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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.

Reference is made to the announcements of Midas Holdings Limited (the "**Company**") dated 6 April 2018 and 25 April 2018. Please refer to the attached presentation slides of shareholder dialogue on the next page which has been published by the Company on the website of the Singapore Exchange Securities Trading Limited on 3 May 2018.

On behalf of the
Midas Holdings Limited
Tong Din Eu
Executive Director

Hong Kong, 3 May 2018

As at the date of this announcement, the executive directors of the Company are Mr. Tong Din Eu and Dr. Xu Wei Dong; and the independent non-executive director of the Company is Mr. Chan Soo Sen.



Midas Holdings Limited

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SGX-ST stock ticker: 5EN

HKEx stock code: 1021

Shareholders' Dialogue



Date: May 2018



Midas Holdings Limited

Timeline of Events

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2018	Event	Remarks
22 Jan (Mon)	Mazars informed Midas about share freeze order relating to 27% interest in DLHC. At the same day, 33% interest in LM and 100% interest in NPRT are discovered frozen. The CFO informed the former CEO and requested XWD, the independent director based in Changchun to seek more information.	The CFO was in China to coordinate audit work and the former CEO was in Singapore.
26 Jan (Fri)	Mazars has further searched and produced a list of litigation cases previously unknown to Midas. JM's chief financial controller advised that the litigations involved Liaoyuan country government and so documentation is not available. The CFO informed the former CEO on this.	
29 Jan (Mon)	The CFO and former CEO discussed the litigations and the alleged involvement of the Liaoyuan government in some of the litigations without outcome. The CFO alerted former audit committee chairman, TDE in the late afternoon.	
30 Jan (Tue)	TDE discussed the litigations in depth with the CFO. TDE noted that many of the litigations do not name the plaintiff, amount or background. The CFO and TDE informed the independent director, CSS.	During this period, the former CEO stayed in Singapore and did not travel to China to find out more about the litigations.
31 Jan (Wed)	As XWD was not progressing on his inquiries, TDE proposed to seek for lawyer's service, Wong Partnership ("WP") to assist on investigation. Former CEO requested TDE to seek BOD's approval.	
1 Feb (Thu)	During a conference call, former chairman, CWP promised he will arrange with the Liaoyuan government to settle the outstanding litigations by 16 Feb 2018. At the meeting with WP, some of the litigations are disclosed to be judgement by courts.	
5 Feb (Mon)	The CFO, together with TDE and CSS reported discovery of litigations to SGX.	



Midas Holdings Limited

Uncovering Irregularities

Background

As transfers of legal representative appointments to XWD stalled and effort to gather litigation documents proved to be futile. We proceed to appoint a legal counsel in Beijing after 16 Feb 2018 to retrieve litigation documents that were supposed to be served on Midas. Thereafter, a trip without the knowledge of the Group's Chinese colleagues was planned.

Date (2018)	Location	Objective	Personal
13 Mar to 15 Mar	Changchun	Obtained court documents	TDE, LKF
15 Mar to 16 Mar	Beijing	Discussion with legal counsel	CSS, TDE, LKF
17 Mar to 18 Mar	Zhengzhou	Visited to legal counsel of LM	CSS, TDE, LKF

Objective Achieved

- Court document showed Jilin Micro Refinancing Corp to be an undisclosed lender - Involvement and role of senior management in the unauthorized loan
- Court document showed guarantee made by LM for the benefit of Chongqing Huicheng, a company owned by Mr Chen Chen, nephew of Mr Chen Wei Ping

Background

Former CEO stepped down on 22 Mar 2018 followed by former chairman on 2 Apr 2018. The new BOD arranged a china trip to primarily interview senior managers, conduct cash validation, meet former chairman, find out undisclosed litigation, lodged police report.

