105
Over 6 months and within 1 year	88,348	256,628
Over 1 year and within 2 years	48,199	85,663
Over 2 years	2,107	594
	<u>760,542</u>	<u>768,959</u>

## 10. TRADE PAYABLES

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

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

	<b>2013</b> <b>RMB'000</b>	<b>2012</b> <b>RMB'000</b>
Within 90 days	100,382	105,636
Over 90 days and within 6 months	4,760	13,259
Over 6 months and within 1 year	50,524	12,160
Over 1 year	31,299	46,939
	<u>186,965</u>	<u>177,994</u>

## 11. CONTINGENT LIABILITIES

As at 31 December 2013, the Group has no material contingent liabilities (2012: Nil).

## 12. CAPITAL COMMITMENTS

	2013 RMB'000	2012 RMB'000
Commitments for the acquisition of property, plant and equipment:		
- Contracted but not provided for	565,093	511,472

## MANAGEMENT DISCUSSION AND ANALYSIS

### (I) BUSINESS REVIEW

Our total revenue increased by approximately RMB278.1 million or 32.0% from RMB869.5 million in the financial year 2012 ("FY2012") to RMB1,147.6 million in the financial year 2013 ("FY2013"). Revenue at our Aluminium Alloy Extruded Products Division increased by approximately RMB268.6 million or 32.4% from RMB829.6 million in FY2012 to RMB1,098.2 million in FY2013 mainly due to increase in business volume. Our Aluminium Alloy Extruded Products Division contributed approximately 95.7% of total revenue as compared to approximately 95.4% for FY2012.

The table below shows the revenue segmentation by end usage of our Aluminium Alloy Extruded Products Division for FY2013.

Aluminium Alloy Extruded Products Division		
<u>Transport Industry</u>	<u>Power Industry</u>	<u>Others</u>
67.1%	7.1%	25.8%

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 included mainly supply of aluminium alloy rods and other specialized profiles for industrial machinery.

	<b>Year Ended 31 Dec 2013 RMB'000</b>	<b>Group Year Ended 31 Dec 2012 RMB'000</b>	<b>Increase/ (Decrease) %</b>
<b>(a) Revenue reported for first half year</b>	486,423	450,221	8.0
<b>(b) Net profit after tax reported for first half year</b>	8,293	16,851	(50.8)
<b>(c) Revenue reported for second half year</b>	661,145	419,285	57.7
<b>(d) Net profit after tax reported for second half year</b>	34,532	8,762	294.1

The Group's overall gross profit margin was 24.5% for FY2013, compared to 28.9% for FY2012. The Aluminium Alloy Extruded Products Division registered gross profit margin of 24.8% for FY2013, compared to 29.4% for FY2012. This was due to a change in product mix in FY2013, which included sales of aluminium alloy extrusion profiles for freight wagons, that typically command lower processing fees.

Other operating income comprised mainly government grants, interest income and income derived from the disposal of scrap materials at our Aluminium Alloy Extruded Products Division.

Selling and distribution expenses increased by approximately RMB14.1 million in FY2013, driven mainly by higher transportation and travelling expenses as compared with FY2012, in line with the growth in business volume at our Aluminium Alloy Extruded Products Division in FY2013.

Administrative expenses increased by about RMB17.2 million in FY2013 mainly due to increase in property taxes and higher start up staff costs at our new plants as compared with FY2012.

Finance costs comprised interest on bank borrowings, bank charges and financing costs relating to discounted notes receivables. Approximately RMB57.8 million (FY2012: RMB25.9 million) of the interest on bank borrowings that are used to finance the construction of property, plant and equipment for our new production lines were capitalized.



The Group's share of profit from its associated company, Nanjing SR Puzhen Rail Transport Co. ("NPRT"), is approximately RMB13.6 million in FY2013. This is due mainly to higher train cars deliveries made by NPRT during this year.

Income tax expense for FY2013 decreased by about RMB1.4 million mainly due to lower withholding tax paid. Jilin Midas was awarded with the approved High Technology Enterprise status and enjoyed a concessionary rate of 15% for the financial years 2011 to 2013.

FY2013 ended with profits of approximately RMB42.8 million which represented 67.2% increase over FY2012.

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.

Trade and other payables increased by about RMB53.0 million mainly due to slower payment to our suppliers.

Net bank borrowings increased by RMB1,125.8 million mainly due to the drawdowns on the syndicated loan by Jilin Midas Light Alloy Co., Ltd. ("JMLA") for purchase of property, plant and equipment and increase in working capital loans by Jilin Midas.

