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MIDAS

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)

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2016

RESULTS

The board of Directors (the “Board”) of Midas International Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30th September, 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30th September, 2016

	Note	2016 HK\$'000	2015 HK\$'000
Revenues		127,807	152,281
Net gain/(loss) of financial assets at fair value through profit or loss		4,177	(317)
Revenues and net gain/(loss)	5	131,984	151,964
Cost of sales		(83,782)	(119,492)
Gross profit		48,202	32,472
Other income and net gain	7	5,010	116,066
Selling and marketing expenses		(13,319)	(15,232)
Administrative and other operating expenses		(30,299)	(38,057)
Operating profit	8	9,594	95,249
Finance costs	9	(471)	(1,670)
Profit before taxation		9,123	93,579
Taxation credit	10	380	717
Profit for the period		9,503	94,296
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Net exchange differences		(14,188)	(9,124)
Realization of exchange reserve upon disposal of a subsidiary		—	(113)
Total comprehensive (loss)/income for the period		(4,685)	85,059
Profit/(loss) for the period attributable to:			
Equity holders of the Company		9,465	94,644
Non-controlling interests		38	(348)
		9,503	94,296
Total comprehensive (loss)/income for the period attributable to:			
Equity holders of the Company		(2,378)	86,813
Non-controlling interests		(2,307)	(1,754)
Total comprehensive (loss)/income for the period		(4,685)	85,059
		HK cent	HK cents
Earnings per share (basic and diluted)	12	0.3	2.9

* For identification purpose only

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)**

As at 30th September, 2016

		30th September, 2016	31st March, 2016
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Prepaid lease payments		5,179	5,339
Property, plant and equipment		48,954	49,497
Investment property		38,000	38,000
Cemetery assets		486,050	501,280
		<u>578,183</u>	<u>594,116</u>
Current assets			
Inventories	13	22,048	32,002
Cemetery assets		76,374	78,552
Accounts receivable	14	62,351	53,581
Deposits, prepayments and other receivables		11,216	9,296
Financial assets at fair value through profit or loss		113,779	109,460
Cash and bank balances		59,896	43,078
		<u>345,664</u>	<u>325,969</u>
Current liabilities			
Accounts payable	15	32,247	31,929
Accrued charges and other payables		36,174	31,278
Amount due to a non-controlling shareholder		1,366	1,366
Tax payable		9,443	9,443
Bank borrowings		17,769	10,515
		<u>96,999</u>	<u>84,531</u>
Net current assets		<u>248,665</u>	<u>241,438</u>
Total assets less current liabilities		<u>826,848</u>	<u>835,554</u>
Equity			
Share capital		331,081	331,081
Reserves		307,257	303,377
		<u>638,338</u>	<u>634,458</u>
Shareholders' funds		638,338	634,458
Non-controlling interests		57,260	65,825
		<u>695,598</u>	<u>700,283</u>
Non-current liabilities			
Deferred income		4,419	3,923
Deferred taxation liabilities		126,605	131,348
Bank borrowings		226	–
		<u>131,250</u>	<u>135,271</u>
		<u>826,848</u>	<u>835,554</u>

Notes:

1. GENERAL INFORMATION

Midas International Holdings Limited (the “Company”) is a limited liability company incorporated in Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is 25th Floor, Alexandra House, 18 Chater Road, Central.

As at 30th September, 2016, the Company was a 60.8% owned subsidiary of Gold Throne Finance Limited, a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of Chuang’s Consortium International Limited (“CCIL”), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The Directors regard CCIL as the ultimate holding company.

The principal activities of the Company and its subsidiaries (collectively as the “Group”) are manufacturing and trading of printed products, development and operation of cemetery, information technology business, securities investment and trading and property investment.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared under the historical cost convention, as modified by the revaluation of investment property and financial assets at fair value through profit or loss at fair values, and in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31st March, 2016 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31st March, 2016, except as stated below.

(a) Effect of adopting new standards and amendments to standards

For the six months ended 30th September, 2016, the Group adopted the following new standards and amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2016 and relevant to the operations of the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements – Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization
HKAS 27 (Amendment)	Separate Financial Statements: Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities – Applying the Consolidation Exception
HKFRS 14	Regulatory Deferral Accounts
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012 – 2014 Cycle

The Group has assessed the impact of the adoption of these new standards and amendments to standards and considered that there was no significant impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies and presentation of the condensed consolidated interim financial information.

(b) New standards and amendments to standards that are not yet effective

The following new standards and amendments to standards have been published which are relevant to the Group's operation and are mandatory for the Group's accounting periods beginning on or after 1st April, 2017, but have not yet been early adopted by the Group:

HKAS 7 (Amendment)	Cash flow Statements – Disclosure initiative (effective from 1st January, 2017)
HKAS 12 (Amendment)	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses (effective from 1st January, 2017)
HKFRS 9	Financial Instruments (effective from 1st January, 2018)
HKFRS 15	Revenue from Contracts with Customers (effective from 1st January, 2018)
HKFRS 16	Leases (effective from 1st January, 2019)

The Group will adopt the above new standards and amendments to standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The activities of the Group expose it to a variety of financial risks including credit risk, liquidity risk, cash flow and fair value interest rate risk, foreign exchange risk and price risk. The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the consolidated annual financial statements, and it should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31st March, 2016. There has been no material change in the Group's financial risk management policies since the year ended 31st March, 2016.

