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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 25 May 2018.

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

Hong Kong, 25 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.

Lawyer's Letter from the Former Executive Chairman

Reference is made to the announcement of Midas Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 6 April 2018 (the "**Announcement**"). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

In the Announcement, it was stated "The nominating committee has not received any written response from Mr Chen Wei Ping ("**Mr Chen**"). As such, the nominating committee is of the view that Mr Chen Wei Ping is not suitable to continue as an executive director of the Group."

Mr Chen, through Drew & Napier LLC ("**Drew & Napier**"), has informed the Board that the above statement is inaccurate. The letter from Drew & Napier is attached (the "**Letter from Mr Chen**").

The list of questions emailed to Mr Chen on 1 April 2018 is also attached (the "**Questions for Mr Chen**"). On 2 April 2018, SGX issued the notice of compliance (the "**Notice of Compliance**"). Mr Chen consulted Dr Xu Wei Dong ("**Dr Xu**") on the Questions for Mr Chen and the Notice of Compliance and Mr Chen decided to resign as a director of the Company.

The board of directors of the Company (the "**Board**") were in Changchun from 10 April 2018 to 18 April 2018, meeting up with various members of the senior management of the subsidiaries to find out more information on the various undisclosed and unauthorised transactions that had surfaced. Although Mr Chen was aware that the Board members were in Changchun, he did not contact any of them.

The Board has still not received from Mr Chen's written response to the Questions for Mr Chen. The Company will be most happy to organise a shareholders' dialogue session for Mr Chen if he would like to meet the shareholders and respond to the Questions for Mr Chen. As Mr Chen is represented by legal counsel, we look forward to receiving his response to the Questions for Mr Chen soon.

Following Mr Chen's resignation from the Board on 2 April 2018, the Board has discovered, amongst others, the following additional irregularities of a material nature:

- a) Missing cash in Jilin Midas Light Alloy Co., Ltd, as announced on 16 April 2018 relating to cash validation;
- b) Undisclosed account at Bank of Jilin opened by Mr Chen, as announced on 16 April 2018;
- c) Undisclosed account at Jiao Tong Bank, as announced on 25 April 2018;
- d) Undisclosed and unapproved loan from Zhou Shi Ping, as announced on 25 April 2018; and
- e) Undisclosed and unapproved loan from Chen Gui Zhi, as announced on 25 April 2018.

BY ORDER OF THE BOARD

Midas Holdings Limited

Tong Din Eu
Executive Director

Date: 25 May 2018

21 May 2018

BY FAX (6438 3053) & POST

No. of pages: 2

Midas Holdings Limited
4 Shenton Way
#18-03 SGX Centre 2
Singapore 068807

Dear Sirs

ANNOUNCEMENT DATED 6 APRIL 2018 BY MIDAS HOLDINGS LIMITED ON SGX AND SEHK

1. We act for Mr Chen Weiping and refer to the announcement dated 6 April 2018 made by Midas Holdings Limited ("**Midas**") on the Singapore Exchange and Hong Kong Stock Exchange ("**Announcement**").

2. We refer to paragraph 1 of the Announcement, which states as follows:

*"The circumstances surrounding the unauthorised loans and corporate guarantees and the undisclosed lawsuits as stated in our Announcement 1, 2 and 3 had raised serious concerns about the suitability of Mr Chen Wei Ping to continue as a director of the Group, having regard to the character and integrity required of the directors and executive officers of the Group under Listing Rule 210(5) read with Listing Rule 720. Accordingly, the nominating committee had given Mr Chen Wei Ping 3 calendar days since 1 April 2018 to respond to the issues raised in our Announcements 1, 2 and 3. **The nominating committee has not received any written response from Mr Chen Wei Ping. As such, the nominating committee is of the view that Mr Chen Wei Ping is not suitable to continue as an executive director of the Group.**"*

[emphasis added]

3. Our client instructs that the Announcement is inaccurate and does not reflect the actual circumstances at the material time. Our client instructs as follows:

(a) On or about 2 April 2018, our client was sent, through WeChat, a screenshot of an email from Mr Liaw Kok Fong, the Chief Financial Officer of Midas, to him informing him of certain clarificatory questions which the nominating committee of Midas had posed to our client ("**Questions**"). The list of Questions was similarly forwarded to him through WeChat. This was the first time our client had sight of the Questions.