## (II) FINANCIAL REVIEW

### 1. Full Year Statement of Cash Flows

For the year ended 31 December 2013

	2013 RMB'000	2012 RMB'000
<b>Cash flows from operating activities</b>		
Profit before income tax expense	59,558	43,761
Adjustments for:		
Depreciation of property, plant and equipment	128,662	114,930
Amortisation of land use rights and prepaid rental	6,974	5,693
Share of (profits)/losses of an associate	(13,631)	5,732
Interest income	(2,299)	(4,762)
Interest expenses	63,034	67,231
Loss on disposal of property, plant and equipment, net	846	1,038
Operating profit before changes in working capital	243,144	233,623

	2013 RMB'000	2012 RMB'000
Changes in working capital :		
Inventories	71,850	(222,340)
Trade and other receivables	(24,981)	(310,001)
Trade and other payables	52,950	135,054
Cash generated/(used in) from operations	342,963	(163,664)
Income tax paid	(6,638)	(20,081)
Interest paid	(63,034)	(67,231)
Interest received	2,299	4,762
<b>Net cash from/(used in) operating activities</b>	<b>275,590</b>	<b>(246,214)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	40,297	231
Purchase of property, plant and equipment	(862,353)	(401,320)
Purchase of land use rights	-	(94,931)
Net (increase)/decrease in restricted bank deposits	2,374	37,204
Interest paid and capitalised	(57,848)	(25,903)
<b>Net cash used in investing activities</b>	<b>(877,530)</b>	<b>(484,719)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(30,145)	(45,753)
Proceeds from bank borrowings	2,441,000	1,848,350
Repayment of bank borrowings	(1,315,240)	(1,469,500)
Proceeds arising from issuance of shares of subsidiary to non-controlling interests	-	285,376
<b>Net cash from financing activities</b>	<b>1,095,615</b>	<b>618,473</b>
Net change in cash and cash equivalents	493,675	(112,460)
Cash and cash equivalents at beginning of the financial year	547,033	660,753
Net effect of exchange rate changes in cash and cash equivalents	5,748	(1,260)
<b>Cash and cash equivalents at end of the financial year</b>	<b>1,046,456</b>	<b>547,033</b>

During the year under review, our net cash position increased by about RMB493.7 million and was due mainly to positive cash flow generated from operations of about RMB275.6 million and net bank borrowings of RMB1,125.8 million. These cash inflows were reduced by payments made for property, plant and equipment of about RMB920.2 million.

## 2. Net Asset Value

As at 31 December	Group	
	2013	2012
Net asset value per ordinary share based on issued share capital at financial year end	2.44 RMB yuan	2.43 RMB yuan

## 3. Loans

	As at 31 December 2013		As at 31 December 2012	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Amount repayable in one year or less, or on demand	1,175,581	906,000	220,100	779,200
Amount repayable after one year	248,990	267,038	330,550	142,000
<b>Total</b>	<b>1,424,571</b>	<b>1,173,038</b>	<b>550,650</b>	<b>921,200</b>

### Details of collateral

The secured borrowings consist of bank loans that are provided to Jilin Midas and 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 RMB1,202.7 million (31 December 2012: RMB2,600.0 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 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. ("Luoyang Midas") are guaranteed by Jilin Midas.

### **(III) PROSPECTS**

Outlook for the PRC rail transportation industry is expected to remain vibrant, notwithstanding the anticipated slow-down in the PRC's economic growth to 7.4% in 2014. The Government's continued support to grow PRC's transportation network will see the China Railway Corporation ("CRC") making approximately RMB630.0 billion in railway fixed-asset investment in 2014. The PRC metro sector is also expected to grow, as local bureaus of the National Development and Reform Commission have continued to fast-track approvals for new metro projects. Presently, a total of 36 Chinese cities have approved plans to build new subway lines and the total urban rail network is targeted to grow to 3,000 km by 2015, and 6,000 km by 2020.

According to the country's 12th 5-year plan for railway development, PRC will have around 123,000 km of railways in operation by 2015, including 18,000 km of high-speed railways and an express railway network totaling 40,000 km in length. In line with this target, the CRC plans to build more than 6,600 km of new railway lines in 2014. As at the end of 2013, the PRC rail network has exceeded 100,000 km, with the high-speed rail network exceeding 10,000 km.

In view of the above, the Group expects these positive developments to benefit industry players and remains optimistic on the outlook of PRC's railway industry over the mid to long-term. In FY2013, the Group secured approximately RMB812.5 million orders from international and PRC customers, which included the Group's first high-speed train contract since 2011.

Moving forward, the Group 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 annual results for the year ended 31 December 2013 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 2013.

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 (the “Articles”), 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 year ended 31 December 2013, all Directors have complied with the required standards of the Model Code.

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

For the year ended 31 December 2013, 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 2013, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **6. Share Capital**

No shares were issued during the financial year ended 31 December 2013.

As 31 December 2013, the share capital of the Company comprises 1,217,617,800 issued and fully paid ordinary shares (31 December 2012: 1,217,617,800 shares).

As at 31 December 2013, 1,000,000 ordinary shares were held as treasury shares (31 December 2012: 1,000,000). During the year ended 31 December 2013, none of the treasury shares were sold, transferred, disposed, cancelled and/or used.

## **7. Employees, remuneration policy and employee share options**

As at 31 December 2013, there were 1,754 (2012: 1,491) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants share options to eligible staff based on their performance and contributions to the Group. As at 31 December 2013, there were unexercised share options for 4,750,000 unissued ordinary shares (31 December 2012: 5,100,000) under the “Midas Employees Share Option Scheme”.

## **8. Closure of register of members**

A separate announcement regarding the book closure date, record date and the payment date regarding the proposed final dividend for the year ended 31 December 2013 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, 28 February 2014

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