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)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to the attached announcement on the next page which has been published by Midas Holdings Limited (the "**Company**") on the website of the Singapore Exchange Securities Trading Limited on August 5, 2016.

On behalf of the Board
Midas Holdings Limited
Chew Hwa Kwang, Patrick
Executive Director and
Chief Executive Officer

Hong Kong, August 5, 2016

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.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be a U.S. person (as defined in Regulation S under the Securities Act (as defined below)). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States ("**U.S.**") nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), a relevant person as defined under Section 275(2) of the SFA or a person to whom an offer, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described herein.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Midas Holdings Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version. A hard copy version will be provided to you upon request.

Restrictions: The attached information memorandum is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of Midas Holdings Limited, DBS Bank Ltd. or The Hongkong and Shanghai Banking Corporation Limited to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of Midas Holdings Limited in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive this information memorandum by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a **destructive nature.**

INFORMATION MEMORANDUM DATED 5 AUGUST 2016

MIDAS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 17 November 2000)
(UEN/Company Registration No. 200009758W)

S$500,000,000
Multicurrency Medium Term Note Programme
(the "Programme")

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by Midas Holdings Limited (the "**Issuer**") pursuant to the Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and the listing and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies, the Programme or such Notes.

Joint Arrangers

DBS HSBC

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NOTICE

DBS Bank Ltd. and The Hongkong and Shanghai Banking Corporation Limited (together, the "**Arrangers**") have been authorised by the Issuer to arrange the Programme described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, its subsidiaries and associated companies, the Programme and the Notes (as defined herein). The Issuer confirms that this Information Memorandum contains all information which is material in the context of the Programme or the issue and offering of the Notes, that the information contained in this Information Memorandum is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, are based on all relevant considerations and facts existing at the date of this Information Memorandum and are fairly, reasonably and honestly held by the Issuer, and that there are no other facts the omission of which in the context of the Programme and the issue and offering of the Notes would make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section "Summary of the Programme")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Note (as defined herein) or a Permanent Global Note (as defined herein) which will be deposited on the issue date with either CDP (as defined herein) or a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to herein) shall be S$500,000,000 (or its equivalent in any other currencies) or such increased amount in accordance with the terms of the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or either of the Arrangers or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, either of the Arrangers or any of the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, either of the Arrangers or any of the Dealers to subscribe for or purchase, any of the Notes.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Notes from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arrangers and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arrangers, any of the Dealers or any of their respective officers, employees or agents is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies. Further, none of the Arrangers nor any of the Dealers makes any representation or warranty as to the Issuer or its subsidiaries or associated companies or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, either of the Arrangers or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries and associated companies, and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and its subsidiaries and associated companies. Accordingly, notwithstanding anything herein, none of the Arrangers, the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, none of the Arrangers nor any of the Dealers accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by either of the Arrangers or any of the Dealers or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports, audited consolidated accounts and/or unaudited financial statements of the Issuer and its subsidiaries and associated companies and (2) any supplement or amendment to this Information Memorandum issued by the Issuer (including each relevant Pricing Supplement). This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Notes, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined herein) and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, either of the Arrangers or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under the section "Subscription, Purchase and Distribution" on pages 100 to 101 of this Information Memorandum.

Any person(s) who is/are invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

Prospective purchasers of Notes are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership and disposal of Notes.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer and/or the Group (including statements as to the Issuer's and/or the Group's revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical fact and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer and/or the Group, expected growth in the Issuer and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer and the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, the section on "Investment Considerations".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Arranger and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Securities by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Arranger and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

"**Agency Agreement**"	:	The Agency Agreement dated 2 October 2013 between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Non-CDP Paying Agent, as non-CDP paying agent, (4) the Calculation Agent, as calculation agent, and (5) the Trustee, as trustee, as amended, varied or supplemented from time to time.
"**Alstom**"	:	Alstom Transport S.A.
"**Arrangers**"	:	DBS Bank Ltd. and The Hongkong and Shanghai Banking Corporation Limited.
"**Bombardier**"	:	Bombardier Inc., a global leading transportation company headquartered in Montreal, Canada.
"**Bombardier Sifang**"	:	Bombardier Sifang (Qingdao) Transportation Ltd.
"**business day**"	:	In respect of each Note, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (iii) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency.
"**Calculation Agent**"	:	The Bank of New York Mellon, Singapore Branch.
"**CDP**" or the "**Depository**"	:	The Central Depository (Pte) Limited.
"**Changchun Bombardier**"	:	Changchun Bombardier Railway Vehicles Co., Ltd.
"**CNC**"	:	Computer numerical control.
"**CRRC**"	:	China Railway Rolling Stock Corporation Limited.

"**CRRC Changchun**"	:	CRRC Changchun Railway Vehicles Co., Ltd.
"**CRRC Luoyang**"	:	CRRC Luoyang Co., Ltd.
"**CRRC Sifang**"	:	CRRC Qingdao Sifang Co., Ltd.
"**CRRC Tangshan**"	:	CRRC Tangshan Co., Ltd.
"**CRRC Zhuzhou**"	:	CRRC Zhuzhou Locomotive Co., Ltd.
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"**Conditions**"	:	In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part II of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Note, by the provisions of such Global Note, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Notes subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Notes" as set out in Part II of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.
"**Couponholders**"	:	The holders of the Coupons.
"**Coupons**"	:	The interest coupons appertaining to an interest bearing Definitive Note.
"**Dalian Huicheng**"	:	Dalian Huicheng Aluminium Co., Ltd.
"**Dealers**"	:	Persons appointed as dealers under the Programme.
"**Definitive Note**"	:	A definitive Note, in bearer form, being substantially in the form set out in Part I of Schedule 1 to the Trust Deed and having, where appropriate, Coupons attached on issue.
"**Directors**"	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum.
"**EIT Law**"	:	Enterprise Income Tax Law.
"**Euro**"	:	The lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.
"**FIEs**"	:	Foreign investment enterprises.

"FY"	:	Financial year ended 31 December.
"Global Note"	:	A global Note representing Notes of one or more Tranches of the same Series, being a Temporary Global Note and/or, as the context may require, a Permanent Global Note, in each case without Coupons.
"Group"	:	The Issuer and its subsidiaries.
"Huicheng Capital"	:	Huicheng Capital Limited.
"IRIS"	:	International Railway Industry Standard.
"ISO"	:	International Organization for Standardization.
"Issuer"	:	Midas Holdings Limited.
"Issuing and Paying Agent"	:	The Bank of New York Mellon, Singapore Branch.
"ITA"	:	The Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
"Jilin Midas"	:	Jilin Midas Aluminium Industries Co., Ltd.
"Jilin Midas Light Alloy"	:	Jilin Midas Light Alloy Co., Ltd.
"Key High Speed Manufacturers"	:	The key manufacturers of national high speed train projects in the PRC, which currently are CRRC Changchun, CRRC Tangshan, CRRC Sifang and Bombardier Sifang.
"Key Metro Manufacturers"	:	The key manufacturers of national metro train projects in the PRC, which currently are CRRC Zhuzhou, NPRT, CRRC Sifang and CRRC Changchun.
"Key Train Manufacturers"	:	The Key Metro Manufacturers and the Key High Speed Manufacturers.
"km"	:	Kilometres.
"Latest Practicable Date"	:	1 August 2016.
"Luoyang Midas"	:	Luoyang Midas Aluminium Industries Co., Ltd.
"MAS"	:	The Monetary Authority of Singapore.
"mm"	:	Millimetres.
"NDRC"	:	National Development and Reform Commission of the PRC.
"Non-CDP Paying Agent"	:	The Bank of New York Mellon, London Branch.
"Noteholders"	:	The holders of the Notes.

“**Notes**”	:	The multicurrency medium term notes of the Issuer issued or to be issued pursuant to the Programme Agreement and constituted by the Trust Deed (and shall, where the context so admits, include the Global Notes and the Definitive Notes).
“**NPRT**”	:	CRRC Nanjing Puzhen Rail Transport Co., Ltd.
“**PE**”	:	Polyethylene.
“**PE Pipes**”	:	Pipes made of high density polyethylene.
“**Permanent Global Note**”	:	A Global Note representing Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note, being substantially in the form set out in Schedule 3 to the Trust Deed.
“**PRC**”	:	People’s Republic of China; except where the context requires, references in this Information Memorandum to the PRC do not apply to the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC or Taiwan.
“**Pricing Supplement**”	:	In relation to any Tranche or Series, a pricing supplement supplemental to this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series, substantially in the form of Appendix 2 to the Programme Agreement.
“**Programme**”	:	The S$500,000,000 Multicurrency Medium Term Note Programme established by the Issuer pursuant to the Programme Agreement.
“**Programme Agreement**”	:	The Programme Agreement dated 2 October 2013 made between (1) the Issuer, as issuer, and (2) DBS Bank Ltd. and The Hongkong and Shanghai Banking Corporation Limited, as arrangers and dealers, as amended, varied or supplemented from time to time.
“**RMB**” or “**Renminbi**”	:	The lawful currency of the People’s Republic of China.
“**SAFE**”	:	The PRC State Administration of Foreign Exchange.
“**Securities Act**”	:	The Securities Act of 1933 of the United States, as amended and modified from time to time.
“**SEHK**”	:	The Stock Exchange of Hong Kong Limited.

"**Series**"	:	(1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited.
"**Shares**"	:	Ordinary shares in the capital of the Issuer.
"**Siemens**"	:	Siemens AG.
"**subsidiary**"	:	Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act).
"**S$**" or "**Singapore dollars**"	:	The lawful currency of Singapore.
"**TARGET System**"	:	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.
"**Temporary Global Note**"	:	A Global Note representing Notes of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 to the Trust Deed.
"**Tranche**"	:	Notes which are identical in all respects (including as to listing).
"**Trust Deed**"	:	The Trust Deed dated 2 October 2013 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended, modified and supplemented by a supplemental trust deed dated 5 August 2016 made between the same parties, and as further amended, varied or supplemented from time to time.
"**Trustee**"	:	The Bank of New York Mellon, Singapore Branch.
"**United States**" or "**U.S.**"	:	United States of America.
"**US$**" or "**US dollars**"	:	The lawful currency of the United States of America.
"**Wanshida**"	:	Shanxi Wanshida Engineering Plastics Co., Ltd.
"**1QFY2015**"	:	First quarter financial period ended 31 March 2015.

“**1QFY2016**” : First quarter financial period ended 31 March 2016.

“**%**” : Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Issuer	:	Midas Holdings Limited
Board of Directors	:	Chen Wei Ping Chew Hwa Kwang, Patrick Xu Wei Dong Chan Soo Sen Tong Din Eu
Joint Company Secretaries	:	Singapore: Tan Cheng Siew @ Nur Farah Tan Hong Kong: Mok Ming Wai
Registered Office	:	4 Shenton Way #18-03 SGX Centre 2 Singapore 068807
Auditors to the Issuer	:	Mazars LLP Public Accountants and Chartered Accountants 135 Cecil Street #10-01 MYP Plaza Singapore 069536
Arrangers and Dealers of the Programme	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982 The Hongkong and Shanghai Banking Corporation Limited 21 Collyer Quay #10-01 HSBC Building Singapore 049320
Legal Advisers to the Arrangers and the Trustee	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer	:	WongPartnership LLP 12 Marina Boulevard, Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Arrangers as to laws of the PRC	:	Jingtian & Gongcheng 34th Floor, Tower 3, China Central Place 77 Jianguo Road, Chaoyang District Beijing 100025, China
Issuing and Paying Agent	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue #03-01 Millenia Tower Singapore 039192

Non-CDP Paying Agent	:	The Bank of New York Mellon, London Branch One Canada Square London E14 5AL United Kingdom
Calculation Agent	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue #03-01 Millenia Tower Singapore 039192
Trustee for the Noteholders	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue #03-01 Millenia Tower Singapore 039192

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Midas Holdings Limited.
Arrangers	:	DBS Bank Ltd. and The Hongkong and Shanghai Banking Corporation Limited.
Dealers	:	DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	:	The Bank of New York Mellon, Singapore Branch.
Issuing and Paying Agent	:	The Bank of New York Mellon, Singapore Branch.
Non-CDP Paying Agent	:	The Bank of New York Mellon, London Branch.
Calculation Agent	:	The Bank of New York Mellon, Singapore Branch.
Description	:	S$500,000,000 Multicurrency Medium Term Note Programme.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S$500,000,000 (or its equivalent in other currencies) or as may be increased in accordance with the terms of the Programme Agreement.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Purpose	:	Please refer to the section "Purpose of the Programme and Use of Proceeds".
Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The minimum issue size for each Series shall be agreed between the Issuer and the relevant Dealer(s). The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.

Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).

Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Form and Denomination of Notes	:	The Notes will be issued in bearer form only and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Notes may initially be represented by a Temporary Global Note or a Permanent Global Note. Each Temporary Global Note may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or Definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Notes upon the terms therein.
Custody of the Notes	:	Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and Clearstream, Luxembourg.
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer from time to time.
Optional Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders.

Redemption for Taxation Reasons	:	If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (together with interest accrued to (but excluding) the date fixed for redemption), if: (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.
Redemption at the Option of Noteholders upon Cessation or Suspension of Trading of the Issuer's Shares	:	In the event that (i) the shares of the Issuer cease to be traded on the SGX-ST or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than 10 trading days, the Issuer shall, at the option of the Noteholder, redeem such Note at its redemption amount together with interest accrued to the date fixed for redemption on the date falling 30 days after (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such continuous period of 10 trading days. In this paragraph, "**trading day**" means a day on which the SGX-ST is open for securities trading.

Negative Pledge	The Issuer has covenanted with the Trustee that so long as any of the Notes or Coupons remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries (as defined in Condition 9) will, create or have outstanding any security over the whole or any part of its undertakings, assets, property or revenues, present or future, to secure any Relevant Indebtedness (as defined in the Trust Deed), or any guarantee or indemnity in respect of any Relevant Indebtedness, unless at the same time or prior thereto the Notes and the Coupons are accorded (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.
Financial Covenants	The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes or the relative Coupons remains outstanding, it will ensure that: (i) its Consolidated Tangible Net Worth (as defined in the Trust Deed) shall not at any time be less than RMB2,500,000,000; (ii) the ratio of its Consolidated Net Debt (as defined in the Trust Deed) to its Consolidated Tangible Net Worth shall not at any time be more than 1.5:1; (iii) its Consolidated Free Liquid Assets (as defined in the Trust Deed) shall at all times be equal to or more than an amount equal to eight per cent. of its Total Interest Bearing Debt (as defined in the Trust Deed); and (iv) its Consolidated Unencumbered Assets shall at all times be at a minimum of 140 per cent. of the Consolidated Unsecured Debt.
Shareholding and other Covenants	The Issuer will ensure that it will at all times beneficially own (directly or indirectly) not less than 70 per cent. of the issued share capital for the time being of Jilin Midas. Save for any prohibition imposed by law, the Issuer will ensure that none of its subsidiaries is prohibited, directly or indirectly, (i) from paying any dividends to the Issuer, (ii) from making any distribution on such subsidiary's share capital or (iii) from repaying to the Issuer any loans or advances made by the Issuer to such subsidiary.
Events of Default	See Condition 9 of the Notes.

Taxation	:	All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "Singapore Taxation" herein.
Listing	:	Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in foreign currencies).
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution" below. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	:	The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the Definitive Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a Trust Deed dated 2 October 2013 made between (1) Midas Holdings Limited (the "**Issuer**") and (2) The Bank of New York Mellon, Singapore Branch (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), as amended, modified and supplemented by a supplemental trust deed dated 5 August 2016 made between the same parties (as amended, supplemented and/or restated, the "**Trust Deed**") and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended, supplemented and/or restated, the "**Deed of Covenant**"), dated 2 October 2013, relating to the Notes executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and Coupons referred to below. The Issuer has entered into an Agency Agreement (as amended, supplemented and/or restated, the "**Agency Agreement**") dated 2 October 2013 made between (1) the Issuer, (2) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**"), (3) The Bank of New York Mellon, London Branch, as non-CDP paying agent (in such capacity, the "**Non-CDP Paying Agent**" and, together with the Issuing and Paying Agent, the "**Paying Agents**"), (4) The Bank of New York Mellon, Singapore Branch as calculation agent (in such capacity, the "**Calculation Agent**") and (5) the Trustee, as trustee. The Noteholders and the holders of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes (the "**Couponholders**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant. For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be cleared through a clearing system other than the CDP System (as defined in the Trust Deed), be deemed to be a reference to the Non-CDP Paying Agent and all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

(iii) Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) in these Conditions are not applicable.

(b) Title

(i) Title to the Notes and the Coupons appertaining thereto shall pass by delivery.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Note and such Global Note is held by a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Non-CDP Paying Agent, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the Issuer, the Issuing and Paying Agent, the Non-CDP Paying Agent, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Noteholder**" means the bearer of any Definitive Note (as defined in the Trust Deed) and "**holder**" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "**Series**" means (1) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

3. Negative Pledge and Financial Covenants

(a) Negative Pledge

The Issuer has covenanted with the Trustee that so long as any of the Notes or Coupons remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries (as defined in Condition 9) will, create or have outstanding any security over the whole or any part of its undertakings, assets, property or revenues, present or future, to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, unless at the same time or prior thereto the Notes and the Coupons are accorded (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security or other arrangement as shall be approved by an Extraordinary Resolution of the Noteholders.

"**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and having a tenor of more than one year.

(b) Financial Covenants

The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes or the relative Coupons remains outstanding, it will ensure that:

(i) its Consolidated Tangible Net Worth shall not at any time be less than RMB2,500,000,000;

(ii) the ratio of its Consolidated Net Debt to its Consolidated Tangible Net Worth shall not at any time be more than 1.5:1;

(iii) its Consolidated Free Liquid Assets shall at all times be equal to or more than an amount equal to eight per cent. of its Total Interest Bearing Debt; and

(iv) its Consolidated Unencumbered Assets shall at all times be at a minimum of 140 per cent. of the Consolidated Unsecured Debt.

For the purposes of these Conditions:

(1) "**Cash and Cash Equivalents**" means (a) cash and cash equivalents, as defined in accordance with generally accepted accounting principles in Singapore and (b) commercial paper, certificates of deposit, guaranteed investment contracts, repurchase agreements and similar securities where the obligor to the Issuer is rated A or above by Moody's, S&P or Fitch (or, in the case of commercial paper, rated P-1 or higher by Moody's or A-1 or higher by S&P);

(2) "**Consolidated Free Liquid Assets**" means the amount (expressed in Renminbi) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of the current market value of:

(A) Cash and Cash Equivalents; and

(B) deposits in banks or financial institutions;

to which the Group (as defined in the Trust Deed) shall have free and direct access, excluding any of those assets subject to any security interest at that time, provided that for the purposes of this computation, any assets referred to in paragraphs (A) and (B) above of companies included 100 per cent. in the consolidated accounts of the Issuer can also be included in the calculation on a *pro rata* basis corresponding to the Issuer's ownership share (whether direct or indirect), provided there are no restrictions on lending or distributions of any kind from the relevant company to the Issuer;

(3) "**Consolidated Net Debt**" means Consolidated Total Debt less Cash and Cash Equivalents;

(4) "**Consolidated Tangible Net Worth**" means the amount (expressed in Renminbi) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(A) the amount paid up or credited as paid up on the issued share capital of the Issuer; and

(B) the amounts standing to the credit of the capital and revenue reserves (including capital redemption reserve fund, revaluation reserves and profit and loss account) of the Group on a consolidated basis,

all as shown in the then latest audited consolidated balance sheet of the Group but after:

(aa) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the capital and revenue reserves set out in paragraph (B) above of the Group since the date of the latest audited consolidated balance sheet of the Group;

(bb) excluding any sums set aside for future taxation; and

(cc) deducting:

(I) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited consolidated balance sheet of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group;

(II) all goodwill and other intangible assets; and

(III) any debit balances on consolidated profit and loss account;

(5) "**Consolidated Total Tangible Assets**" means, at any particular time, the consolidated amount of the book values of all the current and non-current assets of the Group other than any assets which are, in accordance with generally accepted accounting principles in Singapore, regarded as intangible assets;

(6) “**Consolidated Total Debt**” means an amount (expressed in Renminbi) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(A) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months of the Group;

(B) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(C) the liabilities of the Issuer under the Trust Deed or the Notes;

(D) all other indebtedness whatsoever of the Group for borrowed moneys; and

(E) any redeemable preference shares issued by any member of the Group and which is regarded by generally accepted accounting principles in Singapore as debt or other liability of the Group,

where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation;

(7) “**Consolidated Unencumbered Assets**” means the Consolidated Total Tangible Assets other than those (a) that are subject to any security interest at that time or (b) that are owned by an entity (other than the Issuer) whose equity interests are subject to any security interest at that time;

(8) “**Consolidated Unsecured Debt**” means the Consolidated Total Debt which is not secured by any of the assets of the Issuer or any of its subsidiaries; and

(9) “**Fitch**” means Fitch Rating Service, Inc., and its successors;

(10) “**Moody’s**” means Moody’s Investors Service and/or its successors;

(11) “**S&P**” means Standard & Poor’s Rating Services, a division of The McGraw Hill Companies, and/or its successors; and

(12) “**Total Interest Bearing Debt**” means the aggregate of all interest-bearing debt and lease obligations (other than operating leases) which would in accordance with the relevant accounting principles be shown in the Group’s consolidated financial statements as the total debt of the Group.

4. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 4(II) (d)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to the Relevant Date (as defined in Condition 7).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note. The amount of interest payable per Calculation Amount (as defined in Condition 4(II)(d)) for any Fixed Rate Interest Period in respect of any Fixed Rate Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

For the purposes of these Conditions, "**Fixed Rate Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified

Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

(b) Rate of Interest – Floating Rate Notes

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "Spread" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Calculation Agent on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided on the face of such Note) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page or such other Screen Page as aforesaid) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page or such other Screen Page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR) and as adjusted by the Spread (if any);

(C) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page as aforesaid) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;

(D) if on any Interest Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and

(E) if on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD Swap Offer" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate is quoted on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX1 Page under the caption "SGD SOR rates as of 11:00hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(C) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select; and

(D) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraph (b)(ii)(2)(C) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(iv) For the avoidance of doubt, in the event that the Rate of Interest as determined in accordance with the foregoing in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(c) Rate of Interest – Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:

(1) notify or cause the Relevant Dealer to notify (if applicable) the Issuing and Paying Agent and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "Spread" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 4(II)(b)(ii) above (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(vi) For the avoidance of doubt, in the event that the Rate of Interest as determined in accordance with the foregoing in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means, in respect of each Note, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (iii) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with Condition 4:

(i) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and

(iii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

"**Euro**" means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed by the Calculation Agent;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Calculation Agent in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) and the Agency Agreement to the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating

Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) and the Agency Agreement to the Relevant Date.

(iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount (as defined in Condition 5(i) below) of such Note (determined in accordance with Condition 5(i)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(i)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable in respect of any Floating Rate Note, Variable Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, if so required by the Issuer, the Calculation Agent will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 15 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Calculation Agent does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall use reasonable efforts to procure the determination or calculation of the Rate of Interest for such Interest Period or Interest Amount. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall in its sole opinion deem fair and reasonable in all the circumstances, and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(d) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place.

5. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(c) Purchase at the Option of Noteholders

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

(e) Redemption at the Option of Noteholders

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. At least 15 days prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Redemption upon Cessation or Suspension of Trading of Shares

In the event that (i) the shares of the Issuer cease to be traded on the SGX-ST or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than 10 trading days, the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to the date fixed for redemption on the date falling 30 days after the Effective Date. In this Condition 5(g), "**Effective Date**" means (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such continuous period of 10 trading days and "**trading day**" means a day on which the SGX-ST is open for securities trading.

The Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Issuing and Paying Agent and the Noteholders of the occurrence of the event specified in this paragraph (g) (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with an Exercise Notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) not later than 21 days after the Effective Date. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(h) Purchases

The Issuer or any of its related corporations may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer or any of its related corporations may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(i) Early Redemption of Zero Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown on the face of the Note.

(j) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its related corporations may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Interest

Payments of principal and interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(b) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Appointment of Agents

The Issuing and Paying Agent and its specified office are listed below. The Issuer reserves the right at any time to vary (subject to the prior consent of the Issuing and Paying Agent) or terminate the appointment of the Issuing and Paying Agent, the Non-CDP Paying Agent and the Calculation Agent and to appoint additional or other Paying Agents provided that they will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore, (ii) a Non-CDP Paying Agent where the Conditions so require and (iii) a Calculation Agent where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 15.

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Issuing and Paying Agent and the Trustee, adversely affect the interests of the Noteholders.

(d) Unmatured Coupons

(i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons relating to it (and, in the case of Hybrid

Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

7. Taxation

All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

8. Prescription

The Notes and Coupons shall become void unless presented for payment within five years from the appropriate Relevant Date for payment.

9. Events of Default

If any of the following events ("**Events of Default**") occurs the Trustee at its discretion may (but is not obliged to), and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, give notice to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

(a) the Issuer does not pay any principal payable by it under any of the Notes when due or the Issuer does not pay any other sum (other than principal) payable by it under any of the Notes or the Issue Documents (as defined in the Trust Deed) within three business days of its due date;

(b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Issue Documents or any of the Notes and, if that default is capable of remedy, it is not remedied within 14 days after notice of such default shall have been given by the Trustee to the Issuer;

(c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and if the event resulting in such non-compliance or incorrectness is capable of remedy, it is not remedied within 14 days after notice of such non-compliance or incorrectness shall have been given by the Trustee to the Issuer;

(d) (i) any other indebtedness of the Issuer or any of its Principal Subsidiaries in respect of borrowed moneys (1) is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) or (2) is not paid when due (taking into account any applicable grace period as originally set out in the agreement relating to that indebtedness); or

(ii) the Issuer or any of its Principal Subsidiaries fails to pay when properly called upon to do so any guarantee of indebtedness for borrowed moneys,

provided however that no Event of Default will occur under this Condition 9(d) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this Condition 9(d) has/have occurred equals or exceeds S$10,000,000 (or its equivalent in other currency or currencies);

(e) the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any material part of its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or any material part of its indebtedness (or of any material part which it will otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or any material part of the indebtedness of the Issuer or any of its Principal Subsidiaries;

(f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 21 days;

(g) any security on or over the whole or any material part of the property or assets of the Issuer or any of its Principal Subsidiaries becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);

(h) any step is taken by any person with a view to the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries or for the appointment of a liquidator (including a provisional liquidator), receiver, manager, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its Principal Subsidiaries or over the whole or any material part of the property or assets of the Issuer or any of its Principal Subsidiaries (except (1) (in the case of a voluntary liquidation or winding-up of a Principal Subsidiary only not involving insolvency) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger, consolidation or transfer of assets to another Principal Subsidiary and such event is not likely to have a material adverse effect (as defined in the Trust Deed) on the Issuer or (2) on terms approved by the Trustee or the Noteholders by way of an Extraordinary Resolution);

(i) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any material part of its business or (otherwise than as permitted by, and in accordance with, the provisions of Clause 15.29 of the Trust Deed) disposes or threatens to dispose of the whole or any material part of its property or assets;

(j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer or any of its Principal Subsidiaries;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 14.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

(l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Issue Documents or any of the Notes;

(m) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;

(n) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature which are being contested in good faith) against the Issuer or any of its Principal Subsidiaries is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or could have a material adverse effect on the Issuer;

(o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j); and

(p) the Issuer or any of its Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

In these Conditions:

(A) "**subsidiary**" has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore; and

(B) "**Principal Subsidiary**" means, at any particular time, any subsidiary of the Issuer:

   (aa) whose revenue, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group (as defined in the Trust Deed) have been prepared, are at least 10 per cent. of the revenue of the Group as shown by such audited consolidated accounts; or

   (bb) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 10 per cent. of the total assets of the Group as shown by such audited consolidated accounts,

   provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then:

(I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and

(II) if part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the earlier of the date of issue of (AA) the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the revenue or, as the case may be, the total assets of such subsidiary, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the revenue or, as the case may be, the total assets of the Group, as shown by such audited consolidated accounts and (BB) a report by the Auditors (as defined in the Trust Deed) as described below dated on or after the date of the relevant transfer which shows the revenue or, as the case may be, the total assets of such subsidiary to be less than 10 per cent. of the revenue or, as the case may be, the total assets of the Group. A report by the Auditors that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive.

10. Enforcement of Rights

At any time after the occurrence of an Event of Default or after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, and to enforce the provisions of the Issue Documents but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

11. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than one-tenth of the principal amount of the Notes of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders and at the Issuer's expense, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or, as the case may be, Hong Kong law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

12. Replacement of Notes and Coupons

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent, or at the specified office of such other Issuing and Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of its related corporations without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

The Trustee may rely without liability to Noteholders on any report, confirmation or certificate or any advice of any accountants, financial advisers, legal advisers, financial institution or any other expert, whether or not addressed to it and whether or not their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

15. Notices

Notices to the holders will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 15.

Until such time as any Definitive Notes are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent. Whilst the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Issuing and Paying Agent through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

16. Governing Law and Jurisdiction

(a) **Governing Law**: The Trust Deed, the Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) **Jurisdiction**: The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Notes or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes or the Coupons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) **No Immunity**: The Issuer agrees that in any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes and the Coupons against it or any of its assets, no immunity (sovereign or otherwise) from such legal action or proceedings (which shall include, without limitation, suit, attachment prior to award, other attachment, the obtaining of an award, judgment, execution or other enforcement) shall be claimed by or on behalf of the Issuer or with respect to any of its assets and irrevocably waives any such right of immunity which it or any of its assets now have or may hereafter acquire or which may be attributed to it or any of its assets and consent generally in respect of any such legal action or proceedings to the giving of any relief or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order, award or judgment which may be made or given in such action or proceedings.

17. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

Issuing and Paying Agent
The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#03-01 Millenia Tower
Singapore 039192

Non-CDP Paying Agent
The Bank of New York Mellon, London Branch
40th Floor, One Canada Square
London E14 5AL
United Kingdom

Calculation Agent
The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#03-01 Millenia Tower
Singapore 039192

THE ISSUER

1. INTRODUCTION

The Issuer was incorporated in Singapore on 17 November 2000 as an investment holding company of the Group.

There are four business divisions under the Group, namely:

(a) the Aluminium Alloy Extruded Products Division;

(b) the PE Pipe Division;

(c) the Aluminium Alloy Plates and Sheets Division; and

(d) the Aluminium Alloy Stretched Plates Division.

These four divisions are strategically located in the PRC to take on the opportunities and potential benefits of the developments that are taking place in the infrastructure, rail and transportation sectors.

Since its inception, the Group has grown to become one of the leading manufacturers of aluminium alloy extrusion products for the rail sector in the PRC. Over the years, the Group has built an established track record in supplying to the PRC passenger rail sector, which includes participation in landmark contracts such as trains for the Beijing-Tianjin High Speed Train Project, and inter-city high speed trains for the CRH3-380 Project. The Group also exports aluminium alloy extrusion products internationally and has been involved in a considerable number of train projects in Europe and Asia.

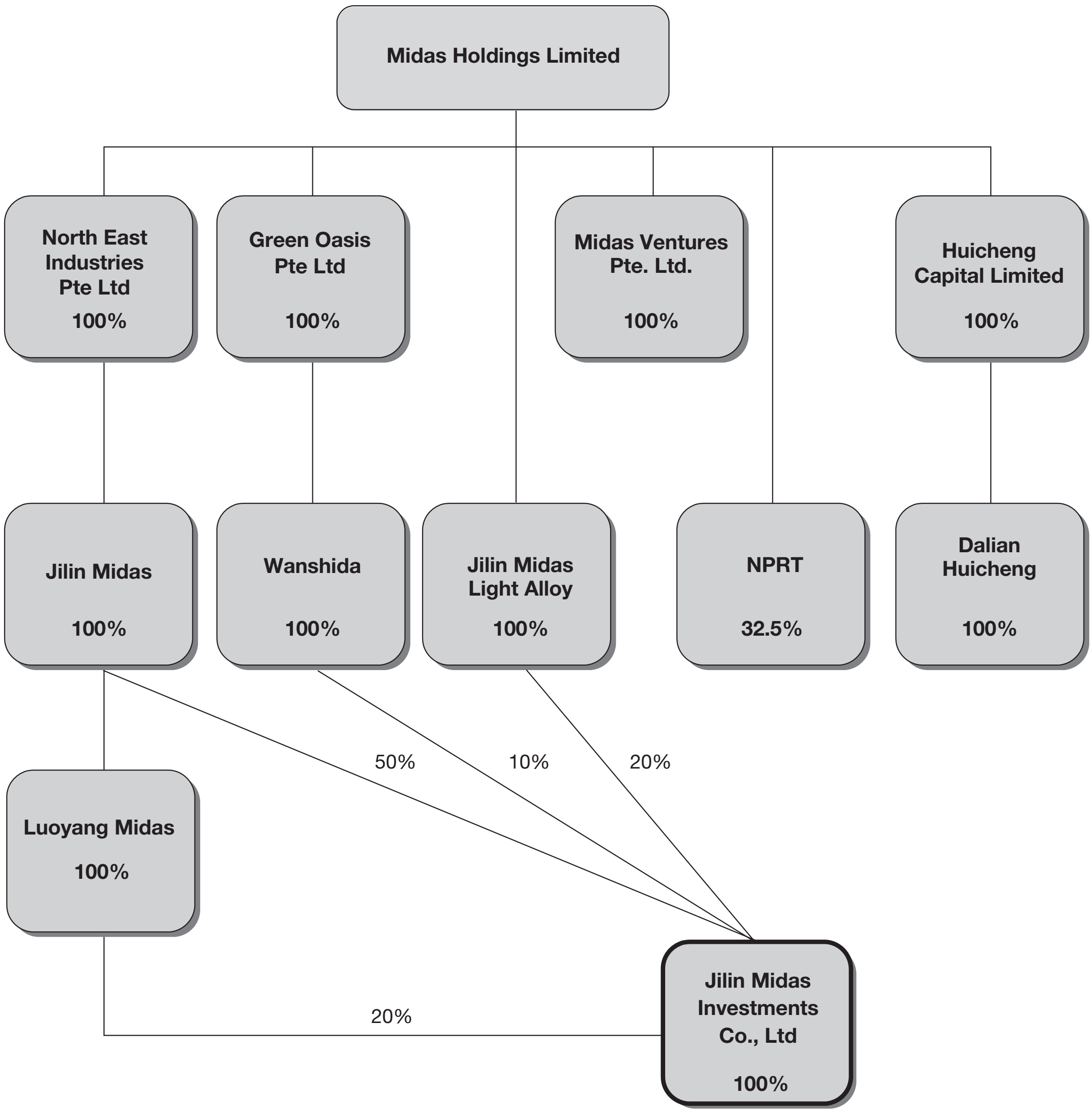
The Group's customer base consists of the Key Train Manufacturers and leading global train manufacturers such as Alstom, Siemens and Bombardier.

The Issuer was listed on the SGX-ST on 23 February 2004 and was subsequently listed on the SEHK on 6 October 2010 pursuant to a secondary listing.

As at the Latest Practicable Date, the Issuer has a market capitalisation of approximately S$411,506,360 million.

2. GROUP STRUCTURE

The following chart sets out the structure of the Group's key subsidiaries and associated companies as at the Latest Practicable Date.



3. BUSINESS STRATEGY

The Group's principal strategies include the following:

(a) *Expand presence in international markets*

The Group believes that the outlook for the international rail market is expected to be positive for the next few years. The rapid growth of some developing countries has resulted in increased demand for rail car products, while the need for railway upgrading in developed countries to maintain fleet efficiency has resulted in a growing demand for new rail car products and replacement parts. The Group plans to leverage on its proven track record through its involvement in projects with global rail players to further enhance its presence in international markets.

(b) *Diversification of product offering to target other transportation related industries*

The Group intends to diversify and broaden its product offerings and target a broader scope of transportation related industries, such as aerospace, aviation, containers and automobiles. As part of this strategy, the Group established its Aluminium Plates and Sheets Division which will augment the Group's production capabilities by focusing on the manufacture of high-precision, high-specification aluminium alloy plates, sheets, strips and foils. These products will allow the Group to penetrate new market sectors such as aerospace, aviation, containers and automobiles, which are industries that use these products. The Group believes that demand for such products will be backed by continued urbanisation and growth of the PRC economy. Commercial production for these products is expected to commence in 2016.

On 30 November 2015, the Issuer entered into a conditional sale and purchase agreement with Chen Wei Ping, Chen Chen, Tang Tianrui, Yang Tianying, Yang Xiaoguang, Tan Poh Kuan Linda and He Qingzhi to acquire the entire issued share capital of Huicheng Capital, an investment holding company, is the sole shareholder of Dalian Huicheng, a company based in Dalian, PRC, with an employee headcount of more than 250. Dalian Huicheng's main products are aluminium alloy stretched plates and hot-rolled aluminium alloy plates and coils. Dalian Huicheng has a total investment amount of US$300 million with a registered capital of US$100 million. The acquisition was completed on 27 July 2016.

4. BUSINESS

The business divisions of the Group are as follows:

(a) the Aluminium Alloy Extruded Products Division;

(b) the PE Pipes Division;

(c) the Aluminium Alloy Plates and Sheets Division; and

(d) the Aluminium Alloy Stretched Plates Division.

These four divisions are strategically located in the PRC to take on the opportunities and potential benefits of the developments that are taking place in the infrastructure, rail and transportation sectors.

Revenue by Business Activity

The tables below show the breakdown of revenue (as a percentage of total revenue) by business activity for FY2013, FY2014, FY2015 and 1QFY2016.

Revenue

	FY2013	FY2014	FY2015	1QFY2016
Aluminium Alloy Extruded Products Division	95.7%	98.2%	99.2%	99.8%
PE Pipes Division	4.3%	1.8%	0.8%	0.2%

Gross Profit by Business Activity

The tables below show the breakdown of gross profit (as a percentage of total gross profit) by business activity for FY2013, FY2014, FY2015 and 1QFY2016.

Gross Profit

	FY2013	FY2014	FY2015	1QFY2016
Aluminium Alloy Extruded Products Division	96.8%	99.2%	99.8%	100.4%
PE Pipes Division	3.2%	0.8%	0.2%	(0.4)%

Aluminium Alloy Extruded Products Division

The Aluminium Alloy Extruded Products Division is one of the leading manufacturers of aluminium alloy extrusion products for the passenger rail sector in the PRC. It consists of two wholly-owned subsidiaries, namely, Jilin Midas and Luoyang Midas. Since 2001, the Aluminium Alloy Extruded Products Division has been engaged in the production of a wide variety of large-section and high-precision aluminium alloy extrusion products. The Aluminium Alloy Extruded Products Division is the Group's principal business division and accounted for 95.7%, 98.2%, 99.2% and 99.8% of the Group's total revenue from continuing operations for FY2013, FY2014, FY2015 and 1QFY2016, respectively. The Group's expansion of its operations to include downstream fabrication capabilities in July 2009 has enabled it to produce train car body components, such as roofing, flooring and side panels which are based on customers' specifications and which are ready for assembly by the customers upon receipt with minimal further processing. The Group is able to undertake fabrication processes such as welding, machining and bending of aluminium alloy extrusion parts to process train car body components in accordance with customers' specifications.

Revenue from the Aluminium Alloy Extruded Products Division comprises mainly revenue from the production of (i) aluminium alloy extrusion products which are supplied to the passenger rail industry for the manufacture of car body frames of high speed trains, inter-city trains and aluminium metro trains; (ii) aluminium alloy tubings which are supplied to the power industry for use in power stations for power transmission, electrical energy distribution and transmission cables; and (iii) aluminium alloy rods and other specialised aluminium products which are supplied to other industries primarily for the production of mechanical parts for industrial machinery.

As at the Latest Practicable Date, the Group's Aluminium Alloy Extruded Products Division has six production lines, with an annual production capacity of up to 60,000 tonnes and four downstream fabrication lines that are able to process train car body components for approximately 1,300 train cars. This includes two integrated complexes located in Liaoyuan, Jilin Province, PRC, with a total land area of approximately 450,000 square metres. The proximity of these production facilities to the Group's major customers such as CRRC Changchun, Bombardier Sifang and CRRC Tangshan has resulted in shorter delivery and response times, reduced transportation costs and has helped the Group to foster closer working relationships with some of its major customers. Furthermore, the integrated complexes allow increased flexibility in production and delivery scheduling and faster response to customer requirements, as well as encourage efficient management and operation.

The Group has set up a new production plant in Luoyang City, Henan Province, with a total land area of approximately 390,000 square metres. With the new plant, the Group is in closer proximity to its customers. The new plant commenced commercial production in the second quarter of 2015 and the Group has entered into a master supply agreement with CRRC Luoyang. Under the terms of the agreement, CRRC Luoyang has agreed to procure 100% of its requirements for aluminium alloy extrusion products and fabricated parts from Luoyang Midas on a "preferred supplier basis".

The Group's aluminium alloy extrusion production facilities comprise auxiliary equipment such as furnaces and aging treatment machines and its fabrication lines are equipped with robotic welding machines, CNC machining centres and CNC bending machines. All of its aluminium alloy extrusion and fabrication production lines are automated. The Group's equipment and machinery are either manufactured locally in the PRC or imported from Germany and the US, and it is continuously upgrading its facilities to improve production efficiency.

Since 2004, the Group has successfully exported and/or secured contracts to supply large section aluminium alloy profiles to manufacture body frames for metro train/high speed train projects in various countries, including Belgium, Singapore, Russia, Iran, Saudi Arabia, South Korea, Malaysia, Turkey, Brazil, Switzerland, Norway and the United States. It has also participated in many metro train projects in the PRC since 2003 in cities including Changchun, Guangzhou, Hangzhou, Kunming, Nanjing, Ningbo, Shanghai, Shenzhen, Tianjin and Zhengzhou. Some of the projects awarded to Jilin Midas both in the PRC and internationally is set out below.

