



勤達集團國際有限公司*
Midas International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1172)

ANNOUNCEMENT OF RESULTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

The Board of Directors (the “Directors”) of Midas International Holdings Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2008 together with the comparative figures for the previous period are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30th June, 2008	2007
	<i>Notes</i>	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Turnover	3	244,268	323,919
Direct expenses		(199,789)	(245,037)
Gross profit		44,479	78,882
Other income		13,236	6,526
Increase in fair value of investment properties		–	11,145
Selling expenses		(29,943)	(28,765)
Administrative and general expenses		(56,855)	(56,215)
Finance costs		(7,564)	(3,356)
(Loss) profit before taxation	4	(36,647)	8,217
Income tax credit (expenses)	5	877	(4,577)
(Loss) profit for the period		(35,770)	3,640
Attributable to:			
Ordinary shareholders of the Company		(34,826)	3,640
Minority interests		(944)	–
		(35,770)	3,640
Dividend	6	–	6,411
(Loss) earnings per share			
Basic	7	HK (5.5) cents	HK 0.7 cents
Diluted	7	N/A	HK 0.7 cents

* For identification purposes only

CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	30th June, 2008 HK\$'000 (unaudited)	31st December, 2007 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		500	500
Prepaid lease payments		52,354	11,295
Property, plant and equipment		215,439	225,809
Goodwill		1,956	1,956
Deposits paid for acquisition of property, plant and equipment		372	305
Deposits paid for acquisition of land use rights		4,054	3,840
Premium on prepaid lease payments		80,485	81,383
Other intangible assets		448,664	448,664
		803,824	773,752
Current assets			
Inventories		97,760	73,761
Accounts receivables	8	191,233	209,031
Deposits, prepayments and other receivables		18,186	10,749
Prepaid lease payments		1,158	300
Tax recoverable		2,460	3,495
Bank balances and cash		146,961	120,611
		457,758	417,947
Assets classified as held for sale		–	27,708
		457,758	445,655
Current liabilities			
Accounts payables	9	121,941	126,734
Accrued charges and other payables		68,456	63,711
Amount due to a minority shareholder		1,366	1,366
Deferred income		29	13
Tax payable		6,586	6,377
Borrowings		118,315	115,300
		316,693	313,501
Liabilities associated with assets classified as held for sale		–	1,963
		316,693	315,464
Net current assets		141,065	130,191
Total assets less current liabilities		944,889	903,943

	30th June, 2008 <i>HK\$'000</i> (unaudited)	31st December, 2007 <i>HK\$'000</i> (audited)
Non-current liabilities		
Loan note	42,509	40,922
Convertible notes	114,428	110,823
Deferred income	1,161	502
Deferred tax	135,295	136,254
	293,393	288,501
NET ASSETS	651,496	615,442
CAPITAL AND RESERVES		
Share capital	91,394	60,929
Reserves	483,811	477,278
Equity attributable to equity holders of the Company	575,205	538,207
Minority interests	76,291	77,235
TOTAL EQUITY	651,496	615,442

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2007.

In the current interim period, the Group has applied, for the first time, the following interpretations issued by the HKICPA, which are effective for the Group’s financial year beginning 1st January, 2008.

HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
Hong Kong Financial Reporting Standard (“HKFRS”) 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁴

¹ Effective for annual periods beginning on or after 1st January, 2009

² Effective for annual periods beginning on or after 1st July, 2009

³ Effective for annual periods beginning on or after 1st July, 2008

⁴ Effective for annual periods beginning on or after 1st October, 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Business segments

The Group is currently operating in three business segments, namely printing, property investment and cemetery investment. These activities form the basis on which the Group reports its primary segment information.

Six months ended 30th June, 2008

	Printing HK\$'000	Cemetery investment HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
TURNOVER – external	<u>243,667</u>	<u>307</u>	<u>294</u>	<u>244,268</u>
SEGMENT RESULTS	<u>(23,551)</u>	<u>(7,553)</u>	<u>4,526</u>	<u>(26,578)</u>
Unallocated income				996
Unallocated expenses				(3,501)
Finance costs				<u>(7,564)</u>
Loss before taxation				(36,647)
Income tax credit				<u>877</u>
LOSS FOR THE PERIOD				<u>(35,770)</u>

Six months ended 30th June, 2007

	Printing HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
TURNOVER – external	<u>322,929</u>	<u>990</u>	<u>323,919</u>
SEGMENT RESULTS	<u>867</u>	<u>10,329</u>	11,196
Unallocated income			1,576
Unallocated expenses			(1,199)
Finance costs			<u>(3,356)</u>
Profit before taxation			8,217
Income tax expenses			<u>(4,577)</u>
PROFIT FOR THE PERIOD			<u>3,640</u>

