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 2016

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 2016 ("1H2016") together with the comparative figures for the corresponding period in 2015 ("1H2015") as follows:

Unaudited Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2016

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

Consolidated Statement of Financial Position
as at 30 June 2016

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

	Group		Company	
	Unaudited as at 30 Jun 2016 RMB'000	**Audited as at 31 Dec 2015 RMB'000**	**Unaudited as at 30 Jun 2016 RMB'000**	**Audited as at 31 Dec 2015 RMB'000**
Capital and reserves				
Share capital	2,166,575	2,166,575	2,166,575	2,166,575
Treasury shares	(2,501)	(2,501)	(2,501)	(2,501)
Foreign currency translation reserve	(8,964)	32,477	(32,745)	(175,253)
People's Republic of China ("PRC") statutory reserve	163,280	158,378	-	-
Retained earnings	695,659	686,402	(15,709)	14,388
Total equity	3,014,049	3,041,331	2,115,620	2,003,209

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

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the provisions of the 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 period, the Group has adopted all the new and revised SFRS and INT SFRS that are relevant to its operations and effective for the current financial period.

The adoption of these new and revised SFRS and INT SFRS does not result in any substantial changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior years.

3. REVENUE

Revenue of the Group is as follows:

	For the six months ended 30 June	
	2016	**2015**
	RMB’000	**RMB’000**
Sales of aluminium extrusion products	684,175	689,502
Sales of polyethylene pipes	2,187	5,395
Total	686,362	694,897

4. SEGMENT INFORMATION

For the six months ended 30 June 2016	Aluminium Alloy Extruded Products Division RMB'000	Polyethylene Pipe Division RMB'000	Aluminium Alloy Plates and Sheets Division RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	**684,175**	**2,187**	**-**	**-**	**686,362**
RESULTS					
Segment results	107,631	(2,917)	(7,239)	-	97,475
Unallocated corporate expenses	-	-	-	(10,068)	(10,068)
Finance costs	(35,126)	(2)	(526)	(19,647)	(55,301)
Share of profits of an associate	-	-	-	13,224	13,224
Profit/(loss) before income tax expense	72,505	(2,919)	(7,765)	(16,491)	45,330
OTHER INFORMATION					
Additions of property, plant and equipment	115,691	4	60,782	8	176,485
Depreciation of property, plant and equipment	82,813	657	1,642	137	85,249
Amortisation of land use rights and prepaid rental	1,767	43	2,033	-	3,843

BALANCE SHEET

As at 30 June 2016	Aluminium Alloy Extruded Products Division RMB'000	Polyethylene Pipe Division RMB'000	Aluminium Alloy Plates and Sheets Division RMB'000	Unallocated RMB'000	Total RMB'000
Assets					
Segment assets	6,178,866	80,088	1,731,112	15,894	8,005,960
Interest in an associate	-	-	-	248,397	248,397
	6,178,866	80,088	1,731,112	264,291	8,254,357
Liabilities					
Segment liabilities	3,429,304	10,868	1,001,048	799,088	5,240,308

For the six months ended 30 June 2015	Aluminium Alloy Extruded Products Division RMB'000	Polyethylene Pipe Division RMB'000	Aluminium Alloy Plates and Sheets Division RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	**689,502**	**5,395**	**-**	**-**	**694,897**
RESULTS					
Segment results	103,351	(1,768)	(9,453)	-	92,130
Unallocated corporate expenses	-	-	-	(8,247)	(8,247)
Finance costs	(54,943)	(1)	(8)	(18,886)	(73,838)
Share of profits of an associate	-	-	-	16,363	16,363
Profit/(loss) before income tax expense	48,408	(1,769)	(9,461)	(10,770)	26,408
OTHER INFORMATION					
Additions of property, plant and equipment	473,907	4	72,848	-	546,759
Depreciation of property, plant and equipment	65,013	681	583	185	66,462
Amortisation of land use rights and prepaid rental	1,638	43	1,870	-	3,551

