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Midas Holdings Limited

麥達斯控股有限公司

(Singapore Registration No.: 200009758W)

(Incorporated in Singapore with limited liability)

(Hong Kong Stock Code: 1021)

(Singapore Stock Code: 5EN)

OVERSEAS REGULATORY ANNOUNCEMENT INSIDE INFORMATION

This announcement is issued pursuant to Part XIVA of the Securities and Futures Ordinance and Rules 13.09 and 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 22 March 2018.

On behalf of the
Audit Committee

Midas Holdings Limited

Tong Din Eu

Chairman of the Audit Committee

Hong Kong, 22 March 2018

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.

ANNOUNCEMENT

Reference is made to the announcement of Midas Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 8 February 2018 and 12 March 2018. The Audit Committee, comprising the three independent non-executive directors of the Company, through their independent inquiries, had discovered the followings:

Share Freeze

On 14 March 2018, our appointed People's Republic of China ("**PRC**") legal counsel had obtained documents from Jilin High People's Court regarding share freeze in our associated company, CRRC Nanjing Puzhen Rail Transport Co., Ltd ("**NPRT**") (南京中車浦鎮城軌車輛有限責任公司).

From these court documents, it is noted that:

1. There are three legal cases associated with Midas Holdings Limited ("**Midas Holdings**").
2. According to the Civil Complaints filed to the court, The Plaintiff, Jilin Provincial Micro Refinancing Corporation (吉林省小額再貸款股份有限公司 <http://www.xezdk.com/>)(the "**Plaintiff**") (A lender that does not exist in the Group's accounts), had sued the following parties on 7 December 2017:

No.	Company/ Party	Legal Representative	Relationship
1	Jilin Midas Aluminium Industries Co., Ltd (" Jilin Midas ")	Mr Ma Ming Zhang	Borrower
2	Jilin Midas Light Alloy Co., Ltd (" JMLA ")	Mr Sun Qi Xiang	Guarantor
3	Luoyang Midas Aluminium Industries Co., Ltd (" Luoyang Midas ")	Mr Ma Ming Zhang	Guarantor
4	Midas Holdings	Mr Chen Wei Ping *	Guarantor
5	Huicheng Capital Limited (" Huicheng Capital ")	Mr Chen Wei Ping *	Guarantor
6	Dalian Huicheng Aluminium Co., Ltd. (" DLHC ")	Mr Yang Xiao Guang	Guarantor
7	Chongqing Huicheng Aluminium Co., Ltd. (" CQHC ")	Mr Zhou Yong Bo	Guarantor
8	Lesen Capital Limited (" Lesen Capital ")	Mr Chen Chen	Pledgor
9	Chen Wei Ping (the Plaintiff applied to the court to include Chen Wei Ping to be personally liable on 28 February 2018)		Guarantor

* Mr Chen Wei Ping represented himself as Legal Representative.

3. Our PRC legal counsel received the litigation notice from the court on behalf of Midas Holdings on 14 March 2018. Legal Representatives Mr Ma Ming Zhang, Mr Sun Qi Xiang, Mr Yang Xiao Guang and Mr Chen Wei Ping (Executive Chairman) did not report to the board of directors of Midas Holdings (the “**Board**”) about the litigations and therefore announcements relating to such litigations were not made. This is the first time the Audit Committee knows about the loans mentioned below.
4. According to the Civil Complaints and relevant exhibits filed by the Plaintiff, the Plaintiff had lent a total of RMB379 million to Jilin Midas; of which RMB180 million (“**Loan 1**”) and RMB129 million (“**Loan 2**”) are for the period of one month and at an annual interest rate of 15%; the balance of RMB70 million (“**Loan 3**”) is for the period of 12 months and at an annual interest rate of 10% (collectively, the “**Loans**”). As the court documents do not show when Jilin Midas started borrowing relationship with the Plaintiff, it is not possible to ascertain which past accounting periods for the Group have been affected.
5. According to the Civil Complaints and relevant exhibits filed by the Plaintiff, Loan 1 was entered on 24 May 2017 for the stated purpose to repay loans borrowed from Postal Savings Bank of China, Jilin Provincial Branch and had been extended to 23 September 2017, and was again extended to 23 August 2018. Defendants No. 2-7 each had given joint and several liabilities guarantee for up to RMB400 million under 6 separate guarantee agreements entered on 21 July 2017 (collectively, the “**Guarantee Agreements**”), and Defendants No. 4 and 5 (i.e. Midas Holdings and Huicheng Capital) also agreed to pledge shares in DLHC and NPRT but the share pledge has not been registered at the relevant Administration for Industry and Commerce (“**AIC**”), the registration of which is required for the pledge to become effective under PRC law. In the Civil Complaint filed to the court, the Plaintiff claimed that the failure to complete the share pledge registration constituted a default under the relevant agreements, and therefore the Plaintiff decided to accelerate the loans and declared the principal amount owed and interest due and payable from 21 September 2017. Lesen Capital had also pledged its 24.02% stake in CQHC under a separate pledge agreement. Mr Chen Wei Ping had given joint and several liabilities guarantee. Mr Ma Ming Zhang’s Legal Representative stamp was sighted on the loan documents. The Legal Representatives from the Group did not seek approval from the Board for the guarantee and pledge under Loan 1. Proceeds from Loan 1 is disbursed to Jilin Midas. Based on current information, the Audit Committee is not able to establish the actual usage of the proceeds of Loan 1.
6. According to the Civil Complaints and relevant exhibits filed by the Plaintiff, Loan 2 was a bridging loan entered on 14 November 2016 and had been extended to 12 September 2017, and was again extended to 23 August 2018. Loan 2 is also covered by the Guarantee Agreements, and Midas Holdings and Huicheng Capital also agreed to pledge shares in DLHC and NPRT but the share pledge has not been registered at the relevant AIC. Similarly, the Plaintiff claimed in the Civil Complaint that the failure to complete the share pledge registration constituted a default under the relevant agreements, and therefore the Plaintiff decided to accelerate the loans and declared the principal amount owed and interest due and payable from 21 September 2017. Lesen Capital had also pledged its 24.02% stake in CQHC. Mr Chen Wei Ping had given joint and several liabilities guarantee. Our CEO, Mr Patrick Chew’s Legal Representative Stamp was sighted on the loan documents. The Legal Representatives from the Group did not seek approval from the Board for the guarantee and pledge under Loan 2. Proceeds from Loan 2 was disbursed to Jilin Midas. Based on current information, the Audit Committee is not able to establish the actual usage of the proceeds of Loan 2.