4. (LOSS) PROFIT BEFORE TAXATION

(Loss) profit before taxation has been arrived at after charging:

	For the six months ended 30th June,	
	2008	2007
	HK\$'000	HK\$'000
Cost of inventories recognised as an expense	197,877	244,587
Depreciation of property, plant and equipment	16,516	18,191

5. INCOME TAX (CREDIT) EXPENSES

	For the six months ended 30th June,	
	2008	2007
	HK\$'000	HK\$'000
The (credit) charge comprises:		
Hong Kong Profits Tax	–	1,729
The People's Republic of China (the "PRC") Enterprise Income Tax	82	764
Deferred tax		
– current year	(780)	2,084
– attributable to a change in tax rate	(179)	–
	(877)	4,577

Hong Kong Profits Tax is recognised based on the management's best estimate of the weighted average annual income tax rate expected for the full financial year. On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which included the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the six months ended 30th June, 2008. The estimated average annual tax rate used is 16.5% (2007: 17.5%) for the six months ended 30th June, 2008.

PRC Enterprise Income Tax is calculated at the applicable rates relevant to the PRC subsidiaries. On 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulation of the New Law ("Implementation Regulation"). The New Law and the Implementation Regulation have changed the tax rate from 33% to 25% for the Group's subsidiaries from 1st January, 2008.

6. DIVIDEND

The board has determined not to declare an interim dividend for the period. The dividend for the period ended 30th June, 2007 represented a final dividend of HK 1.2 cents per ordinary share for the year ended 31st December, 2006.

7. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	For the six months ended 30th June,	
	2008	2007
	HK\$'000	HK\$'000
(Loss) earnings:		
(Loss) profit for the period attributable to ordinary shareholders of the Company for the purpose of basic (loss) earnings per share	(34,826)	3,640
Effect of dilutive potential ordinary shares:		
Interest on convertible note	N/A	15
	<u>(34,826)</u>	<u>3,655</u>
(Loss) profit for the period attributable to ordinary shareholders of the Company for the purpose of diluted (loss) earnings per share	<u>(34,826)</u>	<u>3,655</u>
	For the six months ended 30th June,	
	2008	2007
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	634,398	534,290
Effect of dilutive potential ordinary shares:		
Convertible note	N/A	603
	<u>634,398</u>	<u>534,893</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<u>634,398</u>	<u>534,893</u>

No diluted loss per share for the six months ended 30th June, 2008 is presented as the conversion of convertible notes would result in a decrease in loss per share.

The weighted average number of shares have been adjusted for the rights issue on 16th June, 2008.

8. ACCOUNTS RECEIVABLES

The Group has a policy of allowing credit periods ranging from 30 days to 180 days to its trade customers. The aged analysis of accounts receivables prepared on the basis of sales invoice date is stated as follows:

	30th June, 2008 HK\$'000	31st December, 2007 HK\$'000
0 to 30 days	54,275	49,476
31 to 60 days	40,205	36,263
61 to 90 days	35,049	38,389
91 to 120 days	18,459	40,846
121 to 180 days	10,619	34,560
More than 180 days	32,626	9,497
	<u>191,233</u>	<u>209,031</u>

9. ACCOUNTS PAYABLES

The aged analysis of accounts payables prepared on the basis of supplier invoice date is stated as follows:

	30th June, 2008 HK\$'000	31st December, 2007 HK\$'000
0 to 30 days	38,850	29,227
31 to 60 days	37,787	20,636
61 to 90 days	18,250	17,502
91 to 120 days	12,565	23,111
More than 120 days	14,489	36,258
	<u>121,941</u>	<u>126,734</u>

INTERIM DIVIDEND

The Board has determined not to declare an interim dividend for the period.

FINANCIAL REVIEW

During the period under review, turnover of the Group was HK\$244.3 million (2007: HK\$323.9 million), representing a decrease of 24.6%. Turnover derived from printing business amounted to HK\$243.7 million (2007: HK\$322.9 million), accounted for 99.8% of the Group's turnover whereas the remaining turnover represented the revenue from cemetery and property investment operations.