Projects awarded to Jilin Midas

<table>
<tr><th colspan="2">PRC Contracts</th><th rowspan="2">International Contracts</th></tr>
<tr><th>Metro Train Projects</th><th>Inter-City/High Speed Train Projects</th></tr>
<tr>
<td>• Shanghai Metro Line 1 Extension Project
• Shanghai Metro Line 1 Extension 2 Project
• Shanghai Metro Line 2 Extension 1 Project
• Shanghai Metro Line 6, 7, 8, 9, 10, 11, 12, 13 and 17 Projects
• Shanghai Yangpu Metro Line Phase 1 Project
• Shanghai Pearl Line Project
• Shenzhen Metro Line 1 Extension Project
• Shenzhen Metro Line 4 Project
• Guangzhou Metro Line 1, 2, 3, 8 Projects
• Guangzhou Line 3 Airport Line Project
• Nanjing Metro Line 1, 2, 3, 4, 10 Projects
• Tianjin Metro Project
• Changchun Light Rail Project
• Hangzhou Metro Line 1, 2 and 4 Projects
• Kunming Metro Project
• Zhengzhou Metro Line 1 Project
• Ningbo Metro Line 1 Project</td>
<td>• Beijing-Tianjin High Speed Train Project
• Regional Line EMU Phase 1 Project
• CRH3-380 Project
• CRH3-300 Project
• CRH5 EMU Project
• CRH1 EMU Project
• Nanjing-Gaochun Intercity Rail Project
• Ningtian Intercity Line 1 Project
• Nanjing Metro Ninghe Intercity Line</td>
<td>Europe/Russia
• Valero RUS, Valero RUS2, Desiro RUS Sochi & Russia Electric Trains Projects (Russia)
• Desiro Mainline Project (European and ex-European markets)
• Helsinki – St Petersburg High Speed Train Project
• Metro Oslo MRT (Norway)
• RS-Citadis Project (European market)
• SBB Double Deck Train Project (Switzerland)
• Desiro Mainline Bruxelles Project (Belgium)
South America
• Sao Paulo Expresso Tiradentes Project (Brazil)
Asia
• Circle Line, Downtown Line & North East Line Projects (Singapore)
• Incheon International Airport Railroad Project (South Korea)
• Intercity Urban Rail Project (Malaysia)
• KLIA Ekspres and KLIA Transit Projects (Malaysia)</td>
</tr>
</table>

<table>
<tr><th colspan="2">PRC Contracts</th><th rowspan="2">International Contracts</th></tr>
<tr><th>Metro Train Projects</th><th>Inter-City/High Speed Train Projects</th></tr>
<tr><td>• Wuxi Metro Line 2 Project
• Dongguan Rapid Railway R2 Line Project
• Wuhan Metro Line Project
• Changchun Metro Lines 1 and 2 Projects
• Shenzhen Metro Lines 2 and 5 Projects
• Wuhan Metro Lines 2, 3 and 4 Projects
• Nanchang Metro Lines 1 and 2 Projects
• Hefei Metro Line 1 Project
• Shenzhen Rail Transit Line 9 Project
• Hefei Rail Transit Line 1 Project
• Suzhou Rail Transit Line 4 Project
• Lanzhou Metro Project</td><td></td><td>Middle East
• Saudi Arabia Metro Project
• Iran Metro Project
• Izmir Light Rail Transit Project (Turkey)</td></tr>
</table>

The Aluminium Alloy Extruded Products Division has received numerous awards and accreditations from the PRC government and well-known organisations in the PRC and internationally. Details of the awards and accreditations awarded as at the Latest Practicable Date are set out in the section entitled "*Accolades and Awards*" below.

PE Pipes Division

The Group is engaged in the design and manufacture of PE Pipes through its subsidiary, Wanshida. The Group's PE Pipes are used in water distribution and gas distribution networks. The Group currently operates three PE Pipes production lines, all of which are located at its production facilities in Ruicheng County Economic Technology Zone, Shanxi Province, PRC. The PE Pipes production lines are automated and capable of producing PE Pipes of diameters ranging from 20 mm to 500 mm.

As the Group considers its PE Pipes Division to be a non-core business representing a relatively small portion of the Group's revenue, it currently does not have any plans to further expand the PE Pipes business.

Aluminium Alloy Plates and Sheets Division

The Group's Aluminium Alloy Plates and Sheets Division located in Liaoyuan City, Jilin Province, PRC, with a total land area of approximately 390,000 square metres, is an extension of its product diversification strategy and will focus on manufacturing high-precision, high-specification aluminium alloy plates, sheets, strips and foils. Commercial production is expected to commence in 2016 with an annual capacity of approximately 100,000 tonnes. When the plant becomes operational, the Group will be able to broaden its product offerings and engage new customers by targeting and penetrating new market sectors, namely transportation related industries such as aviation, railway, automobiles and containers.

Aluminium Alloy Stretched Plates Division

The Issuer had, on 30 November 2015, entered into a conditional sale and purchase agreement to acquire Huicheng Capital.

Following the completion of the acquisition of Huicheng Capital on 27 July 2016, the Group's range of products and services has expanded to include aluminium alloy stretched plates and hot-rolled aluminium alloy plates and coils in addition to its aluminium alloy extrusion and cold-rolled plates and sheets product offerings, allowing the Group to provide a wider range of products and services to its customers and diversify its offerings.

With the Group's aluminium alloy cold-rolling plant in Liaoyuan City, Jilin Province, PRC, expected to commence production in 2016, the Group may also be able to achieve synergies as the hot-rolled aluminium plates and coils used for production in the Group's aluminium allow cold-rolling plant, which it purchases from third party sellers, could potentially be sourced from Dalian Huicheng, where it would foreseeably be better positioned to maintain quality controls and standards.

Prior to the completion of the acquisition of Huicheng Capital, the Group's customer base comprises players in the infrastructure and rail transport sectors, with a focus on PRC and major global train manufacturers, while Dalian Huicheng's customer base comprises customers in the aviation, aerospace, rail transportation, marine, automotive and petrochemical industries. With the completion of the acquisition, the Group may be able to benefit from cross-selling opportunities, with the Group now having access to and being able to tap on Dalian Huicheng's connections in new industries and sectors.

Dalian Huicheng's operations are carried out in its two plants – the Dalian Stretching Plant and the Luoyang hot-rolling mill.

(i) *Dalian Stretching Plant*

Dalian Huicheng owns land including rights to two plots of land (amounting to a land area of approximately 332,730 square metres) in the Dengshahe Lingang Industrial Zone, Jinzhou District, Dalian, PRC, where its aluminium stretching plant is situated.

The Dalian Stretching Plant produces aluminium alloy stretched plates. The raw materials for the production of such aluminium alloy stretched plates are hot-rolled aluminium alloy plates. The annual production capacity of this stretched plates plant is 40,000 tonnes.

(ii) *Luoyang hot-rolling mill*

Dalian Huicheng has, through its branch in Luoyang (Dalian Huicheng Aluminium Co., Ltd Luoyang Hot Rolling Factory (China)), leased the Luoyang hot-rolling mill from Aluminum Corporation of China Henan Aluminum Co, Ltd. The Luoyang hot-rolling mill, with a total land area of approximately 140,000 square metres, is located at the aluminium industrial park at Yichuan County, Luoyang City of Henan Province, PRC.

The annual production capacity of the Luoyang hot-rolling mill is 200,000 tonnes.

The Luoyang hot-rolling mill produces hot-rolled aluminium alloy plates and hot-rolled aluminium alloy coils with a portion sold to third parties. Most of its hot-rolled aluminium alloy plates are fed to Dalian Stretching Plant as raw materials.

5. NPRT

As at the Latest Practicable Date, the Issuer has a strategic 32.5% stake investment in NPRT, an associate company engaged in the development, manufacturing and sale of metro trains, bogies and their related parts. NPRT is a Sino-foreign joint venture established in the PRC and is one of the leading manufacturers of metro trains in the PRC. The list of projects secured by NPRT and its consortium partners since January 2007 is set out below.

Projects secured by NPRT and its consortium partners	
Nanjing Metro Line 2 Phase 1 Project	Suzhou Metro Line 2 Project
Shanghai Metro Line 10 Project	Dongguan Rapid Railway R2 Line
Nanjing Metro Line 1 Extension Project	Wuxi Metro Line 2 Project
Shanghai Metro Line 2 Eastern Extension Project	Hangzhou Metro Line 2 Project
Shenzhen Metro Line 4 Phase 2 Project	Nanjing-Gaochun Intercity Rail Project (Nanjing South Railway Station to Lukou Airport Section)
Hangzhou Metro Lines 1 and 4 Phase 1 Projects	Suzhou National New & Hi-tech Industrial Development Zone Tramline 1 and 2 Projects
Shanghai Metro Line 13 Project	Ningtian Intercity Line Phase 1 Project
Suzhou Metro Line 1 Project	Shenzhen Metro Line 4 Project
Nanjing Metro Line 3 Project	Nanjing Metro Line 4 Phase 1 Project
Nanjing Metro Line 10 Project	Shenzhen Metro Line 3 Project
Suzhou Rail Transit Lines 2 Extension, 3 and 4 Projects	Hefei Rail Transit Line 1 Phases 1 and 2 Project
Nanjing Metro Ninghe Intercity Line Phase 1 Project	Shanghai Metro Line 13 Phases 2 and 3 Project
Shanghai Metro Line 8 Phase 3 Project	Hefei Rail Transit Line 2 Project
Guiyang Rail Transit Line 1	Hangzhou Metro Line 2 Phase 2 Project
Diannan Centre City Tramway Project	

6. COMPETITION

The PRC aluminium alloy extrusion industry is large and fragmented. The Group is one of the few aluminium alloy extrusion suppliers to the rail industry that possesses downstream fabrication capabilities.

The Group's major competitors which supply aluminium alloy extrusion products to the PRC passenger rail industry include Longkou Conglin Aluminium Co., Ltd. and Shandong Nanshan Aluminium Co., Ltd., which are PRC enterprises. The Group's ability to compete against these competitors is, to a significant extent, dependent on its ability to distinguish its products and services from its competitors on the basis of product quality, customer service and price. In this regard, the Group is the recipient of numerous certificates and awards from the PRC government, well-known organisations and its customers, which attests to the quality of the Group, its management and its products. Together with Longkou Conglin Aluminium Co., Ltd., the Group also drafted the industry standards for aluminium alloy extrusion products for China's high speed rail industry. The Group's competitive advantages over competitors thus include its leading market position, track record, high product quality, well-established relationships with customers, experienced management team and downstream fabrication capabilities.

7. COMPETITIVE STRENGTHS

The Group believes it has the following competitive strengths:

(a) Leading market position in supplying aluminium alloy extrusion products for the passenger rail sector in the PRC

The Group is one of the leading suppliers in supplying aluminium alloy extrusion products to the passenger railway industry in the PRC. The Group is also one of the first and amongst the few in the aluminium alloy extrusion industry in the PRC to possess downstream fabrication capabilities to process train car body components. The Group believes it takes considerable time, experience and resources to establish the manufacturing capability, track record, and customer relationships the Group has developed and to achieve the stringent quality standards and certification requirements the Group has met. The Group believes these factors are significant barriers to entry to supplying aluminium alloy extrusion products to the passenger rail industry in the PRC, and that the Group's manufacturing capability, track record, well-established customer relationships, stringent quality standards and certifications will help the Group to maintain its leading market position in the end-user market.

(b) Established track record in supplying aluminium alloy extrusion products to the passenger rail sector

The Group has an established track record in supplying aluminium alloy extrusion products to the PRC passenger rail sector. Landmark contracts where the Group was appointed as a supplier include trains for the Beijing-Tianjin High Speed Train Project, and inter-city high speed trains for the CRH3-380 Project. The Group believes that its ability to participate in such landmark and sizeable projects serve as recognition of the consistent high quality of the Group's products as well as the Group's production capabilities. The Group also exports aluminium alloy extrusion products internationally and has been involved in a considerable number of train projects in Europe and Asia, including supplying to the Metro Oslo MRT project in Norway, the Helsinki – St Petersburg high speed train project, the Incheon International Airport Railroad Project in South Korea and the Circle Line project in Singapore.

(c) Consistent delivery of high quality products, evidenced by its ability to meet stringent certification standards

The Group has consistently maintained high standards of product quality, quality management systems and production capabilities, evidenced by its certifications and awards in the PRC and internationally:

- The Group is one of the aluminium alloy extrusion products suppliers in the PRC which has received the IRIS Certification for the manufacturing and servicing of aluminium alloy car body profiles and parts for rail cars. The IRIS Certification is an internationally recognised certification for the evaluation of management systems in the rail industry;

- The Group is certified by two global train manufacturers, Alstom and Siemens, as well as by Changchun Bombardier, as an approved supplier of aluminium alloy extrusion products in the PRC;

- The Group has been awarded the "Quality Focus Global Sourcing Grade "A" International Certification" by Alstom, pursuant to which it is regarded as a preferred supplier for all projects undertaken with Alstom globally;

- The Group has been awarded the EN 15085-2 certification for the welding of railway vehicles and components issued by GSI SLV Duisburg, one of the largest welding engineering institutes in Europe. This certification is recognised internationally, and is a testimony of the Group's capabilities to meet international quality assurance standards for welding works in the new build, conversion and repair of railway vehicles and their components;

- The "Midas" brand was named "2007 China's Top Brand" by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC, the only aluminium alloy extrusion manufacturer to be awarded under the relevant category; and

- The Group received the "Supplier of the Year Award" from Bombardier for the year 2011. Jilin Midas is the only supplier to have received an award under this category from Bombardier for 2011.

- The Group won the 'Our Stars For Rail Systems 2014' award from Siemens Rail Systems, the rail systems division within Siemens' Infrastructure & Cities business sector. Jilin Midas is the winner of the 'Carbody' category for its exemplary work.

As the Group's certifications are re-evaluated periodically, its ability to maintain these certifications shows consistency in delivering high quality products and maintaining quality standards. This provides the Group with a competitive edge in securing new contracts from customers in the PRC and globally.

(d) Well-established relationships with leading domestic and international train manufacturers

The Group has been supplying aluminium alloy extrusion products to Key Train Manufacturers in the PRC, including CRRC Changchun, CRRC Tangshan and CRRC Zhuzhou since 2003, and NPRT since 2007. It has also been supplying these products to global train manufacturers such as Alstom and Siemens for over 12 years, and Bombardier for over 10 years. Two of the top three global train manufacturers, namely Bombardier and Alstom, have a presence in the PRC through joint ventures with PRC train manufacturers. Over the course of the Group's operating history, it has established strong working relationships and in some cases, achieved preferred supplier status, with key customers, all of whom are repeat customers. The Group has also been included in the Alstom "Leading Partners 150" Programme, pursuant to which it is regarded as a preferred supplier for all of Alstom's business units globally. In addition, since 2005, the Group has been recognised as a preferred long-term supplier of aluminium alloy extrusion products for the aluminium alloy extrusion projects of members of the Siemens group globally.

The Group believes its strong working relationships with repeat customers give it a competitive advantage over other PRC aluminium alloy extrusion products suppliers to the PRC passenger rail industry.

(e) Experienced management team

The Group is led by a highly experienced management team. Each of its Executive Directors, Mr Chen Wei Ping and Mr Chew Hwa Kwang, Patrick, has over 20 years of management experience and significant expertise in the aluminium alloy extrusion industry. Having conducted business in the PRC since the early 1990s, the senior management team has acquired a good understanding of the PRC market and the particular social, economic and political factors that affect the PRC market. With this experience and understanding, the team was able to identify and capitalise on the opportunities arising from the passenger rail industry in the PRC and internationally. Under the direction of the management, the Group was able to gain a first-mover advantage in providing aluminium alloy extrusion products for the PRC passenger rail industry. This allowed the Group to build up a network of contacts and gain in-depth industry knowledge over the years.

(f) Strategic investments which develop the Group's downstream processing capabilities

The Group makes strategic investments to tap into the passenger rail sector. Its investment in NPRT in 2006 as one of the founding shareholders is part of this strategy. NPRT is a Sino-foreign joint venture established in the PRC and is one of the leading manufacturers of metro trains in the PRC. Through NPRT, the Group seeks to further entrench its position in the PRC railway industry. In addition, the Group is currently the only aluminium alloy extrusion product manufacturer that has a significant strategic investment in a leading train manufacturer in the PRC.

8. SALES AND MARKETING

The Group believes the demand for aluminium alloy extrusion and fabrication products will continue to grow in the PRC. Accordingly, it has dedicated its sales and marketing efforts to the PRC and will continue to strengthen its leading position with a focus on the rail segment.

The Group has undertaken several initiatives to build, maintain and develop customer relationships. It leverages on its knowledge and expertise in the aluminium alloy extrusion industry, consisting of experienced engineers and technicians, to provide technical support to customers at their offices and facilities as and when they encounter problems. The Group also assists its customers by providing feedback on the specifications or feasibility of train car body component designs. In particular, it conducts regular site visits and maintains frequent communication with customers to obtain product feedback and ensure that it can meet customers' servicing requirements.

The Group's sales and marketing team, which comprises qualified engineers with in-depth knowledge of its products and end users, sells and promotes its products directly to the customers. It participates in industrial exhibitions, international trade shows and technological seminars in the PRC to create and enhance market awareness of its products. Prospective customers of the Aluminium Alloy Extruded Products Division are offered the opportunity to independently conduct their own evaluation of the Group's production facilities and products.

The Group also participates in tender exercises for its PE Pipe products and offers prospective PE Pipe customers the opportunity to perform their own quality control inspections by stationing their quality control staff at its production facilities.

9. SUPPLIERS AND RAW MATERIALS

The raw materials used in the Group's manufacturing processes are aluminium alloy and its related products (for the Aluminium Alloy Extruded Products Division) and plastic resins (for the PE Pipes Division).

The Group sources raw materials primarily from suppliers in the PRC. It adopts a policy of procuring each type of raw material from at least two suppliers. Suppliers are selected according to criteria such as pricing, quality, reliability and lead time. To maintain its certifications from major customers, the Group procures raw materials from suppliers who are stable and reliable in terms of quality and delivery lead-time. It has developed long-term relationships with key suppliers, with two of its largest suppliers supplying to the Group for more than 10 years. The Group's suppliers of aluminium alloy raw materials are located within close proximity to its production facilities in Jilin Province, PRC.

The Group's raw material procurement strategy is to avoid taking on any direct raw material price risk. It generally does not purchase or store excess raw materials in advance. The Group enters into fixed-price and "cost-plus" contracts with its customers.

For fixed-price contracts, it seeks to lock in the prices of raw materials required for the entire duration and volume of each contract, thereby substantially locking in the gross margin for that contract. For "cost-plus" contracts, raw materials are purchased in line with customer orders and delivery schedules. Any changes in raw material costs are directly passed on to customers and the Group does not assume any raw material price risk. It does not engage in any hedging transactions to manage the risk of fluctuations in prices of raw materials.

The Group's prudent approach of procuring raw materials partly allows it to manage the risk associated with the unlikely event that its customers cancel individual orders placed under the contracts or terminate the contracts for good cause, such as the cancellation of orders by their end-customers. In any event, the raw materials purchased are products with industry standard specification which the Group is generally able to shift and utilise in its other projects and contracts should the need arise due to the flexible nature of the aluminium alloy extrusion production process. The Group is also generally able to negotiate with its suppliers and customers in finding acceptable solutions in such situations in the interest of developing and maintaining long-term relationships and given the limited number of market participants (i.e. customers, aluminium alloy extrusion producers, and raw material suppliers). As aluminium alloy is a commodity that is readily available in the PRC, the Group is confident of securing alternative sources of raw materials from other suppliers in the PRC if the need arises.

10. INVENTORY MANAGEMENT

The Group's inventory comprises raw materials and work-in-progress and finished aluminium alloy extrusion products. The Group believes that effective inventory management and control is critical in meeting the needs of its customers and therefore places great emphasis on cost control. When a contract with its customers is signed, the Group assigns a budget costing for the contract specifying all the raw material requirements in terms of quantities and specifications. Raw materials are only purchased as and when required and, in general, the Group manufactures its products in response to customers' orders and specifications. It generally does not purchase or store raw materials in advance. Instead, it adopts the "first-in-first-out" method of stock control, which means that raw materials received first will be used first in its production. These measures minimise the level of products to be maintained in the Group's warehouse. However, for certain sizes and dimensions of aluminium alloy extrusion products which are commonly ordered by the Group's customers, it maintains a minimum level of stock to meet anticipated demand.

The Group carries out physical stock counts to monitor its inventories and the planning and allocation of warehouse space, to coordinate with delivery requirements and schedules and optimise its operations. It also carries out periodic checks on inventory levels and overall stock counts every year. The Group's inventory is stored in its warehousing facilities which are located on the production premises.

11. CUSTOMERS

Most of the Aluminium Alloy Extruded Products Division's major customers are leading manufacturers in the passenger rail sector, in particular, manufacturers of high speed trains and metro trains in the PRC. The Group has sold its aluminium alloy extrusion products to all the Key Train Manufacturers in the PRC. The Group is also certified to supply aluminium alloy extrusion products to two global train manufacturers, namely, Alstom and Siemens, as well as to Changchun Bombardier. Some of the Group's customers belong to the same group of companies, such as CRRC. The Group also exports aluminium alloy extrusion products internationally and has been involved in a considerable number of train projects in Europe and Asia such as the Singapore Circle Line and Russia's Electric Trains Project.

The Group's customer base also comprises customers in other industries such as manufacturers of power transmission and distribution equipment, manufacturers of industrial equipment and machinery, construction companies and trading companies.

12. ACCOLADES AND AWARDS

Over the years, the Group has received several awards and certificates, including the following:

Awards/Certification	Awarding body	Year of Award/ Certification
Winner of Most Transparent Company Award 2012 for the Chemical & Resources Category	Securities Investors Association (Singapore)	2012, 2013, 2014, 2015
Our Stars for Rail Systems 2014	Siemens Rail Systems[1]	2014
Supplier of the Year Award (2011)	Bombardier Transportation[1]	2012

Awards/Certification	Awarding body	Year of Award/ Certification
Well-Known Trademark	Trademark Office of the State Administration for Industry & Commerce of the PRC	2010
Singapore Corporate Awards "Best Investor Relations Award (Gold)" in the category of "S$300 million to less than S$1 billion market capitalisation"	The Business Times, supported by the Singapore Exchange Limited, with various partners	2010
IRIS Certificate — category of manufacturing and services of aluminium alloy car body profiles for rail cars	Bureau Veritas Certification (an IRIS approved certification body)	2009
Asia "Best Under A Billion" Enterprise	Forbes Asia	2009, 2008, 2007 and 2006
EN 15085-2 certification for the welding of railway vehicles and components	GSI SLV Duisburg	2009
"Leading Partners 150" Programme, a programme by Alstom to identify 150 suppliers globally as preferred suppliers for all projects undertaken with Alstom globally	Alstom(1)	2008
Quality Focus Global Sourcing Grade "A" International Certification	Alstom(1)	2007
2007 China's Top Brand	General Administration of Quality Supervision, Inspection and Quarantine of the PRC	2007
ISO 9001:2000 quality management standard	China Xin Shi Dai Certification Center, an accredited certification body by the ISO	2007
Certified supplier of aluminium alloy extrusion products	Changchun Bombardier(1)	2005
Preferred long-term supplier of aluminium alloy products	Siemens(1)	2005

Note:

(1) These awarding bodies are also customers of the Group.

13. QUALITY ASSURANCE AND CONTROL

The Group manufactures aluminium alloy extrusion products in accordance with the specifications of its customers. Its quality control team is tasked with monitoring each stage of the production process and ensuring that the quality of the aluminium alloy extrusion products is consistent and that it meets the internal quality standards. The Group's stringent quality standards are evidenced by its customers' certifications, which have been consistently renewed through periodic reviews and evaluations.

The Group's system of quality control for its Aluminium Alloy Extruded Products Division has been certified by China Xin Shi Dai Certification Center (an accredited certification body by ISO) as being in compliance with the requirements of ISO 9001:2000, which is an internationally recognised quality management standard set by ISO. The ISO certification process involves subjecting the Group's manufacturing processes and quality management systems to periodic reviews and observation for various periods.

14. ENVIRONMENTAL AND SAFETY REGULATIONS

The Group's manufacturing operations are required to comply with the relevant PRC environmental law and regulations. It is subject to periodic checks conducted by local environmental protection authorities in the PRC. The Group believes that its operations do not produce material levels of noise, industrial waste or other hazardous waste that violate the applicable environmental standards and measures in the PRC.

Manufacturing businesses in the PRC are subject to PRC environmental laws and regulations, which include but are not limited to the PRC Environmental Protection Law (中华人民共和国环境保护法), the PRC Law on the Prevention and Control of Water Pollution (中华人民共和国水污染防治法), the PRC Law on the Prevention and Control of Atmospheric Pollution (中华人民共和国大气污染防治法), the PRC Law on the Prevention and Control of Pollution From Environmental Noise (中华人民共和国环境噪声污染防治法) and the PRC Law on the Prevention and Control of Environmental Pollution by Solid Waste (中华人民共和国固体废物污染环境防治法) (collectively, the "**Environmental Laws**"). According to the Environmental Laws, all business operations that may cause environmental pollution and other public hazards are required to incorporate environmental protection measures into their plans and establish a reliable system for environmental protection. Enterprises discharging pollutants must register with relevant environmental protection administration authorities. Enterprises are also required to carry out an environment impact assessment before commencing construction of production facilities and install pollution treatment facilities that meet the relevant environmental standards to treat pollutants before discharge. The pollution treatment facilities must be designed, built and used together with the principal part of the production facilities.

15. STAFF TRAINING

The Group considers its employees one of its key resources for achieving its goals and is committed to their long term career development by providing on-the-job training programmes to enhance their skills and increase their productivity. Due to the nature of the Group's business, most of the staff training is conducted in-house. The Group's in-house training programmes are customised to meet its operational and market needs. Training programmes such as operational and manufacturing procedures, quality assurance standards, product knowledge, sales techniques and specific market knowledge are conducted by the Group's team heads, heads of department or by external trainers. The Group places high emphasis in the areas of operational and manufacturing procedures and quality assurance standards to ensure that all the staff understand the nature of their respective jobs. The employees understand the importance of strict compliance with documented procedures to produce high quality products.

16. DIRECTORS

Information on the Directors' business and working experience is set out below:

Mr Chen Wei Ping
Executive Chairman

Mr Chen Wei Ping was appointed as a Director of the Issuer on 21 August 2002 and has been Executive Chairman of the Issuer since March 2003. Mr Chen is instrumental in developing and steering the Group's corporate directions and strategies. Mr Chen is responsible for the effective management of business relations with the Group's strategic partners. In addition, Mr Chen spearheaded the listing of the Issuer's shares on the SGX-ST on 23 February 2004 and on the SEHK on 6 October 2010. Mr Chen has more than 20 years of management experience and holds a Bachelor Degree in Economics from Jilin Finance & Trade College (PRC) as well as a Master Degree in Economics from Jilin University (PRC).

Mr Chew Hwa Kwang, Patrick
Chief Executive Officer and Executive Director

Mr Chew Hwa Kwang, Patrick, is a founding member of the Group and is the Issuer's Chief Executive Officer who is responsible for the overall operations and finance of the Group and its financial well-being. Mr Chew is responsible for identifying future business opportunities and services which the Group may provide to drive future growth. Mr Chew is also in charge of overseeing the day-to-day management of the Group as well as the Group's strategic and business development. Mr Chew has served as an Executive Director of the Issuer since November 2000 and played a major role in the listing of the Issuer's shares on the SGX-ST on 23 February 2004 and on the SEHK on 6 October 2010. Mr Chew has more than 20 years of management experience.

Dr Xu Wei Dong
Independent Non-Executive Director

Dr Xu Wei Dong was appointed as an Independent Non-Executive Director on 17 March 2010. Dr Xu is currently a professor and a PhD supervisor of the School of Law, Jilin University (PRC). Dr Xu graduated from the School of Law (formerly known as the Law Department), Jilin University (PRC) with a Bachelor Degree in 1982. He obtained a Master Degree in law in 1989 and a Doctoral Degree in economics in 2002, both from Jilin University (PRC). Between June 2000 and December 2004, Dr Xu served as the Deputy Dean of the School of Law, Jilin University. He was promoted to become the Dean of the School of Law, Jilin University in December 2004 and held such position till December 2008. Dr Xu concurrently holds senior positions in various law related institutions and organisations. Dr Xu is the deputy chairman of the Commercial Law Research Department of the China Law Society, executive director and secretary general of the Legal Education Research Department of the China Law Society, an arbitrator with China International Economic and Trade Arbitration Commission, and a lawyer with the Changchun Branch of Dacheng Law Office. Dr Xu is also a member of the National Legal Profession Examination Coordination Committee; a member of the Advisory Committee of the Changchun Municipal Government; and a member of the Legislation Advisory Committee of the Heilongjiang Provincial Government. Dr Xu is currently an independent non-executive director of a company listed on the Shenzhen Stock Exchange.

Mr Chan Soo Sen
Independent Non-Executive Director

Mr Chan Soo Sen was appointed as an Independent Non-Executive Director on 29 June 2006. Mr. Chan was a Minister of State and had served in several ministries including the Ministry of Education, Ministry of Trade and Industry and Ministry of Community Development, Youth and Sports. Before entering the political scene, Mr Chan started up the China-Singapore Suzhou Industrial Park as the founding CEO in 1994, laying the foundation and framework for infrastructure and utilities development. Mr Chan holds a Master of Management Science from the University of Stanford, United States, is a director of a few listed companies in Singapore and an Adjunct Professor in the Nanyang Technological University.

Mr Tong Din Eu
Independent Non-Executive Director

Mr Tong Din Eu was appointed as an Independent Non-Executive Director and Lead Independent Director of the Issuer on 8 August 2011 and 14 November 2013 respectively. Mr Tong holds a Bachelor Degree in Accountancy from the National University of Singapore and passed the examinations to be a Chartered Financial Analyst. Mr Tong has many years of experience in corporate finance and had advised many regional initial public offerings and merger & acquisitions transactions.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The following table sets out the Group's consolidated statement of financial position as at and for FY2013, FY2014 and FY2015 and the Group's unaudited first quarter financial statements as at and for 1QFY2015 and 1QFY2016. The selected consolidated financial data for FY2013, FY2014 and FY2015 in the table below are derived from the historical financial statements of the Group. The audited financial statements of the Group have been drawn up in accordance with the Singapore Financial Reporting Standards. The Group's financial statements are presented in Renminbi. The financial data for FY2015 has been translated to Singapore dollars for illustrative purposes only and do not in any way form part of the financial statements of the Group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 1QFY2015 RMB'000	Unaudited 1QFY2016 RMB'000	Audited FY2013 RMB'000	Audited FY2014 RMB'000	Audited FY2015 RMB'000	Audited FY2015 S$'000*
Revenue	320,586	303,524	1,147,568	1,317,863	1,512,199	330,718
Cost of sales	(228,250)	(209,403)	(866,332)	(967,617)	(1,105,425)	(241,757)
Gross profit	92,336	94,121	281,236	350,246	406,774	88,961
Other income	2,606	3,976	12,587	14,081	23,767	5,198
Selling and distribution expenses	(16,515)	(16,727)	(54,501)	(60,669)	(73,431)	(16,059)
Administrative expenses	(40,384)	(43,571)	(117,147)	(148,295)	(172,648)	(37,758)
Finance costs	(35,183)	(26,107)	(76,248)	(128,481)	(138,959)	(30,390)
Share of profits of an associate	9,449	2,627	13,631	29,024	31,712	6,935
Profit before income tax expense	12,309	14,319	59,558	55,906	77,215	16,887
Income tax expense	(1,381)	(4,333)	(16,733)	(2,803)	(20,023)	(4,379)
Profit for the year	10,928	9,986	42,825	53,103	57,192	12,508
Profit attributable to:						
Owners of the Issuer	10,928	9,986	47,711	56,348	57,192	12,508
Non-controlling interests	–	–	(4,886)	(3,245)	–	–
	10,928	9,986	42,825	53,103	57,192	12,508
Profit for the period	10,928	9,986	42,825	53,103	57,192	12,508
Other comprehensive income:						
Currency translation differences arriving from consolidation	24,004	(24,185)	(12,372)	31,900	14,547	3,181
Total comprehensive income for the period	34,932	(14,999)	30,453	85,003	71,739	15,689
Total comprehensive income attributable to:						
Owners of the Issuer	34,932	(14,999)	35,339	88,248	71,739	15,689
Non-controlling interests	–	–	(4,886)	(3,245)	–	–
	34,932	(14,999)	30,453	85,003	71,739	15,689

* *Based on the average exchange rate for FY2015 of S$1.00 = RMB4.57247*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited 1QFY2015 RMB'000	Unaudited 1QFY2016 RMB'000	Audited FY2013 RMB'000	Audited FY2014 RMB'000	Audited FY2015 RMB'000	Audited FY2015 S$'000*
Non-current assets						
Property, plant and equipment	3,790,407	4,215,791	3,032,823	3,617,443	4,142,814	901,890
Interest in an associate	212,220	233,662	192,539	208,364	225,282	49,044
Land use rights	309,577	332,083	318,285	311,319	333,934	72,697
Available-for-sale financial assets	–	–	2,000	–	–	–
Restricted bank deposits	97,741	–	35,082	37,822	–	–
Prepaid rental	90	83	99	92	84	18
Deferred tax assets	19,992	17,873	–	17,138	18,118	3,944
	4,430,027	4,799,492	3,580,828	4,192,178	4,720,232	1,027,593
Current assets						
Derivative financial asset	488	–	–	–	–	–
Inventories	566,836	589,836	628,933	563,711	558,694	121,628
Trade and other receivables	1,630,046	1,337,693	999,602	1,392,352	1,264,102	275,195
Income tax recoverable	–	–	12,205	–	–	–
Restricted bank deposits	–	97,011	–	–	96,550	21,019
Cash and cash equivalents	1,147,191	1,063,215	1,046,456	1,209,501	1,162,445	253,064
	3,344,561	3,087,755	2,687,196	3,165,564	3,081,791	670,906
Less:						
Current liabilities						
Trade and other payables	711,043	924,320	420,084	615,799	927,311	201,875
Income tax payable	7,443	1,919	–	6,866	8,040	1,750
Finance lease payable	–	100,000	–	–	–	–
Borrowings	1,733,173	2,177,185	1,321,582	1,604,173	2,073,091	451,312
	2,451,659	3,203,424	1,741,666	2,226,838	3,008,442	654,937
Net current assets	892,902	(115,669)	945,530	938,726	73,349	15,969
Non-current liabilities						
Deferred tax liability	2,141	2,141	2,141	2,141	2,141	466
Borrowings	2,288,368	1,654,550	1,276,028	2,131,275	1,750,109	380,999
	2,290,509	1,656,691	1,278,169	2,133,416	1,752,250	381,465

	Unaudited 1QFY2015 RMB'000	Unaudited 1QFY2016 RMB'000	Audited FY2013 RMB'000	Audited FY2014 RMB'000	Audited FY2015 RMB'000	Audited FY2015 S$'000*
Net assets	3,032,420	3,027,132	3,248,189	2,997,488	3,041,331	662,097
Capital and reserves and non-controlling interests						
Share capital	2,166,575	2,166,575	2,166,575	2,166,575	2,166,575	433,874
Treasury shares	(2,501)	(2,501)	(2,501)	(2,501)	(2,501)	(518)
Foreign currency translation reserve	41,934	8,292	(13,970)	17,930	32,477	53,684
PRC statutory reserve	151,676	160,749	142,016	149,823	158,378	32,691
Share options reserve	–	–	2,740	–	–	–
Retained earnings	674,736	694,017	673,797	665,661	686,402	142,366
Equity attributable to owners of the Company	3,032,420	3,027,132	2,968,657	2,997,488	3,041,331	662,097
Non-controlling interests	–	–	279,532	–	–	–
Total equity	3,032,420	3,027,132	3,248,189	2,997,488	3,041,331	662,097

* *On consolidation, assets and liabilities not denominated in Singapore dollars are translated at S$1.00 = RMB4.59348, the prevailing exchange rate as at 31 December 2015. Capital and reserves, other than the foreign currency translation reserve, and non-controlling interests, are derived using historical rates applicable at the time of the relevant transactions. Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of operations whose functional currencies are different from that of the presentation currency*

Financial Review

1QFY2016 vs 1QFY2015

The Group's total revenue decreased by approximately RMB17.1 million or 5.3% from RMB320.6 million in 1QFY2015 to RMB303.5 million in 1QFY2016. Revenue at the Group's Aluminium Alloy Extruded Products Division decreased by approximately RMB16.7 million or 5.2% from RMB319.5 million in 1QFY2015 to RMB302.8 million in 1QFY2016. The Group's gross profit margin for 1QFY2016 was 31.0% versus 28.8% in 1QFY2015. This was due to higher gross profit margin at the Group's Aluminium Alloy Extruded Products Division of 31.2% in 1QFY2016 as compared to 28.9% in 1QFY2015.

Other income comprised mainly interest income and disposal of scrap materials at the Group's Aluminium Alloy Extruded Products Division. Administrative expenses increased by about RMB3.2 million in 1QFY2016 mainly due to higher staff costs as compared with 1QFY2015. 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 and lower amount of outstanding loans as compared to 1QFY2015. Approximately RMB28.0 million of the interest on borrowings that are used to finance the construction of property, plant and equipment for the Group's new production lines were capitalised in 1QFY2016 as compared to RMB33.9 million in 1QFY2015. The Group's share of profits from its associated company, NPRT, was approximately RMB2.6 million in 1QFY2016 as compared to RMB9.4 million in 1QFY2015. This was mainly due to decreased delivery to its customers during the period. Income tax expense for 1QFY2016 increased by about RMB3.0 million mainly due to lower amount of deferred tax asset recognised during the quarter. 1QFY2016 ended with profits of approximately RMB10.0 million.

FY2015 vs FY2014

The Group's total revenue increased by approximately RMB194.3 million or 14.7% from RMB1,317.9 million in FY2014 to RMB1,512.2 million in FY2015. Revenue at the Group's Aluminium Alloy Extruded Products Division increased by approximately RMB205.8 million or 15.9% from RMB1,294.8 million in FY2014 to RMB1,500.6 million in FY2015 mainly due to an increase in business volume and contribution from the Group's plant in Luoyang, PRC. The Group's Aluminium Alloy Extruded Products Division contributed approximately 99.2% of total revenue as compared to approximately 98.2% for FY2014.

The Group's gross profit margin for FY2015 was 26.9% versus 26.6% in FY2014. This was due to higher gross profit margin at the Group's Aluminium Alloy Extruded Products Division of 27.0% in FY2015 as compared to 26.8% in FY2014.

Other income comprised mainly of interest income and income derived from the disposal of scrap materials and grants received at the Group's Aluminium Alloy Extruded Products Division.

Selling and distribution expenses increased by approximately RMB12.8 million in FY2015, driven mainly by higher transportation, travelling and packaging expenses as compared with FY2014, in line with the growth in business volume at the Group's Aluminium Alloy Extruded Products Division in FY2015.

Administrative expenses increased by about RMB24.4 million in FY2015 mainly due to increase in depreciation, other taxes and staff costs as compared with FY2014.

Finance costs comprised interest for debt borrowings, bank charges and financing costs relating to discounted notes receivables. Approximately RMB124.7 million of the interest on borrowings that was used to finance the construction of property, plant and equipment for the Group's new production lines were capitalised in FY2015 as compared to RMB120.9 million in FY2014.

The Group's share of profit from its associated company, NPRT, is approximately RMB31.7 million in FY2015. This was mainly due to a different project mix during the year.

Income tax expense for FY2015 increased by about RMB17.2 million mainly due to lower deferred tax income in Luoyang Midas and Jilin Midas Light Alloy as compared with FY2014. Jilin Midas was awarded with the approved High Technology Enterprise status and enjoyed a concessionary rate of 15% for the financial years 2011 to 2016.

FY2015 ended with profits of approximately RMB57.2 million which represented 7.7% increase over FY2014.

FY2014 vs FY2013

The Group's total revenue increased by approximately RMB170.3 million or 14.8% from RMB1,147.6 million in FY2013 to RMB1,317.9 million in FY2014. Revenue at the Group's Aluminium Alloy Extruded Products Division increased by approximately RMB196.5 million or 17.9% from RMB1,098.2 million in FY2013 to RMB1,294.8 million in FY2014 mainly due to an increase in business volume. The Group's Aluminium Alloy Extruded Products Division contributed approximately 98.2% of total revenue as compared to approximately 95.7% for FY2013.

The Group's gross profit margin for FY2014 was 26.6% versus 24.5% in FY2013. This was due to higher gross profit margin at the Group's Aluminium Alloy Extruded Products Division of 26.8% in FY2014 as compared to 24.8% in FY2013.

Other operating income comprised mainly interest income and income derived from the disposal of scrap materials at the Group's Aluminium Alloy Extruded Products Division.

Selling and distribution expenses increased by approximately RMB6.2 million in FY2014, driven mainly by higher transportation, packaging expenses and staff costs as compared with FY2013, in line with the growth in business volume at the Group's Aluminium Alloy Extruded Products Division in FY2014.

Administrative expenses increased by about RMB31.1 million in FY2014 mainly due to increase in depreciation and higher start up staff costs at the Group's new plants as compared with FY2013.

Finance costs comprised interest on borrowings, bank charges and financing costs relating to discounted notes receivables. Approximately RMB120.9 million (FY2013: RMB57.8 million) of the interest on borrowings that are used to finance the construction of property, plant and equipment for the Group's new production lines were capitalized.

The Group's share of profit from its associated company, NPRT, is approximately RMB29.0 million in FY2014. This was attributed to an increase in delivery of train cars to its customers during the year.

Income tax expense for FY2014 decreased by about RMB13.9 million mainly due to deferred tax income of RMB17.1 million in Luoyang Midas and Jilin Midas Light Alloy. Jilin Midas was awarded with the approved High Technology Enterprise status and enjoyed a concessionary rate of 15% for the financial years 2011 to 2016.

FY2014 ended with profits of approximately RMB53.1 million which represented 24.0% increase over FY2013.

INVESTMENT CONSIDERATIONS

Prior to making an investment or divestment decision, prospective investors in or existing Noteholders should carefully consider all the information set forth in this Information Memorandum including the investment considerations set out below.

