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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 20 June 2018.

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

Hong Kong, 20 June 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

(Company Registration No.: 200009758W)

DALIAN HUICHENG – IRREGULARITIES

The board of directors (the “**Board**”) of Midas Holdings Ltd (the “**Company**”) visited Dalian Huicheng Aluminium Co., Ltd (the “**DLHC**”) from 29 May 2018 till 7 June 2018 and discovered the following irregularities:

a) Undisclosed RMB 300m Citic Loan (“Citic Loan”)

The Citic Loan of RMB300 million was entered on 9 April 2015 for two years with the stated purpose of 回购太平洋-长空 1 号 20130012 项下的资管计划收益权 by the following parties:

No.	Company/Party	Legal Representative	Relationship
1	China Citi Bank	李耀东	Lender
2	DLHC	杨晓光	Borrower
3	吉林和和房地产开发有限责任公司	于殿林	Pledgor

The Citic Loan and the asset (太平洋-长空 1 号 20130012 项下的资管计划收益权) of which the loan was intended for were not recorded in DLHC financial records.

Subsequently, this Citic Loan was refinanced with 中国东方资产管理股份有限公司吉林省分公司 under a debt restructuring agreement (Paragraph (b) below).

The Citic Loan agreement mentioned two guarantee agreements, the directors have no access to these guarantee agreements thus the directors are not able to ascertain who are the parties providing the guarantee.

Mr. Yang Xiao Guang, the former legal representative at the relevant times, did not report the Citic Loan to the Board, thus the financial statements of the Group since the completion of acquisition of Huicheng Capital Limited (the “**HCL**”) on 27 July 2016 omitted the loan.

As the Citic Loan was not reported, the various financial information relating to DLHC for the nine months ended 30 September 2015 in the Circular dated 30 March 2016 (the “**Circular**”) is materially wrong.

b) Undisclosed RMB 256m loan due to 中国东方资产管理股份有限公司吉林省分公司

We noted an undisclosed and unrecorded loan of RMB256 million entered by the following parties:

No.	Company/Party	Legal Representative	Relationship
1	中国东方资产管理股份有限公司吉林省分公司	李春菊	Lender
2	DLHC	杨晓光	Borrower
3	吉林和和房地产开发有限责任公司	于殿林	Common debtor
4	重庆汇程铝业有限公司 (“ CQHC ”)	周永波	Guarantor
5	吉林麦达斯铝业有限公司	马铭章	Guarantor
6	陈维平		Guarantor

This loan, in the form of debt restructuring agreement was entered on 22 September 2017 for a period of 36 months and at an annual interest rate of 8%. As the parties involved (Mr. Yang Xiao Guang, Mr. Ma Ming Zhang and Mr. Chen Wei Ping) did not report to the Board about this loan, the financial statements of the Group for the third quarter of 2017 omitted the loan.

According to the agreement, the stated purpose of the loan is for restructure the Citic Loan owing to China Citic Bank (Paragraph (a) above).

c) Undisclosed RMB 50m guarantee for the benefit of Chongqing Huicheng Aluminium Co., Ltd (“CQHC”)

DLHC had entered a guarantee agreement with China Citic Bank, Chongqing Branch, for a RMB50 million loan to CQHC on 15 December 2015. Mr. Yang Xiao Guang (the legal representative then) and DLHC seals were sighted in the guarantee agreement.

Mr. Yang Xiao Guang, the former legal representative at the relevant times, did not report the guarantee for CQHC to the Board, thus the financial statements of the Group since the completion of acquisition of HCL on 27 July 2016 omitted the guarantee.

As the guarantee was not reported, the information provided by the vendors of HCL to Midas relating to the Circular is materially wrong.

The directors are unable to ascertain the status of the loan (whether it had been fully or partially repaid) and thus unable to know the extent of this contingent liability.

d) Transactions in bank statements omitted in general ledger and undisclosed bank account

During our check, the directors noted that for the month of December 2016, the following transactions were recorded in the bank statements of 中国银行大连金马路支行（一般户），but were omitted in general ledger.