Date (in 2018)	Location	Objective	Personal
10 Apr to 18 Apr	Changchun	<ul style="list-style-type: none"> • Interviewed senior managements • Performed cash verification for 2 bank accounts in JMLA • Discovered more about previously undisclosed account with Bank of Jilin • Arranged with legal counsel to negotiate police report and procure documents from judicial management 	CSS, XWD, TDE, LKF
19 Apr	Beijing	Met Advanced Manufacturing Industry Investment Fund, a RMB 400m lender	CSS, TDE, LKF

Objective Achieved

- Met judicial manager to discuss procurement of documents, protection of assets and possible restructuring;
- Performed cash validation for two primary JMLA's accounts;
- Discovered more about previously undisclosed account with Bank of Jilin;
- Visited police at Changchun to discuss missing cash from JMLA's accounts;
- Visited JM at Liaoyuan where the general manager, Mr. Li ZhenYu requested us to leave.

JMLA

	Audited	Validated	Unaudited
China Merchant Bank	31 Dec 2016	30 Jun 2017	31 Dec 2017
431900156710333	Bank Statement	Bank Statement	Bank Statement
Over the Counter (RMB)	96,324	6,533	8,050
Mazars verification (RMB)	225,936,098	216,149,450	206,986,807
Difference (RMB)	225,839,774	216,142,917	206,978,757

	Audited	Validated	Unaudited
China Merchant Bank	31 Dec 2016	30 Jun 2017	31 Dec 2017
431900156710668	Bank Statement	Bank Statement	Bank Statement
Over the Counter (RMB)	5,071	2,751	3,434
Mazars verification (RMB)	126,178,425	126,778,821	127,385,902
Difference (RMB)	126,173,354	126,776,070	127,382,468

We have provided copies of the 12 month detail bank statements which we have obtained from the China Merchant Bank to Mazars, SGX and HKEX.

They will investigate where did it go wrong.

We have requested the China Merchant Bank to provide up to 3 years bank statements to investigate when did the actual bank balances fail to agree to the Group's reported bank balances.

1. JM has unaudited cash balances of RMB 482m as at 31 Dec 2017. Together with the unaudited cash balances at JMLA of RMB 335m as at 31 Dec 2017, it would comprise 94% of the unaudited cash balances of RMB 873m.
2. JM was placed under judicial management on 2 Apr 2017. We have applied to the relevant authorities to seek the release of its financial records in 17 Apr 2018.



Undisclosed Subsidiaries / Associates

Entities	Start Date	Deemed Interest	Remarks
JMLA			
1) 吉林省金涌财富信息咨询有限公司	24 Aug 2017	30%	43 branches
JMI			
1) 吉林麦达斯商务信息咨询合伙企业	8 Dec 2017	30%	
2) 陕西辰昊祥云实业有限公司	17 Nov 2017	20%	

Undisclosed Bank Accounts

	Starting Date	Opened by	Remarks
JMLA			
Bank of Jilin	9 Sep 2016	Chen Wei Ping	2 material transactions
JM			
Jiao Tong Bank Changchun 221000698011210000125	Unknown	Unknown	Loan from undisclosed lender

The undisclosed bank account is

- opened without the Group's knowledge;
- operated by CWP;
- undisclosed to external auditor.

- RMB 45.0m is paid to Jilin Micro Refinancing Corp, a previously unknown lender.
- RMB 1.89m is paid to unknown recipient for an unknown purpose.
- According to the lending agreement, unknown lender, Chen Gui Zhi deposited an unknown amount into undisclosed JM's bank account at Jiao Tong Bank.

Midas is listed on the SGX and HKEX with most of its operations in China.

	Singapore	Hong Kong	China
Law Enforcer	Commercial Affairs Department	Relevant Authority	Changchun City Public Security Bureau Economic Investigation
Relevant Laws	Securities and Futures Act (Chapter 289)	?	?
Date	Mar 2018	Apr 2018	Apr 2018