The investment considerations set out below do not purport to be complete or comprehensive of all the investment considerations that may be involved in the business, assets, financial condition, performance or prospects of the Issuer and the Group or the properties owned by the Group or any decision to purchase, own or dispose of the Notes. Additional investment considerations which the Issuer is currently unaware of may also impair its business, assets, financial condition, performance or prospects. If any of the following investment considerations develop into actual events, the business, assets, financial condition, performance or prospects of the Issuer and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Notes may be adversely affected.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Issuer or the Group, prior to making an investment or divestment decision in relation to the Notes issued under the Programme

Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, either of the Arrangers or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, its subsidiaries and/or its associated companies, either of the Arrangers, any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

RISKS RELATING TO NOTES

Limited Liquidity of the Notes issued under the Programme

There can be no assurance regarding the future development of the market for the Notes issued under the Programme or the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes. The Notes may have no established trading market when issued, and one may never develop. Even if a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment

objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

The lack of liquidity may have a severely adverse effect on the market value of the Notes. Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issue in the market of such additional Notes.

Fluctuation of the Market Value of the Notes

Trading prices of the Notes are influenced by numerous factors, including the operating results and/or financial condition of the Issuer, its subsidiaries and/or its associated companies, political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or its associated companies generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries and/or its associated companies operate or have business dealings, could have a material adverse effect on the operating results and/or the financial condition of the Issuer, its subsidiaries and/or its associated companies.

Interest Rate Risk

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in bond prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, bond prices may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation Risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may adversely affect the market price of any Series of Notes.

Performance of contractual obligations by the Issuer is dependent on other parties

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent and/or the Calculation Agent of their respective obligations. Whilst the non-performance of any relevant party will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstances, be able to fulfill its obligations to the Noteholders and the Couponholders.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Notes may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes may be issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Modification

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Variable Rate Notes may have a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Notes denominated in currencies other than Renminbi are subject to currency risks

The majority of the Group's revenue is generally denominated in Renminbi and the majority of the Group's operating expenses are generally incurred in Renminbi as well. As Notes issued under the Programme can be denominated in currencies other than Renminbi, the Issuer may be affected by fluctuations between the Renminbi and such other currencies in meeting the payment obligations under such Notes and there is no assurance that the Issuer may be able to fully hedge the currency risks associated with such Notes denominated in currencies other than Renminbi.

Singapore Tax Risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2018 are intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfillment of certain conditions more particularly described in the section "Singapore Taxation" herein.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

U.S. Foreign Account Tax Compliance Withholding may affect payments on the Notes

Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any foreign financial institution ("**FFI**") (as defined by FATCA) that (i) does not become a **Participating FFI** by agreeing to provide to the U.S. Internal Revenue Service ("**IRS**") (or other applicable authority pursuant to an intergovernmental agreement) certain information in respect of its account holders or (ii) is not otherwise exempt from FATCA. The new withholding regime will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 2017. It is unclear whether the Issuer would be treated as an FFI for purposes of FATCA.

If the Issuer becomes a Participating FFI, irrespective of the Conditions of the Notes, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI or otherwise exempt from FATCA or (ii) an investor does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "U.S. account" of the Issuer (as defined by FATCA), or is otherwise exempt from FATCA. This withholding would apply to (i) any Notes characterised as debt for U.S. federal tax purposes that are issued or materially modified six months after the date the U.S. Treasury regulations defining foreign passthru payments are finalised and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued.

If an amount in respect of FATCA were to be deducted or withheld either against the Issuer or from interest, principal or other payments on the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the Conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive less interest, principal or other payments on the Notes than expected. FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed U.S. Treasury regulations and official guidance, all of which are subject to change.

The application of FATCA to each issue of Notes may be addressed in the relevant Pricing Supplement or a Supplement to this Information Memorandum, as applicable.

RISKS RELATING TO THE ISSUER'S AND THE GROUP'S BUSINESS

Any reduction or change in the level of the PRC government's spending on transportation infrastructure may materially and adversely affect the Group's business

Train manufacturers who build high speed trains, inter-city trains and metro trains as part of transport infrastructure development in PRC cities are amongst the Aluminium Alloy Extruded Products Division's major customers. These infrastructure developments are mostly funded by the PRC government or are a result of the implementation of PRC government policies. The PRC metro rail networks is expected to expand to 6,000 km by 2020, and 36 cities have approved plans to build metro systems. The railway sector remains a mainstay of China's 13th Five-Year plan with planned investments of RMB800 billion in 2016, with plans to extend high-speed railway by 60 percent to 30,000 km by the end of 2020.

Accordingly, the Group's business largely depends on continued infrastructure spending by the PRC government. The PRC government has in the past implemented various macroeconomic policies to manage the growth of the PRC economy. Various factors affect the nature, scale, location and timing of the PRC government's public investment plans in the transportation infrastructure sector of the PRC. These factors include the PRC government's policy and priorities regarding different regional economies across the PRC, deregulation to encourage private sector participation in the transportation infrastructure sector, the ability of the PRC government to raise funds for infrastructure development, domestic political developments and the general condition and prospects of the overall PRC economy. There is no assurance that the PRC government will continue infrastructure spending at current levels or rates. Any significant reduction in the PRC government's public budgets for the national transportation infrastructure, especially on high speed trains and metro trains, could lead to a reduction in demand for the Group's aluminium extrusion products and consequently have a material and adverse effect on its business.

The Group generates a significant portion of its revenue from a few key customers, some of which are ultimately owned by the same parent company, such as CRRC, and the loss of one or more of these customers, any significant reduction of purchases by these customers or any default in payment by these customers may materially and adversely affect its business, financial condition and results of operations.

The Group relies on a few key customers to purchase its products. It has two main customer groups — customers from the rail industry and customers from non-rail industries. Its rail industry customers comprise PRC Key Train Manufacturers and Alstom, Siemens and Bombardier, the top three global train manufacturers. The aggregate revenue contribution from international sales made to the top three global train manufacturers (Alstom, Siemens and Bombardier) accounted for 5.6%, 8.6%, 11.6% and 10.1% of the Group's total revenue for FY2013, FY2014, FY2015 and 1QFY2016, respectively. As far as the Group is aware, two of the top three global train manufacturers, namely Bombardier and Alstom, have a presence in the PRC through joint ventures with PRC companies. The PRC train manufacturing industry is highly concentrated with six Key Train Manufacturers which manufacture high speed and metro trains. The Group's customer base consists of all of the six Key Train Manufacturers. In particular, it has been a long-term supplier to CRRC Changchun, CRRC Tangshan and CRRC Zhuzhou from as early as 2003, and NPRT since 2007. Furthermore, the Group's customers in the PRC rail industry belong to CRRC, which further concentrates its customer base in the rail industry. The Group's non-rail industry customers include aluminium alloy producers and those engaged in the sales and trading of aluminium alloys. For FY2013, FY2014, FY2015 and 1QFY2016, the Group's five largest customers in aggregate accounted for approximately 51.5%, 67.5%, 64.3% and 60.0% of its total revenue, respectively. Sales to the Group's single largest customer for FY2013, FY2014, FY2015 and 1QFY2016 accounted for approximately 18.1%, 27.2%, 28.4% and 22.0% of its total revenue, respectively. The Group's single largest customer for the same financial periods was from the rail industry.

Substantially all of the significant contracts entered into by the Group were with its key customers. Certain of the Group's contracts allow its customers to cancel individual orders placed under the contracts or terminate the contract for good cause, such as cancellation of orders by their end-customers, in which case, the Group would only be entitled to certain direct costs in accordance with the contract terms.

In addition, there can be no assurance that in the future, the Group will be able to retain its key customers or continue to receive orders from them at current levels. Given the concentrated nature of its customer base, the Group's reliance on the sales to its five largest customers from whom it derives a significant portion of its revenue and the fact that a significant portion of its unperformed contracts are with its key customers, any material delay, suspension, cancellation, reduction or cessation of orders from any of them, any delay or failure by the Group to meet its contractual obligations to any customer, or any contractual dispute with any of such customers, either initiated by the Group or by such customer, could have a material impact on its business, results of operations and reputation. Failure by the Group to maintain good relationships with any major customer will also limit its ability to enter into more contracts and adversely affect its growth prospects.

Furthermore, if any of the Group's key customers delays or defaults in payment, its financial condition and profitability will also be materially and adversely affected. For instance, the Group's turnover days of trade receivables increased from 243 days in 2013 to 283 days for 1QFY2016, primarily as a result of prolonged payments from its customers mainly due to the slowdown experienced in the PRC rail industry. There is no assurance that its provisions for doubtful accounts will be adequate in the future. In addition, the Group is unable to provide assurance that risks of default by its customers will not increase in the future.

A slowdown in the rail industry in the PRC could materially and adversely affect the Group's business, financial condition and results of operations

The Group generates a significant portion of its revenue from customers from the rail industry in the PRC and its performance is therefore closely linked to developments in the rail industry in the PRC. Any slowdown in the rail industry in the PRC could materially and adversely affect the Group's business, financial condition and results of operations. Such a slowdown could be part of a general economic slowdown or result from industry-specific factors, including domestic political developments (such as policy shifts, political reorganisations or corruption scandals) or from unexpected incidents (such as train accidents). A slowdown in the rail industry in the PRC could lead to a reduction in demand for the Group's aluminium extrusion products and materially and adversely affect the Group's business, financial condition and results of operations.

The Group relies on, and will continue to rely on, its Aluminium Alloy Extruded Products Division for substantially all of its revenue, and any material interruption or cessation of the Aluminium Alloy Extruded Products Division's business operations will adversely affect its business, financial condition and results of operations

The Group relies on, and will continue to rely on, its Aluminium Alloy Extruded Products Division for substantially all of its revenue. The Group's Aluminium Alloy Extruded Products Division will remain its principal business division and the Group does not currently have plans to expand the PE Pipes Division, which it considers to be a non-core business. If any incident causes the interruption, delay, or discontinuance of its Aluminium Alloy Extruded Products Division's normal business operations, in particular, those beyond the Group's control, its business, financial condition and results of operations will be adversely affected. Please refer to the section "*The Issuer — Business — Aluminium Alloy Extruded Products Division*" for more information on the contribution of the Aluminium Alloy Extruded Products Division.

The recent global economic slowdown and the slowness in recovery could materially and adversely affect the Group's business, financial condition and results of operations

The global capital and credit markets have recently been experiencing periods of extreme volatility and disruption. The recent global economic slowdown, concerns over inflation or deflation, energy costs, geopolitical issues, and the availability and cost of credit have contributed to unprecedented levels of market volatility and diminished expectations for the global economy and the capital and consumer markets in the future. These factors, combined with volatile oil prices, declining business activities and consumer confidence and the declining employment rate, have rendered the global and the PRC economic outlook uncertain despite some signs of recovery. As a result, demand for the Group's products may significantly decrease, thereby materially and adversely affecting its business, financial condition and results of operations.

Certain rights granted by the Group to its key customers under its contracts may expose it to loss

Some of the Group's contracts with its key customers grant them certain rights which may expose the Group to loss, including the right to suspend orders and the right to enter the Group's facilities and take over the manufacturing of the subject products if it delays delivery or if it is in financial stress. The Group cannot provide assurance that any of the above situations will not arise or that its customers will not exercise such contractual rights in the future. If its customers decide to exercise their rights to suspend orders or enter its facilities, the Group may incur significant loss or experience significant operational disruption, which may materially and adversely affect its business, financial condition and reputation.

The Group operates in a competitive industry and may not be able to maintain its market share, which may adversely affect its business, profit margins, financial condition and results of operations

The aluminium alloy extrusion industry is competitive with numerous aluminium alloy extrusion products manufacturers in the PRC and globally. The Group's competitors include large corporations in terms of assets and revenue, with significant financial resources, well-established brands, established customer base, strong sales and distribution networks, more comprehensive product lines and/or larger production capacities. There is no assurance that the Group's competitors will not provide products and services comparable or superior to those it provides or adapt more quickly than it does to meet the evolving industry trends or changing market requirements.

Although there are currently few aluminium alloy extrusion producers in the PRC who focus on supplying to train manufacturers, the Group's management believes that the opportunities in the rail sector present growth opportunities to new and existing players. As a result, market competition may increase significantly in the future. There is no assurance that the number of aluminium alloy extrusion producers who supply to the train manufacturing industry will not significantly increase, or that the Group's existing customers will not significantly expand their capabilities, or that train manufacturers will choose the Group's aluminium alloy extrusion products over those of its competitors, or that it will be able to maintain its share of the PRC market for aluminium alloy extrusion products used in the production of high speed trains and metro train car bodies.

No particular certification is required under PRC laws and regulations for the supply of aluminium extrusion products to the PRC passenger rail industry. There may be consolidation in the industry resulting in larger and more integrated players with significantly increased market share. Furthermore, in order to gain market share, the Group's competitors may price their products aggressively, resulting in more intense competition. Increased competition may result in price reduction, reduced margins and loss of market share, any of which could materially adversely affect its results of operations.

In addition, if the number of train manufacturers in the PRC increases in the future, there is no assurance that such new train manufacturers will choose the Group's aluminium alloy extrusion products. Stiff competition and overall decline in demand for its products and services may also exert downward pressure on its prices and erode the Group's profit margins. If the Group is unable to effectively compete against its competitors based on price, delivery lead time, product quality or any other criteria which its customers and potential customers deem important, the Group may not be able to maintain its market share and its business, profit margins, financial condition and results of operations may be adversely affected.

If the Group fails to renew or extend its certifications, it may lose its competitive edge

Major train manufacturers around the world typically require suppliers to be certified by them before awarding contracts to such suppliers. Hence, the Group's certifications form an important part of the basis on which international customers or potential customers can assess the quality of its products and services.

The Group is a certified supplier of aluminium alloy extrusion products in the PRC to two of the world's largest train manufacturers, Alstom and Siemens, as well as to Changchun Bombardier. As far as the Group is aware, two of the top three global train manufacturers, namely Bombardier and Alstom, have a presence in the PRC through joint ventures with PRC companies. The Group's certifications have provided it with the platform to expand and grow its business both in the PRC and the international export markets. Furthermore, PRC customers value the Group's certifications because they, in turn, may supply products or services to other international export markets. As a result, the certifications provide the Group with a competitive edge in retaining its existing customers and bidding for new customers and contracts in the PRC and globally.

In addition, Jilin Midas, which is part of the Group's Aluminium Alloy Extruded Products Division, is an accredited supplier and a holder of the Quality Focus Global Sourcing Grade "A" international certification of Alstom, in accordance with Alstom's Transport Standard. This status has enabled the Group to be a global sourcing partner of large-section aluminium alloy extrusion products for all of Alstom's units globally. The Group has also obtained the IRIS certification, an internationally recognised standard for the evaluation of management systems in the railway sector. These certifications are re-evaluated periodically, ranging from every year to every three years, and the Group cannot provide assurance that the certifications will continue to be renewed or extended.

If the Group loses its certifications due to any reason, or is unable to renew or extend its certifications, the Group may lose its competitive edge, which could adversely affect its business, financial condition, results of operations and growth prospects.

The continued growth and success of the Group's business depends on its ability to retain key management, skilled workforce and personnel and any failure to retain them or find suitable replacements may adversely affect its business, financial condition and results of operations

The Group's continued growth and success depends to a significant extent on its ability to retain the services of key management, skilled workforce and personnel. The loss of certain key members in the management, or of skilled workforce and personnel, and the failure to attract qualified replacements may have an adverse impact on the Group's business. In particular, the loss of either of its executive Directors, Mr. Chen Wei Ping and Mr. Chew Hwa Kwang, Patrick, who founded the Group in 2000, will have a material adverse impact on the business. The Group has entered into service contracts with each of its executive Directors. Notwithstanding this, either of its executive Directors could leave the Group and would be free to work for a competitor after a contractually-agreed period of one year after the expiry or termination of his service contract with the Group. In addition, one or more of the Group's senior management or other key personnel may be unable or unwilling to continue in their present positions, and the Group may not be able to find suitable replacements. The Group may also be required to divert financial resources and the attention of other senior executives to recruit replacements for departed key personnel.

Competition for qualified and skilled personnel in the aluminium alloy extrusion industry is intense. Competition for qualified and skilled candidates could cause the Group to offer higher compensation and other benefits in order to attract and retain them, which could have a material adverse effect on its financial condition and results of operations. The Group cannot provide assurance that it will be able to retain existing or attract and retain new qualified personnel, including senior executives and skilled engineers.

In addition, if any member of the Group's senior management team or any of its other key personnel joins a competitor or forms a competing company, the Group may lose customers, distributors, know-how, key professionals and staff members. The Group's success depends in part upon its proprietary know-how. Competitors that acquire and successfully utilise the Group's proprietary know-how by acquiring its key management or key personnel may be able to compete more aggressively on the basis of price because they have not incurred development costs for the proprietary know-how, which would adversely affect the Group's business. The Group's success also significantly depends on its relationship with key customers, which may be adversely affected if any of the key personnel who leave has good working relationships with any of the Group's key customers.

Any failure to retain the Group's key management, skilled work force and personnel or to recruit suitable replacements may adversely affect its business, financial condition and results of operations.

The Group does not own a controlling stake in NPRT and the other shareholders may take actions that are not in, or may conflict with, its interests

The Group invested in NPRT as a founding shareholder in 2006 as part of its strategy to tap into the rail sector and capitalise on the increasing demand for metro trains stemming from the rapid growth in the PRC rail sector. As at the Latest Practicable Date, the Group holds a 32.5% stake in NPRT. For FY2013, FY2014, FY2015 and 1QFY2016, the Group's share of profits before tax arising from its investment in NPRT were RMB13.6 million, RMB29.0 million, RMB31.7 million and RMB2.6 million respectively. As a non-controlling shareholder, the Group does not control the management of NPRT and does not participate in the financial, operating and policy decisions relating to NPRT. NPRT's other shareholders may take actions that are not in or which may conflict with its interests. Such actions include reducing or discontinuing NPRT's purchases of aluminium alloy profiles for their metro train projects from the Group, which may adversely affect the Group's financial condition and results of operations.

The Group is subject to fluctuations in the price of aluminium, which may cause its gross and net profit margins to fluctuate as a result of the contracts it enters into

As the Group uses aluminium and its related products as raw material in its manufacturing processes, it is subject to fluctuations in the price of aluminium. Such fluctuations in raw material prices may cause related fluctuations in its gross and net profit margins. Any significant increase in the prices of these raw materials which cannot be passed to its customers by way of a price increase will adversely affect its financial performance and hence its profitability. Since the Group does not engage in any hedging transactions to manage the risk of fluctuations in prices of raw materials, any significant increase in the prices of these raw materials which cannot be passed on to its customers by way of a price increase will adversely affect its profitability.

The Group's business is engaged on a contract basis, including fixed-price contracts and "cost-plus" contracts. There is a risk that the Group may fail to secure a fixed-price contract with its raw material suppliers for the fixed-price customer contracts. The Group may also not be able to pass on the cost increases to its customers or offset fully the effects of cost increases of raw materials, which may cause its profitability to decline. For example, there is a potential time lag between when prices for raw materials increase under the Group's purchase contracts and when it can implement a corresponding increase in price under its sales contracts with its customers.

In addition, due to the nature of the "cost-plus" contracts entered into with its customers, the Group's gross and net profit margins under these contracts are not fixed as an increase in raw material costs will increase its revenue as well as its cost of sales; although the Group's gross and net profit under these "cost-plus" contracts would remain the same as raw materials are purchased in line with customer orders and delivery schedules, the associated gross and net profit margins of these contracts would decrease because the same amount of gross profit is being divided by a higher amount of revenue. Therefore, an increase in raw material costs will reduce the Group's gross and net profit margin under these "cost-plus" contracts, and *vice versa*, which may result in fluctuations in the Group's gross and net profit margins, even though its gross profit for these contracts remains the same.

The Group relies on a few key suppliers for its raw materials and if any of these suppliers are unable to meet its requirements on a cost-effective and timely basis, and it is unable to find suitable replacements, its business may be materially disrupted

The Group relies on a few key suppliers for its raw materials. For FY2013, FY2014, FY2015 and 1QFY2016, the Group's largest raw material supplier accounted for approximately 34.7%, 25.4%, 21.0% and 33.1%, of the total cost of sales respectively. Any unexpected loss of or dispute with the Group's key suppliers will disrupt its supply of raw materials and have an adverse impact on its business, financial condition and results of operations.

Furthermore, there can be no assurance that the Group's key suppliers will continue to supply raw materials which meet its quality standards at acceptable prices on a timely basis or at all. In the event that these suppliers are not able to fulfil the Group's requirements, it may face difficulties in replacing them or may incur costs in switching to new suppliers, which would result in disruption to its business and affect its profitability.

The Group's customers may reduce their demand for aluminium alloy extrusion products in favour of other alternative materials

The Group's aluminium alloy extrusion products compete with products made from other materials, including steel and other metal composites, for use in the manufacture of high speed and metro train cars. Generally, products made of aluminium alloys are used in the manufacture of high speed train cars because aluminium alloys are considered to be stronger and of lighter weight. In the event that the Group's customers choose to use substitutes such as steel and other alternative materials due to cost concerns, market conditions, technological or other considerations, they may reduce their demand for the Group's aluminium alloy extrusion products, and thus adversely affect its business, financial condition and results of operations.

The Group may require additional financing in the future, which may not be available on favourable terms, or at all

The Group's production facilities are highly capital-intensive to construct and maintain. For FY2013, FY2014, FY2015, and 1QFY2016, the Group's capital expenditures amounted to RMB953.2 million, RMB744.8 million, RMB680.3 million, and RMB116.2 million respectively, which were primarily used to increase its aluminium alloy extrusion production capacity, acquire new aluminium alloy extrusion production lines, develop its downstream train car bodies fabrication capabilities, and to invest in the development of a new production plant in Liaoyuan City, Jilin Province, PRC to produce aluminium plates and sheets. The Group's capital requirements primarily depend on the amount of capital expenditures that its management believes is required to carry out its existing business operations and to develop new product lines. The Group's future capital requirements may be substantial as it seeks to diversify into new products. The Group may need to raise additional funds to meet these requirements.

The Group cannot provide assurance that financing will be available in amounts or on terms acceptable to it, if at all. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict the Group's operations. If it fails to obtain necessary funding on acceptable terms or at all, the Group may be forced to delay capital investment projects, potential acquisitions and investments or otherwise curtail or cease operations. Moreover, most of its assets, including land use rights, buildings and equipment, and some of its account receivables, are pledged or mortgaged in connection with its existing bank loans. The Group's failure to repay the loans through cash from operations or additional financing may cause foreclosure of some or all of its assets, which may have a material and adverse effect on its business and operations.

If the Group is unable to comply with the covenants or restrictions contained in its bank loans, amounts outstanding under these loans may be declared due and payable, which could materially adversely affect its business, financial position and results of operations

The Group may from time to time enter into various financing agreements which may contain covenants that, among other things, restrict the Issuer and/or its subsidiaries' ability to dispose of material assets, create liens on assets, incur guarantee obligations, enter into contracts with significant impact on the Group's business and financial position, make acquisitions, engage in mergers or consolidations, declare or pay dividends and engage in certain transactions with affiliates. The Issuer's ability to comply with the covenants and restrictions contained in such financing agreements may be adversely affected by economic, financial, industry or other conditions, some of which may be beyond its control. In the event of a default under these agreements, the holders of the relevant debt could terminate their commitments to lend to the Issuer and/or its subsidiaries, accelerate the debt obligation and declare all amounts outstanding under such loans due and payable or terminate the agreements, as the case may be. Furthermore, certain debt agreements, including the Notes, may contain cross-acceleration or cross-default provisions. As a result, default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under other debt agreements. If any of these events should occur, there is no assurance that the Group's assets and cash flow would be sufficient to repay in full all indebtedness, or that any alternative financing may be found. Even if alternative financing is obtained, there is no assurance that such alternative financing would be on terms that are favourable or acceptable to the Issuer and/or its subsidiaries, as the case may be. Furthermore, there is no assurance that these covenants will not adversely affect the Group's ability to finance its future operations or capital needs, to pursue available business opportunities and/or to react to changes in its business and the industry in which it operates.

If the demand for the Group's products does not grow as it expects or grows at a slower rate than it expects or decreases, or if the Group is unable to implement its strategy for product diversification, its financial condition, results of operations and prospects may be adversely affected

The Group's Aluminium Alloy Extruded Products Division currently has six production lines with annual production capacity of up to 60,000 tonnes. The Group also has four downstream fabrication lines that are able to process train car body components for approximately 1,300 train cars.

The Group also plans to broaden its product range and engage new customers by penetrating into new market sectors, namely transportation related industries such as aviation, railway, automobiles and containers. In line with this plan, the Group has set up Jilin Midas Light Alloy by establishing a new production plant in Liaoyuan City, Jilin Province, PRC, which when operational, will enable the Group to manufacture high-precision, high-specification aluminium alloy plates, sheets, strips and foils. Commercial production is expected to commence in 2016 with a planned annual capacity of approximately 100,000 tonnes.

As part of the Group's diversification strategy, the Group had, on 30 November 2015, entered into a conditional sale and purchase agreement to acquire Huicheng Capital. Following the completion of the acquisition of Huicheng Capital on 27 July 2016, the Group's range of products and services has expanded to include aluminium alloy stretched plates and hot-rolled aluminium alloy plates and coils in addition to its aluminium alloy extrusion and cold-rolled plates and sheets product offerings. Through the acquisition, the Group seeks to provide a wider range of products and services to its customers and diversify its offerings.

The Group may not be able to successfully implement its product diversification strategy and the development of its new plants may encounter difficulties or delays that are unexpected or beyond its control. In connection with the development of its existing and future production capacity, the Group has incurred and will continue to incur significant capital expenditure, which will likely place a significant strain on its managerial, operational and financial resources. The Group cannot provide any assurance that there will be adequate demand for its existing or future production capacity or that it will successfully penetrate into new market sectors with its new product offering. If there is inadequate demand, the Group's ability to recover the costs incurred or to be incurred in relation to its existing and future production capacity and its new product range will be adversely affected. Any one or a combination of these factors may materially and adversely impact its financial condition, results of operations and prospects.

If the Group is not successful in enhancing its presence in markets outside the PRC, its financial condition, results of operations and prospects may be adversely affected

The Group plans to further enhance its presence in markets outside the PRC and has devoted more resources into establishing its global networks and links with existing and new international customers in a bid to diversify its geographical markets. However, the Group cannot provide assurance that it will be successful in expanding into international markets. The Group's international expansion exposes it to a number of risks including fluctuations in commodity prices and interest and foreign exchange rates, the effects of local governmental initiatives on management, national economic conditions, increased competition with international competitors, additional difficulties associated with international operations, such as increased transportation costs and staffing, differences in customer preferences, legal and regulatory changes, the burden and costs of its compliance with any foreign laws and additional tax burdens.

The Group's production capacity and facilities are key to its business and any prolonged or significant disruption to its production facilities may adversely affect its business, financial condition and results of operations

The Group's business is dependent on its production capacity and facilities. The Group currently has six extrusion production lines and four downstream fabrication lines. However, the Group cannot assure that it will not experience breakdowns of its production machinery or equipment. Any prolonged and/or significant disruption to its production facilities will result in delays or failure to complete customers' orders on time, or at all. The Group also cannot provide assurance that it will be able to expand its production capacity in time to meet its contractual obligations and the growing market demand for its products in the PRC due to the above reasons. If the Group fails to meet its contractual obligations or demand from its customers, its reputation, business, financial condition and results of operations may be materially and adversely affected.

The Group's major production facilities, the aluminium alloy extrusion production lines and the downstream fabrication production lines of its Aluminium Alloy Extruded Products Division, its principal business division, are located in Liaoyuan, Jilin Province, and in Luoyang, Henan Province, the PRC. Any natural disasters or other events, such as floods, fires, earthquakes and typhoons,, or other events beyond the Group's control, which cause significant damage in that area could materially and adversely affect its ability to meet contractual obligations and result in costly and time-consuming repairs that could materially disrupt its operations. In the event any of its production facilities suffer significant damage, the Group may be forced to seek alternative production facilities, which it believes would be extremely difficult to locate and secure given the highly specialised and large-scale nature of its manufacturing operations. Even if the Group is able to identify such alternative production facilities, it may incur significant additional costs and it may experience a disruption in the supply of its products until those facilities are available and become operational. Any disruption or delay in the Group's manufacturing operations could materially and adversely affect its business, financial condition and results of operations.

Furthermore, in the event of any major or sustained disruptions in the supply of utilities such as water or electricity, or the occurrence of any man-made calamities resulting in significant damage to the Group's production facilities, it may be unable to complete its customers' orders on time, or at all, which may adversely affect its financial condition and results of operation.

The Group may face increased energy costs and/or insufficient energy supply

The Group consumes substantial amounts of electricity for its production activities. As its production capacity increases and the business expands, the Group's energy requirements will also increase. The Group has been able to meet its electricity requirements from the local power grid in the PRC at government mandated rates; however, it may experience increases in energy costs, power shortages or disruptions in the future. If there is a significant increase in its energy costs or insufficient energy supply to satisfy its production requirements and accommodate its planned growth, its business, financial condition and results of operations could be adversely affected.

The Group may have insufficient insurance coverage in respect of product liability claims and certain business risks

The Group manufactures and sells aluminium alloy extrusion products for the rail sector and it provides a general warranty that covers product quality. In addition, the Group is sometimes required under its contracts with its customers to compensate the Group's end-customers and third parties for any product liability claims arising out of its products. As of the Latest Practicable Date, there have not been any warranty or product liability claims made against the Group. However, it cannot provide any assurance that it will not experience material losses arising from product liability claims in the future. If the Group's products fail to meet the required specifications or quality standards, its business and reputation may be adversely affected. The Group may also face liability claims or lawsuits due to possible defective products. Such claims may be pursued by way of contractual remedy, dispute resolution and arbitration, or by way of civil action if the defects in its products result in damages or injuries suffered by third parties. The Group has obtained product liability insurance for its Aluminium Alloy Extruded Products Division. However, it cannot provide any assurance that such insurance coverage is sufficient to cover any losses arising from product liability claims. Any uninsured losses may adversely affect its business, financial condition and results of operations.

In addition, risks associated with aluminium alloy extrusion and PE Pipes production, including damage to production facilities, environmental pollution, transportation damages and delays, industrial damages and risks posed by natural disasters, may result in losses to the Group. The Group may be unable to obtain or maintain insurance policies covering risks associated with natural disasters, business interruption or environmental damages arising from its production activities. If it incurs any loss which is not covered by its insurance policies, or its insurance coverage is insufficient to cover such losses should they arise, the Group's financial condition and results of operations may be adversely affected.

The Group may be subject to foreign exchange risk

The Group's revenue is denominated mainly in RMB and its expenses are mainly incurred in RMB. Therefore, the Group is not subject to significant foreign exchange exposure arising from its operations and the Group currently does not have a formal hedging policy with respect to its foreign exchange exposure. The Group's Directors believe that a formal hedging policy would only become relevant if it expands its export operations.

However, certain of the Group's bank accounts, deposits, receivables and payables are denominated in U.S. dollars, British pounds, Singapore dollars and Euros, which are different from the respective functional currency of those entities for which these balances reside in, and this may expose the Group to foreign currency risk. In addition, the Issuer's cash flow is derived from dividend income from its subsidiaries in Singapore dollars. Hence, the Issuer may be exposed to foreign exchange risks when it receives dividends from its PRC subsidiaries in Renminbi. As the Group expands its operations, it may incur a certain portion of its cash flow in currencies other than Renminbi and, thereby, may increase its exposure to fluctuations on exchange rates. The Group's business, financial condition and results of operations may be adversely affected as a result.

The Group is subject to environmental, safety and health laws and regulations in the PRC, and any failure to comply with these laws and regulations or to control the associated costs could adversely affect its business

As part of the Group's business operations, it is required to comply with various environmental, health and safety laws and regulations promulgated by the PRC government. Any failure by the Group to control the use of, or to adequately restrict the discharge of, hazardous substances could subject it to potential significant monetary damages, fines or administrative, civil or criminal sanctions, which could disrupt, limit or even result in the suspension of its operations. The Group expects to be subject to additional requirements in the future, as the PRC government continues to pass laws aimed at strengthening environmental protection measures and adopts stricter environmental standards. Given the magnitude and complexity of these laws and regulations, compliance with them may be onerous or require significant financial and other resources to establish effective compliance and monitoring systems. If the Group fails to comply with these laws and regulations or to control the associated costs, its financial condition and results of operations may be adversely affected.

The Group's business and operations could be severely disrupted by adverse weather conditions, natural disasters and the outbreak of health epidemics including Severe Acute Respiratory Syndrome ("SARS"), H1N1 and avian influenza

The Group's production operations may be severely affected by the occurrence of unfavourable weather conditions, floods, earthquakes, snow storms, epidemics or other acts of God in the areas where its production facilities are located. In the past decade, certain areas of the PRC have experienced health epidemics such as SARS, H1N1 and avian influenza. Any prolonged recurrence of SARS, H1N1 or avian influenza, or any other health epidemic in the PRC could result in material disruptions to the Group's business operations or a slowdown of the PRC's economy, which could materially and adversely affect its business, financial condition and results of operations. For example, if any of the Group's employees are identified as a possible source of spreading SARS, H1N1 or avian influenza or any other similar epidemic, it may be required to quarantine its employees, temporarily close its production facilities or suspend its distribution channels. Even if the Group is not directly affected by the epidemic, an outbreak of SARS, H1N1 or avian influenza or other similar epidemics, whether inside or outside the PRC, could slow down or disrupt economic activities generally. Severe weather conditions or natural disasters may damage the Group's production facilities, disrupt its energy supply or distribution channels and cause injury to its employees. The Group's business, financial condition and results of operations may be adversely affected as a result.

RISKS OF CONDUCTING BUSINESS IN THE PRC

Changes in political, social or economic policies in the PRC, or a slowdown in the PRC's economy, may have an adverse impact on the Group's operations

Substantially all of the Group's assets are currently located in the PRC. A substantial portion of the Group's sales are generated from the PRC and it anticipates that sales of its products in the PRC will continue to represent a substantial proportion of its total sales in the near future. As a result, the Group's results of operations and prospects are and will continue to be subject to political, economic, social and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many aspects, including the extent of government involvement, allocation of resources, capital reinvestment, level of development, growth rate, and control of foreign exchange. Historically, the Chinese economy was centrally-planned, with a series of economic plans promulgated and implemented by the PRC government. Since 1978, the PRC government has undergone various reforms of its economic system. Such reforms have resulted in economic growth for the PRC in the last two decades. However, continued governmental control of the economy may adversely affect the Group. It cannot give assurance that the PRC government will continue to pursue economic reforms. A variety of policies and measures that could be taken by the PRC government to regulate the economy, including (i) the introduction of measures to control inflation or deflation, or reduce growth, (ii) changes in the rates or methods of taxation, or (iii) the imposition of additional restrictions on currency conversions and remittances abroad, could materially and adversely affect its business, financial condition and results of operations. Accordingly, the Group's financial conditions and results of operations may be adversely affected by changes in the PRC's political, economic and social conditions and by changes in policies of the PRC government or changes in laws, regulations or the interpretation or implementation thereof.

The Group's business and operations in the PRC are governed by the legal system of the PRC which has inherent uncertainties that could limit available legal protections

The Group's business and operations in the PRC are governed by the legal system of the PRC. The PRC legal system is a codified system with written laws, regulations, circulars, administrative directives and internal guidelines. The PRC government is still in the process of developing its legal system, so as to meet the needs of investors and to encourage foreign investment. As the PRC economy is undergoing development generally at a faster pace than its legal system, some degree of uncertainty exists in connection with whether and how existing laws and regulations will apply to certain events or circumstances. Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are still at an experimental stage and are therefore subject to policy changes. Further, precedents on the interpretation, implementation and enforcement of the PRC laws and regulations are limited, and court decisions in the PRC do not have any binding effect on lower courts. Accordingly, the outcome of dispute resolution may not be as consistent or predictable as in the other more developed jurisdictions and it may be difficult to obtain swift and equitable enforcement of the laws in the PRC, or to obtain enforcement of a judgement by a court of another jurisdiction.

It may be difficult to effect service of process upon the Group, its Directors or executive officers who live in the PRC or to enforce against them in the PRC any judgements obtained from non-PRC courts

Some of the Group's Directors and executive officers reside within the PRC, and substantially all of its assets and substantially all of the assets of those persons are located within the PRC. Currently the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts with the United States, the United Kingdom, Japan, Singapore or most other developed countries or regions. Therefore, it may not be possible for investors to effect service of process upon the Group or those persons inside the PRC or to enforce against them in the PRC any judgements obtained from a court in jurisdictions where the PRC does not have treaties providing for the reciprocal recognition and enforcement.

PRC foreign exchange control may limit the Group's ability to utilise its revenue effectively and affect its ability to receive dividends and other payments from its PRC subsidiaries

The Issuer operates its businesses through its operating subsidiaries in the PRC. Laws in the PRC require that dividends be paid only out of net profit, calculated according to the PRC accounting principles, which may differ from generally accepted accounting principles in other jurisdictions.

Furthermore, PRC law requires foreign-invested enterprises, including some of the Group's subsidiaries in the PRC, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to fund the Group's operations and to service its indebtedness depends on dividends received from these subsidiaries, any restrictions on the availability and usage of its major source of funding may impact the Group's ability to fund its operations and to service its indebtedness.

The Group's PRC subsidiaries are subject to the PRC rules and regulations on currency conversion. In the PRC, the SAFE regulates the conversion of the RMB into foreign currencies. Currently, FIEs are required to apply to qualified banks for foreign exchange registration for FIEs". All of the Group's PRC subsidiaries (except Luoyang Midas Aluminium Industries Co., Ltd.) are FIEs. With such foreign currencies registrations (which need to be renewed annually), FIEs are allowed to open foreign currency accounts including the "basic account" and "capital account". Currently conversion within the scope of the "basic account" (e.g. transactions of a revenue nature, etc.) can be effected without requiring the approval of SAFE. However, conversion of currency in the "capital account" (e.g. for capital items such as direct investments, loans, etc.) still requires the approval of, or registration with, SAFE.

The Group's significant assets are its equity interests in its PRC subsidiaries. The Group cannot provide assurance that the relevant regulations will not be amended to its disadvantage and that the ability of its PRC subsidiaries to distribute dividends to it will not be adversely affected.

The discontinuation of certain preferential tax treatment currently available to the Group may increase its tax liability and in turn decrease its net income, hence affecting its financial condition and results of operation

Jilin Midas and Dalian Huicheng were awarded with the approved High Technology Enterprise status and is entitled to enjoy a concessionary tax rate of 15% for the financial years 2011 to 2016. 2011 to 2016 for Jilin Midas and 2014 to 2016 for Dalian Huicheng. There is no assurance such preferential tax treatment will not be withdrawn or revoked by the PRC Government or become inapplicable before the expiry of the current term. If the Group ceases to enjoy such preferential tax treatment or if the scope of the preferential tax treatment is scaled back, its effective tax rate may increase, which may increase its tax liability and in turn decrease its net income.

The Group may be deemed a PRC resident enterprise under PRC tax laws and be subject to PRC taxation on its worldwide income

Under the PRC EIT Law, enterprises established outside of the PRC whose "*de facto* management bodies" are located in the PRC are considered "resident enterprises" and will generally be subject to the uniform 25% enterprise income tax rate on their global income. Under the Implementation Regulations of the PRC Enterprise Income Tax Law, the term "*de facto* management body" is defined as a body which substantially manages, or has control over the business, personnel, finance and assets of an enterprise. According to a recent circular titled Circular regarding Matters on Determination of Tax Residence Status of Chinese-Controlled Offshore Incorporated Enterprises under Rules of Effective Management promulgated by the State Administration of Taxation, enterprises which are incorporated offshore while controlled by PRC domestic enterprise will be regarded as "resident enterprise" for PRC enterprise income tax purposes if their "*de facto* management body" is based in the PRC, with reference to certain specified criteria. Currently, there have been no official implementation rules regarding the determination of the "*de facto* management" for foreign enterprises such as the Group which are not controlled by PRC enterprises. Therefore, it remains unclear whether the PRC tax authorities will treat the Group as a PRC resident enterprise for tax purposes. The Group believes it is not an offshore enterprise controlled by PRC domestic enterprise and therefore currently it should not be deemed as a PRC resident enterprise for enterprise income tax purposes. However, the Group cannot provide assurance that it will not be considered a PRC resident enterprise by the PRC tax authorities and that it will not be subject to enterprise income tax at a tax rate of 25% on its worldwide income accordingly. The Group also cannot provide assurance that the PRC authorities will not amend the relevant rules or promulgate new tax rules in the future to the effect that such rules will apply to it and it is treated as a PRC resident enterprise which shall be subject to PRC enterprise income tax. Should any of these occur, the Group's business, financial condition and results of operations would be materially and adversely affected.

Dividends payable by the Group's PRC subsidiaries or associate company to it may not qualify to enjoy the preferential tax treatment under the Singapore-China Tax Treaty

The Issuer is incorporated under the laws of Singapore with substantially all of its operations conducted through its PRC subsidiaries and associate company. Under the PRC EIT Law, dividends, interests, rents and royalties payable by a foreign invested enterprise in the PRC to its foreign investor who is a non-resident enterprise, as well as gains on transfers of shares of a foreign-invested enterprise in the PRC by such a foreign investor, will be subject to a 10% withholding tax, unless such non-resident enterprise's jurisdiction of incorporation has a tax treaty with the PRC that provides for a reduced rate of withholding tax. Under Singapore-China Tax Treaty, the withholding tax rate for dividends paid by a PRC resident enterprise to a Singapore resident enterprise is no more than 5% if the Singapore enterprise owns at least 25% equity interest of the PRC enterprise; otherwise the dividend withholding tax rate is 10%. According to the Notice of the State Administration of Taxation on Issues regarding the Administration of the Dividend Provision in Tax Treaties (the "Notice 81") promulgated on 20 February 2009, to apply the Tax Treaty, certain requirements shall be satisfied, among which: (1) the taxpayer shall be the beneficiary owner of the relevant dividends; (2) for corporate recipients that enjoy the tax treatment under the Tax Treaty as direct owners of a certain proportion of the equity interest of a PRC enterprise (usually such certain proportion shall be 25% or 10%, and under the Singapore-China Tax Treaty, it is 25%), such corporate recipients must satisfy the direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends. Further, the State Administration of Taxation promulgated the Notice on How to Understand and Recognize the "Beneficiary Owner" in Tax Treaties on 27 October 2009, which limited the "Beneficiary Owner" to individuals, enterprises or other organisations normally engaged in substantive operations, and set forth certain adverse factors on the recognition of such "Beneficiary Owner". Given the various PRC tax regulations providing more and more strict requirements for enterprises to apply preferential withholding tax rate under tax treaties, the Group cannot provide assurance that it can satisfy all these requirements and obtain necessary approval to enjoy the preferential treatment under the Tax Treaty.