(b) Liquidity risk

Compared to the year ended 31st March, 2016, there was no material change in the contractual undiscounted cash flows for financial liabilities.

(c) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current price within the bid-ask spread which is the most representative of the fair value in the given circumstances. The fair values of other financial assets and financial liabilities are determined in accordance with the generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated interim financial information approximate their fair values.

During the six months ended 30th September, 2016, there was no significant change in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. The financial assets at fair value through profit or loss is within level 1 of the fair value measurement hierarchy. There are no financial instruments measured at level 2 and 3 within the fair value measurement hierarchy as at 30th September, 2016. There was no transfer of financial assets or financial liabilities between the levels in the hierarchy and no reclassifications of financial assets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the condensed consolidated interim financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions applied in the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated annual financial statements of the Group for the year ended 31st March, 2016.

5. REVENUES AND NET GAIN/(LOSS)

Revenues and net gain/(loss) recognized during the period are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenues		
Sales of printed products	113,733	141,467
Sales of cemetery assets	9,505	10,428
Interest income from financial assets at fair value through profit or loss	4,054	386
Rental income	515	—
	<u>127,807</u>	<u>152,281</u>
Net gain/(loss)		
Net fair value gain/(loss) of financial assets at fair value through profit or loss	4,177	(317)
	<u>4,177</u>	<u>(317)</u>
Revenues and net gain/(loss)	<u><u>131,984</u></u>	<u><u>151,964</u></u>

6. SEGMENT INFORMATION

(a) Segment information by business lines

The chief operating decision maker (the “CODM”) has been identified as the Executive Directors. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the business from a business perspective, including printing, cemetery, securities investment and trading, property investment and others (including information technology business). The CODM assesses the performance of the operating segments based on a measure of segment result.

The segment information by business lines is as follows:

	Printing HK\$'000	Cemetery HK\$'000	Securities investment and trading HK\$'000	Property investment HK\$'000	Others and corporate HK\$'000	Total HK\$'000
2016						
Revenues and net gain	113,733	9,505	8,231	515	–	131,984
Other income and net gain/(loss)	<u>4,869</u>	<u>(13)</u>	<u>142</u>	<u>–</u>	<u>12</u>	<u>5,010</u>
Operating profit/(loss)	4,295	(94)	8,318	475	(3,400)	9,594
Finance (costs)/income	<u>(535)</u>	<u>64</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(471)</u>
Profit/(loss) before taxation	3,760	(30)	8,318	475	(3,400)	9,123
Taxation credit/(charge)	<u>–</u>	<u>458</u>	<u>–</u>	<u>(78)</u>	<u>–</u>	<u>380</u>
Profit/(loss) for the period	<u>3,760</u>	<u>428</u>	<u>8,318</u>	<u>397</u>	<u>(3,400)</u>	<u>9,503</u>
As at 30th September, 2016						
Total assets	<u>129,964</u>	<u>582,183</u>	<u>113,779</u>	<u>38,025</u>	<u>59,896</u>	<u>923,847</u>
Total liabilities	<u>70,797</u>	<u>139,286</u>	<u>–</u>	<u>171</u>	<u>17,995</u>	<u>228,249</u>
2016						
Other segment items are as follows:						
Capital expenditure	6,099	3,843	–	–	–	9,942
Depreciation	6,891	424	–	–	–	7,315
Amortization of prepaid lease payments	58	30	–	–	–	88
Reversal of provision for impairment of inventories	<u>937</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>937</u>

	Printing HK\$'000	Cemetery HK\$'000	Securities investment and trading HK\$'000	Property investment HK\$'000	Others and corporate HK\$'000	Total HK\$'000
2015						
Revenues and net loss	141,467	10,428	69	–	–	151,964
Other income and net gain/(loss)	<u>115,722</u>	<u>2</u>	<u>(16)</u>	<u>–</u>	<u>358</u>	<u>116,066</u>
Operating profit/(loss)	100,462	(2,721)	53	–	(2,545)	95,249
Finance (costs)/income	<u>(1,877)</u>	<u>207</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,670)</u>
Profit/(loss) before taxation	98,585	(2,514)	53	–	(2,545)	93,579
Taxation credit	<u>–</u>	<u>717</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>717</u>
Profit/(loss) for the period	<u>98,585</u>	<u>(1,797)</u>	<u>53</u>	<u>–</u>	<u>(2,545)</u>	<u>94,296</u>
As at 31st March, 2016						
Total assets	<u>128,742</u>	<u>600,791</u>	<u>109,460</u>	<u>38,014</u>	<u>43,078</u>	<u>920,085</u>
Total liabilities	<u>65,253</u>	<u>143,805</u>	<u>–</u>	<u>229</u>	<u>10,515</u>	<u>219,802</u>
2015						
Other segment items are as follows:						
Capital expenditure	2,604	400	–	–	–	3,004
Gain on disposal of a subsidiary	108,718	–	–	–	–	108,718
Depreciation	7,882	341	–	–	–	8,223
Amortization of prepaid lease payments	105	36	–	–	–	141
Provision for impairment of accounts receivable	–	209	–	–	–	209
Reversal of provision for impairment of inventories	<u>447</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>447</u>

