

MIDAS HOLDINGS LIMITED

(Company Registration No.: 200009758W)

RESPONSE TO SGX-ST'S QUERIES

The following information is provided in response to queries raised by the SGX-ST relating to the announcement by Midas Holdings Limited (the "**Company**") dated 12 December 2017 in connection with additional debt arrangements by the Company (the "**Announcement**").

All terms and expressions used but not otherwise defined in this response shall have the meanings attributed to them in the Announcement.

SGX-ST Query 1:

Please let us know if the Existing Noteholders are the only noteholders for the Series 003 Notes and Series 004 Notes and if not, please name the other noteholders.

Company's Response to SGX-ST Query 1:

The Company confirms that the Existing Noteholders are the only noteholders for the Series 003 Notes and Series 004 Notes.

SGX-ST Query 2:

With regard to Dalian WFOE and Nanjing JV, please let us know the contribution of these subsidiaries to the Group's revenue, profit before tax and net tangible value (both figures and percentages) for the Financial Year ended at 31 December 2016 and the year to date ended at 30 September 2017.

Company's Response to SGX-ST Query 2:

The percentage contributions of Dalian WFOE and Nanjing JV for the Company and its subsidiaries (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 ⁽¹⁾	181,960	12.2%	297,373	21.8%
Nanjing JV	-	-	-	-

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 ⁽²⁾	72,311	53.2% ⁽³⁾	42,388	34.1%
Nanjing JV ⁽⁴⁾	35,042	25.8%	26,546	21.3%

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 ⁽⁴⁾	253,624	6.7%	283,472	7.2%

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.

SGX-ST Query 3:

Please confirm as to whether Dalian WFOE is a significant or principal operating subsidiary of the Company and disclose the basis of the company's confirmation.

Company's Response to SGX-ST Query 3:

The Company confirms that Dalian WFOE is a significant and principal operating subsidiary of the Company on the basis that Dalian WFOE accounts for more than 20% of the profit before tax of the Group.

SGX-ST Query 4:

Please provide us with the Company's rationale for entering into the Letter Agreement and in particular, (i) the provision of the performance deposit of RMB40,000,000 by the Specified Subsidiaries and (ii) the Company's undertaking to ensure that the Specified Subsidiaries factor any receivables which may be due and payable from time to time by the CRRC Subsidiaries to the Specified Subsidiaries under the Supplier Contracts, and (iii) the implications for the same; and

Company's Response to SGX-ST Query 4:

The Existing Noteholders required the Company to enter into the Letter Agreement (and in particular, (i) the provision of the performance deposit of RMB40,000,000 by the Specified Subsidiaries and (ii) undertaking to ensure that the Specified Subsidiaries factor any receivables which may be due and payable from time to time by the CRRC Subsidiaries to the Specified Subsidiaries under the Supplier Contracts) as a condition to them agreeing to the extension of the maturity date of the Series 003 Notes to 23 November 2018 (which would have been due for redemption on 23 November 2017 had the Existing Noteholders not consented to such extension). The Company was of the view that it was in its interests to enter into the Letter Agreement in order to extend the maturity date of the Series 003 Notes.

The implications on the Company for entering into the Letter Agreement is the Company's agreement to put in place the encumbrances on the Company's assets pursuant to the Pledges and the increased obligations of the Company (including (i) the provision of the performance deposit of RMB40,000,000 by the Specified Subsidiaries and (ii) to ensure that the Specified Subsidiaries factor any receivables which may be due and payable from time to time by the CRRC Subsidiaries to the Specified Subsidiaries under the Supplier Contracts) pursuant to its undertakings to the Existing Noteholders under the Letter Agreement.

SGX-ST Query 5:

Please state the length of the term of the Company's obligation to pay the Extension Fee.

Company's Response to SGX-ST Query 5:

The Company is obliged to pay the Extension Fee up till the earlier of (i) the early redemption in full of the Series 003 Notes and (ii) the maturity date of the Series 003 Notes.