Future changes in laws, regulations or enforcement policies in the PRC could adversely affect the Group's business

Laws, regulations and enforcement policies in the PRC, including those regulating the aluminium alloy extrusion industry, are evolving and are subject to future changes. Future changes in applicable laws, regulations or administrative interpretations, or stricter enforcement policies by the PRC government, could impose more stringent requirements on the Group, including fines and penalties. Compliance with such requirements could impose substantial additional costs or otherwise have a material adverse effect on its business, financial condition and results of operations.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of the Notes under the Programme (after deducting issue expenses) will be used for general corporate purposes, including the refinancing of existing borrowings and financing of acquisitions, investments and working capital and capital expenditure requirements of the Issuer or the Group.

CLEARING AND SETTLEMENT

Clearing and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Securities and Futures Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and

Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arrangers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17.0 per cent. with effect from the year of assessment 2010. The applicable rate for non-resident individuals is 22.0 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

Notwithstanding the above, with effect from 29 December 2009, the said deeming provisions of Section 12(6) of the ITA would not apply to payments for any arrangement, management, service or guarantee relating to any loan or indebtedness, where: (i) the arrangement, management or service is performed outside Singapore; or (ii) the guarantee is provided, for or on behalf of a person resident in Singapore or a permanent establishment in Singapore by a non-resident person who:

(a) is not an individual, is not incorporated, formed or registered in Singapore; and

(b) (A) does not by himself or in association with others, carry on a business in Singapore and does not have a permanent establishment in Singapore; or

(B) carries on a business in Singapore (by himself or in association with others) or has a permanent establishment in Singapore, but (a) the arrangement, management or service is not performed through; or (b) the giving of the guarantee is not effectively connected with, that business carried on in Singapore or that permanent establishment.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

> "prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;
>
> "redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and
>
> "break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to "prepayment fee", "redemption premium" and "break cost" in this Singapore tax disclosure have the same meaning as defined in the ITA.

In addition, as the Programme as a whole is arranged by DBS Bank Ltd. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, each of which was a Financial Sector Incentive (Bond Market) ("**FSI-BM**") Company (as defined in the ITA), at the time of establishment of the Programme any Tranche of the Notes (the "**Relevant Notes**") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 would be qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, of a return on debt securities for the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require to the MAS, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, of a return on debt securities for the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require to the MAS), Specified Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10.0 per cent.; and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the Issuer, or such other person as the MAS may direct furnishing a return on debt securities for the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require to the MAS,

Specified Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(A) if during the primary launch of any Tranche of Relevant Notes, the Relevant Notes of such Tranche are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and

(B) even though a particular Tranche of Relevant Notes are QDS, if, at any time during the tenure of such Tranche of Relevant Notes, 50.0 per cent. or more of the issue of such Relevant Notes which are outstanding at any time during the life of their issue is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Notes held by:

   (i) any related party of the Issuer; or

   (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

   shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

There is an enhancement to the Qualifying Debt Securities Scheme known as the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"). Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the furnishing by the Issuer or such other person as the MAS may direct, of a return on debt securities in respect of the QDS within such period as the MAS may specify and such other particulars in connection with the QDS as the MAS may require to the MAS), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018 (both dates inclusive);

(b) have an original maturity of not less than 10 years;

(c) either –

   (i) if they are issued before 28 June 2013, cannot be redeemed called, exchanged or converted within 10 years from the date of their issue; or

   (ii) if they are issued on or after 28 June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

As prescribed by regulations, the circumstances in relation to the QDS Plus Scheme under which the tenure of the qualifying debt securities may be shortened to less than 10 years from the date of their issue are:

(a) the shortening of the tenure is a result of any early termination pursuant to one of the following early termination clauses (more fully described in the regulations) which the issuer included in any offering document for those qualifying debt securities:

(1) change in tax law;

(2) default event;

(3) change of control or change of shareholding;

(4) change of listing status of an issuer or trading disruption;

(5) change of qualification event due to regulatory capital requirements;

(6) change in accounting classification;

(7) change in rating;

(8) repurchase upon a non-compliance;

(9) purchase;

(10) modification and amendment;

(11) amendment of written law relevant to issuance; and

(b) the qualifying debt securities do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the securities at the time of their issue.

Where the debt securities are redeemed prematurely due to a prescribed early termination clause (i.e. before the 10th year), the QDS Plus Scheme status of the debt securities will be revoked prospectively for outstanding debt securities, if any. In the MAS Circular FSD Cir 02/2013 entitled "Extension And Refinement Of Tax Concessions For Promoting The Debt Market" issued by the MAS on 28 June 2013, the MAS has clarified that the income tax exemption granted to income exempt under the QDS Plus Scheme prior to redemption will not be clawed back, and outstanding debt securities may still enjoy tax benefits under the qualifying debt securities scheme if the other conditions for qualifying debt securities continue to be met.

In determining an investor's income that is to be exempted from tax under the QDS Plus Scheme, prescribed conditions apply in relation to how the investor's losses, expenses and capital allowances which are attributable to exempt income are to be treated.

However, even if a particular Tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such Tranche of Relevant Notes, 50.0 per cent. or more of the issue of such Relevant Notes which are outstanding at any time during the life of their issue is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income from such Relevant Notes derived by:

(aa) any related party of the Issuer; or

(bb) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply Singapore Financial Reporting Standard 39 ("**FRS 39**") may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). Legislative amendments to give effect to the tax treatment set out in the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe for or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement.

United States

The Notes have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable Tranche of which such Notes are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable Tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable Tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by any dealer that is not participating in the offering of such Notes may violate the registration requirements of the Securities Act.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(iii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional adviser(s) and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors of the Issuer are set out below:

Name	Position
Chen Wei Ping	Executive Chairman
Chew Hwa Kwang, Patrick	Chief Executive Officer and Executive Director
Xu Wei Dong	Independent Non-executive Director
Chan Soo Sen	Independent Non-executive Director
Tong Din Eu	Independent Non-executive Director

2. No Director of the Issuer is or was involved in any of the following events:

   (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;

   (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or

   (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

3. No option to subscribe for shares in, or debentures of, the Issuer has been granted to, or was exercised by, any Director of the Issuer or employees of the Group during the last financial year ended 31 December 2015.

4. Save as disclosed in the Information Memorandum, no Director of the Issuer is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by or leased to, the Issuer or any of its subsidiaries, within the two years preceding the date of this Information Memorandum, or in any proposal for such acquisition, disposal or lease as aforesaid.

5. The interests of the Directors of the Issuer and the substantial shareholders of the Issuer in the Shares of the Issuer as at the Latest Practicable Date are as follows:

   Directors of the Issuer

	Direct Interest		Deemed Interest	
	Number of Shares	%(1)	Number of Shares	%
Chen Wei Ping	131,405,200	7.82	–	–
Chew Hwa Kwang, Patrick	121,711,800	7.25	–	–
Tong Din Eu	749,000	0.04	–	–

Note:

(1) The percentage is based on 1,679,617,797 issued shares (excluding 1,000,000 treasury shares) of the Company as at the Latest Practicable Date.

Substantial Shareholders of the Issuer
(as shown in the Register of Substantial Shareholders)

	Direct Interest Number of Shares	Deemed Interest Number of Shares
Chen Wei Ping	131,405,200	–
Chew Hwa Kwang, Patrick	121,711,800	–

SHARE CAPITAL

6. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the constitution of the Issuer.

7. The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	Number of Shares	Amount
Ordinary Shares[(1)]	1,679,617,797	RMB2,744,641

Note:

(1) Excluding 1,000,000 treasury shares.

8. No shares in, or debentures of, the Issuer have been issued as fully or partly paid-up, for cash or for a consideration other than cash, within the two years preceding the date of this Information Memorandum.

BORROWINGS

9. Save as disclosed in Appendix III, the Group had as at 31 December 2015 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

10. The Directors of the Issuer are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Notes, the Issuer will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

11. There has been no significant change in the accounting policies of the Group since its audited financial accounts for the financial year ended 31 December 2015.

LITIGATION

12. There are no legal or arbitration proceedings pending or threatened against the Issuer or any of its subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer or the Group.

MATERIAL ADVERSE CHANGE

13. There has been no material adverse change in the financial condition, business, results of operations, assets or properties of the Issuer or the Group since 31 December 2015.

CONSENT

14. Mazars LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in Appendices II, III and IV of this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

15. Copies of the following documents may be inspected at the registered office of the Issuer at 4 Shenton Way, #18-03 SGX Centre 2, Singapore 068807 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the constitution of the Issuer;

    (b) the Trust Deed; and

    (c) the audited financial statements of the Issuer and its subsidiaries for the financial years ended 31 December 2015 and 31 December 2014 and the unaudited financial statements announcement of the Issuer and its subsidiaries for the first quarter ended 31 March 2016.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

16. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

INFORMATION TO TRUSTEE

17. Under the Trust Deed, the Trustee shall not (unless ordered to do so by a court of competent jurisdiction) be required to disclose to any Noteholder or Couponholder any confidential, financial, price sensitive or other information available to the Trustee by the Issuer or its subsidiaries in connection with any of the Issue Documents (as defined in the Trust Deed) and no Noteholder or Couponholder shall be entitled to take any action to obtain from the Trustee such information.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIDAS HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The information in this Appendix II has been reproduced from the annual report of Midas Holdings Limited and its subsidiaries for the financial year ended 31 December 2013 and has not been specifically prepared for inclusion in this Information Memorandum.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MIDAS HOLDINGS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Midas Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2013, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act"), applicable disclosure requirements of the Hong Kong Companies Ordinance and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act, applicable disclosure requirements of the Hong Kong Companies Ordinance and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MIDAS HOLDINGS LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
19 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 RMB'000	2012 RMB'000
Revenue	4	**1,147,568**	869,506
Cost of sales		**(866,332)**	(618,171)
Gross profit		**281,236**	251,335
Other operating income	6	**12,587**	12,492
Selling and distribution expenses		**(54,501)**	(40,381)
Administrative expenses		**(117,147)**	(99,974)
Finance costs	7	**(76,248)**	(73,979)
Share of profits/(loss) of an associate	19	**13,631**	(5,732)
Profit before income tax expense	9	**59,558**	43,761
Income tax expense	12	**(16,733)**	(18,148)
Profit for the financial year		**42,825**	25,613
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		**(12,372)**	8,993
Total comprehensive income for the financial year		**30,453**	34,606
Profit attributable to:			
Owners of the Company		**47,711**	27,845
Non-controlling interests		**(4,886)**	(2,232)
		42,825	25,613
Total comprehensive income attributable to:			
Owners of the Company		**35,339**	36,838
Non-controlling interests		**(4,886)**	(2,232)
		30,453	34,606
Basic earnings per share (RMB Fen)	15	**3.92**	2.29
Diluted earnings per share (RMB Fen)	15	**3.92**	2.29

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	16	**3,032,823**	2,249,418
Land use rights	17	**318,285**	325,252
Interest in an associate	19	**192,539**	197,032
Available-for-sale financial assets	20	**2,000**	2,000
Prepaid rental	21	**99**	106
Restricted bank deposits	22	**35,082**	37,456
		3,580,828	2,811,264
Current assets			
Inventories	23	**628,933**	700,783
Trade and other receivables	24	**999,602**	1,007,627
Income tax recoverable		**12,205**	22,299
Cash and cash equivalents	25	**1,046,456**	547,033
		2,687,196	2,277,742
Current liabilities			
Trade and other payables	26	**420,084**	367,134
Bank borrowings	27	**2,081,582**	999,300
		2,501,666	1,366,434
Net current assets		**185,530**	911,308
Total assets less current liabilities		**3,766,358**	3,722,572
Non-current liabilities			
Bank borrowings	27	**516,028**	472,550
Deferred tax liability	28	**2,141**	2,141
		518,169	474,691
Net assets		**3,248,189**	3,247,881
Capital and reserves and non-controlling interests			
Share capital	29(a)	**2,166,575**	2,166,575
Treasury shares	29(b)	**(2,501)**	(2,501)
Foreign currency translation reserve	31	**(13,970)**	(1,598)
PRC statutory reserve	32	**142,016**	134,467
Share options reserve	33	**2,740**	2,958
Retained earnings		**673,797**	663,562
Equity attributable to owners of the Company		**2,968,657**	2,963,463
Non-controlling interests		**279,532**	284,418
Total equity		**3,248,189**	3,247,881

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

AS AT 31 DECEMBER 2013

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	16	**2,454**	163
Interests in subsidiaries	18	**1,909,143**	2,028,147
Interest in an associate	19	**142,198**	151,547
		2,053,795	2,179,857
Current assets			
Other receivables	24	**10,192**	685
Cash and cash equivalents	25	**15,960**	33,289
		26,152	33,974
Current liabilities			
Other payables	26	**2,529**	1,402
		2,529	1,402
Net current assets		**23,623**	32,572
Total assets less current liabilities		**2,077,418**	2,212,429
Capital and reserves			
Share capital	29(a)	**2,166,575**	2,166,575
Treasury shares	29(b)	**(2,501)**	(2,501)
Foreign currency translation reserve	30, 31	**(92,527)**	43,908
Share options reserve	30, 33	**2,740**	2,958
Retained earnings	30	**3,131**	1,489
Total equity		**2,077,418**	2,212,429

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Attributable to the owner of the Company								
	Share Capital (note 29(a)) RMB'000	**Treasury shares (note 29(b)) RMB'000**	**Foreign currency translation reserve (note 31) RMB'000**	**PRC statutory reserve (note 32) RMB'000**	**Share option reserve (note 33) RMB'000**	**Retained earnings RMB'000**	**Total RMB'000**	**Non-controlling interests RMB'000**	**Total equity RMB'000**
Balance at 1 January 2012	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:									
Foreign currency reserve	–	–	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 of control (note 18)	–	–	–	–	–	(1,274)	(1,274)	286,650	285,376
Transfer to PRC statutory reserve	–	–	–	7,656	–	(7,656)	–	–	–
Transfer of option reserve to retained earnings	–	–	–	–	(7,955)	7,955	–	–	–
Dividends (note 14)	–	–	–	–	–	(45,753)	(45,753)	–	(45,753)
Balance at 31 December 2012	2,166,575	(2,501)	(1,598)	134,467	2,958	663,562	2,963,463	284,418	3,247,881
Profit for the year	–	–	–	–	–	47,711	47,711	(4,886)	42,825
Other comprehensive income:									
Foreign currency reserve	–	–	(12,372)	–	–	–	(12,372)	–	(12,372)
Total comprehensive income for the financial year	–	–	(12,372)	–	–	47,711	35,339	(4,886)	30,453
Transfer to PRC statutory reserve	–	–	–	7,549	–	(7,549)	–	–	–
Transfer of option reserve to retained earnings	–	–	–	–	(218)	218	–	–	–
Dividends (note 14)	–	–	–	–	–	(30,145)	(30,145)	–	(30,145)
Balance at 31 December 2013	2,166,575	(2,501)	(13,970)	142,016	2,740	673,797	2,968,657	279,532	3,248,189

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 RMB'000	2012 RMB'000
Cash flows from operating activities			
Profit before income tax expense		**59,558**	43,761
Adjustments for:			
Depreciation of property, plant and equipment		**128,662**	114,930
Amortisation of prepaid rental and land use rights		**6,974**	5,693
Loss on disposal of property, plant and equipment, net		**846**	1,038
Share of (profits)/loss of an associate		**(13,631)**	5,732
Interest expenses		**69,765**	67,231
Interest income		**(2,299)**	(4,762)
Operating profit before changes in working capital		**249,875**	233,623
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) operations		**349,694**	(163,664)
Interest paid		**(69,765)**	(67,231)
Interest received		**2,299**	4,762
Income tax paid		**(6,638)**	(20,081)
Net cash generated from/(used in) operating activities		**275,590**	(246,214)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**40,297**	231
Purchase of property, plant and equipment		**(862,353)**	(401,320)
Net decrease in restricted bank deposits		**2,374**	37,204
Purchase of land use rights		**–**	(94,931)
Interest paid and capitalised		**(57,848)**	(25,903)
Net cash used in investing activities		**(877,530)**	(484,719)
Cash flows from financing activities			
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
Net cash from financing activities		**1,095,615**	618,473
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)
Cash and cash equivalents at end of the financial year	25	**1,046,456**	547,033

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. General

Midas Holdings Limited (the "Company") (Registration Number: 200009758W) is a public limited liability company incorporated and domiciled in Singapore with its registered office and principal place of business at No. 4 Shenton Way, #18-03 SGX Centre 2, Singapore 068807. The Company is listed on the Main Board of the Singapore Exchange Securities Trading Limited and the Main Board of the Stock Exchange of Hong Kong Limited.

The principal activity of the Company is that of an investment holding.

The principal activities of the subsidiaries are set out in note 18 to the consolidated financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (hereinafter known as the "Group") and the Group's interest in an associate.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act"), the applicable disclosure requirements of the Hong Kong Companies Ordinance and the rules governing the listing of securities on the Stock Exchange of Hong Kong Limited, and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") issued by the Singapore Accounting Standards Council. The consolidated financial statements are prepared under the historical cost convention, except as disclosed in the accounting policies below.

Subsequent to the Hong Kong Listing during the financial year 2011, the Company submitted its application to ACRA to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). At the same time, the Company also made further enquiries with the Stock Exchange of Hong Kong Limited with regard to whether the Company should adopt IFRS or FRS. The Stock Exchange of Hong Kong Limited has agreed to accept that the Group's financial statements could be prepared in accordance with FRS, on the condition that the Company would include in its financial reports a reconciliation of its consolidated financial statements in accordance with IFRS, with a narrative description of the major differences between the two position and standards, in a form that facilitates investors' understanding of the Company's financial performance.

The Company informed ACRA of the outcome of their enquiry with the Stock Exchange of Hong Kong Limited, and did not obtain approval from ACRA on the Company's application to prepare its consolidated financial statements in accordance with IFRS. Therefore, the Company continues to prepare the current set of consolidated financial statements for the financial year ended 31 December 2013 in accordance with FRS and the Company has included a reconciliation of its financial statements in accordance with IFRS in note 40 to the consolidated financial statements which will contain a narrative description of the major differences between the two standards if any, that is relevant to the preparation of the consolidated financial statements of the Group, in a form that facilitates investors' understanding of the Company's financial position and performance.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the Company is Singapore dollar ("S$"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Renminbi ("RMB") and all values presented are rounded to the nearest thousand ("RMB'000"), unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The preparation of the consolidated financial statements in conformity with FRSs 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. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3 to the consolidated financial statements.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that may be relevant to the Group have been issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 27	Separate financial statements	1 January 2014
FRS 28	Investments in associates and joint ventures	1 January 2014
FRS 32	Amendments to FRS 32 – Offsetting of financial assets and financial liabilities	1 January 2014
FRS 36	Amendments to FRS 36: Recoverable amount disclosures for non-financial assets	1 January 2014
FRS 110	Consolidated financial statements	1 January 2014
FRS 110, FRS 111, FRS 112, FRS 27 & FRS 28	Amendments to FRS 110, FRS 111, FRS 112, FRS 27 (2011) and FRS 28 (2011): Mandatory effective date	1 January 2014
FRS 110, FRS 111 & FRS 112	Amendments to FRS 110, FRS 111 and FRS 112: Transition guidance	1 January 2014
FRS 111	Joint arrangements	1 January 2014
FRS 110, FRS 112 & FRS 27	Amendments to FRS 110, FRS 112 and FRS 27: Investment entities	1 January 2014
FRS 112	Disclosure of interests in other entities	1 January 2014
INT FRS 121	Levies	1 January 2014

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective (Continued)

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies are eliminated in full on consolidation.

On acquisition of subsidiaries, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

The results of subsidiaries acquired or disposed of during the financial year are included in the consolidated statements of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

2.3 Business Combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (Continued)

2.3 Business Combinations (Continued)

Business combinations from 1 January 2010 (Continued)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (Continued)

2.3 Business Combinations (Continued)

Business combinations from 1 January 2010 (Continued)

Measurement of non-controlling interest

The measurement option is elected for each individual business combination and does not constitute an accounting policy choice for similar transactions. Selecting the option will require management to carefully consider their future intentions regarding transactions with non-controlling interest, since the two options, combined with the revisions to accounting for changes in ownership interest of a subsidiary will potentially result in significantly different amounts of goodwill and equity.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment comprises its purchase price and any direct attributable cost of bringing the property, plant and equipment to the location and condition necessary for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. **Summary of significant accounting policies** (Continued)

2.4 Property, plant and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Depreciation is charged so as to write off the depreciable amount of property, plant and equipment to their residual values over their estimated useful lives, using the straight-line method on the following bases:

	Annual depreciation rates
Buildings and improvements	3% to 5%
Plant, equipment and mould	3% to 20%
Motor vehicles	10% to 20%
Office equipment	10%

Construction-in-progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction-in-progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction-in-progress until it is completed and ready for its intended use.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

Fully depreciated items are retained in the financial statement until they are no longer in use.

2.5 Subsidiaries

Subsidiaries are entities over which the Company has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are accounted for at cost in the statements of financial position of the Company less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (Continued)

2.6 Associate

An associate is an entity over which the Group has significant influence, but not control, and generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associate are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after assessment, is recognised immediately in profit or loss.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

The financial statements of the associate are prepared as of the same reporting date as the Company.

In the Company's statement of financial position, investment in associate is carried at cost less accumulated impairment losses, if any.

2.7 Land use right

Land use right is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on the straight-line basis to write off the cost of land use right over the lease terms.

2.8 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- land use right; and
- interests in subsidiaries and an associate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (Continued)

2.8 Impairment of non-financial assets (Continued)

If any such indication of impairment loss exists, the asset's recoverable amount is estimated. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life, discounted at a pre-tax rate that reflects current market assessments of the time value of the money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less all estimated cost of completion and cost to be incurred in marketing, selling and distribution.

2.10 Financial instruments

Financial instruments (financial assets and financial liabilities) are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of these financial assets, which are initially measured at fair value plus transaction costs that are directly attributable to the acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

These assets, including trade receivables, loans and other receivables, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income until the financial asset is derecognised, except for impairment losses, foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses.

Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of the debtor’s financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial restructuring.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Impairment loss on financial assets (Continued)

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of a financial asset is reduced through the use of an allowance account. When any part of a financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities include trade and other payables and bank borrowings. They are initially recognised at fair value, net of directly attributable transaction costs incurred and subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Equity instruments and treasury shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares is deducted against the share capital account if the shares are purchased out of capital of the Company, or against the accumulated profits of the Company if the shares are purchased out of profits of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share options scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. On derecognition of a financial liability, the difference between the carrying amount and consideration paid is recognised in profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (Continued)

2.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (Continued)

2.15 Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the period of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases, if any, are recognised as an expense in the period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.16 Employee benefits

(i) Defined contribution plans

The Company makes contributions to the Central Provident Fund ("CPF") Scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have each participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries in the PRC are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above.

Contributions under the Scheme are recognised as an expense as incurred. There is no provision under the Scheme whereby forfeited contributions may be used to reduce future contributions.

(ii) Share-based payment

The Group operates an equity-settled share-based compensation plan.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss with a corresponding increase in the share option reserve over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. **Summary of significant accounting policies** (Continued)

2.16 **Employee benefits** (Continued)

(ii) Share-based payment (Continued)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised as an expense over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the fair value of goods and services received is recognised in profit or loss unless the goods or services qualify for recognition as an asset.

Fair value is measured using the Hull-White pricing model. Under this pricing model, the fair value takes into account the impact of events, such as the early exercise of options by employees or employee exit rates after vesting, which occur during the term of the option. The exit rate is defined as the probability that an employee will leave the Company during the vesting period. The Hull-White model also incorporates the employee's early exercise strategy or possibility of the employee's termination after the vesting period. It assumes that early exercise may occur when the stock price is a certain multiple of the exercise price. The exercise multiple is defined as the average ratio of the stock price to the exercise price at the time of exercise.

2.17 **Tax expense**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (Continued)

2.17 Tax expense (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.18 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

Dividends proposed or declared after the end of each reporting period, are not recognised as a liability at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (Continued)

2.19 Foreign currencies

Transactions entered into by Group entities in currencies other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which case, the exchange differences are also recognised directly in other comprehensive income.

On consolidation, the results of foreign operations are translated into the presentation currency of the Group at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of the financial year. The exchange differences arising on the translation are recognised directly in other comprehensive income and accumulated as foreign currency translation reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to the foreign currency translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign currency translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

2.20 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

3. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

3.1 Critical judgements made in applying the accounting policies

(i) Impairment of financial assets

The Group follows the guidance of FRS 39 "Financial Instruments: Recognition and Measurement" in determining whether a financial asset is impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation of property, plant and equipment

These assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 30 years. The carrying amounts of the Group's and Company's property, plant and equipment as at 31 December 2013 were approximately RMB3,032,823,000 (2012: RMB2,249,418,000) and RMB2,454,000 (2012: RMB163,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(ii) Income taxes

The Group has exposure to income taxes in the People's Republic of China ("PRC") and Singapore. Due to its inherent nature, judgement is involved in determining the Group's provisions for income taxes.

The Group recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made. The income tax expense incurred during the financial year was RMB16,733,000 (2012: RMB18,148,000).

(iii) Equity-settled share-based payments

The charge for equity-settled share-based payment is calculated in accordance with estimates and assumptions which are described in note 2.16(ii) and note 33 to the consolidated financial statements. The option valuation model used requires highly subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yields, risk-free interest rates and expected staff turnover. The management draws upon a variety of external sources to aid them in determination of the appropriate data to use in such calculations. The carrying amounts of share options reserves for the Group and the Company for the financial year ended 31 December 2013 were RMB2,740,000 (2012: RMB2,958,000).

4. Revenue

Revenue of the Group is as follows:

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

5. Segment information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

All the segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Aluminium Alloy Extruded Products Division – manufacturing and sale of aluminium alloy extrusion products;
- Polyethylene Pipe Division – manufacturing and sale of polyethylene pipes; and
- Aluminium Alloy Plates and Sheets Division – manufacturing and sales of aluminium alloy plates and sheets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

5. **Segment information** (Continued)

All the divisions are located and operating in People's Republic of China.

Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-makers for assessment of segment performance.

	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
2013					
Revenue	**1,098,226**	**49,342**	**–**	**–**	**1,147,568**
Results					
Segment results	**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	**72,229**	**4,672**	**(10,859)**	**(6,484)**	**59,558**
Other information					
Additions of property, plant and equipment and land use rights	**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**

	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
2012					
Revenue	829,571	39,935	–	–	869,506
Results					
Segment results	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 loss of an associate	–	–	–	(5,732)	(5,732)
Profit before income tax expense	83,622	2,111	(8,450)	(33,522)	43,761
Other information					
Additions of property, plant and equipment and land use rights	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

5. Segment information (Continued)

	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
2013					
Assets					
Segment assets	**4,527,257**	**110,187**	**1,409,324**	**28,717**	**6,075,485**
Interest in an associate	**–**	**–**	**–**	**192,539**	**192,539**
	4,527,257	**110,187**	**1,409,324**	**221,256**	**6,268,024**
Liabilities					
Segment liabilities	**2,224,749**	**4,224**	**788,209**	**2,653**	**3,019,835**
2012					
Assets					
Segment assets	4,058,517	145,859	653,327	34,271	4,891,974
Interest in an associate	–	–	–	197,032	197,032
	4,058,517	145,859	653,327	231,303	5,089,006
Liabilities					
Segment liabilities	1,831,119	5,141	21,353	1,512	1,841,125

The following is an analysis of the Group's major customers which contributed at least 10% of the Group's revenue during the respective financial years. These revenue are attributable to the Aluminium Alloy Extruded Products Division.

During the financial year ended 31 December 2013, there were 2 such customers which generated revenue of RMB207,764,000 and RMB152,905,542 respectively.

During the financial year ended 31 December 2012, there were 2 such customers which generated revenue of RMB107,899,000 and RMB104,595,000 respectively.

6. Other operating income

	2013 RMB'000	2012 RMB'000
Foreign exchange gain (net)	**1,834**	1,846
Income from disposal of scrap materials	**2,767**	2,875
Interest income	**2,299**	4,762
Government subsidy	**3,202**	1,311
Sundry income	**2,485**	1,698
	12,587	12,492

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

7. Finance costs

	2013 RMB'000	2012 RMB'000
Interest on bank borrowings		
Wholly repayable within five years	**98,079**	81,283
Not wholly repayable within five years	**22,802**	5,176
	120,881	86,459
Bank charges	**6,483**	6,748
Interest on discounted notes receivables	**6,732**	6,675
Total borrowing costs	**134,096**	99,882
Less: Amount capitalised (Note i)	**(57,848)**	(25,903)
	76,248	73,979

Note:

(i) Borrowing costs capitalised during the financial years arose from the specific and general borrowing pools. The borrowing costs capitalised which arose from the general borrowing pools were calculated by applying a capitalisation rate of 6.18% (2012: 6%) to expenditure on qualifying assets for the financial year ended 31 December 2013.

8. Staff costs

	2013 RMB'000	2012 RMB'000
Staff costs (including Directors' emoluments) comprise:		
Salaries, allowance and bonuses	**94,792**	93,281
Contribution to defined contributions plans	**8,874**	13,806
	103,666	107,087

9. Profit before income tax expense

Profit before income tax expense is arrived at after charging/(crediting):

	2013 RMB'000	2012 RMB'000
Audit fees		
– Auditor of the Company	**1,523**	2,203
– Other auditors	**598**	564
Non-audit fees:		
– Auditor of the Company	**285**	–
Amortisation of prepaid rental and land use rights	**6,974**	5,693
Loss on disposal of property, plant and equipment, net	**846**	1,038
Operating lease rentals – properties	**1,416**	1,725

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

10. Directors' emoluments

The aggregate amounts of Directors' emoluments are as follows:

	For the financial year ended 31 December 2013				
	Fee RMB'000	**Retirement benefits scheme contribution RMB'000**	**Other emoluments (mainly basic salaries and allowances) RMB'000**	**Equity-settled share-based payment expenses RMB'000**	**Total RMB'000**
Executive Directors					
Chen Wei Ping	**–**	**41**	**2,831**	**–**	**2,872**
Chew Hwa Kwang, Patrick	**–**	**41**	**2,388**	**–**	**2,429**
Independent non-executive Directors					
Tong Din Eu	**295**	**–**	**–**	**–**	**295**
Chan Soo Sen	**246**	**–**	**–**	**–**	**246**
Xu Wei Dong	**246**	**–**	**–**	**–**	**246**
	787	**82**	**5,219**	**–**	**6,088**

	For the financial year ended 31 December 2012				
	Fee RMB'000	Retirement benefits scheme contribution RMB'000	Other emoluments (mainly basic salaries and allowances) RMB'000	Equity-settled share-based payment expenses RMB'000	Total RMB'000
Executive Directors					
Chen Wei Ping	–	38	2,908	–	2,946
Chew Hwa Kwang, Patrick	–	42	2,453	–	2,495
Independent non-executive Directors					
Tong Din Eu	252	–	–	–	252
Chan Soo Sen	252	–	–	–	252
Xu Wei Dong	252	–	–	–	252
	756	80	5,361	–	6,197

There were no amounts paid to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. Also, there was no arrangement under which a Director waived or agreed to waive any remuneration during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

11. Five highest paid individuals

Of the five highest paid individuals, Chen Wei Peng and Chew Hwa Kwang, Patrick are Directors whose emoluments are set out in note 10 above. The emoluments paid or payable to the remaining individuals for the financial year are as follows:

	2013 RMB'000	2012 RMB'000
Salaries, allowance and benefits in kind	**3,218**	2,956
Performance related bonuses	**929**	630
Contribution to defined contribution plans	**118**	158
Share-based payment expense	**–**	–
	4,265	3,744

An analysis of their emoluments by number of employee and emolument range is set out below:

	2013	2012
HK$1,000,000 – HK$1,500,000	**2**	1
HK$1,500,001 – HK$2,000,000	**–**	2
HK$2,000,001 – HK$2,500,000	**1**	–

12. Income tax expense

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

12. Income tax expense (Continued)

Reconciliation of effective tax rate is as below:

	2013 RMB'000	**2012 RMB'000**
Profit before income tax expense	**59,558**	43,761
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 financial year	**13,871**	14,005
Withholding tax arising from dividends declared by PRC's subsidiaries	**2,682**	3,449
Under provision for income tax in prior financial years	**180**	694
Income tax expense	**16,733**	18,148

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 was awarded with the approved High Technology Enterprise status (高新技術企業) and is entitled to enjoy a concessionary tax rate of 15% for the financial years from 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.

13. Profit for the financial year

The consolidated profit for the financial year includes a profit of RMB31,569,000 (2012: RMB31,416,000) which has been included in the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

14. Dividends

	2013 RMB'000	2012 RMB'000
Final dividend of S$0.0025 per share paid in respect of the financial year 2012 under the exempt-1-tier system	**15,152**	–
2013 Interim tax-exempt dividends of S$0.0025 per ordinary share under the exempt-1-tier system	**14,993**	–
Final dividend of S$0.005 per share paid in respect of the financial year 2011 under the exempt-1-tier system	**–**	30,440
2012 tax-exempt dividends of S$0.0025 per ordinary share under the exempt-1-tier system	**–**	15,313
	30,145	45,753

Subsequent to the end of the financial year, the Board proposed a final tax-exempt dividend# 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.

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.

15. Earnings per share

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

	2013 RMB'000	2012 RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share, being profit for the year attributable to equity holders of the Company	**47,711**	27,845
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	**1,217,618**	1,217,618
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	**1,217,618**	1,217,618

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

15. Earnings per share (Continued)

	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 financial year was below the exercise price of the share option granted.

16. Property, plant and equipment

The Group	Buildings and improvements RMB'000	Plant, equipment and mould RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost						
Balance at 1 January 2013	**653,632**	**1,080,345**	**20,224**	**11,044**	**876,370**	**2,641,615**
Additions	**78,227**	**100,448**	**7,522**	**7,265**	**759,745**	**953,207**
Transfers	**202,580**	**13,405**	**–**	**–**	**(215,985)**	**–**
Disposals	**(25,111)**	**(19,913)**	**(1,643)**	**(154)**	**–**	**(46,821)**
Foreign currency realignment	**(11)**	**–**	**–**	**(16)**	**–**	**(27)**
Balance at 31 December 2013	**909,317**	**1,174,285**	**26,103**	**18,139**	**1,420,130**	**3,547,974**
Accumulated depreciation and impairment loss						
Balance at 1 January 2013	**67,023**	**310,035**	**6,360**	**8,779**	**–**	**392,197**
Depreciation for the financial year	**22,754**	**102,237**	**2,359**	**1,312**	**–**	**128,662**
Disposals	**(1,453)**	**(3,295)**	**(795)**	**(135)**	**–**	**(5,678)**
Foreign currency realignment	**(14)**	**–**	**(5)**	**(11)**	**–**	**(30)**
Balance at 31 December 2013	**88,310**	**408,977**	**7,919**	**9,945**	**–**	**515,151**
Carrying amount						
At 31 December 2013	**821,007**	**765,308**	**18,184**	**8,194**	**1,420,130**	**3,032,823**

The additions include construction-in-progress items which were prepaid in the prior financial year of approximately RMB33,006,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

16. Property, plant and equipment (Continued)

The Group	Buildings and improvements RMB'000	Plant, equipment and mould RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost						
Balance at 1 January 2012	631,482	967,429	18,010	10,165	631,862	2,258,948
Additions	–	64,537	2,506	943	359,237	427,223
Transfers	22,141	92,588	–	–	(114,729)	–
Disposals	–	(1,723)	(292)	(74)	–	(2,089)
Written off	–	(42,486)	–	–	–	(42,486)
Foreign currency realignment	9	–	–	10	–	19
Balance at 31 December 2012	653,632	1,080,345	20,224	11,044	876,370	2,641,615
Accumulated depreciation and impairment loss						
Balance at 1 January 2012	47,058	261,063	4,526	7,916	–	320,563
Depreciation for the financial year	19,961	92,133	1,914	922	–	114,930
Disposals	–	(675)	(80)	(65)	–	(820)
Written off	–	(42,486)	–	–	–	(42,486)
Foreign currency realignment	4	–	–	6	–	10
Balance at 31 December 2012	67,023	310,035	6,360	8,779	–	392,197
Carrying amount						
At 31 December 2012	586,609	770,310	13,864	2,265	876,370	2,249,418

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

16. Property, plant and equipment (Continued)

As at 31 December 2013 and 2012, certain property, plant and equipment, with carrying amount of approximately RMB943,854,000 and RMB1,762,000,000 respectively were pledged as securities for bank borrowings (note 27). The borrowing costs of RMB57,848,000 (2012: RMB25,903,000) had been capitalised into construction-in-progress for the year ended 31 December 2013.

	Buildings and improvements RMB'000	Office equipment RMB'000	Motor vehicle RMB'000	Total RMB'000
The Company				
Cost				
Balance at 1 January 2013	**196**	**240**	**–**	**436**
Additions	**599**	**10**	**2,127**	**2,736**
Foreign currency alignment	**(12)**	**(15)**	**–**	**(27)**
Balance at 31 December 2013	**783**	**235**	**2,127**	**3,145**
Accumulated depreciation				
Balance at 1 January 2013	**127**	**146**	**–**	**273**
Depreciation for the financial year	**226**	**39**	**182**	**447**
Foreign currency alignment	**(14)**	**(10)**	**(5)**	**(29)**
Balance at 31 December 2013	**339**	**175**	**177**	**691**
Carrying amount				
At 31 December 2013	**444**	**60**	**1,950**	**2,454**
Cost				
Balance at 1 January 2012	187	203	–	390
Additions	–	27	–	27
Foreign currency alignment	9	10	–	19
Balance at 31 December 2012	196	240	–	436
Accumulated depreciation				
Balance at 1 January 2012	68	97	–	165
Depreciation for the financial year	55	43	–	98
Foreign currency alignment	4	6	–	10
Balance at 31 December 2012	127	146	–	273
Carrying amount				
At 31 December 2012	69	94	–	163

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

17. Land use rights

The Group	2013 RMB'000	2012 RMB'000
Cost		
Balance at beginning of the financial year	**339,838**	244,907
Additions	**–**	94,931
Balance at end of the financial year	**339,838**	339,838
Accumulated amortisation		
Balance at beginning of the financial year	**14,586**	8,900
Amortisation for the financial year	**6,967**	5,686
Balance at end of the financial year	**21,553**	14,586
Carrying amount		
At end of the financial year	**318,285**	325,252

The amount represents costs of the land use rights in respect of lands located in the PRC under medium term leases ranging from 39 to 50 years, where certain of the Group's property, plant and equipment and properties under development are built on.

As at 31 December 2013, land use rights with carrying amount of approximately RMB112,178,000 (2012: RMB114,852,000) were pledged as securities for bank borrowings (note 27).

18. Interests in subsidiaries

The Company	2013 RMB'000	2012 RMB'000
Unquoted equity shares, at cost	**363,225**	404,322
Amounts due from subsidiaries	**1,545,918**	1,623,825
	1,909,143	2,028,147

The amounts due from subsidiaries form part of the Company's net investments in certain subsidiaries. They are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

Amounts due from subsidiaries are denominated in the following currencies:

	2013 RMB'000	2012 RMB'000
Singapore dollar	**1,424,204**	1,473,263
United States dollar	**121,447**	150,278
Renminbi	**267**	284
	1,545,918	1,623,825

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

18. Interests in subsidiaries (Continued)

Details of the subsidiaries are as follows:

Name of subsidiaries	**Effective equity interest 2013 %**	**2012 %**	**Issued/ Registered and paid up capital**	**Country of incorporation/ operations**	**Principal activities**
North East Industries Pte Ltd [1]	**100**	100	2 ordinary shares[5]	Singapore	Investment holding
Green Oasis Pte Ltd [1]	**100**	100	2 ordinary shares[5]	Singapore	Investment holding
Midas Ventures Pte Ltd [1]	**100**	100	2 ordinary shares[5]	Singapore	Inactive
Midas Trading (Beijing) Co., Ltd [4]	*	100	Registered and paid up capital of USD2.1 million	PRC	Inactive
Jilin Midas Light Alloy Co., Ltd [2]	**55**	55	Registered and paid up capital of USD100 million	PRC	Sale of aluminium plates and sheets products
Subsidiary of North East Industries Pte Ltd					
Jilin Midas Aluminium Industries Co.,Ltd [2][4]	**100**	100	Registered and paid up capital of USD187.5 million	PRC	Manufacture and sales of aluminium alloy extrusion products
Subsidiary of Jilin Midas Aluminium Industries Co., Ltd					
Luoyang Midas Aluminium Industries Co., Ltd [2][4]	**100**	100	Registered and paid up capital of RMB330.6 million	PRC	Manufacture of high precision, high specifications aluminium
Subsidiary of Green Oasis Pte Ltd					
Shanxi Wanshida Engineering Plastics Co., Ltd [3][4]	**100**	100	Registered and paid up capital of USD6 million	PRC	Manufacture and sales of polyethylene pipes

(1) Audited by Mazars LLP, Singapore
(2) Audited by an overseas member firm of Mazars for consolidation purposes
(3) Reviewed by an overseas member firm of Mazars for consolidation purposes
(4) These entities are wholly foreign owned enterprises established in the PRC
(5) Total issued and paid up share capital of the entity is S$2 only

* Midas Trading (Beijing) Co., Ltd has deregistered during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

18. Interests in subsidiaries (Continued)

The following table shows the effects of changes in Groups' ownership interest in a subsidiary, Jilin Midas Light Alloy Co., Ltd in 2012, that did not result in loss of control on equity attributable to owners of the Company.