Gross profit, principally derived from our printing business, decreased by 43.6% to HK\$44.5 million (2007: HK\$78.9 million), which was attributable to the decrease in turnover and the reduction in gross margin due to rising materials and production costs. Other income increased by 103.1% to HK\$13.2 million (2007: HK\$6.5 million), principally as a result of profit generated on disposal of investment properties. On the costs side, selling expenses increased by 3.8% to HK\$29.9 million (2007: HK\$28.8 million) whereas administrative and general expenses increased by 1.2% to HK\$56.9 million (2007: HK\$56.2 million). Finance costs increased by 123.5% to HK\$7.6 million (2007: HK\$3.4 million) due to outstanding convertible notes and loan note. Taking all these factors into account, the Group recorded a loss attributable to ordinary shareholders of HK\$34.8 million (2007: profit of HK\$3.6 million).

BUSINESS REVIEW

(a) Printing Business

Printing business of the Group comprises book printing and paper product printing. Our customers are mainly multinational publishers or conglomerates in the United States of America, Europe, Australia and Hong Kong and our products include board books, children books, premium gift products, greeting cards, stationery items and paper bags.

The ongoing instability of the economy in the North American region has led to a global reduction in printing demand and thus affected the Group's turnover. Furthermore, in line with our strategy mentioned in the 2007 Annual Report, the Group has since the beginning of 2008 substantially scaled down our low margin orders, in particular in the traditional low end packaging printing business, so as to redirect our resources towards developing higher margin business such as books and premium gift products. As a result of the foregoing, turnover of the printing business of the Group during the period decreased by 24.5% to HK\$243.7 million.

During the period under review, the trading environment of the printing business continued to be difficult. The appreciation of Renminbi and the rising material, labour, energy and transportation costs dampened our margin. In order to alleviate the difficult trading environment and to restore the Group's printing business into profitability, the Group has taken proactive measures including strengthening the sales effort, improving profit margin and implementing effective cost control.

As regards strengthening the sales effort, the Group endeavored to strengthen the sales team and to explore new customers worldwide. In particular, the Group concentrated on developing clients with low season sales order so as to reduce its seasonal dependence. The Group also continued to develop innovative products and explore market opportunities for such items.

As regards improving profit margin, the Group has applied price increment to existing clients and placed great efforts to develop and secure high margin orders from existing and new clients. In this respect, the Group has been successful in securing new orders that have higher margin in the cosmetic, food and gift packaging products commencing from June 2008. The Group anticipates that such orders will continue in the second half of 2008 and, hopefully, will provide positive contribution thereafter.

As regards implementing effective cost control, the Group has streamlined its hand assembly operations through reorganising production process and retraining workers. These measures enabled the Group to improve productivity and efficiency while at the same time reduce headcounts. Furthermore, certain operating functions have been relocated to lower cost region in the PRC so as to reduce the overall operating costs of the Group. During the period, the Group implemented the initial phase of a new ERP (Enterprises Resources Planning) system which further enhanced the Group's operation efficiency by providing real-time management information and executing just-in-time production management.

By adopting all of the above measures during the period, the Group has effectively improved the gross profit margin ratio from 14.9% for the second half period in 2007 to 18.2% for the period under review. The Group will continue to strive for improvements and is confident that all these measures and efforts taken will generate positive results in the near future.

In March 2008, the Group has completed the acquisition of an industrial land site located at Coastal Industry Zone in Shatian, Dongguan, the PRC. The site is located nearby a new coastal highway and close to a metro route. It covers an area of approximately 78,000 sq. m. which is capable of being developed into a factory complex with total gross floor area of 120,000 sq. m.. The design of the entire factory layout has been finalised and the first phase of development will comprise factory premises and staff dormitory with total gross floor area of 21,000 sq. m.. Upon full development of the Shatian site, this will provide sufficient space for housing the production facilities relocated from the existing factory in Changan, Dongguan, and for the long term production demand of the Group. Eventually the Group will vacate the Changan factory site for future development.

(b) Cemetery Business

In September 2007, the Group diversified its business through the acquisition of a business engaged in the operation of cemetery, namely Fortune Wealth Memorial Park, in Zhaoqing, Guangdong, the PRC. The cemetery comprised a site of 518 mu, of which 100 mu has been fully developed, and reserved an adjacent site of 4,482 mu for future development. Upon full development, the whole project will provide a total of 184,000 grave plots and 2,168,000 niches for lease of burial rights.

