

## MIDAS HOLDINGS LIMITED

(Company Registration No.: 200009758W)

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### ANNOUNCEMENT

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The Board of Directors (the "**Board**") of Midas Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that during the course of audit and subsequent searches by the Company's counsel, the Company has uncovered several litigations, enforcement orders and court documents involving companies within the Group.

Amongst these, there is an enforcement order filed against Jilin Midas Aluminium Industries Co., Ltd, a wholly-owned subsidiary of the Company incorporated in the People's Republic of China ("**PRC**"), for previously undisclosed liability in the amount of RMB30 million.

Based on available information, about RMB12 million out of unaudited ledger balances of RMB873 million as at 31 December 2017 for our PRC subsidiaries were frozen by court orders.

In addition, several freezing orders are outstanding which freeze certain shares owned by the Group, including shares in Luoyang Midas Aluminium Industries Co., Ltd ("**Luoyang Midas**") and Dalian Huicheng Aluminium Co., Ltd ("**Dalian WFOE**") (both wholly-owned subsidiaries of the Company incorporated in the PRC) and in CRRC Nanjing Puzhen Rail Transport Co., Ltd ("**Nanjing JV**") (an associated company of the Company incorporated in the PRC). The commercial operation of the abovementioned entities are not affected by the freezing orders.

The percentage contributions of Dalian WFOE, Nanjing JV and Luoyang Midas for the Group as follows:

*Revenue*

	Financial year ended 31 December 2016		Nine-month period ended 30 September 2017	
	RMB'000	As a percentage of the Group's revenue	RMB'000	As a percentage of the Group's revenue
Dalian WFOE <sup>(1)</sup>	181,960	12.2%	297,373	21.8%
Nanjing JV	-	-	-	-
Luoyang Midas	174,569	11.8%	116,441	8.5%

*Profit before tax*

	Financial year ended 31 December 2016		Nine-month period ended 30 September 2017	
	RMB'000	As a percentage of the Group's profit before tax	RMB'000	As a percentage of the Group's profit before tax
Dalian WFOE <sup>(2)</sup>	72,311	53.2% <sup>(3)</sup>	42,388	34.1%
Nanjing JV <sup>(4)</sup>	35,042	25.8%	26,546	21.3%
Luoyang Midas	5,285	3.9%	(3,162)	(2.5%)

*Net tangible value*

	As at 31 December 2016		As at 30 September 2017	
	RMB'000	As a percentage of the Group's net tangible value	RMB'000	As a percentage of the Group's net tangible value
Dalian WFOE	774,964	20.3%	814,042	20.8%
Nanjing JV <sup>(4)</sup>	253,624	6.7%	283,472	7.2%
Luoyang Midas	560,737	14.7%	662,750	16.9%

Notes:

- (1) Revenue for Dalian WFOE for financial year ended 31 December 2016 is post acquisition date, for the financial period from 27 July 2016 to 31 December 2016.
- (2) Profit before tax for Dalian WFOE for financial year ended 31 December 2016 is post acquisition date, for the financial period from 27 July 2016 to 31 December 2016.
- (3) Profit before tax for Dalian WFOE for financial year ended 31 December 2016 is after an intercompany elimination of RMB20.7 million. The profit before tax without such elimination would be RMB51.7 million and the percentage would be 38.0%. Such elimination only affects segment reporting and has no effect on the Group's results.
- (4) As Nanjing JV is an associate of the Company, its financial results are calculated using the equity method of accounting.

In addition, the number and percentage of shares frozen in Dalian WFOE, Nanjing JV and Luoyang are as follows:

		<u>Number of shares frozen</u>	<u>Total number of shares held by Midas</u>	<u>% of shares frozen held by Midas</u>
Luoyang Midas	RMB	201,153,378	600,600,000	33.49%
Dalian WFOE	USD	26,173,000	100,000,000	26.17%
Nanjing JV	RMB	162,500,000	162,500,000	100.00%

Furthermore, the Company has also uncovered a number of previously undisclosed corporations related to certain Group companies incorporated in the PRC. The Company cannot confirm information on the shareholdings and businesses on these corporations.

The Board is presently actively taking steps to gather information on the court documents and previously undisclosed corporations and ascertain whether there are other transactions in order to assess the overall exposure and legal implications for the Group, and protect the Group's assets. The Board will also consider what actions should be taken to investigate the matters and determine whether any wrongdoings have been committed and any legal redress available to the Company.

The Board is in the process of appointing Dr. Xu Wei Dong, an independent non-executive director, as the Legal Representative for all our companies incorporated in the PRC, primarily as the custodian of legal seals to safeguard Group assets. All payments above RMB200,000 need Dr. Xu approvals. Any payment cumulatively exceed RMB200,000 in 30 days to need to be highlighted by the local CFOs to Dr. Xu.

As the Company is still in the midst of fact findings, the Board will continue to do assessment whether the Group can continue as a going concern.

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

Shareholders are advised to exercise caution when dealing in the securities of the Company and to refrain from taking any action in relation to their shares which may be prejudicial to their interests.

BY ORDER OF THE BOARD

Midas Holdings Limited

Chew Hwa Kwang, Patrick  
Executive Director  
And Chief Executive Officer

Date: 8 February 2018