		Inflow	Outflow
12/12/2016	转款 招商银行股份有限公司长春分行营	8,500,000.00	
12/12/2016	转款 招商银行股份有限公司长春分行营	1,600,000.00	
14/12/2016	贷款还款 大连汇程铝业有限公司		10,562,781.25
15/12/2016	转款 招商银行股份有限公司长春分行营	150,000.00	
15/12/2016	转款 吉林世杰铝业有限公司/ 吉林九台农村商业银行股份有限公	16,500,000.00	
15/12/2016	转款 吉林世杰铝业有限公司/ 吉林九台农村商业银行股份有限公	18,500,000.00	
15/12/2016	转款 吉林世杰铝业有限公司/ 吉林九台农村商业银行股份有限公	15,000,000.00	
15/12/2016	贷款还款 大连汇程铝业有限公司		50,185,509.38
16/12/2016	传帐支出 蒙古霍煤恒信有限公司		1,600,000.00
16/12/2016	往来款 吉林世杰铝业有限公司/ 吉林九台农村商业银行股份有限公	15,000,000.00	
16/12/2016	往来款 吉林世杰铝业有限公司/ 吉林九台农村商业银行股份有限公	19,000,000.00	
16/12/2016	往来款 吉林世杰铝业有限公司/ 吉林九台农村商业银行股份有限公	16,000,000.00	
16/12/2016	贷款还款 大连汇程铝业有限公司		50,018,759.38
16/12/2016	蒙古霍煤恒信有限公司	1,600,000.00	
16/12/2016	吉林世杰铝业有限公司/ 吉林九台农村商业银行股份有限公	22,000,000.00	
16/12/2016	吉林世杰铝业有限公司/ 吉林九台农村商业银行股份有限公	18,000,000.00	
16/12/2016	贷款还款 大连汇程铝业有限公司		40,000,000.00
23/12/2016	转款 大连汇程铝业有限公司/ 招商银行股份有限公司长春分行营	517,050.01	
		152,367,050.01	152,367,050.01

The directors noted that there is an undisclosed bank account 招商银行股份有限公司长春分行营业部 that remitted funds into the account at 中国银行大连金马路支行.

This undisclosed bank account was opened by DLHC’s former Financial Controller, Ms. 马中梅. The account was opened on 7 February 2013 and closed on 28 November 2017. Ms. 马中梅 opted to retire in February 2018.

Dr Xu will approach the bank for detail bank statement this week.

e) Undisclosed RMB 150m Bank of China (“BOC”) loan

From the bank statements under item (d), the directors noted that there were some repayments of bank loan that were not recorded in the general ledger.

A check with 中国银行股份有限公司大连金普新区分行 showed that DLHC entered into a RMB150 million loan agreement (2016 年借字 022 号) with BOC on 10 March 2016 for a period of 8 months. The stated purpose of the loan is for the repayment of two previous loans (2015 年借字 015 号 & 2015 年借字 017 号) totalling RMB150 million. The bank staff said that the bank record is only up to 2016 and he is not able to retrieve the 2015 loan agreements.

Mr. Yang Xiao Guang and DLHC seals were sighted in the BOC loan agreement (2016 年借字 022 号). This loan was not reported to the Board, thus the financial statements of the Group for third quarter 2016 omitted the loan.

The Company does not have the loan agreements for 2015 年借字 015 号 & 2015 年借字 017 号 but in view of the above, the directors believe that these two loans were omitted as well in the Circular.

f) Condition of RMB229.50m Cash Consideration

Condition 4.1.1 under the Sales & Purchase Agreement relating to the acquisition of HCL required the Group receiving, in full, the payment of the consideration of RMB229.50m, from Lesen Capital Limited (the “**Lesen Capital**”) (now known as Lakeforest Capital) in relation to the sale of the equity interest of CQHC by Dalian Huicheng Aluminium Co., Ltd. to Lesen Capital Limited;

Lesen Capital is owned by Mr Chen Chen, nephew of Mr Chen Wei Ping.

DLHQ receives the following amounts from Lesen Capital and CQHC.

Sales proceeds received at Ping An Bank, Shanghai from disposal of CQHC:

	RMB'000	Received from	Note:	
15-01-16	18,480		same day transfer to 上海麦捷祁	
21-06-16	52,400	Lesen Capital	汇投资控股有限公司	52,400
			same day transfer to 上海麦捷祁	
22-06-16	44,000	CQHC	汇投资控股有限公司	44,000
			same day transfer to 上海麦捷祁	
23-06-16	40,000	CQHC	汇投资控股有限公司	40,000
			same day transfer to 上海麦捷祁	
24-06-16	39,100	CQHC	汇投资控股有限公司	39,100
			same day transfer to 上海麦捷祁	
27-06-16	<u>35,520</u>	CQHC	汇投资控股有限公司	<u>35,520</u>
Agreed to S&P	<u>229,500</u>		Agreement dated 16 March 2016 for RMB211,000,000	<u>211,020</u>

The legal representative and largest shareholder (99%) of 上海麦捷祁汇投资控股有限公司 is Mr Ma Jin Sheng, 马锦升. It's former legal representative and largest shareholder was Mr. Ma Ming Zhang 马铭章, the executive that was together with the former Chairman – Mr. Chen Wei Ping, specifically censured in the Notice of Compliance issued by SGX-ST on 2 April 2018.