BALANCE SHEET

As at 30 June 2015	Aluminium Alloy Extruded Products Division RMB'000	Polyethylene Pipe Division RMB'000	Aluminium Alloy Plates and Sheets Division RMB'000	Unallocated RMB'000	Total RMB'000
Assets					
Segment assets	5,867,562	104,762	1,803,342	18,722	7,794,388
Interest in an associate	-	-	-	222,157	222,157
	5,867,562	104,762	1,803,342	240,879	8,016,545
Liabilities					
Segment liabilities	3,231,305	3,270	1,005,874	758,114	4,998,563

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

5. GEOGRAPHICAL INFORMATION

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

	For the six months ended 30 June	
	2016	**2015**
	RMB'000	**RMB'000**
Revenue		
PRC	571,868	603,497
Others	114,494	91,400
Total	686,362	694,897

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

6. PROFIT BEFORE INCOME TAX EXPENSE

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

	For the six months ended 30 June	
	2016	**2015**
	RMB'000	**RMB'000**
Cost of inventories recognised as expenses	370,825	334,634
Depreciation of property, plant and equipment	85,249	66,462
Amortisation of prepaid rental and land use rights	3,843	3,551
Operating lease rentals - properties	572	520

7. INCOME TAX EXPENSE

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

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

Pursuant to the income tax rules and regulations of the PRC, PRC subsidiaries are liable to PRC enterprise income tax at a rate of 25% during the six months ended 30 June 2016 (1H2015: 25%) except for the following:

Jilin Midas 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 2016.

Under the PRC tax law, dividends received by foreign investors from their investment in Chinese enterprises in respect of their profits earned since 1 January 2008 are subject to withholding tax at a rate of 10% unless reduced by treaty. Pursuant to a tax arrangement between the PRC and Singapore, the investment holding companies established in Singapore are subject to a reduced withholding tax rate of 5% on dividends they received from their PRC subsidiaries.

8. DIVIDENDS

	For the six months ended 30 June	
	2016	**2015**
	RMB'000	**RMB'000**
Final dividend of S$0.0025 per share paid in respect of the financial year ended 2014	-	14,021
Final dividend of S$0.0025 per share payable in respect of the financial year ended 2015	14,523	-
	14,523	14,021

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

9. EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2016	**2015**
	RMB'000	**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	28,682	22,485

	For the six months ended 30 June	
	2016	**2015**
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

	For the six months ended 30 June	
	2016	**2015**
	RMB Fen	**RMB Fen**
Basic and diluted earnings per share	2.36	1.85

10. TRADE RECEIVABLES

	As at 30 June 2016 RMB'000 (Unaudited)	**As at 31 December 2015 RMB'000 (Audited)**
Trade receivables – third parties	1,098,513	937,583
– associate	-	-
	1,098,513	937,583
Allowance for doubtful trade receivables	(1,832)	(1,832)
Total trade receivables	1,096,681	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:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Within 90 days	407,087	390,074
Over 90 days and within 120 days	90,658	197,575
Over 120 days and within 6 months	143,974	116,001
Over 6 months and within 1 year	379,807	173,589
Over 1 year and within 2 years	54,191	59,819
Over 2 years	22,796	525
	1,098,513	937,583

11. TRADE PAYABLES

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

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

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Within 90 days	75,393	96,721
Over 90 days and within 6 months	68,951	25,954
Over 6 months and within 1 year	21,016	40,957
Over 1 year	109,090	81,946
	274,450	245,578

12. CONTINGENT LIABILITIES

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

13. CAPITAL COMMITMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

Our total revenue decreased by approximately RMB8.5 million or 1.2% from RMB694.9 million in 1H2015 to RMB686.4 million in 1H2016. Revenue at our Aluminium Alloy Extruded Products Division decreased by approximately RMB5.3 million or 0.8% from RMB689.5 million in 1H2015 to RMB684.2 million in 1H2016.