- (b) On the same day, following Midas' receipt of a Notice of Compliance dated 2 April 2018 from the SGX, Dr Xu Wei Dong, a director of Midas, contacted our client to inform him of the same. Despite feeling aggrieved, our client agreed to resign from Midas.
- (c) Thereafter, our client called Midas' offices and spoke to Mr Liaw. Our client apprised Mr Liaw of his intention to resign from Midas and queried if he was still required to respond to the Questions. Mr Liaw clarified that there was no necessity for our client to respond to the Questions given that he intended to tender his resignation from Midas.
4. Our client instructs that he was at all material times willing and able to respond to the Questions posed by Midas. Our client did not eventually send a response because he was advised by Midas' Mr Liaw that there was no longer any necessity for our client to do so in light of his imminent resignation.
5. Our client is thus of the view that the assertions against him in the Announcement do not present a complete picture and have caused, among others, damage to his reputation.
6. In the premises, our client requests that Midas promptly publishes a further announcement to provide clarification in relation to the matters stated above.
7. All of our client's rights are reserved.

Yours faithfully



Drew & Napier LLC
(Wendell Wong / Alexis Loo)

cc Client

Questions for Chairman Chen Wei Ping

Regarding Announcement dated 22 March 2018

Share Freeze

1. On 5 February 2018, during the board conference call to discuss the litigations relating to Jilin Midas Aluminium Industries Co., Ltd ("**Jilin Midas**") and share freeze relating to Nanjing Puzhen Rail Transport Co., Ltd ("**NPRT**"), Dalian Huicheng Aluminium Industries Co., Ltd ("**DLHC**") and Luoyang Midas Aluminium Industries Co., Ltd ("**Luoyang Midas**"), you explained that the summons, court documents and agreements relating to the litigations and share freeze are taken by the Liaoyuan County government as it involved its borrowing. Based on the documents uncovered, the share freeze of NPRT and DLHC relates to 3 loans by Jilin Midas.
 - a) Please explain why you had stated the borrowings was made by the Liaoyuan County government.
 - (i) Please provide supporting documents that the borrowings were made by the Liaoyuan county government;
 - (ii) Why did you not disclose the pledging of the shares in favour of the borrowings by the Liaoyuan county government to the Board; and
 - (iii) Why did the management including yourself and CEO Mr Patrick Chew Hwa Kwang not seek Board's approval for the pledging of shares?
 - b) Who in the Group, other than legal representatives involved, are aware of these 3 loans. Is the CEO Mr Patrick Chew Hwa Kwang aware and had approved these loans?
 - c) Are the financial controllers of Jilin Midas, Jilin Midas Light Alloy Co., Ltd ("**JMLA**") and Luoyang Midas and DLHC aware of these 3 loans as their companies had borrowed or provided guarantees? Please name the financial controllers at that point in time.
2. The Plaintiff, Jilin Provincial Micro Refinancing Corporation was not disclosed as a lender to the Midas Holdings Limited ("**Midas Holdings**" or the "**Company**", and together with its subsidiaries, the "**Group**").
 - a) Please advise when the borrowing relationship started did;
 - b) Why the lender is not disclosed to the Group
 - c) The court documents showed the loan proceeds are disbursed into Jilin Midas. How are these loans recorded in Jilin Midas?
 - d) When were the loan proceeds disbursed to Jilin Midas?
 - e) How are the loan proceeds utilized?
3. Court summons were issued to legal representatives: Mr Ma Ming Zhang ("**Ma**"), Mr Sun Qi Xiang ("**Sun**"), Mr Yang Xiao Guang ("**Yang**") and yourself.
 - a) Please advise if Ma, Sun and Yang have informed you about the share freeze;
 - b) Please advise if you have received the court summon; and

