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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 12 December 2017.

On behalf of the Board  
**Midas Holdings Limited**  
**Chew Hwa Kwang, Patrick**  
*Executive Director and  
Chief Executive Officer*

Hong Kong, 12 December 2017

*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.*

**MIDAS HOLDINGS LIMITED**

(Company Registration No.: 200009758W)

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**RESPONSE TO SGX'S QUERY**

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The Board of Directors (the "Board") of Midas Holding Limited (the "Company") and together with its subsidiaries (the "Group") refers to the Group's third quarter and nine months ended 30 September 2017 results announcement released to SGX-ST via SGXNET on 13 November 2017.

The following information is provided in response to SGX-ST's queries:

**SGX-ST Question 1:**

- i. We note that Revenue for 9 months to 30 Sep 2017 amounted to RMB1.362 billion. However, "Trade and other receivables" disclosed in the Statements of Financial Position increased to RMB2.441 billion.
  - a. Please advise the reasons for the significant "Trade and other receivables" and if these relate to material contracts that are still on-going;
  - b. Please provide the breakdown of the aging of "Trade and other receivables"; and
  - c. Please disclose the Board of Directors' assessment on the collectability of the significant outstanding amount of "Trade and other receivables".

**Company Response:**

- i. a. The breakdown of trade and other receivables is as follows:

	30 September 2017 RMB'000
Trade receivables	1,365,271
Allowance for doubtful trade receivables	(1,832)
	<hr/> 1,363,439
Deposits and prepayments	983,855
- Advances and prepayments	920,238
- Deposits	63,617
Notes receivables	5,408
Others – non-trade	88,599
	<hr/> 2,441,301 <hr/>

Trade receivables arose from the sales of aluminium alloy extruded products, aluminium alloy stretched plates and PE pipes by contracts that are still on-going or purchase orders.

Trade receivables are non-interest bearing and are generally on 3 to 10 months (2016: 3 to 12 months) credit terms. Ever since the railway incidents in the People's Republic of China ("PRC") in 2011, our major customers in PRC had been slow in payment. The Group had obliged to extending credit terms in order to retain the customers. Our average trade receivables turnover days is 268 days.

Advances and prepayments are mainly for the advance to suppliers of about RMB536.8 million to secure supply of raw materials at competitive prices and also advances to contractors of about RMB311.5 million for the construction of property, plant and equipment in our PRC subsidiaries.

Others – non-trade consist mainly of value added tax receivables.

- i. b. The breakdown of the aging of trade and other receivables is as follows:

	30 September 2017 RMB'000
Within 90 days	619,345
Over 90 days and within 120 days	202,503
Over 120 days and within 6 months	228,770
Over 6 months and within 1 year	670,458
Over 1 year and within 2 years	615,619
Over 2 years	104,606
	<hr/> 2,441,301 <hr/>

- i. c. Majority of the trade receivables are PRC's state-owned enterprises, renowned train manufacturers, trade receivables who are also our trade payables whereby the amount can be offset. Advance to suppliers are made to our long-term suppliers who had been supplying the Group for many years, and also to secure long-term supplies of our Group raw materials needs. To the best of our knowledge, nothing has come to the attention of the Board to change our view about the collectability of the significant outstanding amount of "Trade and other receivables".

**SGX-ST Question 2:**

- ii. Although we note that the Company has generated positive cashflow from its operations of RMB35.5 million, up from a negative cash outflow from operating activities, "Trade and other payables" as at 30 September 2017 in the Statements of Financial Position amounted to RMB1.159 billion. This amount is almost equivalent to all of the Revenue generated by the Group in the 9 months to 30 September 2017 of RMB 1.362 billion.

- a. Please elaborate on the reasons as to why "Trade and other payables" is so high; and
- b. Please disclose the aging of these payables.

**Company Response:**

- ii. a. The breakdown of trade and other payables is as follows:

	30 September 2017 RMB'000
Trade payables	490,000
Notes payable	147,000
Other payables and accruals	459,929
Advance from third parties customers	61,871
	<hr/> 1,158,800 <hr/>

Trade payables and notes payable arose from the purchase of raw materials. As our customers delayed their payment to us, we had likewise extended our payment to suppliers.