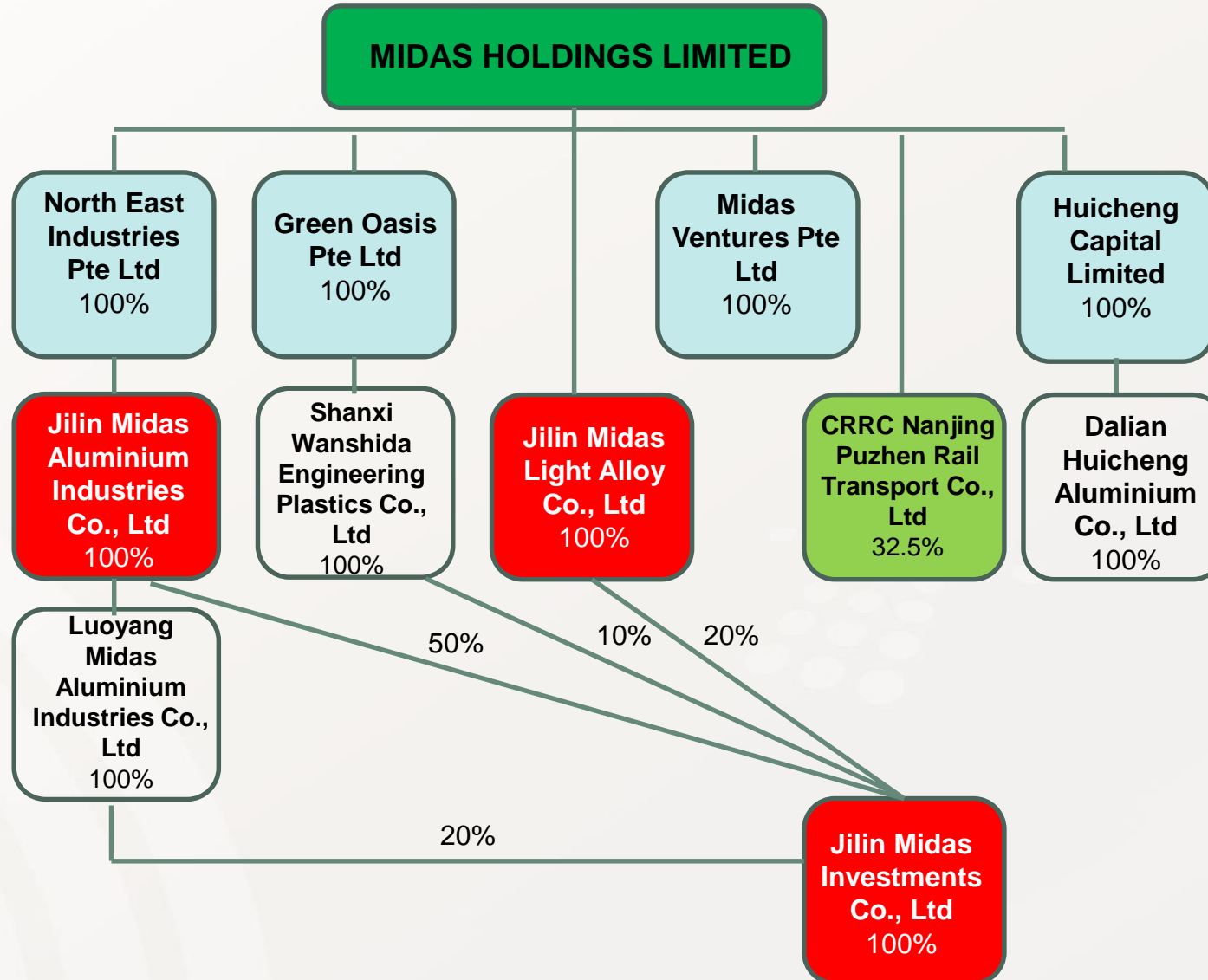
- 1. We have extended cooperation to all law enforcement agencies and have provided information upon their request.**
- 2. By nature of their work, they will not update us as to the progress of their investigation or inform us who they have summoned.**



Midas Holdings Limited

Status of the Group

Status of the Group



3 companies in the Group are in judicial management, as below:

- a. JM
- b. JMLA
- c. JMI

LM and DLHC are heavily in debt and also acted as guarantors to other subsidiaries in PRC.