The Group	**2012 RMB'000**
Proceeds received on changes in ownership interest in a subsidiary	285,376
Non-controlling interests acquired	(286,650)
Difference recognised in equity	(1,274)

19. Interest in an associate

Details of the associate are as follows:

Name of associate	**Effective equity interest 2013 %**	**2012 %**	**Issued/Registered and paid up capital**	**Country of incorporation/ operations**	**Principal activities**
Nanjing SR Puzhen Rail Transport Co., Ltd [1][2]	**32.5**	32.5	Registered and paid up capital of RMB500 million	PRC	Manufacture and sale of metro trains, bogies and their related parts

(1) Audited by an overseas member firm of Mazars for equity accounting purpose
(2) This entity is a sino-foreign investment joint enterprise in the PRC

The Group	**2013 RMB'000**	**2012 RMB'000**
Unquoted equity investment, share of net assets		
Balance at beginning of the financial year	**197,032**	192,559
Dividend receivable	**(8,775)**	–
Share of profit/(loss)	**13,631**	(5,732)
Exchange difference	**(9,349)**	10,205
Balance at end of the financial year	**192,539**	197,032

The Company	**2013 RMB'000**	**2012 RMB'000**
Unquoted equity investment, at cost		
Balance at beginning of the financial year	**151,547**	144,268
Exchange difference	**(9,349)**	7,279
Balance at end of the financial year	**142,198**	151,547

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

19. Interest in an associate (Continued)

The Group's associate, Nanjing SR Puzhen Rail Transport Co., Ltd was incorporated on 18 October 2006 and commenced its commercial operations with effect from January 2007. The summary of the financial information as at 31 December 2013 and 2012 are as follows:

	2013 RMB'000	2012 RMB'000
Total assets	**2,679,911**	2,080,000
Total liabilities	**2,144,023**	1,532,000
Revenue	**2,235,053**	1,372,000
Profit/(Loss) for the financial year	**45,672**	(17,637)

20. Available-for-sale financial asset

The Group	2013 RMB'000	2012 RMB'000
Unquoted equity investment, at cost	**2,000**	2,000

The available-for-sale financial asset is denominated in Renminbi.

As at 31 December 2013, the unquoted equity investment with an aggregate carrying amount of RMB2,000,000 (2012: RMB2,000,000) was stated at cost because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that its fair value cannot be measured reliably.

21. Prepaid rental

The Group	2013 RMB'000	2012 RMB'000
Cost		
Balance at beginning and end of the financial year	**193**	193
Accumulated amortisation		
Balance at beginning of the financial year	**87**	80
Amortisation for the financial year	**7**	7
Balance at end of the financial year	**94**	87
Carrying amount		
At end of the financial year	**99**	106

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

22. Restricted bank deposits

As at 31 December 2013, non-current restricted bank deposits represented deposits placed in certain banks mainly for securing the issuance of letters of credit amounted to RMB35,082,000 (2012: RMB37,456,000). The restricted bank deposits bear interest at effective rate ranging from 0.005% to 0.35% (2012: 0.005% to 0.35%) per annum respectively and for a tenure ranging between 1 year to 3 years (2012: 1 year to 3 years).

The carrying amounts of restricted bank deposits approximate their fair values and are denominated in the following currencies:

The Group	2013 RMB'000	2012 RMB'000
Euro	**572**	4,466
United States dollar	**–**	1,180
Renminbi	**34,510**	31,810
	35,082	37,456

23. Inventories

The Group	2013 RMB'000	2012 RMB'000
Raw materials	**223,798**	501,300
Work-in-progress	**102,335**	12,784
Finished goods	**302,800**	186,699
	628,933	700,783

The cost of inventories recognised as expense and included in "cost of sales" in the consolidated statement of comprehensive income amounted to RMB610,877,000 (2012: RMB428,935,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

24. Trade and other receivables

The Group	2013 RMB'000	2012 RMB'000
Trade receivables – third parties	**700,857**	734,493
Trade receivables – associate	**59,685**	34,466
	760,542	768,959
Allowance for doubtful trade receivables	**(1,832)**	(1,832)
	758,710	767,127
Deposits and prepayments	**137,378**	191,514
Notes receivables	**42,617**	651
Amount due from an associate – non-trade	**8,332**	–
Others – non-trade	**52,565**	48,335
	999,602	1,007,627

The Company	2013 RMB'000	2012 RMB'000
Deposits and prepayments	**1,694**	608
Others – non-trade	**166**	77
Amount due from an associate – non-trade	**8,332**	–
	10,192	685

Trade receivables due from third parties are non-interest bearing and are generally on 90 to 120 days credit terms.

Notes receivables are non-interest bearing and are generally settled on terms of 6 months.

Trade amounts due from an associate is non-interest bearing and is generally on 90 days credit term. The non-trade amount due from an associate relates to dividend receivable from the associate and was unsecured, non-interest bearing and repayable on demand.

The Group and Company recognised impairment loss on individual assessment of customers based on the accounting policy stated in note 2.10.

As at 31 December 2013, certain trade receivables with carrying values of approximately RMB258,800,000 (2012: RMB757,614,000) were pledged as securities for bank borrowings (note 27).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

24. Trade and other receivables (Continued)

The ageing analysis of the Group's trade receivables at the reporting date is as follows:

The Group	2013 RMB'000	2012 RMB'000
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
	760,542	768,959

The ageing analysis of the Group's trade receivables past due but not impaired at the reporting date is as follows:

The Group	2013 RMB'000	2012 RMB'000
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	**46,961**	84,425
Over 2 years	**1,513**	–
	384,904	501,448

The balances that are past due but not impaired relate to a number of customers that have good track records with the Group. Based on their past experience, the management estimated that the carrying amounts could be fully recovered.

Movements in allowance for doubtful trade receivables are as follows:

The Group	2013 RMB'000	2012 RMB'000
Balance at beginning and end of the financial year	**1,832**	1,832

The carrying amounts of trade and other receivables are denominated in the following currencies:

The Group	2013 RMB'000	2012 RMB'000
Euro	**36,224**	26,585
Renminbi	**959,534**	980,349
Singapore dollar	**3,707**	693
Hong Kong dollar	**137**	–
	999,602	1,007,627

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

24. Trade and other receivables (Continued)

The Company	2013 RMB'000	2012 RMB'000
Singapore dollar	**1,646**	685
Renminbi	**8,409**	–
Hong Kong dollar	**137**	–
	10,192	685

25. Cash and cash equivalents

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

The Group	2013 RMB'000	2012 RMB'000
Euro	**4,131**	3,012
Renminbi	**1,026,246**	510,620
Singapore dollar	**2,251**	32,862
United States dollar	**13,793**	42
Hong Kong dollar	**7**	468
Others	**28**	29
	1,046,456	547,033

The Company	2013 RMB'000	2012 RMB'000
Euro	**15**	16
Renminbi	**3**	8
Singapore dollar	**2,151**	32,751
United States dollar	**13,756**	17
Hong Kong dollar	**7**	468
Others	**28**	29
	15,960	33,289

26. Trade and other payables

The Group	2013 RMB'000	2012 RMB'000
Trade payables	**186,966**	177,994
Notes payable	**115,000**	106,000
Other payables and accruals	**114,017**	67,760
Advance from third parties customers	**4,101**	15,380
	420,084	367,134

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

26. Trade and other payables (Continued)

The Company	2013 RMB'000	2012 RMB'000
Other payables and accruals	**2,529**	1,402

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days terms while other payables have an average term of 30 days.

Notes payable have an average maturity period of 6 months and are non-interest bearing.

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

	2013 RMB'000	2012 RMB'000
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	**31,300**	46,939
	186,966	177,994

The carrying amounts of trade and other payables are denominated in the following currencies:

The Group	2013 RMB'000	2012 RMB'000
Singapore dollar	**2,653**	1,474
Renminbi	**417,431**	365,660
	420,084	367,134

The Company	2013 RMB'000	2012 RMB'000
Singapore dollar	**2,529**	1,402

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

27. Bank borrowings

The Group	2013 RMB'000	2012 RMB'000
Secured bank borrowings (note i)	**1,424,571**	550,650
Unsecured bank borrowings	**1,173,039**	921,200
	2,597,610	1,471,850
Carrying amount repayable:		
Within one financial year	**2,081,582**	999,300
Between one to two financial years	**194,262**	225,230
Between two to five financial years	**258,258**	197,670
More than five financial years	**63,508**	49,650
	2,597,610	1,471,850
Less: Amounts due within one financial year shown under current liabilities	**(2,081,582)**	(999,300)
	516,028	472,550

The effective interest rates, which are also equal to contracted interest rates, per annum are as follows:

	2013 %	2012 %
Short-term loans	**5.60 – 7.40**	4.92 – 8.52
Long-term loans	**6.55 – 7.40**	6.55 – 7.40

All bank borrowings are variable-rate borrowings, and these borrowings carried interest at rates ranging from 70% to 120% (2012: 70% to 135%) of the benchmark interest rate as quoted by The People's Bank of China.

Bank borrowings are all denominated in Renminbi as at the reporting date.

Included in the secured bank borrowings repayable within one financial year as of 31 December 2013 are RMB760 million arising from a subsidiary's drawdown on a syndicated bank loan. The loan is subject to repayment on demand clause as it gives the lenders the unconditional right to recall the loan at any time and is hence classified as a current liability as of 31 December 2013. The table below sets out the agreed scheduled repayments set out in the loan agreements.

	2013 RMB'000
Carrying amount repayable:	
Within one financial year	–
Between one to two financial years	**20,000**
Between two to five financial years	**330,000**
More than five financial years	**410,000**
	760,000

Notes:

(i) The bank borrowings were secured by certain property, plant and equipment, land use rights and various trade receivables owned by the Group as set out in notes 16, 17 and 24 to the consolidated financial statements.

28. Deferred tax liability

Details of the deferred tax liability recognised and movements during the financial year are as follows:

The Group	RMB'000
Deferred tax liability	
At 1 January 2012	2,179
Exchange difference	(38)
At 31 December 2012 and 1 January 2013	2,141
Exchange difference	–
At 31 December 2013	2,141

During the financial year ended 31 December 2008, an inter-company loan within the Group had been capitalised that gave rise to an exchange difference of approximately S$1,635,000 (RMB7,411,000 equivalent) which was credited to the foreign currency translation reserve at the Group level.

This exchange difference had also given rise to a future tax obligation of approximately S$419,000 (RMB1,899,000 equivalent) which was recognised as a deferred tax liability on the consolidated statement of financial position with a corresponding entry to the foreign currency translation reserve as at 31 December 2008.

Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated statements of comprehensive income in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as at 31 December 2013 and 2012 amounting to approximately RMB757,000,000 and RMB725,000,000 respectively as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

29. Share capital and treasury shares

(a) Share capital

	The Group and the Company			
	2013	2012	2013	2012
	Number of ordinary shares		RMB'000	RMB'000
Issued and fully paid				
Balance at beginning and end of the financial year	**1,218,617,800**	1,218,617,800	**2,166,575**	2,166,575

(i) The Company has one class of ordinary shares which carries a right to dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and have no par value.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

29. Share capital and treasury shares (Continued)

(b) Treasury shares

	The Group and the Company			
	2013	2012	2013	2012
	Number of ordinary shares		RMB'000	RMB'000
Balance at beginning and end of the financial year	**1,000,000**	1,000,000	**2,501**	2,501

The Company acquired 1,000,000 of its own shares through purchases on the Singapore Stock Exchange during the financial year ended 31 December 2008. The total amount paid to acquire the shares was S$518,000 (RMB2,501,000 equivalent) and has been deducted from shareholders' equity.

30. Reserves

The Company	Treasury shares (note 29(b)) RMB'000	Foreign currency translation reserve (note 31) RMB'000	Share options reserve (note 33) RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2013	**(2,501)**	**43,908**	**2,958**	**1,489**	**45,854**
Total comprehensive income for the financial year	**–**	**(136,435)**	**–**	**31,569**	**(104,866)**
Dividends (note 14)	**–**	**–**	**–**	**(30,145)**	**(30,145)**
Transfer of option reserve to retained earnings	**–**	**–**	**(218)**	**218**	**–**
Balance at 31 December 2013	**(2,501)**	**(92,527)**	**2,740**	**3,131**	**(89,157)**
Balance at 1 January 2012	(2,501)	(62,497)	10,913	7,871	(46,214)
Total comprehensive income for the financial year	–	106,405	–	31,416	137,821
Dividends (note 14)	–	–	–	(45,753)	(45,753)
Transfer of option reserve to retained earnings	–	–	(7,955)	7,955	–
Balance at 31 December 2012	(2,501)	43,908	2,958	1,489	45,854

31. Foreign currency translation reserve

<u>The Group and the Company</u>

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. Movements in the Group's foreign currency translation reserve are set out in the consolidated statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

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32. PRC statutory reserve

The Group

PRC statutory reserve represents the amounts transferred from profit after income tax of the subsidiaries incorporated in the PRC in accordance with the PRC statutory requirements. The PRC statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off the accumulated losses or increasing share capital. Movement in this account is set out in the consolidated statement of changes in equity.

33. Share options reserve

The Group and the Company

Share options reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options. Movement in this account is set out in the consolidated statement of changes in equity.

Equity-settled share options scheme

The Company has a share options scheme known as Midas Employee Share Options Scheme (the "Scheme") for all employees of the Group. Under the Scheme, an option entitles the option holder to subscribe for a specific number of new ordinary shares in the Company comprised in the option at a subscription price per share determined with reference to the market price of the share at the time of grant of the option.

Options granted with the subscription price set at the market price shall only be exercisable after the first anniversary from the date of grant of the option. Options granted with the subscription price set at a discount to the market price shall only be exercisable after the second anniversary from the date of the grant of the option. The shares under option may be exercised in whole or in part thereof.

Options granted will lapse when the option holder ceases to be a full-time employee of the Group subject to certain exceptions at the discretion of the Company.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

33. Share options reserve (Continued)

The Group and the Company (Continued)

Equity-settled share options scheme (Continued)

Details of the share options outstanding during the financial year are as follows:

The Group and the Company	Balance at beginning of the financial year	Granted during the financial year	Cancelled/ expired during the financial year	Balance at end of the financial year	Exercise price
At 31 December 2013					
2009 options	**5,100,000**	**–**	**(350,000)**	**4,750,000**	**S$0.517**
Exercisable at 31 December 2013				**4,750,000**	
At 31 December 2012					
2007 options	3,700,000	–	(3,700,000)	–	S$1.992
2009 options	5,100,000	–	–	5,100,000	S$0.517
	8,800,000	–	(3,700,000)	5,100,000	
Exercisable at 31 December 2012				5,100,000	

The weighted average share price at the date of exercise for share options exercised, expired or cancelled in the financial year ended 31 December 2013 and 2012 were S$0.517 and S$0.517 respectively. The options outstanding as at 31 December 2013 and 2012 have a weighted average remaining contractual life of 0.2 year and 1.2 years respectively. The fair values for the above share options granted in previous financial years were calculated using the Hull-White option pricing model.

There were no shares options granted for the financial years ended 31 December 2013 and 31 December 2012.

34. Operating lease commitments

As at reporting date, the total future minimum lease payments under non-cancellable operating leases are as follows:

The Group	2013 RMB'000	2012 RMB'000
Within one year	**1,407**	1,155
After one year but within five years	**1,684**	2,356
Total	**3,091**	3,511

The Group leases a number of properties under operating leases. Leases are negotiated for an average term of 3 to 5 years and rentals are fixed for an average of 3 to 5 years. These leases have no escalation clauses, restriction and do not provide contingent rents.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

35. Capital commitments

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

36. Significant related party transaction

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Associates are related parties and include those that are associates of the holding and/or related companies.

Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

36. Significant related party transaction (Continued)

In addition to the information disclosed in note 24 to the consolidated financial statements, significant related party transactions between the Group and its related parties during the financial year were as follows:

Related party relationship	Type of transaction	2013 RMB'000	2012 RMB'000
Associate	Sales of goods	**109,746**	73,267
Associate	Dividend income	**8,775**	–

Compensation of key management personnel

Remuneration of key management personnel of the Group, including certain amounts paid or payable to the Company's Directors as disclosed in note 10 to the consolidated financial statement, for the financial year is as follows:

	2013 RMB'000	2012 RMB'000
Salaries and other short-term employee benefits	**10,412**	9,665
Post-employment benefits – CPF contribution	**210**	241
Directors fees	**787**	756
	11,409	10,662

37. Financial risk and capital management

37.1 Financial risk management

The Group's activities expose it to capital risk, credit risk, market risk (including interest rate risk and foreign currency risk), and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuation, if any, in interest rates and foreign exchange rates. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(a) Credit risk

The Group places its bank balances and restricted bank balances with approved credit worthy financial institutions which are regulated. The Group performs ongoing credit evaluation of its customers' financial condition and generally does not require collateral. The Group assesses the customers' credibility and performs periodic reviews of the credit limits granted to the latter based on the findings from such assessments.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets stated in the statements of financial position.

The Group has a concentration of credit risk of the trade receivables due from the five largest debtors. As at 31 December 2013 and 2012, approximately 74% and 67% of total trade receivables respectively, were due from the five largest debtors.

(b) Market risk

(i) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The following tables set out the respective carrying amounts, by maturity, of the Group's financial instruments as at end of the financial year, that are exposed to interest rate risk.

	Weighted average effective interest rate		Carrying amount	
The Group	**2013 %**	**2012 %**	**2013 RMB'000**	**2012 RMB'000**
Variable rate instruments				
Financial assets				
Restricted bank deposits	**0.30**	0.30	**35,082**	37,456
Cash and cash equivalents	**0.35**	0.33	**1,046,456**	547,033
			1,081,538	584,489
Financial liabilities				
Interest-bearing bank borrowings	**6.36**	6.32	**2,597,610**	1,471,850

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(b) Market risk (Continued)

(i) Interest rate risk (Continued)

	Weighted average effective interest rate		Carrying amount	
	2013	2012	2013	2012
The Company	%	%	RMB'000	RMB'000
Variable rate instruments				
Financial assets				
Cash and cash equivalents	**0.20**	0.20	**15,960**	33,289

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for financial instruments as at reporting date. For floating rate assets and liabilities, the analysis is prepared assuming the amount of assets and liabilities outstanding at reporting date was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 100 basis point ("bp") change in the interest rates from the reporting date, with all other variables held constant.

	Impact to profit before income tax expense	
	100 bp increase RMB'000	100 bp decrease RMB'000
The Group		
At 31 December 2013		
Cash and cash equivalents	**10,465**	(10,465)
Restricted bank deposits	**351**	(351)
Bank borrowings	**(25,976)**	25,976
	(15,160)	15,160
At 31 December 2012		
Cash and cash equivalents	**5,470**	(5,470)
Restricted bank deposits	**375**	(375)
Bank borrowings	**(14,719)**	14,719
	(8,874)	8,874

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(b) Market risk (Continued)

(ii) Foreign currency risk

The Group has foreign currency exposures arising from transactions that are denominated in a currency other than the functional currency of Group entities, primarily Renminbi. As at the reporting date, the Group and the Company do not have significant foreign currency risk exposure except for the financial assets denominated in Euro and United States dollar. The Company does not have significant foreign currency risk exposure except for the financial assets denominated in United States dollar and Renminbi. It is not the Group's policy to enter into any financial derivatives to hedge its exchange risks.

The following table sets out the carrying amount of monetary assets and liabilities of the Group in their respective currencies:

	Assets		Liabilities	
	2013	2012	**2013**	2012
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Euro	**40,927**	34,063	**–**	–
Renminbi	**1,993,205**	1,515,369	**2,900,041**	1,731,510
Singapore dollar	**5,616**	33,478	**2,653**	1,474
United States dollar	**13,793**	1,222	**–**	–
Hong Kong dollar	**106**	468	**–**	–
Other	**28**	29	**–**	–
	2,053,675	1,584,629	**2,902,694**	1,732,984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(b) Market risk (Continued)

(ii) Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit to a reasonably possible 10% change in exchange rate of Euro and United States dollar against the respective functional currencies of the Group entities, with all other variables held constant.

	Impact to profit before income tax	
	Strengthened by 10% RMB'000	**Weakened by 10% RMB'000**
The Group		
At 31 December 2013		
Euro	**4,093**	(4,093)
United States dollar	**1,379**	(1,379)
	5,472	(5,472)
At 31 December 2012		
Euro	**3,406**	(3,406)
United States dollar	**122**	(122)
	3,528	(3,528)

(c) Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by monitoring and maintaining a level of cash and cash equivalents considered adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flow. In doing so, the management monitors the utilisation of borrowings to ensure adequate unutilised banking facilities and compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up using undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to pay. The table includes both interest and principal cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(c) Liquidity risk (Continued)

The Group	**Carrying amount RMB'000**	**Total contractual undiscounted cash flow RMB'000**	**Within one year RMB'000**	**After one year but less than five years RMB'000**	**Due five or more than five years RMB'000**
At 31 December 2013					
Financial assets					
Available-for-sale financial assets	**2,000**	**2,000**	**–**	**2,000**	**–**
Restricted bank deposits	**35,082**	**35,082**	**–**	**35,082**	**–**
Trade and other receivables	**970,137**	**970,137**	**970,137**	**–**	**–**
Cash and cash equivalents	**1,046,456**	**1,046,456**	**1,046,456**	**–**	**–**
	2,053,675	**2,053,675**	**2,016,593**	**37,082**	**–**
Financial liabilities					
Trade and other payables	**420,084**	**420,084**	**420,084**	**–**	**–**
Bank borrowings	**2,597,610**	**2,808,669**	**2,229,782**	**544,463**	**34,424**
	3,017,694	**3,228,753**	**2,649,866**	**544,463**	**34,424**
At 31 December 2012					
Financial assets					
Available-for-sale financial assets	2,000	2,000	–	2,000	–
Restricted bank deposits	37,456	37,456	–	37,456	–
Trade and other receivables	998,139	998,139	998,139	–	–
Cash and cash equivalents	547,033	547,033	547,033	–	–
	1,584,628	1,584,628	1,545,172	39,456	–
Financial liabilities					
Trade and other payables	367,134	367,134	367,134	–	–
Bank borrowings	1,471,850	1,610,152	1,062,249	495,355	52,548
	1,838,984	1,977,286	1,429,383	495,355	52,548

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(c) Liquidity risk (Continued)

The Company	**Carrying amount RMB'000**	**Total contractual undiscounted cash flow RMB'000**	**Within one year RMB'000**
At 31 December 2013			
Financial assets			
Other receivables	**9,813**	**9,813**	**9,813**
Cash and cash equivalents	**15,960**	**15,960**	**15,960**
	25,773	**25,773**	**25,773**
Financial liabilities			
Other payables	**2,529**	**2,529**	**2,529**
	2,529	**2,529**	**2,529**
At 31 December 2012			
Financial assets			
Other receivables	607	607	607
Cash and cash equivalents	33,289	33,289	33,289
	33,896	33,896	33,896
Financial liabilities			
Other payables	1,402	1,402	1,402
	1,402	1,402	1,402

The Group's operations are financed mainly through equity, retaining earnings and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

As at 31 December 2013 and 2012, the Company has a net current assets position of RMB23,623,000 and RMB32,572,000 respectively. The Company's cash flow obligations are supported by dividend income and management fee income derived from its subsidiaries and associate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

37. Financial risk and capital management (Continued)

37.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising share capital, treasury shares, foreign currency translation reserve, PRC statutory reserve, share options reserve and retained earnings as disclosed in notes 29 to 33 to the consolidated financial statements.

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total liabilities divided by equity. Total liabilities are the sum of "current liabilities" and "non-current liabilities" as shown on the consolidated statement of financial position and equity is "capital and reserves" as shown on the consolidated statement of financial position. The strategy remained unchanged from 2012.

The debt-equity ratio as at 31 December 2013 and 2012 were as follows:

The Group	2013 RMB'000	2012 RMB'000
Total liabilities	**3,019,835**	1,841,125
Equity	**3,248,189**	3,247,881
Debt to equity ratio (times)	**0.93**	0.57

As disclosed in note 32 to the consolidated financial statements, all PRC subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities.

The Group is in compliance with the externally imposed capital requirement for the financial years ended 31 December 2013 and 2012.

38. Fair values

The carrying amounts of the current financial assets and financial liabilities in the consolidated financial statements approximate their fair values due to the relative short term maturity of these financial instruments.

As disclosed in note 20 to the consolidated financial statements, the available-for-sale financial asset of the Group is not stated at fair value but at cost less any accumulated impairment losses because its fair value cannot be reasonably assessed and therefore, no disclosure of its fair values is made.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

39. Properties of the Group

Location	Description	Existing use	Tenure	Unexpired lease term (years)	Site area ('000 sqm)	Gross floor area ('000 sqm)
No. 108 Yongle South Road, Hi-tech Development Zone, Ruicheng Country, Shanxi Province, PRC	Industrial complex	Office building, workshop, warehouse staff dormitory and other ancillary facilities	Leasehold	36	28.7	10.8
Industrial Development Zone, Liaoyuan City, Jilin Province, PRC	Industrial complex	Office building, workshops and portion of the property under development	Leasehold	38 – 46	374.8	81.8
188 Fuzhen Road Liaoyuan City, Jilin Province, PRC	Industrial complex	Office building, workshop and other uses	Leasehold	38 – 43	81.8	48.5
New Zone, Louyang City, He Nan Province, PRC	Industrial complex	Office building, workshops and portion of the property under development	Leasehold	48	389	72.1
Industrial Development Zone, You Yi Village, Liaoyuan City, Jilin Province, PRC	Industrial complex	Office building, workshops and portion of the property under development	Leasehold	48	386	90

40. Reconciliation between Singapore Financial Reporting Standards and International Financial Reporting Standards ("IFRS")

For the financial year ended 31 December 2013, there were no material differences between the consolidated financial statements of the Group prepared under Singapore Financial Reporting Standards and IFRS (which include all IFRS, International Accounting Standards and Interpretations).

41. Events subsequent to the reporting date

On 3 February 2014, the Company issued an aggregate principal amount of S$85 million 5.75% fixed rate notes due 2017 (the "Notes") under the S$500,000,000 Multicurrency Medium Term Note Programme established by the Company on 2 October 2013. The corresponding interest for the issued Notes will be payable semi-annually in arrears. The net proceeds from the issue (after deducting issue expenses) will be used for refinancing of existing borrowings and financing of acquisitions, investments and working capital, as well as to meet capital expenditure requirements of the Issuer or the Group.

42. Authorisation of financial statements

The consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Directors on 19 March 2014.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIDAS HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The information in this Appendix III has been reproduced from the annual report of Midas Holdings Limited and its subsidiaries for the financial year ended 31 December 2014 and has not been specifically prepared for inclusion in this Information Memorandum.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MIDAS HOLDINGS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Midas Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2014, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 52 to 109.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act"), applicable disclosure requirements of the Hong Kong Companies Ordinance and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act, applicable disclosure requirements of the Hong Kong Companies Ordinance and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MIDAS HOLDINGS LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
19 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 RMB'000	2013 RMB'000
Revenue	4	**1,317,863**	1,147,568
Cost of sales		**(967,617)**	(866,332)
Gross profit		**350,246**	281,236
Other operating income	6	**14,081**	12,587
Selling and distribution expenses		**(60,669)**	(54,501)
Administrative expenses		**(148,295)**	(117,147)
Finance costs	7	**(128,481)**	(76,248)
Share of profits of an associate	19	**29,024**	13,631
Profit before income tax expense	9	**55,906**	59,558
Income tax expense	12	**(2,803)**	(16,733)
Profit for the financial year		**53,103**	42,825
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		**31,900**	(12,372)
Total comprehensive income for the financial year		**85,003**	30,453
Profit attributable to:			
Owners of the Company		**56,348**	47,711
Non-controlling interests		**(3,245)**	(4,886)
		53,103	42,825
Total comprehensive income attributable to:			
Owners of the Company		**88,248**	35,339
Non-controlling interests		**(3,245)**	(4,886)
		85,003	30,453
Basic earnings per share (RMB Fen)	15	**4.63**	3.92
Diluted earnings per share (RMB Fen)	15	**4.63**	3.92

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	16	**3,617,443**	3,032,823
Land use rights	17	**311,319**	318,285
Interest in an associate	19	**208,364**	192,539
Available-for-sale financial assets	20	**–**	2,000
Prepaid rental	21	**92**	99
Restricted bank deposits	22	**37,822**	35,082
Deferred tax assets	28	**17,138**	–
		4,192,178	3,580,828
Current assets			
Inventories	23	**563,711**	628,933
Trade and other receivables	24	**1,392,352**	999,602
Income tax recoverable		**–**	12,205
Cash and cash equivalents	25	**1,209,501**	1,046,456
		3,165,564	2,687,196
Current liabilities			
Trade and other payables	26	**615,799**	420,084
Income tax payable		**6,866**	–
Borrowings	27	**1,604,173**	1,321,582
		2,226,838	1,741,666
Net current assets		**938,726**	945,530
Total assets less current liabilities		**5,130,904**	4,526,358
Non-current liabilities			
Borrowings	27	**2,131,275**	1,276,028
Deferred tax liability	28	**2,141**	2,141
		2,133,416	1,278,169
Net assets		**2,997,488**	3,248,189
Capital and reserves and non-controlling interests			
Share capital	29(a)	**2,166,575**	2,166,575
Treasury shares	29(b)	**(2,501)**	(2,501)
Foreign currency translation reserve	31	**17,930**	(13,970)
PRC statutory reserve	32	**149,823**	142,016
Share options reserve	33	**–**	2,740
Retained earnings		**665,661**	673,797
Equity attributable to owners of the Company		**2,997,488**	2,968,657
Non-controlling interests		**–**	279,532
Total equity		**2,997,488**	3,248,189

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

AS AT 31 DECEMBER 2014

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	16	**1,905**	2,454
Interests in subsidiaries	18	**2,643,241**	1,909,143
Interest in an associate	19	**139,529**	142,198
		2,784,675	2,053,795
Current assets			
Other receivables	24	**10,694**	10,192
Cash and cash equivalents	25	**10,806**	15,960
		21,500	26,152
Current liabilities			
Other payables	26	**13,154**	2,529
		13,154	2,529
Net current assets		**8,346**	23,623
Total assets less current liabilities		**2,793,021**	2,077,418
Non-current liabilities			
Borrowings	27	**744,008**	–
		744,008	–
Net assets		**2,049,013**	2,077,418
Capital and reserves			
Share capital	29(a)	**2,166,575**	2,166,575
Treasury shares	29(b)	**(2,501)**	(2,501)
Foreign currency translation reserve	30, 31	**(132,602)**	(92,527)
Share options reserve	30, 33	**–**	2,740
Retained earnings	30	**17,541**	3,131
Total equity		**2,049,013**	2,077,418

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Attributable to the owner of the Company								
	Share capital (note 29(a)) RMB'000	Treasury shares (note 29(b)) RMB'000	Foreign currency translation reserve (note 31) RMB'000	PRC statutory reserve (note 32) RMB'000	Share option reserve (note 33) RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2013	2,166,575	(2,501)	(1,598)	134,467	2,958	663,562	2,963,463	284,418	3,247,881
Profit for the year	–	–	–	–	–	47,711	47,711	(4,886)	42,825
Other comprehensive income:									
Foreign currency reserve	–	–	(12,372)	–	–	–	(12,372)	–	(12,372)
Total comprehensive income for the financial year	–	–	(12,372)	–	–	47,711	35,339	(4,886)	30,453
Transfer to PRC statutory reserve	–	–	–	7,549	–	(7,549)	–	–	–
Transfer of option reserve to retained earnings	–	–	–	–	(218)	218	–	–	–
Dividends (note 14)	–	–	–	–	–	(30,145)	(30,145)	–	(30,145)
Balance at 31 December 2013	2,166,575	(2,501)	(13,970)	142,016	2,740	673,797	2,968,657	279,532	3,248,189
Profit for the year	–	–	–	–	–	56,348	56,348	(3,245)	53,103
Other comprehensive income:									
Foreign currency reserve	–	–	31,900	–	–	–	31,900	–	31,900
Total comprehensive income for the financial year	–	–	31,900	–	–	56,348	88,248	(3,245)	85,003
Acquisition of non-controlling interest in subsidiary without a change in control (Note 18)	–	–	–	–	–	(29,836)	(29,836)	(276,287)	(306,123)
Transfer to PRC statutory reserve	–	–	–	7,807	–	(7,807)	–	–	–
Transfer of option reserve to retained earnings	–	–	–	–	(2,740)	2,740	–	–	–
Dividends (note 14)	–	–	–	–	–	(29,581)	(29,581)	–	(29,581)
Balance at 31 December 2014	2,166,575	(2,501)	17,930	149,823	–	665,661	2,997,488	–	2,997,488

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
Profit before income tax expense		**55,906**	59,558
Adjustments for:			
Depreciation of property, plant and equipment		**159,761**	128,662
Amortisation of prepaid rental and land use rights		**6,973**	6,974
Loss on disposal of property, plant and equipment, net		**109**	846
Share of profits of an associate		**(29,024)**	(13,631)
Interest expenses		**128,481**	76,248
Interest income		**(9,672)**	(2,299)
Operating profit before changes in working capital		**312,534**	256,358
Changes in working capital:			
Inventories		**65,222**	71,850
Trade and other receivables		**(401,086)**	(24,981)
Trade and other payables		**184,268**	52,950
Cash generated from operations		**160,938**	356,177
Interest paid		**(99,962)**	(76,248)
Interest received		**9,672**	2,299
Income tax paid		**(870)**	(6,638)
Net cash from operating activities		**69,778**	275,590
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**–**	40,297
Purchase of property, plant and equipment		**(623,961)**	(862,353)
Net (increase)/decrease in restricted bank deposits		**(2,740)**	2,374
Dividends received		**8,336**	–
Interest paid and capitalised		**(117,059)**	(57,848)
Proceeds from redemption of available-for-sale assets upon maturity		**2,000**	–
Net cash used in investing activities		**(733,424)**	(877,530)
Cash flows from financing activities			
Dividends paid		**(29,581)**	(30,145)
Proceeds from bank borrowings		**1,834,000**	2,441,000
Repayment of bank borrowings		**(1,440,170)**	(1,315,240)
Proceeds from issuance of medium term notes		**767,895**	–
Payment of medium term note interests		**(18,217)**	–
Acquisition of non-controlling interest	18	**(306,000)**	–
Net cash from financing activities		**807,927**	1,095,615
Net change in cash and cash equivalents		**144,281**	493,675
Cash and cash equivalents at beginning of the financial year		**1,046,456**	547,033
Net effect of exchange rate changes in cash and cash equivalents		**18,764**	5,748
Cash and cash equivalents at end of the financial year	25	**1,209,501**	1,046,456

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. General

Midas Holdings Limited (the "Company") (Registration Number: 200009758W) is a public limited liability company incorporated and domiciled in Singapore with its registered office and principal place of business at No. 4 Shenton Way, #18-03 SGX Centre 2, Singapore 068807. The Company is listed on the Main Board of the Singapore Exchange Securities Trading Limited and the Main Board of the Stock Exchange of Hong Kong Limited.

The principal activity of the Company is that of an investment holding.

The principal activities of the subsidiaries are set out in note 18 to the consolidated financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (hereinafter known as the "Group") and the Group's interest in an associate.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act"), the applicable disclosure requirements of the Hong Kong Companies Ordinance and the rules governing the listing of securities on the Stock Exchange of Hong Kong Limited, and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") issued by the Singapore Accounting Standards Council. The consolidated financial statements are prepared under the historical cost convention, except as disclosed in the accounting policies below.

Subsequent to the Hong Kong Listing during the financial year 2011, the Company submitted its application to ACRA to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). At the same time, the Company also made further enquiries with the Stock Exchange of Hong Kong Limited with regard to whether the Company should adopt IFRS or FRS. The Stock Exchange of Hong Kong Limited has agreed to accept that the Group's financial statements could be prepared in accordance with FRS, on the condition that the Company would include in its financial reports a reconciliation of its consolidated financial statements in accordance with IFRS, with a narrative description of the major differences between the two position and standards, in a form that facilitates investors' understanding of the Company's financial performance.

The Company informed ACRA of the outcome of their enquiry with the Stock Exchange of Hong Kong Limited, and did not obtain approval from ACRA on the Company's application to prepare its consolidated financial statements in accordance with IFRS. Therefore, the Company continues to prepare the current set of consolidated financial statements for the financial year ended 31 December 2014 in accordance with FRS and the Company has included a reconciliation of its financial statements in accordance with IFRS in note 40 to the consolidated financial statements which will contain a narrative description of the major differences between the two standards if any, that is relevant to the preparation of the consolidated financial statements of the Group, in a form that facilitates investors' understanding of the Company's financial position and performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the Company is Singapore dollar ("S$"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Renminbi ("RMB") and all values presented are rounded to the nearest thousand ("RMB'000"), unless otherwise stated.

The preparation of the consolidated financial statements in conformity with FRSs 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. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3 to the consolidated financial statements.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that may be relevant to the Group have been issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptance Methods of Depreciation and Amortisation	1 January 2016
FRS 16, FRS 41	Amendments FRS 16 and FRS 41: Agriculture: Bearer Plants	1 January 2016
FRS 19	Amendments to FRS 19: Defined Employee Plans: Employee Contributions	1 July 2014
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 109	Financial Instruments	1 January 2018
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
FRS 111	Amendments to FRS 111: Accounting Acquisitions of Interest in Joint Operations	1 January 2016
FRS 114	Regulatory Deferral Accounts	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2017
Various	Improvements to FRSs (January 2014)	Various
Various	Improvements to FRSs (February 2014)	Various
Various	Improvements to FRSs (November 2014)	Various

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, amongst others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. **Summary of significant accounting policies** (Continued)

2.3 Business Combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. **Summary of significant accounting policies** (Continued)

2.3 Business Combinations (Continued)

Business combinations from 1 January 2010 (Continued)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. **Summary of significant accounting policies** (Continued)

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment comprises its purchase price and any direct attributable cost of bringing the property, plant and equipment to the location and condition necessary for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Depreciation is charged so as to write off the depreciable amount of property, plant and equipment to their residual values over their estimated useful lives, using the straight-line method on the following bases:

	Annual depreciation rates
Buildings and improvements	3% to 5%
Plant, equipment and mould	3% to 20%
Motor vehicles	10% to 20%
Office equipment	10%

Construction-in-progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction-in-progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction-in-progress until it is completed and ready for its intended use.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

Fully depreciated items are retained in the financial statement until they are no longer in use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.5 Subsidiaries

Subsidiaries are entities over which the Company has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are accounted for at cost in the statements of financial position of the Company less any accumulated impairment losses.

2.6 Associate

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity but is not control or of joint control of those policies, and generally accompanying a shareholding of 20% or more of the voting power.

On acquisition of the associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the reporting period in which the investment is acquired. Investments in associates are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

The results and assets and liabilities of an associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* from the date on which the investee become an associate. Under the equity method, investments in associates are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. The Group's share of losses in an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from the associate reduce the carrying amount of the investment. Any goodwill arising on the acquisition of the Group's interest in an associate is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions (see above).

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The Company has accounted for its investments in associates at cost in its separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. **Summary of significant accounting policies** (Continued)

2.7 Land use right

Land use right is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on the straight-line basis to write off the cost of land use right over the lease terms.

2.8 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- land use right; and
- interests in subsidiaries and an associate.

If any such indication of impairment loss exists, the asset's recoverable amount is estimated. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life, discounted at a pre-tax rate that reflects current market assessments of the time value of the money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. **Summary of significant accounting policies** (Continued)

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less all estimated cost of completion and cost to be incurred in marketing, selling and distribution.

2.10 Financial instruments

Financial instruments (financial assets and financial liabilities) are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of these financial assets, which are initially measured at fair value plus transaction costs that are directly attributable to the acquisition.

Loans and receivables

These assets, including trade receivables, loans and other receivables, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income until the financial asset is derecognised, except for impairment losses, foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of the debtor's financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial restructuring.

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of a financial asset is reduced through the use of an allowance account. When any part of a financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities include trade and other payables and bank borrowings. They are initially recognised at fair value, net of directly attributable transaction costs incurred and subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Equity instruments and treasury shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the statement of profit or loss and other comprehensive income on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares is deducted against the share capital account if the shares are purchased out of capital of the Company, or against the accumulated profits of the Company if the shares are purchased out of profits of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share options scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. **Summary of significant accounting policies** (Continued)

2.10 Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. On derecognition of a financial liability, the difference between the carrying amount and consideration paid is recognised in profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions which are subject to an insignificant risk of changes in value.

2.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.15 Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the period of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases, if any, are recognised as an expense in the period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.16 Employee benefits

(i) Defined contribution plans

The Company makes contributions to the Central Provident Fund ("CPF") Scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have each participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries in the PRC are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above.

Contributions under the Scheme are recognised as an expense as incurred. There is no provision under the Scheme whereby forfeited contributions may be used to reduce future contributions.

(ii) Share-based payment

The Group operates an equity-settled share-based compensation plan.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss with a corresponding increase in the share option reserve over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised as an expense over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the fair value of goods and services received is recognised in profit or loss unless the goods or services qualify for recognition as an asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.16 Employee benefits (Continued)

(ii) Share-based payment (Continued)

Fair value is measured using the Hull-White option pricing model. Under this pricing model, the fair value takes into account the impact of events, such as the early exercise of options by employees or employee exit rates after vesting, which occur during the term of the option. The exit rate is defined as the probability that an employee will leave the Company during the vesting period. The Hull-White model also incorporates the employee's early exercise strategy or possibility of the employee's termination after the vesting period. It assumes that early exercise may occur when the stock price is a certain multiple of the exercise price. The exercise multiple is defined as the average ratio of the stock price to the exercise price at the time of exercise.

2.17 Tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.17 Tax expense (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.18 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

Dividends proposed or declared after the end of each reporting period, are not recognised as a liability at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. **Summary of significant accounting policies** (Continued)

2.19 Foreign currencies

Transactions entered into by Group entities in currencies other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which case, the exchange differences are also recognised directly in other comprehensive income.