On 30 September 2016, RMB150m of the balance owed by 上海麦捷祁汇投资控股有限公司 was assigned to 内蒙古霍煤恒信铝业有限公司.

The remaining RMB61m at 上海麦捷祁汇投资控股有限公司 was assigned on 30 September 2016 to 吉林众诚铝业有限公司, a company incorporated on 25 March 2016 and the former legal representative is 于殿林 (legal representative of guarantor in Paragraph (a) and legal representative of common debtor in item (b)).

Both 内蒙古霍煤恒信铝业有限公司 and 吉林众诚铝业有限公司 had 吉林世杰铝业有限公司 as a shareholder.

As RMB211m of the amount supposedly received were reassigned subsequently, the Group received only RMB18.48m of the RMB 229.5m cash consideration. The reassignment to 内蒙古霍煤恒信铝业有限公司 is described under Paragraph (g).

g) Other receivables - 内蒙古霍煤恒信铝业有限公司

Mr Yang Xiao Guang entered into a series of supply contracts with 内蒙古霍煤恒信铝业有限公司. As a condition for supply of aluminium at discounted prices, advance payments are required. Such advance payments are recorded as "Other receivables" in the ledger of DLHC.

内蒙古霍煤恒信铝业有限公司 was incorporated in 27 September 2016. DLHC started to make the first advance payment to 内蒙古霍煤恒信铝业有限公司 3 days later. The various payments are described in the table below.

Transfer to 内蒙古霍煤恒信铝业有限公司 (company incorporated 27 Sep 2016)

	RMB'000	
		Assigned from 上海麦捷祁汇投资控有
30-09-16	Tranche 1 150,000	限公司
	Tranche 2	
15-12-16	50,000	Bank of China Loan
	Tranche 3	
16-12-16	50,000	Bank of China Loan
	Tranche 4	
16-12-16	40,000	Bank of China Loan
	Tranche 5	
08-02-17	48,000	Bank of China Loan
	<u>338,000</u>	

The directors noted DLHC did not receive any supply of aluminium from 内蒙古霍煤恒信铝业有限公司 since 30 September 2016.

The managing director of 内蒙古霍煤恒信铝业有限公司 is Mr Ma Jin Sheng, 马锦升, the legal representative of 上海麦捷祁汇投资控股有限公司. 81% share of 内蒙古霍煤恒信铝业有限公司 is held by 吉林世杰铝业有限公司.

Tranche 1 did not involve any fund transfer but reassigned the Rmb 150m receivable due from 上海麦捷祁汇投资控股有限公司 to 内蒙古霍煤恒信铝业有限公司. Tranche 1 is payment made under the first supply contract dated 30 September 2016 worth Rmb 150m. We note that the representative from 内蒙古霍煤恒信铝业有限公司 entering the contract is Mr. Zhou Yong Bo, 周永波. Mr. Zhou is also the legal representative of CQHC, whose owner is Lesen Capital mentioned in Paragraph (f).

Tranche 1			
30 Sep 2016	上海麦捷祁汇投资控股有限公司	内蒙古霍煤恒信铝业有限公司	150,000,000

We noted the following entries in the statement retrieved from the Bank of China:

Date	Source of Funds	Recipient Bank Name	RMB
Tranche 2			
15 Dec 2016	DLHC borrowings	内蒙古霍煤恒信铝业有限公司	50,000,000
15 Dec 2016	吉林世杰铝业有限公司	DLHC	16,500,000
15 Dec 2016	吉林世杰铝业有限公司	DLHC	18,500,000
15 Dec 2016	吉林世杰铝业有限公司	DLHC	15,000,000
15 Dec 2016	DLHC	DLHC borrowings	51,185,509
Tranche 3			
15 Dec 2016	DLHC borrowings	内蒙古霍煤恒信铝业有限公司	50,000,000
16 Dec 2016	DLHC	内蒙古霍煤恒信铝业有限公司	1,600,000
16 Dec 2016	吉林世杰铝业有限公司	DLHC	15,000,000
16 Dec 2016	吉林世杰铝业有限公司	DLHC	19,000,000
16 Dec 2016	吉林世杰铝业有限公司	DLHC	16,000,000
16 Dec 2016	DLHC	DLHC borrowings	50,018,759
Tranche 4			
16 Dec 2016	DLHC borrowings	内蒙古霍煤恒信铝业有限公司	40,000,000
16 Dec 2016	吉林世杰铝业有限公司	DLHC	22,000,000
16 Dec 2016	吉林世杰铝业有限公司	DLHC	18,000,000
16 Dec 2016	DLHC	DLHC borrowings	40,000,000
Tranche 5			
8 Feb 2017	DLHC borrowings	内蒙古霍煤恒信铝业有限公司	48,000,000
8 Feb 2017	重庆汉维金属材料有限公司	DLHC	2,950,000
8 Feb 2017	重庆汉维金属材料有限公司	DLHC	2,800,000
8 Feb 2017	重庆汉维金属材料有限公司	DLHC	3,000,000
8 Feb 2017	吉林众诚铝业有限公司	DLHC	36,020,000
8 Feb 2017	重庆汉维金属材料有限公司	DLHC	3,230,000
8 Feb 2017	DLHC	DLHC borrowings	48,000,000