32.5% of share interest in CRRC Nanjing Puzhen Rail Transport Co., Ltd is claimed by:

- a. Jilin Micro Refinancing Corp
- b. CRRC
- c. Chen Gui Zhi



Loans and Guarantees in the Group

Court Cases							
Date	Plaintiff	Main party involved	(RMB' m)		(S\$' m)	Notes	
22/3/2018	Jilin Provincial Micro Refinancing Corporation	JM	379.00		79.27		
22/3/2018	Sumec International Technology Co., Ltd.	Chongqing Huicheng	4.00		0.84	Guarantee by LM	
27/3/2018	重慶旗能電鋁有限公司	Chongqing Huicheng	28.70		6.00	Guarantee by DLHC	
25/4/2018	Zhou Shi Ping	JM	5.20		1.09		
25/4/2018	Chen Gui Zhi	JM	25.60		5.35		
			442.50		92.6		
Letter of Demand							
Date	Lender	Main party involved	(RMB' m)		(S\$' m)	Notes	
5/4/2018	CRRC Hongkong Capital Mgt Co., Ltd	Midas		15.00	19.86		
5/4/2018	CRRC (Hong Kong) Co., Limited	Midas		15.00	19.86		
11/4/2018	Advanced Manufacturing Industry Investment Fund	JM	400.00		83.66		
24/4/2018	Fenghui Leasing Co., Ltd	LM	87.30		18.26		
24/4/2018	CRRC (Hong Kong) Co., Limited	DLHC		6.90	9.14		
			487.30	36.90	150.78		
Loans outstanding as at 30/9/17							
Short term			2,239.10		468.32		
Long term			2,223.20		465.00		
			4,462.30		933.32		

US\$:S\$ 1.3242
CNY:S\$0.2092

Loans and Guarantees in Midas

Loans owed by Midas

Type	Lender	31-Dec-17	Total S\$m
MTN	CRRC Hong Kong Capital Management Co., Limited, CRRC (Hong Kong) Co. Limited	US\$60m	79.2
Former Directors	Chen Wei Ping and Patrick Chew	S\$3.9m	3.9
Subtotal			83.1

Known Guarantees by Midas

Subsidiary	Lender	31-Dec-17	Discovered	Total S\$m
JM	Advanced Manufacturing Industry Investment Fund		RMB400m	84.2
JM	Jilin Micro Refinancing Corp		RMB379m	79.8
LM	Fenghui Leasing Co., Ltd	RMB270m		56.8
JMLA	国家开发银行, 中信銀行, 中国进出口銀行	RMB840m		176.8
Subtotal				397.6

Grand Total of Loans and Guarantee				480.7
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Note:
 US\$1.00 = S\$1.32
 RMB4.75 = S\$1.00

Restructuring is dependent on negotiating an arrangement with all known lenders.



Abbreviations

- **Midas = Midas Holdings Limited**
- **JM= Jilin Midas Aluminium Industries Co., Ltd**
- **WSD= Shanxi Wanshida Engineering Plastics Co., Ltd**
- **LM=Luoyang Midas Aluminium Industries Co., Ltd**
- **JMLA= Jilin Midas Light Alloy Co., Ltd**
- **JMI= Jilin Midas Investment Co., Ltd**
- **DLHC= Dalian Huicheng Aluminium Co., Ltd**
- **NPRT= CRRC Nanjing Puzhen Rail Transport Co., Ltd**
- **Chongqing Huicheng= Chongqing Huicheng Aluminium Co., Ltd.**
- **PRC= The People Republic of China**
- **CFO= Chief Financial Controller of Midas**
- **CEO= Chief Executive Officer of Midas**
- **Mazars= Mazars LLP**
- **BOD= Board of Directors**
- **CWP= Mr. Chen Wei Ping**
- **PC= Mr. Chew Hwa Kwang, Patrick**
- **CSS= Mr. Chan Soo Sen**
- **XWD= Dr. Xu Wei Dong**
- **TDE= Mr. Tong Din Eu**
- **LKF= Mr. Liaw Kok Feng**
- **the Group= Midas and its subsidiaries**