On consolidation, the results of foreign operations are translated into the presentation currency of the Group at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of the financial year. The exchange differences arising on the translation are recognised directly in other comprehensive income and accumulated as foreign currency translation reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to the foreign currency translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign currency translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

2.20 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

3.1 Critical judgements made in applying the accounting policies

(i) Impairment of financial assets

The Group follows the guidance of FRS 39 "Financial Instruments: Recognition and Measurement" in determining whether a financial asset is impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation of property, plant and equipment

These assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 30 years. The carrying amounts of the Group's and Company's property, plant and equipment as at 31 December 2014 were approximately RMB3,617,443,000 (2013: RMB3,032,823,000) and RMB1,905,000 (2013: RMB2,454,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(ii) Income taxes

The Group has exposure to income taxes in the People's Republic of China ("PRC") and Singapore. Due to its inherent nature, judgement is involved in determining the Group's provisions for income taxes.

The Group recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made. The income tax expense incurred during the financial year was RMB2,803,000 (2013: RMB16,733,000).

(iii) Equity-settled share-based payments

The charge for equity-settled share-based payment is calculated in accordance with estimates and assumptions which are described in note 2.16(ii) and note 33 to the consolidated financial statements. The option valuation model used requires highly subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yields, risk-free interest rates and expected staff turnover. The management draws upon a variety of external sources to aid them in determination of the appropriate data to use in such calculations. The carrying amounts of share options reserves for the Group and the Company for the financial year ended 31 December 2014 were RMBnil (2013: RMB2,740,000).

4. Revenue

Revenue of the Group is as follows:

	2014 RMB'000	2013 RMB'000
Sales of aluminium extrusion products	**1,294,761**	1,098,226
Sales of polyethylene pipes	**23,102**	49,342
	1,317,863	1,147,568

5. Segment information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

All the segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Aluminium Alloy Extruded Products Division – manufacturing and sale of aluminium alloy extrusion products;
- Polyethylene Pipe Division – manufacturing and sale of polyethylene pipes; and
- Aluminium Alloy Plates and Sheets Division – manufacturing and sales of aluminium alloy plates and sheets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

5. **Segment information** (Continued)

Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-makers for assessment of segment performance.

	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**
2014					
Revenue	**1,294,761**	**23,102**	**–**	**–**	**1,317,863**
Results					
Segment results	**188,412**	**(2,634)**	**(11,105)**	**–**	**174,673**
Unallocated corporate expenses	**–**	**–**	**–**	**(19,310)**	**(19,310)**
Finance costs	**(99,921)**	**(6)**	**(18)**	**(28,536)**	**(128,481)**
Share of profit of an associate	**–**	**–**	**–**	**29,024**	**29,024**
Profit before income tax expense	**88,491**	**(2,640)**	**(11,123)**	**(18,822)**	**55,906**
Other information					
Additions of property, plant and equipment and land use rights	**416,656**	**49**	**328,113**	**13**	**744,831**
Depreciation of property, plant and equipment	**156,962**	**1,405**	**956**	**438**	**159,761**
Amortisation of land use rights and prepaid rental	**3,149**	**85**	**3,739**	**–**	**6,973**

	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
2013					
Revenue	1,098,226	49,342	–	–	1,147,568
Results					
Segment results	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	72,229	4,672	(10,859)	(6,484)	59,558
Other information					
Additions of property, plant and equipment and land use rights	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

5. **Segment information** (Continued)

	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**
2014					
Assets					
Segment assets	**5,170,784**	**105,954**	**1,849,125**	**23,515**	**7,149,378**
Interest in an associate	**–**	**–**	**–**	**208,364**	**208,364**
	5,170,784	**105,954**	**1,849,125**	**231,879**	**7,357,742**
Liabilities					
Segment liabilities	**2,577,350**	**2,693**	**1,022,992**	**757,219**	**4,360,254**

	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
Segment assets	4,527,257	110,187	1,409,324	28,717	6,075,485
Interest in an associate	–	–	–	192,539	192,539
	4,527,257	110,187	1,409,324	221,256	6,268,024
Liabilities					
Segment liabilities	2,224,749	4,224	788,209	2,653	3,019,835

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

	2014 RMB'000	**2013 RMB'000**
Revenue		
PRC	**1,137,630**	1,063,264
Others	**180,233**	84,304
	1,317,863	1,147,568

The following is an analysis of the Group's major customers which contributed at least 10% of the Group's revenue during the respective financial years. These revenue are attributable to the Aluminium Alloy Extruded Products Division:-

– During the financial year ended 31 December 2014, there were 2 such customers which generated revenue of RMB358,179,000 and RMB251,284,000 respectively.

– During the financial year ended 31 December 2013, there were 2 such customers which generated revenue of RMB207,764,000 and RMB152,905,542 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

6. Other operating income

	2014 RMB'000	2013 RMB'000
Foreign exchange gain	**–**	1,834
Income from disposal of scrap materials	**3,507**	2,767
Interest income	**9,672**	2,299
Government subsidy	**–**	3,202
Sundry income	**902**	2,485
	14,081	12,587

7. Finance costs

	2014 RMB'000	2013 RMB'000
Interest on bank borrowings		
Wholly repayable within five years	**79,405**	98,079
Not wholly repayable within five years	**116,471**	22,802
	195,876	120,881
Bank charges	**6,254**	6,483
Interest on discounted notes receivables	**10,198**	6,732
Interest on medium term notes	**37,024**	–
Total borrowing costs	**249,352**	134,096
Less: Amount capitalised (Note i)	**(120,871)**	(57,848)
	128,481	76,248

Note:

(i) Borrowing costs capitalised during the financial years arose from the specific and general borrowing pools. The borrowing costs capitalised which arose from the general borrowing pools were calculated by applying a capitalisation rate of 6.20% (2013: 6.18%) to expenditure on qualifying assets for the financial year ended 31 December 2014.

8. Staff costs

	2014 RMB'000	2013 RMB'000
Staff costs (including Directors' emoluments) comprise:		
Salaries, allowance and bonuses	**133,193**	94,792
Contribution to defined contributions plans	**22,587**	8,874
	155,780	103,666

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

9. Profit before income tax expense

Profit before income tax expense is arrived at after charging:

	2014 RMB'000	2013 RMB'000
Audit fees		
– Auditor of the Company	**1,240**	1,523
– Other auditors	**811**	598
Non-audit fees:		
– Auditor of the Company	**49**	285
Amortisation of prepaid rental and land use rights	**6,973**	6,974
Foreign exchange loss	**433**	–
Loss on disposal of property, plant and equipment, net	**109**	846
Operating lease rentals – properties	**1,404**	1,416

10. Directors' emoluments

The aggregate amounts of Directors' emoluments are as follows:

	For the financial year ended 31 December 2014				
	Fee RMB'000	Retirement benefits scheme contribution RMB'000	Other emoluments (mainly basic salaries and allowances) RMB'000	Equity-settled share-based payment expenses RMB'000	Total RMB'000
Executive Directors					
Chen Wei Ping	–	41	2,800	–	2,841
Chew Hwa Kwang, Patrick	–	58	2,866	–	2,924
Independent non-executive Directors					
Tong Din Eu	292	–	–	–	292
Chan Soo Sen	243	–	–	–	243
Xu Wei Dong	243	–	–	–	243
	778	99	5,666	–	6,543

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

10. Directors' emoluments (Continued)

	For the financial year ended 31 December 2013				
	Fee RMB'000	Retirement benefits scheme contribution RMB'000	Other emoluments (mainly basic salaries and allowances) RMB'000	Equity-settled share-based payment expenses RMB'000	Total RMB'000
Executive Directors					
Chen Wei Ping	–	41	2,831	–	2,872
Chew Hwa Kwang, Patrick	–	41	2,388	–	2,429
Independent non-executive Directors					
Tong Din Eu	295	–	–	–	295
Chan Soo Sen	246	–	–	–	246
Xu Wei Dong	246	–	–	–	246
	787	82	5,219	–	6,088

There were no amounts paid to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. Also, there was no arrangement under which a Director waived or agreed to waive any remuneration during the financial year.

11. Five highest paid individuals

Of the five highest paid individuals, Chen Wei Peng and Chew Hwa Kwang, Patrick are Directors whose emoluments are set out in note 10 above. The emoluments paid or payable to the remaining individuals for the financial year are as follows:

	2014 RMB'000	**2013 RMB'000**
Salaries, allowance and benefits in kind	**2,988**	3,218
Performance related bonuses	**463**	929
Contribution to defined contribution plans	**117**	118
	3,568	4,265

An analysis of their emoluments by number of employee and emolument range is set out below:

	2014	**2013**
HK$1,000,000 – HK$1,500,000	**2**	2
HK$1,500,001 – HK$2,000,000	**1**	–
HK$2,000,001 – HK$2,500,000	**–**	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

12. Income tax expense

	2014 RMB'000	2013 RMB'000
Current – Singapore		
Withholding tax arising from loan interest from a PRC subsidiary	**1,161**	–
Withholding tax arising from dividends declared by PRC's subsidiaries	**4,709**	2,682
Under provision for income tax in prior financial years	**(2)**	4
Current – PRC		
Provision for income tax for the financial year	**13,777**	13,871
Provision for deferred tax assets	**(6,359)**	–
Underprovision for deferred tax assets in prior years	**(10,779)**	–
Underprovision for income tax in prior years	**296**	176
Income tax expense	**2,803**	16,733

Reconciliation of effective tax rate is as below:

	2014 RMB'000	2013 RMB'000
Profit before income tax expense	**55,906**	59,558
Income tax calculated at statutory tax rate of 17% (2013:17%)	**9,504**	10,125
Effect of different tax rates of overseas operations	**4,749**	5,283
Tax effect of share of profits of an associate	**(4,955)**	(2,317)
Tax effect of revenue not taxable for tax purposes	**(190)**	–
Tax effect of expenses not deductible for tax purposes	**7,498**	3,422
Benefits from previously unrecognised tax losses	**(10,779)**	–
Deferred tax assets not recognised	**–**	5.830
Effect of tax concession of a subsidiary	**(9,185)**	(8,469)
Singapore statutory stepped income exemption	**(3)**	(3)
Provision for income tax for the financial year	**(3,361)**	13,871
Withholding tax arising from loan interest from a subsidiary	**1,161**	–
Withholding tax arising from dividends declared by PRC's subsidiaries	**4,709**	2,682
Under provision for income tax in prior financial years	**294**	180
Income tax expense	**2,803**	16,733

The Company is incorporated in Singapore and accordingly, is subject to income tax rate of 17% (2013: 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 2014 (2013: 25%) except for the following:

- Jilin Midas was awarded with the approved High Technology Enterprise status (高新技術企業) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

13. Profit for the financial year

The consolidated profit for the financial year includes a profit of RMB41,251,000 (2013: RMB31,569,000) which has been included in the financial statements of the Company.

14. Dividends

	2014 RMB'000	2013 RMB'000
Final dividend of S$0.0025 per share paid in respect of the financial year 2012 under the exempt-1-tier system	**–**	15,152
2013 Interim tax-exempt dividends of S$0.0025 per ordinary share under the exempt-1-tier system	**–**	14,993
Final dividend of S$0.0025 per ordinary share paid in respect of the financial year ended 2013 under the exempt 1-tier system	**14,883**	–
2014 interim dividends of S$0.0025 per ordinary share under the exempt 1-tier system	**14,698**	–
	29,581	30,145

Subsequent to the end of the financial year, the Board proposed a final tax-exempt dividend# of S$0.0025 (2013: S$0.0025) per ordinary share, amounting to S$3,044,000 (2013: S$3,044,000) under the exempt-1-tier system. The proposed final dividend has not been recognised as a liability at the end of reporting period.

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.

15. Earnings per share

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

	2014 RMB'000	2013 RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share, being profit for the year attributable to equity holders of the Company	**56,348**	47,711
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	**1,217,618**	1,217,618
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	**1,217,618**	1,217,618

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

15. Earnings per share (Continued)

	2014 RMB Fen	2013 RMB Fen
Basic earnings per share	**4.63**	3.92
Diluted earnings per share	**4.63**	3.92

As at 31 December 2014, there were no unexercised share options under the "Midas Employees Share Option Scheme" (the "Scheme"). The Scheme expired on 5 January 2014.

As at 31 December 2013, a batch of 4,750,000 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.

16. Property, plant and equipment

The Group	Buildings and improvements RMB'000	Plant, equipment and mould RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost						
Balance at 1 January 2014	**909,317**	**1,174,285**	**26,103**	**18,139**	**1,420,130**	**3,547,974**
Additions	**1,183**	**102,150**	**3,849**	**6,800**	**630,849**	**744,831**
Transfers	**–**	**–**	**–**	**2,431**	**(2,431)**	**–**
Disposals	**–**	**(140)**	**(355)**	**(78)**	**–**	**(573)**
Written off	**(293)**	**–**	**–**	**(174)**	**–**	**(467)**
Foreign currency realignment	**(2)**	**–**	**(41)**	**1**	**–**	**(42)**
Balance at 31 December 2014	**910,205**	**1,276,295**	**29,556**	**27,119**	**2,048,548**	**4,291,723**
Accumulated depreciation						
Balance at 1 January 2014	**88,310**	**408,977**	**7,919**	**9,945**	**–**	**515,151**
Depreciation for the financial year	**27,685**	**126,186**	**3,022**	**2,868**	**–**	**159,761**
Disposals	**–**	**(54)**	**(124)**	**(68)**	**–**	**(246)**
Written off	**(235)**	**–**	**–**	**(148)**	**–**	**(383)**
Foreign currency realignment	**(4)**	**–**	**(2)**	**3**	**–**	**(3)**
Balance at 31 December 2014	**115,756**	**535,109**	**10,815**	**12,600**	**–**	**674,280**
Carrying amount						
At 31 December 2014	**794,449**	**741,186**	**18,741**	**14,519**	**2,048,548**	**3,617,443**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

16. Property, plant and equipment (Continued)

The Group	Buildings and improvements RMB'000	Plant, equipment and mould RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost						
Balance at 1 January 2013	653,632	1,080,345	20,224	11,044	876,370	2,641,615
Additions	78,227	100,448	7,522	7,265	759,745	953,207
Transfers	202,580	13,405	–	–	(215,985)	–
Disposals	(25,111)	(19,913)	(1,643)	(154)	–	(46,821)
Foreign currency realignment	(11)	–	–	(16)	–	(27)
Balance at 31 December 2013	909,317	1,174,285	26,103	18,139	1,420,130	3,547,974
Accumulated depreciation						
Balance at 1 January 2013	67,023	310,035	6,360	8,779	–	392,197
Depreciation for the financial year	22,754	102,237	2,359	1,312	–	128,662
Disposals	(1,453)	(3,295)	(795)	(135)	–	(5,678)
Foreign currency realignment	(14)	–	(5)	(11)	–	(30)
Balance at 31 December 2013	88,310	408,977	7,919	9,945	–	515,151
Carrying amount						
At 31 December 2013	821,007	765,308	18,184	8,194	1,420,130	3,032,823

The additions include construction-in-progress items which were prepaid in the prior financial year of approximately RMB286,217,000 (2013: RMB33,006,000).

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

16. Property, plant and equipment (Continued)

As at 31 December 2014 and 2013, certain property, plant and equipment, with carrying amount of approximately RMB1,215,766,000 and RMB943,854,000 respectively were pledged as securities for bank borrowings (note 27). Out of additions during the current financial year of RMB744,831,000 (2013: RMB953,207,000), RMB120,871,000 (2013: RMB57,848,000) were borrowing costs that were capitalised into construction-in-progress for the year ended 31 December 2014 and RMB117,059,000 (2013: RMB57,848,000) of the borrowing costs have been paid.

	Buildings and improvements RMB'000	Office equipment RMB'000	Motor vehicle RMB'000	Total RMB'000
The Company				
Cost				
Balance at 1 January 2014	**783**	**235**	**2,127**	**3,145**
Additions	**–**	**13**	**–**	**13**
Written off	**(293)**	**(174)**	**–**	**(467)**
Foreign currency alignment	**(3)**	**2**	**(41)**	**(42)**
Balance at 31 December 2014	**487**	**76**	**2,086**	**2,649**
Accumulated depreciation				
Balance at 1 January 2014	**339**	**175**	**177**	**691**
Depreciation for the financial year	**203**	**28**	**208**	**439**
Written off	**(235)**	**(148)**	**–**	**(383)**
Foreign currency alignment	**(4)**	**3**	**(2)**	**(3)**
Balance at 31 December 2014	**303**	**58**	**383**	**744**
Carrying amount				
At 31 December 2014	**184**	**18**	**1,703**	**1,905**
Cost				
Balance at 1 January 2013	196	240	–	436
Additions	599	10	2,127	2,736
Foreign currency alignment	(12)	(15)	–	(27)
Balance at 31 December 2013	783	235	2,127	3,145
Accumulated depreciation				
Balance at 1 January 2013	127	146	–	273
Depreciation for the financial year	226	39	182	447
Foreign currency alignment	(14)	(10)	(5)	(29)
Balance at 31 December 2013	339	175	177	691
Carrying amount				
At 31 December 2013	444	60	1,950	2,454

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

17. Land use rights

The Group	2014 RMB'000	2013 RMB'000
Cost		
Balance at beginning and end of the financial year	**339,838**	339,838
Accumulated amortisation		
Balance at beginning of the financial year	**21,553**	14,586
Amortisation for the financial year	**6,966**	6,967
Balance at end of the financial year	**28,519**	21,553
Carrying amount		
At end of the financial year	**311,319**	318,285

The amount represents costs of the land use rights in respect of lands located in the PRC under medium term leases ranging from 39 to 50 years, where certain of the Group's property, plant and equipment and properties under development are built on.

As at 31 December 2014, land use rights with carrying amount of approximately RMB286,541,000 (2013: RMB292,956,000) were pledged as securities for bank borrowings (note 27).

18. Interests in subsidiaries

The Company	2014 RMB'000	2013 RMB'000
Unquoted equity shares, at cost	**661,567**	363,225
Amounts due from subsidiaries	**1,981,674**	1,545,918
	2,643,241	1,909,143

The amounts due from subsidiaries form part of the Company's net investments in certain subsidiaries. They are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

Amounts due from subsidiaries are denominated in the following currencies:

	2014 RMB'000	2013 RMB'000
Singapore dollar	**24,665**	1,424,204
United States dollar	**–**	121,447
Renminbi	**1,957,009**	267
	1,981,674	1,545,918

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

18. Interests in subsidiaries (Continued)

Details of the subsidiaries are as follows:

Name of subsidiaries	Effective equity interest 2014 %	Effective equity interest 2013 %	Issued/Registered and paid up capital	Country of incorporation/ operations	Principal activities
North East Industries Pte Ltd[1][5]	**100**	100	2 ordinary shares[5]	Singapore	Investment holding
Green Oasis Pte Ltd[1][5]	**100**	100	2 ordinary shares[5]	Singapore	Investment holding
Midas Ventures Pte Ltd[1][5]	**100**	100	2 ordinary shares[5]	Singapore	Inactive
Jilin Midas Light Alloy Co., Ltd[2]	**100**	55	Registered and paid up capital of USD100 million	PRC	Sale of aluminium plates and sheets products
Subsidiary of North East Industries Pte Ltd					
Jilin Midas Aluminium Industries Co., Ltd[2][4]	**100**	100	Registered and paid up capital of USD187.5 million	PRC	Manufacture and sales of aluminium alloy extrusion products
Subsidiary of Jilin Midas Aluminium Industries Co., Ltd					
Luoyang Midas Aluminium Industries Co., Ltd[2][4]	**100**	100	Registered and paid up capital of RMB330.6 million	PRC	Manufacture of high precision, high specifications aluminium
Subsidiary of Green Oasis Pte Ltd					
Shanxi Wanshida Engineering Plastics Co., Ltd[3][4]	**100**	100	Registered and paid up capital of USD6 million	PRC	Manufacture and sales of polyethylene pipes

(1) Audited by Mazars LLP, Singapore
(2) Audited by an overseas member firm of Mazars for consolidation purposes
(3) Reviewed by an overseas member firm of Mazars for consolidation purposes
(4) These entities are wholly foreign owned enterprises established in the PRC
(5) Total issued and paid up share capital of the entity is S$2 only

Midas Trading (Beijing) Co., Ltd has deregistered during the financial year of 2013.

On 11 July 2014, the Group acquired 45% equity interest in Jilin Midas Light Alloy Co., Ltd for cash consideration of RMB306,000,000. Consequently, Jilin Midas Light Alloy Co., Ltd became a wholly-owned subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

18. Interests in subsidiaries (Continued)

The following table shows the effects of changes in the Group's ownership interest in a subsidiary, Jilin Midas Light Alloy Co., Ltd in 2014:

The Group	2014 RMB'000
Consideration paid for acquisition of non-controlling interest	**306,000**
Transaction costs	**123**
Non-controlling interest acquired	**(276,287)**
Difference recognised in equity	**29,836**

19. Interest in an associate

Details of the associate are as follows:

Name of associate	Effective equity interest 2014 %	Effective equity interest 2013 %	Issued/Registered and paid up capital	Country of incorporation/ operations	Principal activities
Nanjing SR Puzhen Rail Transport Co., Ltd[1][2]	**32.5**	32.5	Registered and paid up capital of RMB500 million	PRC	Manufacture and sale of metro trains, bogies and their related parts

(1) Audited by an overseas member firm of Mazars for equity accounting purpose
(2) This entity is a sino-foreign investment joint enterprise in the PRC

The Group	2014 RMB'000	2013 RMB'000
Unquoted equity investment, share of net assets		
Balance at beginning of the financial year	**192,539**	197,032
Dividend receivable	**(10,530)**	(8,775)
Share of profits	**29,024**	13,631
Exchange difference	**(2,669)**	(9,349)
Balance at end of the financial year	**208,364**	192,539

The Company	2014 RMB'000	2013 RMB'000
Unquoted equity investment, at cost		
Balance at beginning of the financial year	**142,198**	151,547
Exchange difference	**(2,669)**	(9,349)
Balance at end of the financial year	**139,529**	142,198

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

19. Interest in an associate (Continued)

Summarised financial information (based on its FRS financial statements)

	Nanjing SR Puzhen Rail Transport Co., Ltd	
	2014	**2013**
	RMB'000	**RMB'000**
Assets and liabilities:		
Non-current assets	**277,985**	304,776
Current assets	**3,038,597**	2,375,135
Total assets	**3,316,582**	2,679,911
Non-current liabilities	**5,710**	4,085
Current liabilities	**2,688,077**	2,109,938
Total liabilities	**2,693,787**	2,114,023
Net assets	**622,795**	565,888
Group's share of associate's net assets	**202,408**	183,914
Other adjustments	**5,956**	8,625
Carrying amount of the investment as at 31 December	**208,364**	192,539
Results		
Revenue	**3,405,388**	2,235,053
Profit for the year and total comprehensive income	**89,306**	45,672
Group's share of associate's profit for the year	**29,024**	13,631

20. Available-for-sale financial asset

	2014	**2013**
The Group	**RMB'000**	**RMB'000**
Unquoted equity investment, at cost	**–**	2,000

The available-for-sale financial asset was denominated in Renminbi.

The available-for-sale financial asset has been redeemed during the financial year ended 31 December 2014 upon maturity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

21. Prepaid rental

The Group	2014 RMB'000	2013 RMB'000
Cost		
Balance at beginning and end of the financial year	**193**	193
Accumulated amortisation		
Balance at beginning of the financial year	**94**	87
Amortisation for the financial year	**7**	7
Balance at end of the financial year	**101**	94
Carrying amount		
At end of the financial year	**92**	99

22. Restricted bank deposits

As at 31 December 2014, non-current restricted bank deposits represented deposits placed in certain banks mainly for securing the issuance of letters of credit amounted to RMB37,822,000 (2013: RMB35,082,000). The restricted bank deposits bore interest at effective rate 0.350% (2013: 0.005% to 0.350%) per annum respectively and for a tenure ranging between 1 year to 2 years (2013: 1 year to 3 years).

The carrying amounts of restricted bank deposits approximate their fair values and are denominated in the following currencies:

The Group	2014 RMB'000	2013 RMB'000
Euro	**–**	572
Renminbi	**37,822**	34,510
	37,822	35,082

23. Inventories

The Group	2014 RMB'000	2013 RMB'000
Raw materials	**135,253**	223,798
Work-in-progress	**90,898**	102,335
Finished goods	**337,560**	302,800
	563,711	628,933

The cost of inventories recognised as expense and included in "cost of sales" in the consolidated statement of profit or loss and other comprehensive income amounted to RMB700,833,000 (2013: RMB610,877,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

24. Trade and other receivables

The Group	2014 RMB'000	2013 RMB'000
Trade receivables – third parties	**839,064**	700,857
Trade receivables – associate	**44,789**	59,685
	883,853	760,542
Allowance for doubtful trade receivables	**(1,832)**	(1,832)
	882,021	758,710
Deposits and prepayments	**412,385**	137,378
Notes receivables	**–**	42,617
Amount due from an associate – non-trade	**9,994**	8,332
Others – non-trade	**87,952**	52,565
	1,392,352	999,602

The Company	2014 RMB'000	2013 RMB'000
Deposits and prepayments	**664**	1,694
Others – non-trade	**36**	166
Amount due from an associate – non-trade	**9,994**	8,332
	10,694	10,192

Trade receivables due from third parties are non-interest bearing and are generally on 90 to 120 days credit terms.

Notes receivables are non-interest bearing and are generally settled on terms of 6 months.

Trade amounts due from an associate is non-interest bearing and is generally on 90 days credit term. The non-trade amount due from an associate relates to dividend receivable from the associate and was unsecured, non-interest bearing and repayable on demand.

The Group and Company recognised impairment loss on individual assessment of customers based on the accounting policy stated in note 2.10.

As at 31 December 2014, certain trade receivables with carrying values of approximately RMB424,656,000 (2013: RMB258,800,000) were pledged as securities for bank borrowings (note 27).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

24. Trade and other receivables (Continued)

The ageing analysis of the Group's trade receivables at the reporting date is as follows:

The Group	2014 RMB'000	2013 RMB'000
Within 90 days	**381,062**	373,806
Over 90 days and within 120 days	**112,808**	130,211
Over 120 days and within 6 months	**119,475**	117,871
Over 6 months and within 1 year	**231,814**	88,348
Over 1 year and within 2 years	**37,720**	48,199
Over 2 years	**974**	2,107
	883,853	760,542

The ageing analysis of the Group's trade receivables past due but not impaired at the reporting date is as follows:

The Group	2014 RMB'000	2013 RMB'000
Over 90 days and within 120 days	**112,808**	130,211
Over 120 days and within 6 months	**119,475**	117,871
Over 6 months and within 1 year	**231,759**	88,348
Over 1 year	**36,917**	46,961
Over 2 years	**–**	1,513
	500,959	384,904

The balances that are past due but not impaired relate to a number of customers that have good track records with the Group. Based on their past experience, the management estimated that the carrying amounts could be fully recovered.

Movements in allowance for doubtful trade receivables are as follows:

The Group	2014 RMB'000	2013 RMB'000
Balance at beginning and end of the financial year	**1,832**	1,832

The carrying amounts of trade and other receivables are denominated in the following currencies:

The Group	2014 RMB'000	2013 RMB'000
Euro	**40,866**	36,224
Renminbi	**1,350,725**	959,534
Singapore dollar	**707**	3,707
Hong Kong dollar	**54**	137
	1,392,352	999,602

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

24. Trade and other receivables (Continued)

The Company	**2014 RMB'000**	**2013 RMB'000**
Singapore dollar	**652**	1,646
Renminbi	**10,004**	8,409
Hong Kong dollar	**38**	137
	10,694	10,192

25. Cash and cash equivalents

The carrying amounts of cash and cash equivalents comprising cash and bank balances are denominated in the following currencies:

The Group	**2014 RMB'000**	**2013 RMB'000**
Euro	**5,338**	4,131
Renminbi	**1,192,400**	1,026,246
Singapore dollar	**11,623**	2,251
United States dollar	**45**	13,793
Hong Kong dollar	**41**	7
Others	**54**	28
	1,209,501	1,046,456

The Company	**2014 RMB'000**	**2013 RMB'000**
Euro	**15**	15
Renminbi	**28**	3
Singapore dollar	**10,678**	2,151
United States dollar	**21**	13,756
Hong Kong dollar	**37**	7
Others	**27**	28
	10,806	15,960

26. Trade and other payables

The Group	**2014 RMB'000**	**2013 RMB'000**
Trade payables	**162,732**	186,966
Notes payable	**182,500**	115,000
Other payables and accruals	**263,450**	114,017
Advance from third parties customers	**7,117**	4,101
	615,799	420,084

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

26. Trade and other payables (Continued)

The Company	2014 RMB'000	2013 RMB'000
Other payables and accruals	**13,154**	2,529

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days terms while other payables have an average term of 30 days.

Notes payable have an average maturity period of 6 months and are non-interest bearing.

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

	2014 RMB'000	2013 RMB'000
Within 90 days	**28,203**	100,382
Over 90 days and within 6 months	**17,106**	4,760
Over 6 months and within 1 year	**82,010**	50,524
Over 1 year	**35,413**	31,300
	162,732	186,966

The carrying amounts of trade and other payables are denominated in the following currencies:

The Group	2014 RMB'000	2013 RMB'000
Singapore dollar	**13,211**	2,653
Renminbi	**602,090**	417,431
Euro	**498**	–
	615,799	420,084

The Company	2014 RMB'000	2013 RMB'000
Singapore dollar	**13,154**	2,529

NOTES TO THE FINANCIAL STATEMENTS

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27. Borrowings

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Secured bank borrowings (note i)	**1,173,180**	1,424,571	**–**	–
Unsecured bank borrowings	**1,818,260**	1,173,039	**–**	–
Medium-term notes	**744,008**	–	**744,008**	–
	3,735,448	2,597,610	**744,008**	–
Carrying amount repayable:				
Within one financial year	**1,604,173**	1,321,582	**–**	–
Between one to two financial years	**562,165**	194,262	**349,142**	–
Between two to five financial years	**1,199,110**	258,258	**394,866**	–
More than five financial years	**370,000**	823,508	**–**	–
	3,735,448	2,597,610	**744,008**	–
Less: Amounts due within one financial year shown under current liabilities	**(1,604,173)**	(1,321,582)	**–**	–
	2,131,275	1,276,028	**744,008**	–

On 3 February 2014 and 28 May 2014, the Company issued an aggregate principal amount of S$85 million 5.75% fixed rate notes due 2017 and S$75 million 6.00% fixed rate notes due 2016 respectively (the "Notes") under the S$500,000,000 Multicurrency Medium Term Note Programme established by the Company on 2 October 2013. The corresponding interest for the issued Notes will be payable semi-annually in arrears. The net proceeds from the issue (after deducting issue expenses of RMB9,209,000) will be used for refinancing of existing borrowings and financing of acquisitions, investments and working capital, as well as to meet capital expenditure requirements of the Issuer or the Group. The carrying amount of the borrowings approximately its fair value as of reporting date.

The effective interest rates, which are also equal to contracted interest rates, per annum are as follows:

	2014	2013
	%	%
Short-term loans	**4.92 – 7.20**	5.60 – 7.40
Long-term loans	**6.55 – 7.40**	6.55 – 7.40

All bank borrowings are variable-rate borrowings, and these borrowings carried interest at rates ranging from 100% to 130% (2013: 70% to 120%) of the benchmark interest rate as quoted by The People's Bank of China.

Bank borrowings are all denominated in Renminbi as at the reporting date.

Notes:

(i) The bank borrowings were secured by certain property, plant and equipment, land use rights and various trade receivables owned by the Group as set out in notes 16, 17 and 24 to the consolidated financial statements.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

28. Deferred tax assets/(liability)

	2014 RMB'000	2013 RMB'000
Deferred tax assets (a)	**17,138**	–
Deferred tax liability (b)	**(2,141)**	(2,141)

(a) Deferred tax assets are recognised to the extent that the realisation of the related tax benefits through future tax profits is probable. The deferred tax assets as of 31 December 2014 relate to cumulative tax losses of certain PRC subsidiaries which are expected to commence operations in the next two years and to generate future taxable profits in excess of the profits arising from the reversal of taxable temporary differences.

(b) During the financial year ended 31 December 2008, an inter-company loan within the Group was capitalised that gave rise to an exchange difference of approximately S$1,635,000 (RMB7,411,000 equivalent) which was credited to the foreign currency translation reserve at the Group level.

This exchange difference had also given rise to a future tax obligation of approximately S$419,000 (RMB1,899,000 equivalent) which was recognised as a deferred tax liability on the consolidated statement of financial position with a corresponding entry to the foreign currency translation reserve as at 31 December 2008.

Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated statements of comprehensive income in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries and associate as at 31 December 2014 and 2013 amounting to approximately RMB745,118,000 and RMB757,000,000 respectively as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

29. Share capital and treasury shares

(a) Share capital

	The Group and the Company			
	2014	2013	2014	2013
	Number of ordinary shares		RMB'000	RMB'000
Issued and fully paid				
Balance at beginning and end of the financial year	**1,218,617,800**	1,218,617,800	**2,166,575**	2,166,575

(i) The Company has one class of ordinary shares which carries a right to dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and have no par value.

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29. Share capital and treasury shares (Continued)

(b) Treasury shares

	The Group and the Company			
	2014	**2013**	**2014**	**2013**
	Number of ordinary shares		**RMB'000**	**RMB'000**
Balance at beginning and end of the financial year	**1,000,000**	1,000,000	**2,501**	2,501

The Company acquired 1,000,000 of its own shares through purchases on the Singapore Stock Exchange during the financial year ended 31 December 2008. The total amount paid to acquire the shares was S$518,000 (RMB2,501,000 equivalent) and has been deducted from shareholders' equity.

30. Reserves

The Company	**Treasury shares (note 29(b)) RMB'000**	**Foreign currency translation reserve (note 31) RMB'000**	**Share options reserve (note 33) RMB'000**	**Retained earnings RMB'000**	**Total RMB'000**
Balance at 1 January 2014	**(2,501)**	**(92,527)**	**2,740**	**3,131**	**(89,157)**
Total comprehensive income for the financial year	**–**	**(40,075)**	**–**	**41,251**	**1,176**
Dividends (note 14)	**–**	**–**	**–**	**(29,581)**	**(29,581)**
Transfer of option reserve to retained earnings	**–**	**–**	**(2,740)**	**2,740**	**–**
Balance at 31 December 2014	**(2,501)**	**(132,602)**	**–**	**17,541**	**(117,562)**
Balance at 1 January 2013	(2,501)	43,908	2,958	1,489	45,854
Total comprehensive income for the financial year	–	(136,435)	–	31,569	(104,866)
Dividends (note 14)	–	–	–	(30,145)	(30,145)
Transfer of option reserve to retained earnings	–	–	(218)	218	–
Balance at 31 December 2013	(2,501)	(92,527)	2,740	3,131	(89,157)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

31. Foreign currency translation reserve

The Group and the Company

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. Movements in the Group's foreign currency translation reserve are set out in the consolidated statement of changes in equity.

32. PRC statutory reserve

The Group

PRC statutory reserve represents the amounts transferred from profit after income tax of the subsidiaries incorporated in the PRC in accordance with the PRC statutory requirements. The PRC statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off the accumulated losses or increasing share capital. Movement in this account is set out in the consolidated statement of changes in equity.

33. Share options reserve

The Group and the Company

Share options reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options. Movement in this account is set out in the consolidated statement of changes in equity.

Equity-settled share options scheme

The Company has a share options scheme known as Midas Employee Share Options Scheme (the "Scheme") for all employees of the Group. Under the Scheme, an option entitles the option holder to subscribe for a specific number of new ordinary shares in the Company comprised in the option at a subscription price per share determined with reference to the market price of the share at the time of grant of the option.

Options granted with the subscription price set at the market price shall only be exercisable after the first anniversary from the date of grant of the option. Options granted with the subscription price set at a discount to the market price shall only be exercisable after the second anniversary from the date of the grant of the option. The shares under option may be exercised in whole or in part thereof.

Options granted will lapse when the option holder ceases to be a full-time employee of the Group subject to certain exceptions at the discretion of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

33. Share options reserve (Continued)

The Group and the Company (Continued)

Equity-settled share options scheme (Continued)

Details of the share options outstanding during the financial year are as follows:

The Group and the Company	Balance at beginning of the financial year	Granted during the financial year	Cancelled/ Expired during the financial year	Balance at end of the financial year	Exercise price
At 31 December 2014					
2009 options	**4,750,000**	**–**	**(4,750,000)**	**–**	**S$0.517**
At 31 December 2013					
2009 options	5,100,000	–	(350,000)	4,750,000	S$0.517
Exercisable at 31 December 2013				4,750,000	

The weighted average share price at the date of exercise for share options exercised, expired or cancelled in the financial year ended 31 December 2014 and 2013 were S$0.517 and S$0.517 respectively. The options outstanding as at 31 December 2014 and 2013 have a weighted average remaining contractual life of nil year and 0.2 year respectively. The fair values for the above share options granted in previous financial years were calculated using the Hull-White option pricing model.

There were no shares options granted for the financial years ended 31 December 2014 and 31 December 2013.

34. Operating lease commitments

As at reporting date, the total future minimum lease payments under non-cancellable operating leases are as follows:

The Group	2014 RMB'000	2013 RMB'000
Within one year	**1,060**	1,407
After one year but within five years	**221**	1,684
Total	**1,281**	3,091

The Group leases a number of properties under operating leases. Leases are negotiated for an average term of 3 years (2013: 3 to 5 years) and rentals are fixed for an average of 3 years (2013: 3 to 5 years). These leases have no escalation clauses, restriction and do not provide contingent rents.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

35. Capital commitments

The Group	2014 RMB'000	2013 RMB'000
Commitments for the acquisition and construction of property, plant and equipment:		
Contracted but not provided for	**527,042**	565,093

36. Significant related party transaction

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Associates are related parties and include those that are associates of the holding and/or related companies.

Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

36. Significant related party transaction (Continued)

In addition to the information disclosed in note 24 to the consolidated financial statements, significant related party transactions between the Group and its related parties during the financial year were as follows:

Related party relationship	Type of transaction	2014 RMB'000	2013 RMB'000
Associate	Sales of goods	**122,435**	109,746
Associate	Dividend income	**10,530**	8,775

Compensation of key management personnel

Remuneration of key management personnel of the Group, including certain amounts paid or payable to the Company's Directors as disclosed in note 10 to the consolidated financial statement, for the financial year is as follows:

	2014 RMB'000	2013 RMB'000
Salaries and other short-term employee benefits	**11,330**	9,466
Post-employment benefits – CPF contribution	**232**	206
Directors fees	**778**	787
	12,340	10,459

37. Financial risk and capital management

37.1 Financial risk management

The Group's activities expose it to capital risk, credit risk, market risk (including interest rate risk and foreign currency risk), and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuation, if any, in interest rates and foreign exchange rates. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(a) Credit risk

The Group places its bank balances and restricted bank balances with approved credit worthy financial institutions which are regulated. The Group performs ongoing credit evaluation of its customers' financial condition and generally does not require collateral. The Group assesses the customers' credibility and performs periodic reviews of the credit limits granted to the latter based on the findings from such assessments.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets stated in the statements of financial position.

The Group has a concentration of credit risk of the trade receivables due from the five largest debtors. As at 31 December 2014 and 2013, approximately 77% and 74% of total trade receivables respectively, were due from the five largest debtors.

(b) Market risk

(i) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The following tables set out the respective carrying amounts, by maturity, of the Group's financial instruments as at end of the financial year, that are exposed to interest rate risk.

	Weighted average effective interest rate		Carrying amount	
	2014	**2013**	**2014**	**2013**
The Group	**%**	**%**	**RMB'000**	**RMB'000**
Variable rate instruments				
Financial assets				
Restricted bank deposits	**0.35**	0.30	**37,822**	35,082
Cash and cash equivalents	**0.56**	0.35	**1,209,501**	1,046,456
			1,247,323	1,081,538
Financial liabilities				
Interest-bearing bank borrowings	**6.91**	6.36	**2,991,440**	2,597,610
Multicurrency medium term loan	**6.36**	–	**744,008**	–
			3,735,448	2,597,610

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(b) Market risk (Continued)

(i) Interest rate risk (Continued)

The Company	Weighted average effective interest rate 2014 %	Weighted average effective interest rate 2013 %	Carrying amount 2014 RMB'000	Carrying amount 2013 RMB'000
Variable rate instruments				
Financial assets				
Cash and cash equivalents	**2.90**	0.20	**10,806**	15,960
Financial liabilities				
Multicurrency medium term loan	**6.36**	–	**744,008**	–

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for financial instruments as at reporting date. For floating rate assets and liabilities, the analysis is prepared assuming the amount of assets and liabilities outstanding at reporting date was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 100 basis point ("bp") change in the interest rates from the reporting date, with all other variables held constant.

	Impact to profit before income tax expense 100 bp increase RMB'000	Impact to profit before income tax expense 100 bp decrease RMB'000
The Group		
At 31 December 2014		
Cash and cash equivalents	**12,095**	**(12,095)**
Restricted bank deposits	**378**	**(378)**
Bank borrowings	**(37,354)**	**37,354**
	(24,881)	**24,881**
At 31 December 2013		
Cash and cash equivalents	10,465	(10,465)
Restricted bank deposits	351	(351)
Bank borrowings	(25,976)	25,976
	(15,160)	15,160

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(b) Market risk (Continued)

(ii) Foreign currency risk

The Group has foreign currency exposures arising from transactions that are denominated in a currency other than the functional currency of Group entities, primarily Renminbi. As at the reporting date, the Group does not have significant foreign currency risk exposure except for the financial assets denominated in Euro and United States dollar. The Company does not have significant foreign currency risk exposure except for the financial assets denominated in United States dollar and Renminbi. It is not the Group's policy to enter into any financial derivatives to hedge its exchange risks.

The following table sets out the carrying amount of monetary assets and liabilities of the Group that are denominated in currencies other than the functional currency of the applicable Group entities:

	Assets		Liabilities	
	2014	**2013**	**2014**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Euro	**46,204**	40,927	**498**	–
Renminbi	**10,032**	8,412	**–**	–
Singapore dollar	**643**	1,819	**57**	124
United States dollar	**45**	13,793	**–**	–
Hong Kong dollar	**94**	106	**–**	–
Other	**53**	28	**–**	–
	57,071	65,085	**555**	124

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(b) Market risk (Continued)

(ii) Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit to a reasonably possible 10% change in exchange rate of Euro and United States dollar against the respective functional currencies of the Group entities, with all other variables held constant.