Tranche 2, 3 and 4 showed that 内蒙古霍煤恒信铝业有限公司 probably did not keep any of money drawn from the loan from Bank of China. Its 81% shareholder, 吉林世杰铝业有限公司 returned the money to DLHC in the same day.

We suspect the RMB 140m borrowed by DLHC from Bank of China and advanced to 内蒙古霍煤恒信铝业有限公司, was returned the same day to repay undisclosed BOC loan 2016年借字 022 mentioned in item (e). The result is that DLHC borrowed fresh loans and repaid earlier undisclosed loans. As such, the earlier undisclosed loans owed previously becomes non-interest bearing other receivables on DLHC books.

Studying the transactions above, it is unlikely that the RMB 338m due from 内蒙古霍煤恒信铝业有限公司 will be recoverable since Tranche 1 did not involve fund transferred and Tranche 2,3 and 4 showed the money being returned the same day to repay an earlier undisclosed loan.

Tranche 5 cannot be explained as like tranche 2, 3, 4 since we could not find any background information relating to 重庆汉维金属材料有限公司. But the coincidence that RMB 48m is remitted to 内蒙古霍煤恒信铝业有限公司 and RMB48m being returned the same day is uncanny.

h) Newport Metals, Inc (“Newport”)

For the purpose of the acquisition of HCL, a financial due diligence report on DLHC was prepared by Mazars LLP on 2 November 2015. That report stated Newport Metals, Inc was one of the top customers by revenue for FY13, FY14 and YTD15, making up 30.4%, 65.3% and 52.7% of the revenue respectively.

However, during the trip the directors, uncovered that Mr. Chen Chen (nephew of Mr. Chen Wei Ping), who was one of the vendors (Page 6, Circular on proposed acquisition of HCL (holding company of DLHC) dated 30 March 2016) is also the sole director of Newport Metals, Inc (2017 filing with Secretary of State, State of California, Statement of Information).

This information is not disclosed to Midas Holdings Limited during the proposed acquisition then.

Mr. Yang Xiao Guang, the legal representative before and after the acquisition, is also one of the vendors.

The CEO of Newport is Mr Stephen Lee, a former employee of DLHC who left on 3 June 2015.

As the CFO, 孙秀娟 of DLHC was uncooperative, the directors could not investigate if FY2013 to YTD2015 sales to Newport had influenced the valuation in the acquisition of HCL when the Circular was prepared. However, the current board is disturbed by the deliberate non-disclosure of a material fact by the 3 vendors, Mr Chen Wei Ping, Mr Chen Chen and Mr Yang Xiao Guang.

The current board has taken steps to demote 孙秀娟 from her appointment as CFO of DLHC.

On 24 April 2018, the directors had announced on SGXnet that Newport had failed to repay 13 overdue sales transactions to CRRC (Hong Kong) Co., Limited (“CRRC”) under a financing agency agreement. The outstanding amount and liquidated damages is approximately USD 6.9m.

i) Sale and Purchase Agreement relating to HCL (“S&P Agreement”)

The irregularities mentioned in paragraph (a), (b), (c), (e) and (f) may have breached the warranties provided under the S&P Agreement.

The financial impact of the irregularities of paragraph (a), (b), (c), (e) and (f) are:

	Rmb million
Undisclosed Loans	450
Undisclosed Guarantee	50
Diversion of “cash consideration” from sale of CQHC ¹	211
Letter of Demand arising from Newport failure to pay CRRC (US\$6.9m)	44
Total	755

¹ Part of the RMB 229.5mil “cash consideration” had ended up as other receivables due from 内蒙古霍煤恒信铝业有限公司 and 吉林众诚铝业有限公司. As explained earlier, such other receivables are unlikely to be recovered.

The financial impact may widen as the directors await additional bank statements, loan statements and loan documents mentioned earlier.

The directors will consult our legal counsel for appropriate actions.

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

At the meantime, the Board is taking steps to replace the board at DLHC with representatives from Midas Holdings Ltd.

BY ORDER OF THE BOARD

Midas Holdings Limited

Tong Din Eu
Executive Director

Date: 20 June 2018