The table below shows the revenue segmentation by end usage at our Aluminium Alloy Extruded Products Division for the six months ended 30 June 2016.

Aluminium Alloy Extruded Products Division		
Transport Industry	Power Industry	Others
66.4%	9.0%	24.6%

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 industrial machinery.

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

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

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

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

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

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

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

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

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

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

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

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

(II) FINANCIAL REVIEW

1. Net Asset Value

	Group	
	As at 30 June 2016 (Unaudited)	**As at 31 December 2015 (Audited)**
Net asset value per ordinary share based on issued share capital at period/ year end	RMB 2.48	RMB 2.50

2. Loans

	As at 30 June 2016		As at 31 December 2015	
	Secured RMB'000 (Unaudited)	Unsecured RMB'000 (Unaudited)	Secured RMB'000 (Audited)	Unsecured RMB'000 (Audited)
Amount repayable in one year or less, or on demand	230,000	2,471,396	236,150	1,836,941
Amount repayable after one year	868,000	571,162	937,000	813,109
Total	1,098,000	3,042,588	1,173,150	2,650,050

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 RMB903.7 million (31 December 2015: RMB1,049.4 million). The bank loans to JMLA are guaranteed by the Company, Jilin Midas and Dalian Huicheng Aluminium Industries Co., Ltd (which is ultimately owned by Mr. Chen Wei Ping, who is the Executive Director and Chairman of the Company). The bank loans to JMLA are also secured by its land use rights, future constructions and developments on the land including factory buildings, office buildings and workshops for auxiliary facilities, and two cold-rolling mills. The bank loans to Luoyang Midas Aluminium Industries Co., Ltd. ("Luoyang Midas") are secured by its mortgage of land use rights with net book value of about RMB56.3 million (31 December 2015: Nil) and guaranteed by Jilin Midas. Finance lease payable of RMB100.0 million of Luoyang Midas are secured by the mortgage of its property, plant and equipment with net book value of about RMB174.7 million (31 December 2015: Nil).

(III) PROSPECTS

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

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

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

The Group is pleased to report that it had on 27 July 2016 completed the acquisition of Huicheng Capital Limited, enabling Midas to diversify its range of products and services to include aluminium alloy stretched plates and hot-rolled aluminium alloy plates and coils, expand its customer base and enter new industries and sectors as well as harness synergies via vertical integration. Details of the above-mentioned acquisition are disclosed in the Company's announcements dated 30 November 2015, 17 March 2016, 19 April 2016 and 27 July 2016.

SUPPLEMENTARY INFORMATION

1. Audit Committee

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the risk management, internal control and reporting matters. The interim results for the six months period ended 30 June 2016 have been reviewed by the Audit Committee. As of the date of this announcement, the Audit Committee comprises three independent non-executive directors of the Company namely, Mr. Tong Din Eu (Chairman of the Audit Committee), Mr. Chan Soo Sen and Dr. Xu Wei Dong.

2. Compliance with the Corporate Governance Code

In the opinion of the directors 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 2016 save for the deviation from code provision A.4.1 of the Code as mentioned below.

Under code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Currently, none of the existing independent non-executive Directors is appointed for a specific term. However, all Directors are subject to the retirement and re-election provisions of the 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 transactions by the Directors. The Board confirms that, having made specific enquiries with all Directors, throughout the six months ended 30 June 2016, all Directors have complied with the required standards of the Model Code.

4. Reconciliation between SFRS and International Financial Reporting Standards ("IFRS")

For the six months ended 30 June 2016, there were no material differences between the consolidated financial statements of the Group prepared under SFRS and IFRS (which include all IFRS, International Accounting Standards and Interpretations).

5. Purchase, sale or redemption of the Company's listed securities

During the six months ended 30 June 2016, neither the Company nor its 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 2016.

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

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

7. Employees and remuneration policy

As at 30 June 2016, there were 2,535 (31 December 2015: 2,545) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance.

8. Interim dividend

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

9. Disclosure on the website of the 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, 12 August 2016

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.