	Impact to profit before income tax	
	Strengthened by 10%	**Weakened by 10%**
	RMB'000	**RMB'000**
The Group		
At 31 December 2014		
Euro	**4,571**	**(4,571)**
United States dollar	**4**	**(4)**
	4,575	**(4,575)**
At 31 December 2013		
Euro	4,093	(4,093)
United States dollar	1,379	(1,379)
	5,472	(5,472)

(c) Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its obligations. Liquidity risk is managed by monitoring and maintaining a level of cash and cash equivalents and trade and other receivables considered adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flow. In doing so, the management monitors the utilisation of borrowings to ensure adequate unutilised banking facilities and compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up using undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the Group is expected to pay. The table includes both interest and principal cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(c) Liquidity risk (Continued)

The Group	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within one year RMB'000	After one year but less than five years RMB'000	Due five or more than five years RMB'000
At 31 December 2014					
Financial assets					
Trade and other receivables	**1,380,981**	**1,380,981**	**1,380,981**	**–**	**–**
Cash and cash equivalents	**1,209,501**	**1,209,501**	**1,209,501**	**–**	**–**
	2,590,482	**2,590,482**	**2,590,482**	**–**	**–**
Financial liabilities					
Trade and other payables	**615,799**	**615,799**	**615,799**	**–**	**–**
Bank borrowings	**2,991,440**	**3,592,832**	**1,869,875**	**1,535,776**	**187,181**
Multicurrency medium term loan	**744,008**	**750,821**	**–**	**750,821**	**–**
	4,351,247	**4,959,452**	**2,485,674**	**2,286,597**	**187,181**
At 31 December 2013					
Financial assets					
Available-for-sale financial assets	2,000	2,000	–	2,000	–
Trade and other receivables	970,137	970,137	970,137	–	–
Cash and cash equivalents	1,046,456	1,046,456	1,046,456	–	–
	2,018,593	2,018,593	2,016,593	2,000	–
Financial liabilities					
Trade and other payables	420,084	420,084	420,084	–	–
Bank borrowings	2,597,610	2,808,669	2,229,782	544,463	34,424
	3,017,694	3,228,753	2,649,866	544,463	34,424

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

37. Financial risk and capital management (Continued)

37.1 Financial risk management (Continued)

(c) Liquidity risk (Continued)

The Company	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within one year RMB'000	After one year but less than five years RMB'000
At 31 December 2014				
Financial assets				
Other receivables	**10,336**	**10,336**	**10,336**	**–**
Cash and cash equivalents	**10,806**	**10,806**	**10,806**	**–**
	21,142	**21,142**	**21,142**	**–**
Financial liabilities				
Other payables	**13,154**	**13,154**	**13,154**	**–**
Multicurrency medium term loan	**744,008**	**750,821**	**–**	**750,821**
	757,162	**763,975**	**13,154**	**750,821**
At 31 December 2013				
Financial assets				
Other receivables	9,813	9,813	9,813	–
Cash and cash equivalents	15,960	15,960	15,960	–
	25,773	25,773	25,773	–
Financial liabilities				
Other payables	2,529	2,529	2,529	–
	2,529	2,529	2,529	–

The Group's operations are financed mainly through equity, retaining earnings and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

As at 31 December 2014 and 2013, the Company has a net current assets position of RMB8,346,000 and RMB23,623,000 respectively. The Company's cash flow obligations are supported by dividend income and management fee income derived from its subsidiaries and associate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

37. Financial risk and capital management (Continued)

37.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising share capital, treasury shares, foreign currency translation reserve, PRC statutory reserve, share options reserve and retained earnings as disclosed in notes 29 to 33 to the consolidated financial statements.

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total liabilities divided by equity. Total liabilities are the sum of "current liabilities" and "non-current liabilities" as shown on the consolidated statement of financial position and equity is "capital and reserves" as shown on the consolidated statement of financial position. The strategy remained unchanged from 2013.

The debt-equity ratio as at 31 December 2014 and 2013 were as follows:

The Group	2014 RMB'000	2013 RMB'000
Total liabilities	**4,360,254**	3,019,835
Equity	**2,997,488**	3,248,189
Debt to equity ratio (times)	**1.45**	0.93

As disclosed in note 32 to the consolidated financial statements, all PRC subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities.

The Group is in compliance with the externally imposed capital requirement for the financial years ended 31 December 2014 and 2013.

38. Fair values

The carrying amounts of the current financial assets and financial liabilities in the consolidated financial statements approximate their fair values due to the relative short term maturity of these financial instruments.

The available-for-sale financial asset of the Group (Note 20) was not stated at fair value but at cost less any accumulated impairment losses because its fair value could not be reasonably assessed and therefore, no disclosure of its fair values was made.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

39. Properties of the Group

Location	Description	Existing use	Tenure	Unexpired lease term (years)	Site area ('000 sqm)	Gross floor area ('000 sqm)
No. 108 Yongle South Road, Hi-tech Development Zone, Ruicheng Country, Shanxi Province, PRC	Industrial complex	Office building, workshop, warehouse staff dormitory and other ancillary facilities	Leasehold	35	28.7	10.8
Industrial Development Zone, Liaoyuan City, Jilin Province, PRC	Industrial complex	Office building, workshops and portion of the property under development	Leasehold	37 – 45	374.8	81.8
188 Fuzhen Road Liaoyuan City, Jilin Province, PRC	Industrial complex	Office building, workshop and other uses	Leasehold	37 – 42	81.8	48.5
New Zone, Louyang City, He Nan Province, PRC	Industrial complex	Office building, workshops and portion of the property under development	Leasehold	47	389	72.1
Industrial Development Zone, You Yi Village, Liaoyuan City, Jilin Province, PRC	Industrial complex	Office building, workshops and portion of the property under development	Leasehold	47	386	90

40. Reconciliation between Singapore Financial Reporting Standards and International Financial Reporting Standards ("IFRS")

For the financial year ended 31 December 2014, there were no material differences between the consolidated financial statements of the Group prepared under Singapore Financial Reporting Standards and IFRS (which include all IFRS, International Accounting Standards and Interpretations).

41. Authorisation of financial statements

The consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 19 March 2015.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIDAS HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The information in this Appendix IV has been reproduced from the annual report of Midas Holdings Limited and its subsidiaries for the financial year ended 31 December 2015 and has not been specifically prepared for inclusion in this Information Memorandum.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MIDAS HOLDINGS LIMITED

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Midas Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 52 to 109.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act"), applicable disclosure requirements of the Hong Kong Companies Ordinance and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act, applicable disclosure requirements of the Hong Kong Companies Ordinance and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

INDEPENDENT AUDITORS' **REPORT**

TO THE MEMBERS OF MIDAS HOLDINGS LIMITED

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
17 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS **AND OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RMB'000	2014 RMB'000
Revenue	4	**1,512,199**	1,317,863
Cost of sales		**(1,105,425)**	(967,617)
Gross profit		**406,774**	350,246
Other income	6	**23,767**	14,081
Selling and distribution expenses		**(73,431)**	(60,669)
Administrative expenses		**(172,648)**	(148,295)
Finance costs	7	**(138,959)**	(128,481)
Share of profits of an associate	19	**31,712**	29,024
Profit before income tax expense	9	**77,215**	55,906
Income tax expense	12	**(20,023)**	(2,803)
Profit for the financial year		**57,192**	53,103
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		**14,547**	31,900
Total comprehensive income for the financial year		**71,739**	85,003
Profit attributable to:			
Owners of the Company		**57,192**	56,348
Non-controlling interests		**–**	(3,245)
		57,192	53,103
Total comprehensive income attributable to:			
Owners of the Company		**71,739**	88,248
Non-controlling interests		**–**	(3,245)
		71,739	85,003
Basic and diluted earnings per share (RMB Fen)	15	**4.70**	4.63

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	16	**4,142,814**	3,617,443
Land use rights	17	**333,934**	311,319
Interest in an associate	19	**225,282**	208,364
Prepaid rental	20	**84**	92
Restricted bank deposits	21	**–**	37,822
Deferred tax assets	27	**18,118**	17,138
		4,720,232	4,192,178
Current assets			
Inventories	22	**558,694**	563,711
Trade and other receivables	23	**1,264,102**	1,392,352
Restricted bank deposits	21	**96,550**	–
Cash and cash equivalents	24	**1,162,445**	1,209,501
		3,081,791	3,165,564
Current liabilities			
Trade and other payables	25	**927,311**	615,799
Income tax payable		**8,040**	6,866
Borrowings	26	**2,073,091**	1,604,173
		3,008,442	2,226,838
Net current assets		**73,349**	938,726
Total assets less current liabilities		**4,793,581**	5,130,904
Non-current liabilities			
Borrowings	26	**1,750,109**	2,131,275
Deferred tax liability	27	**2,141**	2,141
		1,752,250	2,133,416
Net assets		**3,041,331**	2,997,488
Capital and reserves			
Share capital	28(a)	**2,166,575**	2,166,575
Treasury shares	28(b)	**(2,501)**	(2,501)
Foreign currency translation reserve	30	**32,477**	17,930
PRC statutory reserve	31	**158,378**	149,823
Retained earnings		**686,402**	665,661
Total equity		**3,041,331**	2,997,488

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

AS AT 31 DECEMBER 2015

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	16	**1,499**	1,905
Interests in subsidiaries	18	**2,594,383**	2,643,241
Interest in an associate	19	**136,580**	139,529
		2,732,462	2,784,675
Current assets			
Other receivables	23	**12,578**	10,694
Cash and cash equivalents	24	**3,710**	10,806
		16,288	21,500
Current liabilities			
Other payables	25	**14,041**	13,154
Borrowings	26	**343,161**	–
		357,202	13,154
Net current (liabilities)/assets		**(340,914)**	8,346
Total assets less current liabilities		**2,391,548**	2,793,021
Non-current liabilities			
Borrowings	26	**388,339**	744,008
		388,339	744,008
Net assets		**2,003,209**	2,049,013
Capital and reserves			
Share capital	28(a)	**2,166,575**	2,166,575
Treasury shares	28(b)	**(2,501)**	(2,501)
Foreign currency translation reserve	29, 30	**(175,253)**	(132,602)
Retained earnings	29	**14,388**	17,541
Total equity		**2,003,209**	2,049,013

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to the owner of the Company								
	Share capital (Note 28(a)) RMB'000	Treasury shares (Note 28(b)) RMB'000	Foreign currency translation reserve (Note 30) RMB'000	PRC statutory reserve (Note 31) RMB'000	Share option reserve (Note 32) RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2014	2,166,575	(2,501)	(13,970)	142,016	2,740	673,797	2,968,657	279,532	3,248,189
Profit for the year	–	–	–	–	–	56,348	56,348	(3,245)	53,103
Other comprehensive income:									
Foreign currency reserve	–	–	31,900	–	–	–	31,900	–	31,900
Total comprehensive income for the financial year	–	–	31,900	–	–	56,348	88,248	(3,245)	85,003
Acquisition of non-controlling interest in subsidiary without a change in control (Note 18)	–	–	–	–	–	(29,836)	(29,836)	(276,287)	(306,123)
Transfer to PRC statutory reserve	–	–	–	7,807	–	(7,807)	–	–	–
Transfer of option reserve to retained earnings	–	–	–	–	(2,740)	2,740	–	–	–
Dividends (Note 14)	–	–	–	–	–	(29,581)	(29,581)	–	(29,581)
Balance at 31 December 2014	2,166,575	(2,501)	17,930	149,823	–	665,661	2,997,488	–	2,997,488
Profit for the year	–	–	–	–	–	57,192	57,192	–	57,192
Other comprehensive income:									
Foreign currency reserve	–	–	14,547	–	–	–	14,547	–	14,547
Total comprehensive income for the financial year	–	–	14,547	–	–	57,192	71,739	–	71,739
Transfer to PRC statutory reserve	–	–	–	8,555	–	(8,555)	–	–	–
Dividends (Note 14)	–	–	–	–	–	(27,896)	(27,896)	–	(27,896)
Balance at 31 December 2015	**2,166,575**	**(2,501)**	**32,477**	**158,378**	**–**	**686,402**	**3,041,331**	**–**	**3,041,331**

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Profit before income tax expense		**77,215**	55,906
Adjustments for:			
Depreciation of property, plant and equipment		**154,161**	159,761
Amortisation of prepaid rental and land use rights		**7,283**	6,973
Loss on disposal of property, plant and equipment, net		**434**	109
Share of profits of an associate		**(31,712)**	(29,024)
Realised gain on derivative financial asset		**(199)**	–
Interest expenses		**138,959**	128,481
Interest income		**(13,980)**	(9,672)
Operating profit before changes in working capital		**332,161**	312,534
Changes in working capital:			
Inventories		**5,017**	65,222
Trade and other receivables		**130,116**	(401,086)
Trade and other payables		**199,214**	184,268
Cash generated from operations		**666,508**	160,938
Interest paid		**(101,651)**	(99,962)
Interest received		**13,980**	9,672
Income tax paid		**(19,829)**	(870)
Net cash from operating activities		**559,008**	69,778
Cash flows from investing activities			
Proceed from sale of derivative financial assets		**175**	–
Proceeds from disposal of property, plant and equipment		**265**	–
Purchase of property, plant and equipment		**(450,119)**	(623,961)
Purchase of land use rights		**(23,047)**	–
Net increase in restricted bank deposits		**(58,728)**	(2,740)
Dividends received from associate		**10,004**	8,336
Interest paid and capitalised		**(124,086)**	(117,059)
Proceeds from redemption of available-for-sale assets upon maturity		**–**	2,000
Net cash used in investing activities		**(645,536)**	(733,424)
Cash flows from financing activities			
Dividends paid		**(27,896)**	(29,581)
Proceeds from bank borrowings		**1,852,000**	1,834,000
Repayment of bank borrowings		**(1,751,740)**	(1,440,170)
Proceeds from issuance of medium term notes		**–**	767,895
Payment of medium term note interests		**(34,969)**	(18,217)
Acquisition of non-controlling interest	18	**–**	(306,000)
Net cash from financing activities		**37,395**	807,927
Net change in cash and cash equivalents		**(49,133)**	144,281
Cash and cash equivalents at beginning of the financial year		**1,209,501**	1,046,456
Net effect of exchange rate changes in cash and cash equivalents		**2,077**	18,764
Cash and cash equivalents at end of the financial year	24	**1,162,445**	1,209,501

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. GENERAL

Midas Holdings Limited (the "Company") (Registration Number: 200009758W) is a public limited liability company incorporated and domiciled in Singapore with its registered office and principal place of business at No. 4 Shenton Way, #18-03 SGX Centre 2, Singapore 068807. The Company is listed on the Main Board of the Singapore Exchange Securities Trading Limited and the Main Board of the Stock Exchange of Hong Kong Limited.

The principal activity of the Company is that of an investment holding.

The principal activities of the subsidiaries are set out in Note 18 to the consolidated financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (hereinafter known as the "Group") and the Group's interest in an associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act"), the applicable disclosure requirements of the Hong Kong Companies Ordinance and the rules governing the listing of securities on the Stock Exchange of Hong Kong Limited, and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") issued by the Singapore Accounting Standards Council. The consolidated financial statements are prepared under the historical cost convention, except as disclosed in the accounting policies below.

Subsequent to the Hong Kong Listing during the financial year 2011, the Company submitted its application to Accounting and Corporate Regulatory Authority ("ACRA") to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). At the same time, the Company also made further enquiries with the Stock Exchange of Hong Kong Limited with regard to whether the Company should adopt IFRS or FRS. The Stock Exchange of Hong Kong Limited has agreed to accept that the Group's financial statements could be prepared in accordance with FRS, on the condition that the Company would include in its financial reports a reconciliation of its consolidated financial statements in accordance with IFRS, with a narrative description of the major differences between the two position and standards, in a form that facilitates investors' understanding of the Company's financial performance.

The Company informed ACRA of the outcome of their enquiry with the Stock Exchange of Hong Kong Limited, and did not obtain approval from ACRA on the Company's application to prepare its consolidated financial statements in accordance with IFRS. Therefore, the Company continues to prepare the current set of consolidated financial statements for the financial year ended 31 December 2015 in accordance with FRS and the Company has included a reconciliation of its financial statements in accordance with IFRS in Note 39 to the consolidated financial statements which will contain a narrative description of the major differences between the two standards if any, that is relevant to the preparation of the consolidated financial statements of the Group, in a form that facilitates investors' understanding of the Company's financial position and performance.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the Company is Singapore dollar ("S$"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Renminbi ("RMB") and all values presented are rounded to the nearest thousand ("RMB'000"), unless otherwise stated.

The preparation of the consolidated financial statements in conformity with FRSs 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. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3 to the consolidated financial statements.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that may be relevant to the Group have been issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 January 2016
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 January 2017
FRS 12	Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 16, FRS 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants	1 January 2016
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
FRS 109	Financial Instruments	1 January 2018
FRS 111	Amendments to FRS 111: Accounting Acquisitions of Interests in Joint Operations	1 January 2016
FRS 110, FRS 112, FRS 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment entities: Applying the consolidation exception (Editorial corrections in June 2015)	1 January 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective (Continued)

		Effective date (annual periods beginning on or after)
FRS 114	Regulatory Deferral Accounts	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 115	Amendments to FRS 115: Effective Date of FRS 115	1 January 2018
Various	Improvements to FRSs (November 2014)	Various

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Company has not early adopted any of the above new/revised standards, interpretations and amendments to the existing standards in the financial year ended 31 December 2015. Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Company's significant accounting policies and presentation of the financial information will result.

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are classified into financial assets measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, or as otherwise designated as such upon initial recognition, if allowed.

Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the entity will have a choice to recognise the gains and losses in other comprehensive income if the financial assets are measured at fair value through other comprehensive income.

There have been no changes in the de-recognition requirements of financial assets and liabilities, nor the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRS 109 Financial Instruments (Continued)

A new forward-looking impairment model based on expected credit losses, which replaces the incurred loss model in FRS 39, determines the recognition of impairment provisions as well as interest revenue. An entity will recognise (at a minimum of) 12 months of expected credit losses in profit or loss for financial assets measured at amortised cost or fair value through other comprehensive income, unless in the circumstance when there is a significant increase in credit risk after initial recognition which requires the entity to recognised lifetime expected credit losses on the affected assets.

The Group does not intend to early adopt FRS 109. The Group is still assessing the potential impact of FRS 109 on its financial statements in the initial year of adoption.

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 *Construction contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services* to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Entities are required to adopt a five-step model which requires (i) their identification of the contract; (ii) their identification of the performance obligations in the contract; (iii) the determination of; (iv) allocation of the transaction price; and (v) recognition of revenue when (i.e. at a point in time) or as (i.e. over time) each performance obligation is satisfied.

The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

The Group does not intend to early adopt FRS 115. The Group is still assessing the potential impact of FRS 115 on its financial statements in the initial year of adoption.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2.3 Business Combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business Combinations (Continued)

Business combinations from 1 January 2010 (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

NOTES TO THE **FINANCIAL STATEMENTS**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business Combinations (Continued)

Business combinations before 1 January 2010 (Continued)

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment comprises its purchase price and any direct attributable cost of bringing the property, plant and equipment to the location and condition necessary for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Depreciation is charged so as to write off the depreciable amount of property, plant and equipment to their residual values over their estimated useful lives, using the straight-line method on the following bases:

	Annual depreciation rates
Buildings and improvements	3% to 5%
Plant, equipment and mould	3% to 20%
Motor vehicles	10% to 20%
Office equipment	10%

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (Continued)

Construction-in-progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction-in-progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction-in-progress until it is completed and ready for its intended use.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

Fully depreciated items are retained in the financial statement until they are no longer in use.

2.5 Subsidiaries

Subsidiaries are entities over which the Company has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are accounted for at cost in the statements of financial position of the Company less any accumulated impairment losses.

2.6 Associate

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity but is not control or of joint control of those policies, and generally accompanying a shareholding of 20% or more of the voting power.

On acquisition of the associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the reporting period in which the investment is acquired. Investments in associates are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Associate (Continued)

The results and assets and liabilities of an associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under FRS 105 Non-current Assets Held for Sale and Discontinued Operations from the date on which the investee become an associate. Under the equity method, investments in associates are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. The Group's share of losses in an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from the associate reduce the carrying amount of the investment. Any goodwill arising on the acquisition of the Group's interest in an associate is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions (see above).

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The Company has accounted for its investments in associates at cost in its separate financial statements.

2.7 Land use right

Land use right is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on the straight-line basis to write off the cost of land use right over the lease terms.

2.8 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- land use right; and
- interests in subsidiaries and an associate.

If any such indication of impairment loss exists, the asset's recoverable amount is estimated. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life, discounted at a pre-tax rate that reflects current market assessments of the time value of the money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less all estimated cost of completion and cost to be incurred in marketing, selling and distribution.

2.10 Financial instruments

Financial instruments (financial assets and financial liabilities) are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of these financial assets, which are initially measured at fair value plus transaction costs that are directly attributable to the acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

These assets, including trade receivables, loans and other receivables, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of the debtor's financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial restructuring.

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of a financial asset is reduced through the use of an allowance account. When any part of a financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (Continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities include trade and other payables and bank borrowings. They are initially recognised at fair value, net of directly attributable transaction costs incurred and subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Equity instruments and treasury shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the statement of profit or loss and other comprehensive income on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares is deducted against the share capital account if the shares are purchased out of capital of the Company, or against the accumulated profits of the Company if the shares are purchased out of profits of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share options scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. On derecognition of a financial liability, the difference between the carrying amount and consideration paid is recognised in profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions which are subject to an insignificant risk of changes in value.

2.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Revenue recognition (Continued)

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.15 Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the period of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases, if any, are recognised as an expense in the period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

NOTES TO THE **FINANCIAL STATEMENTS**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Employee benefits

(i) Defined contribution plans

The Company makes contributions to the Central Provident Fund ("CPF") Scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have each participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries in the PRC are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above.

Contributions under the Scheme are recognised as an expense as incurred. There is no provision under the Scheme whereby forfeited contributions may be used to reduce future contributions.

(ii) Share-based payment

The Group operates an equity-settled share-based compensation plan.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss with a corresponding increase in the share option reserve over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised as an expense over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the fair value of goods and services received is recognised in profit or loss unless the goods or services qualify for recognition as an asset.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Employee benefits (Continued)

(ii) Share-based payment (Continued)

Fair value is measured using the Hull-White option pricing model. Under this pricing model, the fair value takes into account the impact of events, such as the early exercise of options by employees or employee exit rates after vesting, which occur during the term of the option. The exit rate is defined as the probability that an employee will leave the Company during the vesting period. The Hull-White model also incorporates the employee's early exercise strategy or possibility of the employee's termination after the vesting period. It assumes that early exercise may occur when the stock price is a certain multiple of the exercise price. The exercise multiple is defined as the average ratio of the stock price to the exercise price at the time of exercise.

2.17 Tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Tax expense (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.18 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

Dividends proposed or declared after the end of each reporting period, are not recognised as a liability at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Foreign currencies

Transactions entered into by Group entities in currencies other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which case, the exchange differences are also recognised directly in other comprehensive income.

On consolidation, the results of foreign operations are translated into the presentation currency of the Group at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of the financial year. The exchange differences arising on the translation are recognised directly in other comprehensive income and accumulated as foreign currency translation reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to the foreign currency translation reserve.

2.20 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

3.1 Critical judgements made in applying the accounting policies

(i) Impairment of financial assets

The Group follows the guidance of FRS 39 *Financial Instruments: Recognition and Measurement* in determining whether a financial asset is impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation of property, plant and equipment

These assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 30 years. The carrying amounts of the Group's and Company's property, plant and equipment as at 31 December 2015 were approximately RMB4,142,814,000 (2014: RMB3,617,443,000) and RMB1,499,000 (2014: RMB1,905,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(ii) Income taxes

The Group has exposure to income taxes in the People's Republic of China ("PRC") and Singapore. Due to its inherent nature, judgement is involved in determining the Group's provisions for income taxes.

The Group recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made. The income tax expense incurred during the financial year was RMB20,023,000 (2014: RMB2,803,000).

(iii) Equity-settled share-based payments

The charge for equity-settled share-based payment is calculated in accordance with estimates and assumptions which are described in Note 2.16(ii) and Note 32 to the consolidated financial statements. The option valuation model used requires highly subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yields, risk-free interest rates and expected staff turnover. The management draws upon a variety of external sources to aid them in determination of the appropriate data to use in such calculations. The carrying amounts of share options reserves for the Group and the Company for the financial year ended are nil.

4. REVENUE

Revenue of the Group is as follows:

	2015 RMB'000	2014 RMB'000
Sales of aluminium extrusion products	**1,500,597**	1,294,761
Sales of polyethylene pipes	**11,602**	23,102
	1,512,199	1,317,863

5. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

All the segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Aluminium Alloy Extruded Products Division – manufacturing and sale of aluminium alloy extrusion products;
- Polyethylene Pipe Division – manufacturing and sale of polyethylene pipes; and
- Aluminium Alloy Plates and Sheets Division – manufacturing and sales of aluminium alloy plates and sheets.

Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-makers for assessment of segment performance.

	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
2015					
Revenue	**1,500,597**	**11,602**	**–**	**–**	**1,512,199**
Results					
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**
Other information					
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**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. SEGMENT INFORMATION (CONTINUED)

	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
2014					
Revenue	1,294,761	23,102	–	–	1,317,863
Results					
Segment results	188,412	(2,634)	(11,105)	–	174,673
Unallocated corporate expenses	–	–	–	(19,310)	(19,310)
Finance costs	(99,921)	(6)	(18)	(28,536)	(128,481)
Share of profit of an associate	–	–	–	29,024	29,024
Profit/(Loss) before income tax expense	88,491	(2,640)	(11,123)	(18,822)	55,906
Other information					
Additions of property, plant and equipment and land use rights	416,656	49	328,113	13	744,831
Depreciation of property, plant and equipment	156,962	1,405	956	438	159,761
Amortisation of land use rights and prepaid rental	3,149	85	3,739	–	6,973

	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
2015					
Assets					
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**
Liabilities					
Segment liabilities	**3,015,727**	**2,107**	**997,262**	**745,596**	**4,760,692**

5. SEGMENT INFORMATION (CONTINUED)

	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
2014					
Assets					
Segment assets	5,170,784	105,954	1,849,125	23,515	7,149,378
Interest in an associate	–	–	–	208,364	208,364
	5,170,784	105,954	1,849,125	231,879	7,357,742
Liabilities					
Segment liabilities	2,577,350	2,693	1,022,992	757,219	4,360,254

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

	2015 RMB'000	2014 RMB'000
Revenue		
PRC	**1,300,738**	1,137,630
Others	**211,461**	180,233
	1,512,199	1,317,863

The following is an analysis of the Group's major customers which contributed at least 10% of the Group's revenue during the respective financial years. These revenue are attributable to the Aluminium Alloy Extruded Products Division:–

– During the financial year ended 31 December 2015, there were 3 such customers which generated revenue of RMB429,254,000; RMB237,636,000 and RMB172,983,000 respectively.

– During the financial year ended 31 December 2014, there were 2 such customers which generated revenue of RMB358,179,000 and RMB251,284,000 respectively.

6. OTHER INCOME

	2015 RMB'000	2014 RMB'000
Compensation(i)	**2,400**	–
Income from disposal of scrap materials	**2,885**	3,507
Interest income	**13,980**	9,672
Government subsidy	**4,236**	–
Sundry income	**266**	902
	23,767	14,081

Note:

(i) Compensation relates to over charged of utilities from third party.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

7. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest on bank borrowings		
Wholly repayable within five years	**89,525**	79,405
Not wholly repayable within five years	**63,117**	116,471
	152,642	195,876
Bank charges	**7,978**	6,254
Interest on discounted notes receivables	**6,737**	10,198
Interest on medium term notes	**46,122**	37,024
Total borrowing costs	**213,479**	249,352
Less: Amount capitalised[i]	**(74,520)**	(120,871)
	138,959	128,481

Note:

(i) Borrowing costs capitalised during the financial years arose from the specific and general borrowing pools. The borrowing costs capitalised which arose from the general borrowing pools were calculated by applying a capitalisation rate of 6.25% (2014: 6.20%) to expenditure on qualifying assets for the financial year ended 31 December 2015.

8. STAFF COSTS

	2015 RMB'000	2014 RMB'000
Staff costs (including Directors' emoluments) comprise:		
Salaries, allowance and bonuses	**154,625**	133,193
Contribution to defined contributions plans	**30,979**	22,587
	185,604	155,780

9. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	2015 RMB'000	2014 RMB'000
Audit fees		
– Auditor of the Company	**1,509**	1,240
– Other auditors	**1,476**	811
Non-audit fees		
– Auditor of the Company	**126**	49
Amortisation of prepaid rental and land use rights	**7,283**	6,973
Foreign exchange loss	**1,356**	433
Loss on disposal of property, plant and equipment, net	**434**	109
Operating lease rentals – properties	**1,039**	1,404

NOTES TO THE **FINANCIAL STATEMENTS**

10. DIRECTORS' EMOLUMENTS

The aggregate amounts of Directors' emoluments are as follows:

	For the financial year ended 31 December 2015				
	Fee RMB'000	Retirement benefits scheme contribution RMB'000	Other emoluments (mainly basic salaries and allowances) RMB'000	Equity-settled share-based payment expenses RMB'000	Total RMB'000
Executive Directors					
Chen Wei Ping	**–**	**36**	**2,634**	**–**	**2,670**
Chew Hwa Kwang, Patrick	**–**	**62**	**2,695**	**–**	**2,757**
Independent non-executive Directors					
Tong Din Eu	**274**	**–**	**–**	**–**	**274**
Chan Soo Sen	**229**	**–**	**–**	**–**	**229**
Xu Wei Dong	**229**	**–**	**–**	**–**	**229**
	732	**98**	**5,329**	**–**	**6,159**

	For the financial year ended 31 December 2014				
	Fee RMB'000	Retirement benefits scheme contribution RMB'000	Other emoluments (mainly basic salaries and allowances) RMB'000	Equity-settled share-based payment expenses RMB'000	Total RMB'000
Executive Directors					
Chen Wei Ping	–	41	2,800	–	2,841
Chew Hwa Kwang, Patrick	–	58	2,866	–	2,924
Independent non-executive Directors					
Tong Din Eu	292	–	–	–	292
Chan Soo Sen	243	–	–	–	243
Xu Wei Dong	243	–	–	–	243
	778	99	5,666	–	6,543

There were no amounts paid to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. Also, there was no arrangement under which a Director waived or agreed to waive any remuneration during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. FIVE HIGHEST PAID INDIVIDUALS

Of the five highest paid individuals, Chen Wei Ping and Chew Hwa Kwang, Patrick are Directors whose emoluments are set out in Note 10 above. The emoluments paid or payable to the remaining individuals for the financial year are as follows:

	2015 RMB'000	2014 RMB'000
Salaries, allowance and benefits in kind	**2,740**	2,988
Performance related bonuses	**1,573**	463
Contribution to defined contribution plans	**341**	117
	4,654	3,568

An analysis of their emoluments by number of employee and emolument range is set out below:

	2015	2014
HK$1,000,000 – HK$1,500,000	**–**	2
HK$1,500,001 – HK$2,000,000	**3**	1
HK$2,000,001 – HK$2,500,000	**–**	–

12. INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000
Current – Singapore		
Withholding tax arising from loan interest from a PRC subsidiary	**1,375**	1,161
Withholding tax arising from dividends declared by PRC subsidiaries	**2,400**	4,709
Under/(Over) provision for income tax in prior financial years	**19**	(2)
Current – PRC		
Provision for income tax for the financial year	**15,096**	13,777
Benefit arising from previously unrecognised tax losses	**(980)**	(6,359)
Underprovision for deferred tax assets in prior years	**–**	(10,779)
Underprovision for income tax in prior years	**2,113**	296
Income tax expense	**20,023**	2,803

NOTES TO THE **FINANCIAL STATEMENTS**

12. **INCOME TAX EXPENSE** (CONTINUED)

Reconciliation of effective tax rate is as below:

	2015 RMB'000	2014 RMB'000
Profit before income tax expense	**77,215**	55,906
Income tax calculated at statutory tax rate of 17% (2014:17%)	**13,126**	9,504
Effect of different tax rates of overseas operations	**7,044**	4,749
Tax effect of share of profits of an associate	**(5,391)**	(4,955)
Tax effect of revenue not taxable for tax purposes	**(384)**	(190)
Tax effect of expenses not deductible for tax purposes	**10,506**	13,857
Benefits from previously unrecognised tax losses	**(980)**	(17,138)
Effect of tax concession of a subsidiary	**(9,755)**	(9,185)
Singapore statutory stepped income exemption	**(50)**	(3)
Provision for income tax for the financial year	**14,116**	(3,361)
Withholding tax arising from loan interest from a subsidiary	**1,375**	1,161
Withholding tax arising from dividends declared by PRC's subsidiaries	**2,400**	4,709
Under provision for income tax in prior financial years	**2,132**	294
Income tax expense	**20,023**	2,803

The Company is incorporated in Singapore and accordingly, is subject to income tax rate of 17% (2014: 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 2015 (2014: 25%) except for the following:

- Jilin Midas Aluminum Industries Co., Ltd. was awarded with the approved High Technology Enterprise status (高新技術企業) 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.

13. **PROFIT FOR THE FINANCIAL YEAR**

The consolidated profit for the financial year includes a net profit after tax of RMB24,743,000 (2014: RMB41,251,000) which has been included in the financial statements of the Company.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. DIVIDENDS

	2015 RMB'000	2014 RMB'000
Final dividend of S$0.0025 per share paid in respect of the financial year 2013 under the exempt-1-tier system	–	14,883
2014 Interim tax-exempt dividends of S$0.0025 per ordinary share under the exempt-1-tier system	–	14,698
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**	–
	27,896	29,581

Subsequent to the end of the financial year, the Board proposed a final tax-exempt dividend# of S$0.0025 (2014: S$0.0025) per ordinary share, amounting to S$3,044,000 (2014: 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.

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.

15. EARNINGS PER SHARE

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

	2015 RMB'000	2014 RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share, being profit for the year attributable to equity holders of the Company	**57,192**	56,348
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	**1,217,618**	1,217,618

	2015 RMB Fen	2014 RMB Fen
Basic and diluted earnings per share	**4.70**	4.63

There were no unexercised share options under the "Midas Employees Share Option Scheme" (the "Scheme"). The Scheme expired on 5 January 2014.

16. PROPERTY, PLANT AND EQUIPMENT

The Group	Buildings and improvements RMB'000	Plant, equipment and mould RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost						
Balance at 1 January 2015	**910,205**	**1,276,295**	**29,556**	**27,119**	**2,048,548**	**4,291,723**
Additions	**105,858**	**251,744**	**2,308**	**2,869**	**317,493**	**680,272**
Transfers	**164,888**	**107,116**	**–**	**–**	**(272,004)**	**–**
Disposals	**–**	**(7,083)**	**(574)**	**(40)**	**–**	**(7,697)**
Foreign currency realignment	**(10)**	**–**	**(44)**	**(1)**	**–**	**(55)**
Balance at 31 December 2015	**1,180,941**	**1,628,072**	**31,246**	**29,947**	**2,094,037**	**4,964,243**
Accumulated depreciation						
Balance at 1 January 2015	**115,756**	**535,109**	**10,815**	**12,600**	**–**	**674,280**
Depreciation for the financial year	**33,232**	**114,280**	**3,258**	**3,391**	**–**	**154,161**
Disposals	**–**	**(6,779)**	**(183)**	**(36)**	**–**	**(6,998)**
Foreign currency realignment	**(6)**	**–**	**(7)**	**(1)**	**–**	**(14)**
Balance at 31 December 2015	**148,982**	**642,610**	**13,883**	**15,954**	**–**	**821,429**
Carrying amount						
At 31 December 2015	**1,031,959**	**985,462**	**17,363**	**13,993**	**2,094,037**	**4,142,814**

The Group	Buildings and improvements RMB'000	Plant, equipment and mould RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost						
Balance at 1 January 2014	909,317	1,174,285	26,103	18,139	1,420,130	3,547,974
Additions	1,183	102,150	3,849	6,800	630,849	744,831
Transfers	–	–	–	2,431	(2,431)	–
Disposals	–	(140)	(355)	(78)	–	(573)
Written off	(293)	–	–	(174)	–	(467)
Foreign currency realignment	(2)	–	(41)	1	–	(42)
Balance at 31 December 2014	910,205	1,276,295	29,556	27,119	2,048,548	4,291,723
Accumulated depreciation						
Balance at 1 January 2014	88,310	408,977	7,919	9,945	–	515,151
Depreciation for the financial year	27,685	126,186	3,022	2,868	–	159,761
Disposals	–	(54)	(124)	(68)	–	(246)
Written off	(235)	–	–	(148)	–	(383)
Foreign currency realignment	(4)	–	(2)	3	–	(3)
Balance at 31 December 2014	115,756	535,109	10,815	12,600	–	674,280
Carrying amount						
At 31 December 2014	794,449	741,186	18,741	14,519	2,048,548	3,617,443

The additions include construction-in-progress items which were prepaid in the prior financial year of approximately RMB103,633,000 (2014: RMB286,217,000).

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2015 and 2014, certain property, plant and equipment, with carrying amount of approximately RMB1,764,368,000 and RMB1,215,766,000 respectively were pledged as securities for bank borrowings (Note 26). Out of additions during the current financial year of RMB680,272,000 (2014: RMB744,831,000), RMB124,656,000 (2014: RMB120,871,000) were borrowing costs that were capitalised into construction-in-progress for the year ended 31 December 2015 and RMB124,086,000 (2014: RMB117,059,000) of the borrowing costs have been paid.

	Buildings and improvements RMB'000	Office equipment RMB'000	Motor vehicle RMB'000	Total RMB'000
The Company				
Cost				
Balance at 1 January 2015	**487**	**76**	**2,086**	**2,649**
Foreign currency alignment	**(10)**	**(1)**	**(44)**	**(55)**
Balance at 31 December 2015	**477**	**75**	**2,042**	**2,594**
Accumulated depreciation				
Balance at 1 January 2015	**303**	**58**	**383**	**744**
Depreciation for the financial year	**151**	**11**	**203**	**365**
Foreign currency alignment	**(6)**	**(1)**	**(7)**	**(14)**
Balance at 31 December 2015	**448**	**68**	**579**	**1,095**
Carrying amount				
At 31 December 2015	**29**	**7**	**1,463**	**1,499**

	Buildings and improvements RMB'000	Office equipment RMB'000	Motor vehicle RMB'000	Total RMB'000
The Company				
Cost				
Balance at 1 January 2014	783	235	2,127	3,145
Additions	–	13	–	13
Written off	(293)	(174)	–	(467)
Foreign currency alignment	(3)	2	(41)	(42)
Balance at 31 December 2014	487	76	2,086	2,649
Accumulated depreciation				
Balance at 1 January 2014	339	175	177	691
Depreciation for the financial year	203	28	208	439
Written off	(235)	(148)	–	(383)
Foreign currency alignment	(4)	3	(2)	(3)
Balance at 31 December 2014	303	58	383	744
Carrying amount				
At 31 December 2014	184	18	1,703	1,905

17. LAND USE RIGHTS

The Group	2015 RMB'000	2014 RMB'000
Cost		
Balance at beginning of the financial year	**339,838**	339,838
Addition	**29,890**	–
Balance at end of the financial year	**369,728**	339,838
Accumulated amortisation		
Balance at beginning of the financial year	**28,519**	21,553
Amortisation for the financial year	**7,275**	6,966
Balance at end of the financial year	**35,794**	28,519
Carrying amount		
At end of the financial year	**333,934**	311,319

The amount represents costs of the land use rights in respect of lands located in the PRC under medium term leases ranging from 39 to 50 years, where certain of the Group's property, plant and equipment and properties under development are built on.

As at 31 December 2015, land use rights with carrying amount of approximately RMB309,708,958 (2014: RMB286,541,000) were pledged as securities for bank borrowings (Note 26).