Other payables and accruals are mainly miscellaneous taxes payables, amount owing to contractors for purchase of property, plant and equipment, and accrued expenses.

ii. b. The breakdown of the aging of trade and other payables is as follows:

	30 September 2017 RMB'000
Within 90 days	347,645
Over 90 days and within 6 months	285,537
Over 6 months and within 1 year	166,198
Over 1 year	359,420
	<hr/> 1,158,800 <hr/>

**SGX-ST Question 3:**

(iii) We note that in paragraph 10 of the Company's announcement of 13 November 2017 entitled "Financial Statements and Related Announcement::Third Quarter Results" (the "**Announcement**"), the Company provided a "*commentary [as] at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months*". In this regard, the Company stated, *inter alia*, that "[following] the 19th National Congress of the Communist Party of China, the Ministry of Transport of the PRC reiterated its commitment in ensuring that the country has a well developed transportation system. . . Further to that, experts estimate that by 2020, 50 cities in China will have metro lines totaling 6,000 kilometers, with total investments expected to exceed RMB 4 trillion". The said statement can also be found in the section entitled "Outlook" of the accompanying News Release dated 13 November 2017.

Subsequent to the Announcement, there were media reports alleging the suspension and halting of plans for railway projects by the Chinese Government for certain cities. In this regard, we wish to highlight the following articles to the Company:-

(a) an article in "The Edge Singapore" dated 23 November 2017 entitled "Has Midas been derailed by China's alleged crackdown on local infrastructure spending?" wherein it was stated, *inter alia*, that:-

*"In a statement accompanying its quarterly results announcement after market close on Nov 13, [the Company] said it expects the railway sector in China to continue its strong growth in the mid- to long-term, underpinned by the central government's investments into the development of the country's rail network.*

*That optimism is now called into question, after an alleged clampdown by Beijing on local governments' infrastructure spending. . ."; and*

(b) an article in "The Straits Times" dated 28 November 2017 entitled "STI ends lower as Monday blues set in" wherein it was stated in relation to the Company that "*earlier in the month, influential financial magazine Caixin published articles asking whether China's infrastructure spending is slowing down*".

In this regard, please provide an update as to whether the prospect statement (as stated in paragraph 10 of the Announcement) still holds and if not, please provide an update of the outlook of the Company.

**Company Response:**

(iii) Following the Company's results announcement on 13 November 2017, it has come to the attention of the Company that there were media reports regarding the suspension and halting of plans for railway projects by the Chinese Government for certain cities

To-date, there has been no official announcement from the relevant government authorities about a change in their policy towards the expansion of the country's rail transportation network, including metro systems.

As such, the Company is of the view that its prospect statement (as stated in paragraph 10 of the Announcement) remains valid. The prospect statement was developed based on a report issued by the Ministry of Transport on October 26, 2017 published in the Chinese government's official news website and recent news reports citing data from a senior official from the Ministry of Transport as well as estimates from experts. (Please see below for links and attached for attributions) The Company continues to monitor industry and policy developments closely and will update shareholders as appropriate.

*“交通运输部召开干部大会传达党的十九大精神”, Oct 27, 2017*

[http://www.gov.cn/xinwen/2017-10/27/content\\_5234837.htm](http://www.gov.cn/xinwen/2017-10/27/content_5234837.htm)

*“China's highway, high-speed railway bridges reach new high”, Nov 6, 2017*

[http://www.chinadaily.com.cn/china/2017-11/06/content\\_34173173.htm](http://www.chinadaily.com.cn/china/2017-11/06/content_34173173.htm)

*Across China: More metro lines in smaller Chinese cities, Sep 8, 2017*

[http://news.xinhuanet.com/english/2017-09/08/c\\_136594680.htm](http://news.xinhuanet.com/english/2017-09/08/c_136594680.htm)

BY ORDER OF THE BOARD

Midas Holdings Limited

Chew Hwa Kwang, Patrick  
Executive Director  
And Chief Executive Officer  
12 December 2017