Since acquisition of the cemetery business, the Group has continued to strengthen its sales and marketing team. We have now established 6 sales offices in Hong Kong, Guangzhou, Foshan, Zhaoqing as well as Sihui in Guangdong, the PRC and we will, in the near future, set up additional offices in other cities within Guangdong Province. We have also established an extensive agency network with more than 270 agents in Hong Kong and the PRC, the number of which has been doubled compared to that of April 2008. Furthermore, the Group also plans to extend this agency network to Macau, Taiwan, Singapore and Malaysia for promoting our services to residents of Chinese origin in those areas.

For the sake of expanding our market presence to a larger extent, the Group has implemented a series of promotion campaign including regular tours of the cemetery for both the general public and members in the burial related organisations. Furthermore, the Group has organised 6 large scale blessing ceremonies in the cemetery, which hosted a total of over 5,000 people. Such guided tours and events will continue to be held in the future to boost our publicity. In April 2008, the Group participated in the Asia Funeral Expo 2008 in Macau, which was one of Asia's major exhibition and conference in the funeral field. Through this Expo, the Group has successfully extended its market presence. In the meantime our sales team has contacted insurance companies, charitable organisations and foundations to explore joint promotion opportunities.

In the coming months, the Group will hold another series of promotion events to enrich the general public about the importance of family love and piety, which will facilitate the Group to promote related service such as virtual memorial mausoleums, virtual and online broadcasting of ancestors' memorial services and other burial related services. With the comprehensive sales network established and our continuous commitment in marketing, we are optimistic about the long-term prospects of the cemetery business.

LIQUIDITY AND FINANCIAL POSITIONS

In June 2008, the Group raised net proceeds of approximately HK\$73.0 million by way of a 1 for 2 rights issue to existing shareholders. The rights issue further solidified the Group's financial strength for its printing and cemetery businesses and the net proceeds will be used to finance the development of cemetery and new printing plant.

As at 30th June, 2008, the Group's bank balances and cash amounted to HK\$147.0 million while bank borrowings amounted to HK\$118.3 million. The calculation of net debt to equity ratio is not applicable as the Group has surplus cash of about HK\$28.7 million over bank borrowings. Most of the Group's bank balances and borrowings were denominated in Hong Kong dollars, United States dollars and Renminbi. Risk in exchange rate fluctuation would not be material. Interest on bank borrowings was charged at variable commercial rates prevailing in Hong Kong and the PRC.

PROSPECTS

Looking ahead, the Group believes that the overall environment for the printing business would continue to be challenging. Nevertheless, with our commitment to provide quality and professional printing solutions to our customers, the Group is confident to tackle the challenges ahead and will implement appropriate strategies so as to minimize the impact of those negative factors against the Group.

The Group has successfully diversified into the business of development and operation of cemetery in the PRC. We expect that this investment will generate a steady income to the Group in the near future. In the long run, the Group will leverage the experience in developing the existing cemetery to identify similar projects elsewhere in the PRC.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30th June, 2008 with the code provisions set out in the Appendix 14 – Code on Corporate Governance Practices of the Listing Rules.

The Audit Committee has been established by the Company to review and supervise the Company's financial reporting process, internal controls and review the relationship with auditors. The Audit Committee has held meetings in accordance with the relevant requirements and has reviewed the results for the six months ended 30th June, 2008. The current members of the Audit Committee are three Independent Non-Executive Directors, Mr. Shek Lai Him, Abraham, Dr. Li Sau Hung, Eddy and Mr. Yau Chi Ming and a Non-Executive Director, Mr. Dominic Lai.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiries of all Directors of the Company, the Company received confirmations from all Directors that they have complied with the required standard set out in the Model Code.

The interim results have been reviewed by the Company's external auditors in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30th June, 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

STAFF

As at 30th June, 2008, the Group, including its subcontracting processing plants, employed approximately 3,900 staff and workers, with their remuneration normally reviewed annually. The Group also provides its staff with other benefits including year-end double-pay, discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The interim report of the Company for the six months ended 30th June, 2008 containing all applicable information required by Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

GENERAL

As at the date of this announcement, Mr. Hung Ting Ho, Richard, Mr. Kwong Tin Lap, Mr. Kwok Chi Fai, Miss Li Mee Sum, Ann, Mr. Wong Chi Sing and Mr. Chuang Ka Pun, Albert are Executive Directors, Mr. Dominic Lai is a Non-Executive Director, Mr. Shek Lai Him, Abraham, Dr. Li Sau Hung, Eddy and Mr. Yau Chi Ming are Independent Non-Executive Directors of the Company.

By Order of the Board of
Midas International Holdings Limited
Hung Ting Ho, Richard
Chairman

Hong Kong, 10th September, 2008