18. INTERESTS IN SUBSIDIARIES

The Company	2015 RMB'000	2014 RMB'000
Unquoted equity shares, at cost	**647,588**	661,567
Amounts due from subsidiaries	**1,946,795**	1,981,674
	2,594,383	2,643,241

The amounts due from subsidiaries form part of the Company's net investments in certain subsidiaries. They are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

Amounts due from subsidiaries are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
Singapore dollar	**1,569,186**	24,665
Renminbi	**377,609**	1,957,009
	1,946,795	1,981,674

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries	Effective equity interest 2015 %	Effective equity interest 2014 %	Issued/Registered and paid up capital	Country of incorporation/ operations	Principal activities
North East Industries Pte Ltd[1][5]	**100**	100	2 ordinary shares[5]	Singapore	Investment holding
Green Oasis Pte Ltd[1][5]	**100**	100	2 ordinary shares[5]	Singapore	Investment holding
Midas Ventures Pte. Ltd.[1][5]	**100**	100	2 ordinary shares[5]	Singapore	Inactive
Jilin Midas Light Alloy Co., Ltd.[2][4]	**100**	100	Registered and paid up capital of USD100 million	PRC	Sale of aluminium plates and sheets products
<u>Subsidiary of North East Industries Pte Ltd</u>					
Jilin Midas Aluminium Industries Co., Ltd.[2][4]	**100**	100	Registered and paid up capital of USD187.5 million	PRC	Manufacture and sales of aluminium alloy extrusion products
<u>Subsidiary of Jilin Midas Aluminium Industries Co., Ltd.</u>					
Luoyang Midas Aluminium Industries Co., Ltd.[2][4]	**100**	100	Registered and paid up capital of RMB330.6 million	PRC	Manufacture of high precision, high specifications aluminium
<u>Subsidiary of Green Oasis Pte Ltd</u>					
Shanxi Wanshida Engineering Plastics Co., Ltd.[3][4]	**100**	100	Registered and paid up capital of USD6 million	PRC	Manufacture and sales of polyethylene pipes

[1] Audited by Mazars LLP, Singapore
[2] Audited by an overseas member firm of Mazars for consolidation purposes
[3] Reviewed by an overseas member firm of Mazars for consolidation purposes
[4] These entities are wholly foreign owned enterprises established in the PRC
[5] Total issued and paid up share capital of the entity is S$2 only

On 11 July 2014, the Group acquired 45% equity interest in Jilin Midas Light Alloy Co., Ltd. for cash consideration of RMB306,000,000. Consequently, Jilin Midas Light Alloy Co., Ltd. became a wholly-owned subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS

18. INTERESTS IN SUBSIDIARIES (CONTINUED)

The following table shows the effects of changes in the Group's ownership interest in a subsidiary, Jilin Midas Light Alloy Co., Ltd. in 2014:

The Group	2014 RMB'000
Consideration paid for acquisition of non-controlling interest	306,000
Transaction costs	123
Non-controlling interest acquired	(276,287)
Difference recognised in equity	29,836

19. INTEREST IN AN ASSOCIATE

Details of the associate are as follows:

Name of associate	Effective equity interest 2015 %	Effective equity interest 2014 %	Issued/Registered and paid up capital	Country of incorporation/ operations	Principal activities
CRRC Nanjing Puzhen Rail Transport Co., Ltd.[1][2]	32.5	32.5	Registered and paid up capital of RMB500 million	PRC	Manufacture and sale of metro trains, bogies and their related parts

[1] Audited by an overseas member firm of Mazars for equity accounting purpose
[2] This entity is a sino-foreign investment joint enterprise in the PRC

The Group	2015 RMB'000	2014 RMB'000
Unquoted equity investment, share of net assets		
Balance at beginning of the financial year	**208,364**	192,539
Dividend receivable	**(11,845)**	(10,530)
Share of profit	**31,712**	29,024
Exchange difference	**(2,949)**	(2,669)
Balance at end of the financial year	**225,282**	208,364

The Company	2015 RMB'000	2014 RMB'000
Unquoted equity investment, at cost		
Balance at beginning of the financial year	**139,529**	142,198
Exchange difference	**(2,949)**	(2,669)
Balance at end of the financial year	**136,580**	139,529

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19. INTEREST IN AN ASSOCIATE (CONTINUED)

Summarised financial information (based on its FRS financial statements)

	CRRC Nanjing Puzhen Rail Transport Co., Ltd. 2015 RMB'000	2014 RMB'000
Assets and liabilities:		
Non-current assets	**247,279**	277,985
Current assets	**2,948,034**	3,038,597
Total assets	**3,195,313**	3,316,582
Non-current liabilities	**5,085**	5,710
Current liabilities	**2,508,013**	2,688,077
Total liabilities	**2,513,098**	2,693,787
Net assets	**682,215**	622,795
Group's share of associate's net assets	**221,720**	202,408
Other adjustments	**3,562**	5,956
Carrying amount of the investment as at 31 December	**225,282**	208,364
Results		
Revenue	**3,549,249**	3,405,388
Profit for the year and total comprehensive income	**94,777**	89,306
Group's share of associate's profit for the year	**31,712**	29,024

20. PREPAID RENTAL

The Group	2015 RMB'000	2014 RMB'000
Cost		
Balance at beginning and end of the financial year	**193**	193
Accumulated amortisation		
Balance at beginning of the financial year	**101**	94
Amortisation for the financial year	**8**	7
Balance at end of the financial year	**109**	101
Carrying amount		
At end of the financial year	**84**	92

21. RESTRICTED BANK DEPOSITS

As at 31 December 2015, restricted bank deposits represented deposits placed in certain banks mainly for securing the issuance of letters of credit amounted to RMB96,550,000 (2014: RMB37,822,000). The restricted bank deposits bore interest at effective rate ranging between 0.35% to 1.55% (2014: 0.35%) per annum respectively and for a tenure ranging between 0.5 year to 1 year (2014: 1 year to 2 years).

The carrying amounts of restricted bank deposits approximate their fair values and are denominated in Renminbi.

22. INVENTORIES

The Group	2015 RMB'000	2014 RMB'000
Raw materials	**100,846**	135,253
Work-in-progress	**118,412**	90,898
Finished goods	**339,436**	337,560
	558,694	563,711

The cost of inventories recognised as expense and included in "cost of sales" in the consolidated statement of profit or loss and other comprehensive income amounted to RMB742,746,000 (2014: RMB700,833,000).

23. TRADE AND OTHER RECEIVABLES

The Group	2015 RMB'000	2014 RMB'000
Trade receivables – third parties	**937,583**	839,064
Trade receivables – associate	**–**	44,789
	937,583	883,853
Allowance for doubtful trade receivables	**(1,832)**	(1,832)
	935,751	882,021
Deposits and prepayments	**187,885**	412,385
Notes receivables	**1,250**	–
Amount due from an associate – non-trade	**11,846**	9,994
Others – non-trade	**127,370**	87,952
	1,264,102	1,392,352

The Company	2015 RMB'000	2014 RMB'000
Deposits and prepayments	**308**	664
Others – non-trade	**424**	36
Amount due from an associate – non-trade	**11,846**	9,994
	12,578	10,694

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables due from third parties are non-interest bearing and are generally on 90 to 120 days credit terms.

Notes receivables are non-interest bearing and are generally settled on terms of 6 months.

Trade amounts due from an associate is non-interest bearing and is generally on 90 days credit term. The non-trade amount due from an associate relates to dividend receivable from the associate and was unsecured, non-interest bearing and repayable on demand.

The Group and Company recognised impairment loss on individual assessment of customers based on the accounting policy stated in Note 2.10.

As at 31 December 2015, certain trade receivables with carrying values of approximately RMB133,285,000 (2014: RMB424,656,000) were pledged as securities for bank borrowings (Note 26).

The ageing analysis of the Group's trade receivables at the reporting date is as follows:

The Group	2015 RMB'000	2014 RMB'000
Within 90 days	**390,074**	381,062
Over 90 days and within 120 days	**197,575**	112,808
Over 120 days and within 6 months	**116,001**	119,475
Over 6 months and within 1 year	**173,589**	231,814
Over 1 year and within 2 years	**59,819**	37,720
Over 2 years	**525**	974
	937,583	883,853

The ageing analysis of the Group's trade receivables past due but not impaired at the reporting date is as follows:

The Group	2015 RMB'000	2014 RMB'000
Over 90 days and within 120 days	**197,575**	112,808
Over 120 days and within 6 months	**116,001**	119,475
Over 6 months and within 1 year	**172,837**	231,759
Over 1 year	**59,264**	36,917
	545,677	500,959

The balances that are past due but not impaired relate to a number of customers that have good track records with the Group. Based on their past experience, the management estimated that the carrying amounts could be fully recovered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in allowance for doubtful trade receivables are as follows:

The Group	2015 RMB'000	2014 RMB'000
Balance at beginning and end of the financial year	**1,832**	1,832

The carrying amounts of trade and other receivables are denominated in the following currencies:

The Group	2015 RMB'000	2014 RMB'000
Euro	**45,469**	40,866
Renminbi	**1,186,732**	1,350,725
Singapore dollar	**9,531**	707
Hong Kong dollar	**–**	54
United States dollar	**13,716**	–
British pound	**8,654**	–
	1,264,102	1,392,352

The Company	2015 RMB'000	2014 RMB'000
Singapore dollar	**732**	652
Renminbi	**11,846**	10,004
Hong Kong dollar	**–**	38
	12,578	10,694

24. CASH AND CASH EQUIVALENTS

The carrying amounts of cash and cash equivalents comprising cash and bank balances are denominated in the following currencies:

The Group	2015 RMB'000	2014 RMB'000
Euro	**22**	5,338
Renminbi	**1,158,562**	1,192,400
Singapore dollar	**3,642**	11,623
United States dollar	**79**	45
Hong Kong dollar	**87**	41
Others	**53**	54
	1,162,445	1,209,501

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24. CASH AND CASH EQUIVALENTS (CONTINUED)

The Company	2015 RMB'000	2014 RMB'000
Euro	**4**	15
Renminbi	**2**	28
Singapore dollar	**3,537**	10,678
United States dollar	**54**	21
Hong Kong dollar	**84**	37
Others	**29**	27
	3,710	10,806

25. TRADE AND OTHER PAYABLES

The Group	2015 RMB'000	2014 RMB'000
Trade payables	**245,578**	162,732
Notes payable	**316,400**	182,500
Other payables and accruals	**319,191**	263,450
Amount due to an associate – non-trade	**38,686**	–
Advance from third parties customers	**7,456**	7,117
	927,311	615,799

The Company	2015 RMB'000	2014 RMB'000
Other payables and accruals	**14,041**	13,154

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days terms while other payables have an average term of 30 days.

Notes payable have an average maturity period of 6 months and are non-interest bearing.

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

	2015 RMB'000	2014 RMB'000
Within 90 days	**96,721**	28,203
Over 90 days and within 6 months	**25,954**	17,106
Over 6 months and within 1 year	**40,957**	82,010
Over 1 year	**81,946**	35,413
	245,578	162,732

25. TRADE AND OTHER PAYABLES (CONTINUED)

The carrying amounts of trade and other payables are denominated in the following currencies:

The Group	2015 RMB'000	2014 RMB'000
Singapore dollar	**14,096**	13,211
Renminbi	**913,215**	602,090
Euro	**–**	498
	927,311	615,799

The Company	2015 RMB'000	2014 RMB'000
Singapore dollar	**14,041**	13,154

26. BORROWINGS

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Secured bank borrowings (Note i)	**1,173,150**	1,173,180	**–**	–
Unsecured bank borrowings	**1,918,550**	1,818,260	**–**	–
Medium-term notes	**731,500**	744,008	**731,500**	744,008
	3,823,200	3,735,448	**731,500**	744,008
Carrying amount repayable:				
Within one financial year	**2,073,091**	1,604,173	**343,161**	–
Between one to two financial years	**765,279**	562,165	**388,339**	349,142
Between two to five financial years	**814,830**	1,199,110	**–**	394,866
More than five financial years	**170,000**	370,000	**–**	–
	3,823,200	3,735,448	**731,500**	744,008
Less: Amounts due within one financial year shown under current liabilities	**(2,073,091)**	(1,604,173)	**(343,161)**	–
	1,750,109	2,131,275	**388,339**	744,008

On 3 February 2014 and 28 May 2014, the Company issued an aggregate principal amount of S$85 million 5.75% fixed rate notes due 2017 and S$75 million 6.00% fixed rate notes due 2016 respectively (the "Notes") under the S$500,000,000 Multicurrency Medium Term Note Programme established by the Company on 2 October 2013. The corresponding interest for the issued Notes will be payable semi-annually in arrears. The net proceeds from the issue (after deducting issue expenses of RMB9,209,000) will be used for refinancing of existing borrowings and financing of acquisitions, investments and working capital, as well as to meet capital expenditure requirements of the Issuer or the Group. The carrying amount of the borrowings approximate its fair value as of reporting date.

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26. BORROWINGS (CONTINUED)

The effective interest rates, which are also equal to contracted interest rates, per annum are as follows:

	2015 %	2014 %
Short-term loans	**4.35 – 7.32**	4.92 – 7.20
Long-term loans	**4.35 – 7.40**	6.55 – 7.40

All bank borrowings are variable-rate borrowings, and these borrowings carried interest at rates ranging from 100% to 120% (2014: 100% to 130%) of the benchmark interest rate as quoted by The People's Bank of China.

The carrying amounts of borrowings are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
The Group		
Singapore dollar	**731,500**	744,008
Renminbi	**3,091,700**	2,991,440
	3,823,200	3,735,448
The Company		
Singapore dollar	**731,500**	744,008

Note:

(i) The bank borrowings were secured by certain property, plant and equipment, land use rights and various trade receivables owned by the Group as set out in Notes 16, 17 and 23 to the consolidated financial statements.

27. DEFERRED TAX ASSETS/(LIABILITY)

	2015 RMB'000	2014 RMB'000
Deferred tax assets (a)	**18,118**	17,138
Deferred tax liability (b)	**(2,141)**	(2,141)

(a) Deferred tax assets are recognised to the extent that the realisation of the related tax benefits through future tax profits is probable. The deferred tax assets as of 31 December 2015 relate to cumulative tax losses of certain PRC subsidiaries which are expected to commence operations in the next two years and to generate future taxable profits in excess of the profits arising from the reversal of taxable temporary differences.

27. DEFERRED TAX ASSETS/(LIABILITY) (CONTINUED)

(a) (Continued)

Details of the deferred tax assets recognised and movements during the financial year are as follow:

	RMB'000
The Group	
At 1 January 2014	–
Credited to profit or loss	17,138
At 31 December 2014 and 1 January 2015	17,138
Credited to profit or loss	980
At 31 December 2015	18,118

(b) During the financial year ended 31 December 2008, an inter-company loan within the Group was capitalised that gave rise to an exchange difference of approximately S$1,635,000 (RMB7,411,000 equivalent) which was credited to the foreign currency translation reserve at the Group level.

This exchange difference had also given rise to a future tax obligation of approximately S$419,000 (RMB1,899,000 equivalent) which was recognised as a deferred tax liability on the consolidated statement of financial position with a corresponding entry to the foreign currency translation reserve as at 31 December 2008.

Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated statements of comprehensive income in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries and associate as at 31 December 2015 and 2014 amounting to approximately RMB746,836,000 and RMB745,118,000 respectively as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

28. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	The Group and the Company			
	2015	2014	2015	2014
	Number of ordinary shares		RMB'000	RMB'000
Issued and fully paid				
Balance at beginning and end of the financial year	**1,217,617,800**	1,217,617,800	**2,166,575**	2,166,575

(i) The Company has one class of ordinary shares which carries a right to dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and have no par value.

(b) Treasury shares

	The Group and the Company			
	2015	2014	2015	2014
	Number of ordinary shares		RMB'000	RMB'000
Balance at beginning and end of the financial year	**1,000,000**	1,000,000	**2,501**	2,501

The Company acquired 1,000,000 of its own shares through purchases on the Singapore Stock Exchange during the financial year ended 31 December 2008. The total amount paid to acquire the shares was S$518,000 (RMB2,501,000 equivalent) and has been deducted from shareholders' equity.

29. RESERVES

The Company	Treasury shares (Note 28(b)) RMB'000	Foreign currency translation reserve (Note 30) RMB'000	Share options reserve (Note 32) RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2015	**(2,501)**	**(132,602)**	**–**	**17,541**	**(117,562)**
Total comprehensive income for the financial year	**–**	**(42,651)**	**–**	**24,743**	**(17,908)**
Dividends (Note 14)	**–**	**–**	**–**	**(27,896)**	**(27,896)**
Balance at 31 December 2015	**(2,501)**	**(175,253)**	**–**	**14,388**	**(163,366)**
Balance at 1 January 2014	(2,501)	(92,527)	2,740	3,131	(89,157)
Total comprehensive income for the financial year	–	(40,075)	–	41,251	1,176
Dividends (Note 14)	–	–	–	(29,581)	(29,581)
Transfer of option reserve to retained earnings	–	–	(2,740)	2,740	–
Balance at 31 December 2014	(2,501)	(132,602)	–	17,541	(117,562)

30. FOREIGN CURRENCY TRANSLATION RESERVE

The Group and the Company

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. Movements in the Group's foreign currency translation reserve are set out in the consolidated statement of changes in equity.

31. PRC STATUTORY RESERVE

The Group

PRC statutory reserve represents the amounts transferred from profit after income tax of the subsidiaries incorporated in the PRC in accordance with the PRC statutory requirements. The PRC statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off the accumulated losses or increasing share capital. Movement in this account is set out in the consolidated statement of changes in equity.

32. SHARE OPTIONS RESERVE

The Group and the Company

Share options reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options. Movement in this account is set out in the consolidated statement of changes in equity.

Equity-settled share options scheme

The Company has a share options scheme known as Midas Employee Share Options Scheme (the "Scheme") for all employees of the Group. Under the Scheme, an option entitles the option holder to subscribe for a specific number of new ordinary shares in the Company comprised in the option at a subscription price per share determined with reference to the market price of the share at the time of grant of the option.

Options granted with the subscription price set at the market price shall only be exercisable after the first anniversary from the date of grant of the option. Options granted with the subscription price set at a discount to the market price shall only be exercisable after the second anniversary from the date of the grant of the option. The shares under option may be exercised in whole or in part thereof.

Options granted will lapse when the option holder ceases to be a full-time employee of the Group subject to certain exceptions at the discretion of the Company.

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32. SHARE OPTIONS RESERVE (CONTINUED)

The Group and the Company (Continued)

Equity-settled share options scheme (Continued)

The share options had expired in financial year ended 2014 as follows:

The Group and the Company	Balance at beginning of the financial year	Granted during the financial year	Cancelled/ Expired during the financial year	Balance at end of the financial year	Exercise price
At 31 December 2014					
2009 options	4,750,000	–	(4,750,000)	–	S$0.517

The weighted average share price at the date of exercise for share options exercised, expired or cancelled in the financial year ended 31 December 2014 was S$0.517. The options outstanding as at 31 December 2014 have a weighted average remaining contractual life of nil year. The fair values for the above share options granted in previous financial years were calculated using the Hull-White option pricing model.

There were no shares options granted for the financial years ended 31 December 2015 and 31 December 2014.

33. OPERATING LEASE COMMITMENTS

As at reporting date, the total future minimum lease payments under non-cancellable operating leases are as follows:

The Group	2015 RMB'000	2014 RMB'000
Within one year	**1,129**	1,060
After one year but within five years	**2,545**	221
Total	**3,674**	1,281

The Group leases a number of properties under operating leases. Leases are negotiated for an average term of 3 years (2014: 3 years) and rentals are fixed for an average of 3 to 5 years (2014: 3 to 5 years). These leases have no escalation clauses, restriction and do not provide contingent rents.

34. CAPITAL COMMITMENTS

The Group	2015 RMB'000	2014 RMB'000
Commitments for the acquisition and construction of property, plant and equipment:		
Contracted but not provided for	**540,903**	527,042

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35. SIGNIFICANT RELATED PARTY TRANSACTION

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Associates are related parties and include those that are associates of the holding and/or related companies.

Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

35. SIGNIFICANT RELATED PARTY TRANSACTION (CONTINUED)

In addition to the information disclosed in Note 23 to the consolidated financial statements, significant related party transactions between the Group and its related parties during the financial year were as follows:

Related party relationship	Type of transaction	2015 RMB'000	2014 RMB'000
Associate	Sales of goods	**147,062**	122,435
Associate	Dividend income	**11,845**	10,530

Compensation of key management personnel

Remuneration of key management personnel of the Group, including certain amounts paid or payable to the Company's Directors as disclosed in Note 10 to the consolidated financial statements, for the financial year is as follows:

	2015 RMB'000	2014 RMB'000
Salaries and other short-term employee benefits	**13,132**	11,330
Post-employment benefits – CPF contribution	**711**	232
Directors fees	**732**	778
	14,575	12,340

36. FINANCIAL RISK AND CAPITAL MANAGEMENT

36.1 Financial risk management

The Group's activities expose it to capital risk, credit risk, market risk (including interest rate risk and foreign currency risk), and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuation, if any, in interest rates and foreign exchange rates. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

36. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

36.1 Financial risk management (Continued)

(a) Credit risk

The Group places its bank balances and restricted bank balances with approved credit worthy financial institutions which are regulated. The Group performs ongoing credit evaluation of its customers' financial condition and generally does not require collateral. The Group assesses the customers' credibility and performs periodic reviews of the credit limits granted to the latter based on the findings from such assessments.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets stated in the statements of financial position.

The Group has a concentration of credit risk of the trade receivables due from the five largest debtors. As at 31 December 2015 and 2014, approximately 64% and 77% of total trade receivables respectively, were due from the five largest debtors.

(b) Market risk

(i) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The following tables set out the respective carrying amounts, by maturity, of the Group's financial instruments as at end of the financial year, that are exposed to interest rate risk.

	Weighted average effective interest rate		Carrying amount	
The Group	**2015 %**	**2014 %**	**2015 RMB'000**	**2014 RMB'000**
Variable rate instruments				
Financial assets				
Restricted bank deposits	**0.35-1.55**	0.35	**96,550**	37,822
Cash and cash equivalents	**1.02**	0.56	**1,162,445**	1,209,501
			1,258,995	1,247,323
Financial liabilities				
Interest-bearing bank borrowings	**5.43**	6.91	**3,091,700**	2,991,440
Multicurrency medium term loan	**6.35**	6.36	**731,500**	744,008
			3,823,200	3,735,448

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

36. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

36.1 Financial risk management (Continued)

(b) Market risk (Continued)

(i) Interest rate risk (Continued)

The Company	Weighted average effective interest rate 2015 %	2014 %	Carrying amount 2015 RMB'000	2014 RMB'000
Variable rate instruments				
Financial assets				
Cash and cash equivalents	**0.38**	2.90	**3,710**	10,806
Financial liabilities				
Multicurrency medium term loan	**6.35**	6.36	**731,500**	744,008

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for financial instruments as at reporting date. For floating rate assets and liabilities, the analysis is prepared assuming the amount of assets and liabilities outstanding at reporting date was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 100 basis point ("bp") change in the interest rates from the reporting date, with all other variables held constant.

	Impact to profit before income tax expense 100 bp increase RMB'000	100 bp decrease RMB'000
The Group		
At 31 December 2015		
Cash and cash equivalents	**11,624**	**(11,624)**
Restricted bank deposits	**967**	**(967)**
Bank borrowings	**(38,232)**	**38,232**
	(25,641)	**25,641**
At 31 December 2014		
Cash and cash equivalents	12,095	(12,095)
Restricted bank deposits	378	(378)
Bank borrowings	(37,354)	37,354
	(24,881)	24,881

36. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

36.1 Financial risk management (Continued)

(b) Market risk (Continued)

(ii) Foreign currency risk

The Group has foreign currency exposures arising from transactions that are denominated in a currency other than the functional currency of Group entities, primarily Renminbi. As at the reporting date, the Group does not have significant foreign currency risk exposure except for the financial assets denominated in Euro and United States dollar. The Company does not have significant foreign currency risk exposure except for the financial assets denominated in United States dollar and Renminbi. It is not the Group's policy to enter into any financial derivatives to hedge its exchange risks.

The following table sets out the carrying amount of monetary assets and liabilities of the Group that are denominated in currencies other than the functional currency of the applicable Group entities:

	Assets		Liabilities	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Euro	**45,491**	46,204	**–**	498
Renminbi	**11,848**	10,032	**–**	–
Singapore dollar	**8,904**	643	**55**	57
United States dollar	**13,795**	45	**–**	–
Hong Kong dollar	**87**	94	**–**	–
British pound	**8,654**	–	**–**	–
Other	**53**	53	**–**	–
	88,832	57,071	**55**	555

<u>*Foreign currency sensitivity analysis*</u>

The following table demonstrates the sensitivity of the Group's profit to a reasonably possible 10% change in exchange rate of Euro and United States dollar against the respective functional currencies of the Group entities, with all other variables held constant.

	Impact to profit before income tax	
	Strengthened by 10% RMB'000	Weakened by 10% RMB'000
The Group		
At 31 December 2015		
Euro	**4,549**	**(4,549)**
United States dollar	**1,380**	**(1,380)**
	5,929	**(5,929)**
At 31 December 2014		
Euro	4,571	(4,571)
United States dollar	4	(4)
	4,575	(4,575)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

36. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

36.1 Financial risk management (Continued)

(c) Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its obligations. Liquidity risk is managed by monitoring and maintaining a level of cash and cash equivalents and trade and other receivables considered adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flow. In doing so, the management monitors the utilisation of borrowings to ensure adequate unutilised banking facilities and compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up using undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the Group is expected to pay. The table includes both interest and principal cash flows.

The Group	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within one year RMB'000	After one year but less than five years RMB'000	Due five or more than five years RMB'000
At 31 December 2015					
Financial assets					
Trade and other receivables (exclude prepayment)	**1,248,130**	**1,248,130**	**1,248,130**	**–**	**–**
Restricted deposits	**96,550**	**96,550**	**96,550**	**–**	**–**
Cash and cash equivalents	**1,162,445**	**1,162,445**	**1,162,445**	**–**	**–**
	2,507,125	**2,507,125**	**2,507,125**	**–**	**–**
Financial liabilities					
Trade and other payables	**888,625**	**888,625**	**888,625**	**–**	**–**
Bank borrowings	**2,956,816**	**3,240,976**	**1,717,812**	**1,348,052**	**175,112**
Multicurrency medium term loan	**731,500**	**734,957**	**390,446**	**344,511**	**–**
	4,576,941	**4,864,558**	**2,996,883**	**1,692,563**	**175,112**
At 31 December 2014					
Financial assets					
Trade and other receivables	1,380,981	1,380,981	1,380,981	–	–
Cash and cash equivalents	1,209,501	1,209,501	1,209,501	–	–
	2,590,482	2,590,482	2,590,482	–	–
Financial liabilities					
Trade and other payables	615,799	615,799	615,799	–	–
Bank borrowings	2,991,440	3,592,832	1,869,875	1,535,776	187,181
Multicurrency medium term loan	744,008	750,821	–	750,821	–
	4,351,247	4,959,452	2,485,674	2,286,597	187,181

NOTES TO THE **FINANCIAL STATEMENTS**

36. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

36.1 Financial risk management (Continued)

(c) Liquidity risk (Continued)

The Company	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within one year RMB'000	After one year but less than five years RMB'000
At 31 December 2015				
Financial assets				
Other receivables	**424**	**424**	**424**	**–**
Cash and cash equivalents	**3,710**	**3,710**	**3,710**	**–**
	4,134	**4,134**	**4,134**	**–**
Financial liabilities				
Other payables	**14,041**	**14,041**	**14,041**	**–**
Multicurrency medium term loan	**731,500**	**734,956**	**390,446**	**344,511**
	745,541	**748,997**	**404,487**	**344,511**
At 31 December 2014				
Financial assets				
Other receivables	10,336	10,336	10,336	–
Cash and cash equivalents	10,806	10,806	10,806	–
	21,142	21,142	21,142	–
Financial liabilities				
Other payables	13,154	13,154	13,154	–
Multicurrency medium term loan	744,008	750,821	–	750,821
	757,162	763,975	13,154	750,821

The Group's operations are financed mainly through equity, retaining earnings and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

As at 31 December 2015 and 2014, the Company has a net current liabilities position of RMB340,914,000 and a net current assets position of RMB8,346,000 respectively. The Company's cash flow obligations are supported by dividend income and management fee income derived from its subsidiaries and associate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

36. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

36.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising share capital, treasury shares, foreign currency translation reserve, PRC statutory reserve, share options reserve and retained earnings as disclosed in Notes 28 to 32 to the consolidated financial statements.

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total liabilities divided by equity. Total liabilities are the sum of "current liabilities" and "non-current liabilities" as shown on the consolidated statement of financial position and equity is "capital and reserves" as shown on the consolidated statement of financial position. The strategy remained unchanged from 2014.

The debt-equity ratio as at 31 December 2015 and 2014 were as follows:

The Group	2015 RMB'000	2014 RMB'000
Total liabilities	**4,760,692**	4,360,254
Equity	**3,041,331**	2,997,488
Debt to equity ratio (times)	**1.57**	1.45

As disclosed in Note 31 to the consolidated financial statements, all PRC subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities.

The Group is in compliance with the externally imposed capital requirement for the financial years ended 31 December 2015 and 2014.

37. FAIR VALUES

The carrying amounts of the current financial assets and financial liabilities in the consolidated financial statements approximate their fair values due to the relative short term maturity of these financial instruments.

38. PROPERTIES OF THE GROUP

Location	Description	Existing use	Tenure	Unexpired lease term (years)	Site area ('000 sqm)	Gross floor area ('000 sqm)
No. 108 Yongle South Road, Hi-tech Development Zone, Ruicheng Country, Shanxi Province, PRC	Industrial complex	Office building, workshop, warehouse, staff dormitory and other ancillary facilities	Leasehold	34	28.7	10.8
Industrial Development Zone, Liaoyuan City, Jilin Province, PRC	Industrial complex	Office building, workshops and portion of the property under development	Leasehold	36 – 44	374.8	81.8
188 Fuzhen Road Liaoyuan City, Jilin Province, PRC	Industrial complex	Office building, workshop and other uses	Leasehold	36 – 41	81.8	48.5
New Zone, Louyang City, He Nan Province, PRC	Industrial complex	Office building, workshops and portion of the property under development	Leasehold	46	389	72.1
Industrial Development Zone, You Yi Village, Liaoyuan City, Jilin Province, PRC	Industrial complex	Office building, workshops and portion of the property under development	Leasehold	46	386	90

39. RECONCILIATION BETWEEN SINGAPORE FINANCIAL REPORTING STANDARDS AND INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

For the financial year ended 31 December 2015, there were no material differences between the consolidated financial statements of the Group prepared under Singapore Financial Reporting Standards and IFRS (which include all IFRS, International Accounting Standards and Interpretations).

40. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 17 March 2016.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS ANNOUNCEMENT OF MIDAS HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE FIRST QUARTER ENDED 31 MARCH 2016

The information set forth in this Appendix V has been extracted and reproduced from the unaudited financial statements announcement of Midas Holdings Limited and its subsidiaries for the first quarter ended 31 March 2016 and has not been specifically prepared for inclusion in this Information Memorandum.

First Quarter Financial Statement And Dividend Announcement for the Period Ended 31/3/2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED RESULTS FOR FIRST QUARTER ENDED 31 MARCH 2016

	GROUP 1st Quarter		
	1Q2016 RMB'000	1Q2015 RMB'000	Increase/ (Decrease) %
Revenue	303,524	320,586	(5.3)
Cost of sales	(209,403)	(228,250)	(8.3)
Gross profit	94,121	92,336	1.9
Other income	3,976	2,606	52.6
Selling and distribution expenses	(16,727)	(16,515)	1.3
Administrative expenses	(43,571)	(40,384)	7.9
Finance costs	(26,107)	(35,183)	(25.8)
Share of profits of an associate	2,627	9,449	(72.2)
Profit before income tax expense	14,319	12,309	16.3
Income tax expense	(4,333)	(1,381)	213.8
Profit for the period	9,986	10,928	(8.6)
STATEMENT OF COMPREHENSIVE INCOME			
Profit for the period	9,986	10,928	(8.6)
Other comprehensive (loss) /income:			
Currency translation differences arising from consolidation	(24,185)	24,004	NM
Total comprehensive (loss) /income for the period	(14,999)	34,932	NM

NM – Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

STATEMENTS OF FINANCIAL POSITION

	Group			Company		
	Unaudited As at 31 Mar 2016 RMB'000	**Audited As at 31 Dec 2015 RMB'000**	**Increase/ (Decrease) %**	**Unaudited As at 31 Mar 2016 RMB'000**	**Audited As at 31 Dec 2015 RMB'000**	**Increase/ (Decrease) %**
Non-current assets						
Property, plant and equipment	4,215,791	4,142,814	1.8	1,486	1,499	(0.9)
Interests in subsidiaries	-	-	-	2,676,990	2,594,383	3.2
Interest in an associate	233,662	225,282	3.7	142,334	136,580	4.2
Land use rights	332,083	333,934	(0.6)	-	-	-
Prepaid rental	83	84	(1.2)	-	-	-
Deferred tax assets	17,873	18,118	(1.4)	-	-	-
	4,799,492	4,720,232	1.7	2,820,810	2,732,462	3.2
Current assets						
Inventories	589,836	558,694	5.6	-	-	-
Trade and other receivables	1,337,693	1,264,102	5.8	13,033	12,578	3.6
Restricted bank deposits	97,011	96,550	0.5	-	-	-
Cash and cash equivalents	1,063,215	1,162,445	(8.5)	2,205	3,710	(40.6)
	3,087,755	3,081,791	0.2	15,238	16,288	(6.4)
Less:						
Current liabilities						
Trade and other payables	924,320	927,311	(0.3)	11,887	14,041	(15.3)
Income tax payable	1,919	8,040	(76.1)	-	-	-
Finance lease payable	100,000	-	N.M	-	-	-
Borrowings	2,177,185	2,073,091	5.0	763,185	343,161	122.4
	3,203,424	3,008,442	6.5	775,072	357,202	117.0
Net current assets	(115,669)	73,349	N.M	(759,834)	(340,914)	122.9
Non-current liabilities						
Deferred tax liability	2,141	2,141	-	-	-	-
Borrowings	1,654,550	1,750,109	(5.5)	-	388,339	N.M
	1,656,691	1,752,250	(5.5)	-	388,339	N.M
Net assets	3,027,132	3,041,331	(0.5)	2,060,976	2,003,209	2.9
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	8,292	32,477	(74.5)	(91,586)	(175,253)	(47.7)
PRC statutory reserve	160,749	158,378	1.5	-	-	-
Retained earnings	694,017	686,402	1.1	(11,512)	14,388	N.M
Total equity	3,027,132	3,041,331	(0.5)	2,060,976	2,003,209	2.9

NM – Not meaningful

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 Mar 2016		As at 31 Dec 2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
233,000	2,044,185	236,150	1,836,941

Amount repayable after one year

As at 31 Mar 2016		As at 31 Dec 2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
899,000	755,550	937,000	813,109

Details of any collateral

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

The bank loans to Jilin Midas are secured by the mortgage of land use rights, property, plant and equipment and various trade receivables with net book value of about RMB957.2 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 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 guaranteed by Jilin Midas. Finance lease payable of RMB100.0 million of Luoyang Midas are secured by the mortgage of property, plant and equipment with net book value of about RMB119.0 million.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED STATEMENT OF CASH FLOWS

	1Q2016 1 Jan to 31 Mar RMB'000	1Q2015 1 Jan to 31 Mar RMB'000
Cash flows from operating activities:		
Profit before income tax expense	14,319	12,309
Adjustments for:		
Depreciation of property, plant and equipment	42,730	33,028
Share of profits of an associate	(2,627)	(9,449)
Amortisation of land use rights and prepaid rental	1,852	1,744
Loss on disposal of property, plant and equipment	419	21
Net fair value gain on derivative financial asset	-	(488)
Interest income	(2,190)	(1,129)
Interest expenses	26,107	35,183
Operating profits before changes in working capital	80,610	71,219
Changes in working capital:		
Inventories	(31,142)	(3,125)
Trade and other receivables	(74,121)	(237,694)
Trade and other payables	15,364	95,677
Cash used in operations	(9,289)	(73,923)
Interest received	2,190	1,129
Interest paid	(16,587)	(25,823)
Income tax paid	(4,301)	(3,658)
Net cash used in operating activities	(27,987)	(102,275)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(110,452)	(172,151)
Purchase of land use rights	(1,172)	-
Proceeds from disposal of property, plant and equipment	530	-
Net increase in restricted bank deposits	(461)	(59,919)
Interest paid and capitalised	(30,031)	(36,376)
Net cash used in investing activities	(141,586)	(268,446)
Cash flows from financing activities		
Repayment of bank borrowings	(361,150)	(274,850)
Proceeds from bank borrowings	338,000	590,000
Proceeds from finance lease transactions	100,000	-
Payment of medium term notes interests	(7,458)	(6,857)
Net cash from financing activities	69,392	308,293
Net change in cash and cash equivalents	(100,181)	(62,428)
Cash and cash equivalents at beginning of period	1,162,445	1,209,501
Net effect of exchange rate changes in cash and cash equivalents	951	118
Cash and cash equivalents at end of period	1,063,215	1,147,191

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

Group	Share capital RMB'000	Treasury shares RMB'000	Foreign currency translation reserve RMB'000	PRC statutory reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 Jan 2016	2,166,575	(2,501)	32,477	158,378	686,402	3,041,331
Profit for the period	-	-	-	-	9,986	9,986
Other comprehensive income:						
Foreign currency reserve	-	-	(24,185)	-	-	(24,185)
Total comprehensive loss for the financial period	-	-	(24,185)	-	9,986	(14,199)
Transfer to PRC statutory reserve	-	-	-	2,371	(2,371)	-
Balance at 31 Mar 2016	2,166,575	(2,501)	8,292	160,749	694,017	3,027,132
Balance at 1 Jan 2015	2,166,575	(2,501)	17,930	149,823	665,661	2,997,488
Profit for the period	-	-	-	-	10,928	10,928
Other comprehensive income:						
Foreign currency reserve	-	-	24,004	-	-	24,004
Total comprehensive income for the financial period	-	-	24,004	-	10,928	34,932
Transfer to PRC statutory reserve	-	-	-	1,853	(1,853)	-
Balance at 31 Mar 2015	2,166,575	(2,501)	41,934	151,676	674,736	3,032,420

Company	Share capital RMB'000	Treasury shares RMB'000	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 Jan 2016	2,166,575	(2,501)	(175,253)	14,388	2,003,209
Loss for the period	-	-	-	(25,900)	(25,900)
Other comprehensive income:					
Foreign currency reserve	-	-	83,667	-	83,667
Total comprehensive income for the financial period	-	-	83,667	(25,900)	57,767
Balance at 31 Mar 2016	2,166,575	(2,501)	(91,586)	(11,512)	2,060,976
Balance at 1 Jan 2015	2,166,575	(2,501)	(132,602)	17,541	2,049,013
Profit for the period	-	-	-	4,477	4,477
Other comprehensive income:					
Foreign currency reserve	-	-	(82,237)	-	(82,237)
Total comprehensive loss for the financial period	-	-	(82,237)	4,477	(77,760)
Balance at 31 Mar 2015	2,166,575	(2,501)	(214,839)	22,018	1,971,253

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

SHARE CAPITAL

No shares were issued during the financial period ended 31 March 2016.

TREASURY SHARES

As at 31 March 2016, 1,000,000 ordinary shares were held as treasury shares (31 March 2015: 1,000,000).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

As at 31 March 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).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current period as compared to the most recently audited annual financial statements as at 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

EARNINGS PER SHARE

		Group		
		1Q2016	1Q2015	Change +/(-) %
Earnings per ordinary share of the Group for the financial period based on profit attributable to equity holders				
(i)	Based on basic basis (RMB Fen)	0.8	0.9	(11.1)
	- Number of shares	1,217,617,800	1,217,617,800	
(ii)	On a fully diluted basis(RMB Fen)	0.8	0.9	(11.1)
	- Number of shares	1,217,617,800	1,217,617,800	

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

NET ASSET VALUE

	Group			Company		
	31 Mar 2016	31 Dec 2015	Change +/(-) %	31 Mar 2016	31 Dec 2015	Change +/(-) %
Net asset value per ordinary share based on issued share capital at financial period/year end	2.49 yuan	2.50 yuan	(0.4)	1.69 yuan	1.65 yuan	2.4

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

COMMENTARY ON THE STATEMENT OF COMPREHENSIVE INCOME

Our total revenue decreased by approximately RMB17.1 million or 5.3% from RMB320.6 million in 1Q2015 to RMB303.5 million in 1Q2016. Revenue at our Aluminium Alloy Extruded Products Division decreased by approximately RMB16.7 million or 5.2% from RMB319.5 million in 1Q2015 to RMB302.8 million in 1Q2016.

The table below shows the revenue segmentation by end usage at our Aluminium Alloy Extruded Products Division for the three months ended 31 March 2016.

Aluminium Alloy Extruded Products Division		
Transport Industry	Power Industry	Others
71.7%	12.2%	16.1%

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 1Q2016 was 31.0% versus 28.8% in 1Q2015. This was due to higher gross profit margin at our Aluminium Alloy Extruded Products Division of 31.2% in 1Q2016 as compared to 28.9% in 1Q2015.

Other income comprised mainly interest income and disposal of scrap materials at our Aluminium Alloy Extruded Products Division.

Administrative expenses increased by about RMB3.2 million in 1Q2016 mainly due to higher staff costs as compared with 1Q2015.

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 and lower amount of outstanding loans as compared to 1Q2015. Approximately RMB28.0 million (1Q2015: RMB33.9 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., was approximately RMB2.6 million in 1Q2016 as compared to RMB9.4 million in 1Q2015. This was mainly due to decreased delivery to its customers during the period.

Income tax expense for 1Q2016 increased by about RMB3.0 million mainly due to lower amount of deferred tax asset recognised during the quarter.

1Q2016 ended with profits of approximately RMB10.0 million.

COMMENTARY ON THE STATEMENTS OF FINANCIAL POSITION
有關財務狀況表的評論

Property, plant and equipment increased due to 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.

Trade and other receivables increased by about RMB73.6 million. This was mainly due to increase in trade receivables of about RMB9.4 million. Other receivables increased by about RMB64.2 million mainly due to advance payments made to our suppliers for inventories.

In January 2016, Luoyang Midas entered into finance lease arrangements amounting to RMB 100.0 million for terms of 12 months.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

During the quarter under review, payments made for property, plant and equipment amounted to RMB110.5 million. Net cash used in operating activities was approximately RMB28.0 million mainly due to an increase in trade and other receivables and inventories. The above outflows were offset by a net increase in borrowings of RMB76.9 million which resulted in cash and cash equivalents balance of RMB1,063.2 million as at 31 March 2016.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The railway sector remains a mainstay of China's 13th Five-Year plan with planned investments of RMB 800 billion in 2016 , with plans to extend high-speed railway by 60 percent to 30,000 km by the end of 2020 .

On the international front, the Chinese government has set targets for Chinese exports of railway technologies and products. This is in line with the "One Belt One Road initiative" to build new trade and transport links between Asia and Europe. CRRC, China's largest rail train manufacturer is in discussions with more than 30 countries about high-speed rail projects.

In light of strong prospects for China's railway sector, industry players and rail equipment suppliers such as Midas are poised to capitalise opportunities arising from positive industry developments. The Group will continue to actively identify and harness opportunities in the PRC and international railway sectors, other product segments as well as in export markets.

The Group has also received shareholders' approval for the acquisition of Huicheng Capital in April 2016. When completed, the acquisition would allow 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.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended.

13. Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the SGX-ST, of S$100,000 or above entered into by the Group or by the Company during the period ended 31 March 2016. Although the provision of the guarantee by Dalian Huicheng Aluminium Industries Co., Ltd (which is ultimately owned by Mr. Chen Wei Ping, who is the Chairman of the Board) in relation to the bank loans to JMLA is an interested person transaction (as defined in Chapter 9 of the Listing Manual of the SGX-ST), there is no amount at risk to the Company arising from the provision of such corporate guarantee.

14. Negative assurance on quarterly financial statements

The Board of Directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the 1Q2016 financial results to be false or misleading in any material respect.

15. Status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use.

Not applicable.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Patrick Chew Hwa Kwang
CEO
13 May 2016