CEO, Mr Patrick Chew stated that he did not know of the above mentioned Loan 2 and had not authorised the use of his Legal Representative Stamp.

7. According to the Civil Complaints and relevant exhibits filed by the Plaintiff, Loan 3 was entered on 21 July 2017 to repay certain previous loans borrowed from the Plaintiff in 2016 and 2017. Loan 3 was also covered by the Guarantee Agreements. Similarly, the Plaintiff claimed that it had decided to accelerate the loans and declared the principal amount owed and interest due and payable because of the failure to complete the share pledge registration. Lesen Capital had also pledged its 24.02% stake in CQHC. Mr Chen Wei Ping had given joint and several liabilities guarantee. Mr Ma Ming Zhang’s Legal Representative Stamp was sighted on the loan documents. The Legal Representatives from the Group did not seek approval from the Board for the guarantee and pledge under Loan 3. Loan 3 was disbursed to Jilin Midas. Based on current information, the Audit Committee is not able to establish the actual usage of the proceeds of Loan 3.

Unauthorised Guarantee to Third Party

1. On 16 March 2018, the Audit Committee sighted a court order from Nanjing Xuan Wu District Court dated 16 August 2017 involving Luoyang Midas. The Plaintiff, is a third party distributor, who supplied machineries to CQHC. Luoyang Midas had provided guarantee for all the debts owed by CQHC to the Plaintiff resulting from the transaction. CQHC is unrelated to Midas Holdings, and is controlled by Lesen Capital, whose sole shareholder is Mr Chen Chen, the nephew of Mr Chen Wei Ping. The litigation was not reported to the Board. The Audit Committee became aware of the litigation only after the change of Legal Representative of Luoyang Midas to Dr Xu Wei Dong (“**Dr Xu**”). The Audit Committee noted that this transaction does not benefit the Group.
2. In the same guarantee, it is noted that the Legal Representative stamp of our CEO, Mr Patrick Chew, the then Legal Representative of Luoyang Midas, was also affixed on the agreement presented to the court. The guarantee was not reported to the Board and Audit Committee became aware of the guarantee only after sighting the abovementioned court documents.

CEO, Mr Patrick Chew stated that he did not know of the above mentioned transaction and guarantee. Furthermore he had not authorised the use of his Legal Representative stamp.

3. The court documents suggested the guarantee may have started around June 2015. As such, the Group’s disclosure relating to the guarantee is omitted for accounting period starting from the second quarter of 2015.
4. Civil Complaint for this litigation of approximately RMB4 million was dated 7 August 2017. Legal Representative Mr Ma Ming Zhang did not inform the Board of the Civil Complaint. As a result, the unaudited accounts of the Group for the third quarter of 2017 omitted the provisions relating to the judgement.

Update on legal case (pre-lawsuit preservation order)

1. A lady named Ms Ning Xiao Fei (“**Ms Ning**”) (a lender that does not exist in the Group’s accounts) had sued the following parties on 2 November 2017:

No.	Company / Party	Legal Representative	Relationship
1	JMLA	Mr Chen Wei Ping	Borrower
2	Jilin Midas	Mr Chew Hwa Kwang	Guarantor

3	Mr Chen Wei Ping		Guarantor
4	Mr Chew Hwa Kwang, Patrick		Guarantor
5	Ms Li Hui		Guarantor

2. Ms Ning had entered into three loans agreements with JMLA on 26 September 2016 for a total of RMB23.5 million and another loan agreement for RMB7 million on 14 October 2016; these loans are for the period of one month and at a daily interest rate of 0.15%. Ms Ning also sued for interest of RMB10 million. These loan agreements have the Legal Representative stamps of Mr Chen Wei Ping and Mr Patrick Chew. The signature of Ms Li Hui, financial controller of JMLA was also sighted. As the parties involved did not report to the Board about this litigation and therefore announcement relating to such litigation was not made. As a result, the financial statements of the Group starting from the third quarter of 2016 onwards omitted the loans from Ms Ning.
3. CEO, Mr Patrick Chew stated that he did not know of the abovementioned loans and had not authorised the use of his Legal Representative stamp. In addition, Mr Patrick Chew stated that he is not a guarantor and had not been served any summons moreover his assets have not been frozen by such litigation.

Update on other litigations

1. Our PRC legal counsel could not get other necessary documents from the Legal Representative of Jilin Midas to execute the power-of-attorneys (“POA”). As such, the Audit Committee could not provide an update on the litigations relating to Jilin Midas.

The Audit Committee will issue further announcements as appropriate, as and when there are any material developments in the matter.

BY AUDIT COMMITTEE

Midas Holdings Limited

Tong Din Eu
Chairman of the Audit Committee

Date: 22 March 2018