- c) If you are aware of the share freeze, why did you not inform the Board on 22 Jan 2018 when the share freeze was highlighted by Mazars.
4. Midas Holdings and Huicheng Capital Limited (“**Huicheng Capital**”) agreed to pledge shares in NPRT and DLHC respectively. Court documents showed you presented yourself as the legal representative of Midas Holdings and Huicheng Capital.
- a) The legal stamp of CEO, Mr Patrick Chew Hwa Kwang was affixed on some of the loan documents. As the pledge relates to the loans, is Mr Patrick Chew Hwa Kwang aware and agreeable to the pledge?
 - b) Please advise who in DLHC are aware of the pledge?
 - c) When the US\$30,000,000 7.00 Per Cent. Notes Due 2017 (the “**Series 003 Notes**”) was extended in November 2017, pledging of the NPRT and DLHC shares were pre-conditions for the extension. As the DLHC and NPRT share are already promised to Jilin Provincial Micro Refinancing Corporation, are you aware that is double pledging the NPRT and DLHC shares?
 - d) We understand the pledging of NPRT and DLHC shares was not registered so it resulted in the lender demanding the repayment of the abovementioned loans. Why was the pledge not registered? Besides being promised as pledge to Jilin Provincial Micro Refinancing Corporation and Series 003 Noteholders, are the NPRT, DLHC and Luoyang Midas shares promised as pledge to other lenders or entities?

Unauthorised Guarantee to Third Party (Sumec International Technology Co., Ltd)(“Sumec”)

1. Luoyang Midas had provided guarantees for all the debts owed by Chongqing Huicheng Aluminium Co. Ltd. (“**CQHC**”) to Sumec in relation to its purchase of machineries.
 - a) Why was the Board’s approval for the guarantee not sought?
 - b) You have represented that you owned a Chongqing aluminium plant to Board members before, is this plant owned by CQHC?
 - c) The court documents disclosed the legal representative of Lesen Capital Limited is Mr Chen Chen, your nephew. Please confirm that Mr Chen Chen is not holding any Lesen Capital shares in trust for you.
 - d) The Audit Committee cannot see any obvious benefit deriving from the guarantee arrangement to the Group. Please explain why such a guarantee is made?

2. The legal representative stamp of CEO, Mr Patrick Chew Hwa Kwang was affixed on the agreement presented to the court. Mr Patrick Chew Hwa Kwang claimed he did not know the guarantee nor authorized the use of his legal representative stamp for such purpose. Legal representative at the time of the Civil Complaint dated 7 August 2017 was Mr Ma Ming Zhang.
 - a) Is the use of the legal representative stamp for such purpose agreed by Mr Patrick Chew Hwa Kwang? ;
 - b) Did Mr Ma inform you about the Civil Complaint? If yes, why was this Civil Complaint not highlighted to the Board?
 - c) Why have you not initiate litigation against Lesen Capital to recover the damages suffered by Luoyang Midas under the guarantee?
 - d) Will you reimburse the damages suffered by Luoyang Midas as the beneficiary of the guarantee is your nephew?

Litigation by Ms Ning Xiao Fei (“Ms Ning”)

1. Ms Ning had entered into three loan agreements with JMLA on 2 September 2016 which showed the legal representative stamps belonging to Mr Chen Wei Ping and Mr Patrick Chew Hwa Kwang. The signature of Ms Li Hui financial controller of JMLA is sighted. Mr Patrick Chew Hwa Kwang had stated he did not know of the abovementioned loans and had not authorized the use of his Legal Representative stamp
 - a) Is the use of the legal representative stamp for such purpose agreed by Mr Patrick Chew?
 - b) Did you authorized the use of your legal representative stamp? If not, please explain why your legal representative stamp is found on the loan documents?
 - c) Why have you not reported such loans to the Board?
 - d) How were these loans recorded in JMLA’s financial statements?
 - e) Did you instruct Ms Li Hui not to report the existence of such loans to the Board?
 - f) Do you know how and where are the proceeds applied? Who else is aware of the application of the loan proceeds?

Regarding Announcement dated 27 Mar 2018

Unauthorised Guarantee to Third Party (重慶旗能電鋁有限公司)

1. DLHC had provided guarantee for all the debts owed by CQHC to 重慶旗能電鋁有限公司 resulting from supply of raw materials. CQHC is unrelated to the Company, and is controlled by LakeForest Capital Limited (previously known as Lesen Capital Limited), whose sole shareholder is Mr Chen Chen, your nephew.
 - a) Please advise why the guarantee was not disclosed to the Board.
 - b) The Audit Committee cannot see any obvious benefit deriving from the arrangement to the Group. Please explain why such a guarantee is made?
 - c) The court documents disclosed the legal representative of Lesen Capital Limited is Mr Chen Chen, your nephew. Please confirm that Chen Chen is not holding any Lakeforest Capital Limited shares in trust for you.
 - d) Please confirm if there is any other such guarantee arrangement.

Please provide a response within 3 days to the Audit Committee, failing which the Audit Committee reserves the right to draw inferences from your failure to respond.