(b) Geographical segment information

The business of the Group operates in different geographical areas. Revenues and net gain/(loss) are presented by the countries where customers are located. Non-current assets, total assets and capital expenditure are presented by countries where the assets are located. The segment information by geographical area is as follows:

	Revenues and net gain/(loss)		Capital expenditure	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong	12,523	6,484	1,701	623
The People's Republic of China (the "PRC")	11,607	12,684	8,241	2,381
United States of America	45,378	52,521	–	–
United Kingdom	19,574	31,400	–	–
Germany	10,692	20,361	–	–
France	14,498	16,623	–	–
Other countries	17,712	11,891	–	–
	<u>131,984</u>	<u>151,964</u>	<u>9,942</u>	<u>3,004</u>
	Non-current assets		Total assets	
	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000
Hong Kong	40,177	39,521	264,594	228,560
The PRC	538,006	554,595	659,253	691,525
	<u>578,183</u>	<u>594,116</u>	<u>923,847</u>	<u>920,085</u>

7. OTHER INCOME AND NET GAIN

	2016 HK\$'000	2015 HK\$'000
Interest income from bank deposits	12	358
Sales of scraped material	1,844	2,683
Gain on disposal of property, plant and equipment	2,665	2,584
Gain on disposal of a subsidiary (<i>note</i>)	–	108,718
Net exchange gain	66	114
Sundries	423	1,609
	<u>5,010</u>	<u>116,066</u>

Note:

On 21st April, 2015, the Company and its wholly-owned subsidiary entered into a sale and purchase agreement with Chuang's China Investments Limited (a listed subsidiary of CCIL) and its wholly-owned subsidiary to sell the entire registered capital of a PRC wholly-owned subsidiary of the Group (the major assets are the land and property in the PRC) at a consideration of RMB101.6 million (equivalent to approximately HK\$123.4 million). The transaction was completed on 21st August, 2015 and the consideration was settled in full in cash at completion. A gain on disposal of the subsidiary was recorded in this note. The transaction was announced by the Company on 21st April, 2015 and 21st August, 2015, and published in the circular of the Company on 13th May, 2015, respectively.

8. OPERATING PROFIT

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Operating profit is stated after crediting:		
Reversal of provision for impairment of inventories	<u>937</u>	<u>447</u>
and after charging:		
Cost of inventories sold	56,501	72,403
Depreciation	7,315	8,223
Amortization of prepaid lease payments	88	141
Provision for impairment of accounts receivable	–	209
Staff costs, including Directors' emoluments		
Wages and salaries	40,937	53,285
Retirement benefit costs	<u>347</u>	<u>435</u>

9. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest expenses from bank borrowings	535	1,877
Fair value adjustment of accounts receivable	<u>(64)</u>	<u>(207)</u>
	<u>471</u>	<u>1,670</u>

10. TAXATION CREDIT

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Deferred taxation	<u>380</u>	<u>717</u>

No provision for Hong Kong profits tax has been provided as the Group has sufficient tax losses to offset the estimated assessable profit for the period ended 30th September, 2016 (2015: nil). No provision for PRC corporate income tax has been provided as the Group has sufficient tax losses to offset the estimated assessable profit for the period ended 30th September, 2016 (2015: nil).

11. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30th September, 2016 (2015: nil).

12. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$9,465,000 (2015: HK\$94,644,000) and the weighted average number of 3,310,812,000 (2015: 3,310,812,000) shares in issue during the period.

13. INVENTORIES

	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000
Raw materials	7,841	14,339
Work in progress	5,812	9,881
Finished goods	8,395	7,782
	<u>22,048</u>	<u>32,002</u>

14. ACCOUNTS RECEIVABLE

The Group allows a credit period ranging from 30 days to 180 days to its trade customers of the printing business. Sales proceeds receivable from cemetery operation are settled in accordance with the terms of respective contracts. The aging analysis of the accounts receivable based on date of invoice and net of provision for doubtful debt is as follows:

	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000
Below 30 days	22,409	15,324
31 to 60 days	14,492	7,500
61 to 90 days	10,168	8,770
Over 90 days	15,282	21,987
	<u>62,351</u>	<u>53,581</u>

15. ACCOUNTS PAYABLE

The following is an aging analysis of accounts payable presented based on the date of suppliers' invoice.

	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000
Below 30 days	12,709	19,223
31 to 60 days	7,438	2,804
Over 60 days	12,100	9,902
	32,247	31,929

16. CAPITAL COMMITMENTS

As at 30th September, 2016, the Group had capital expenditure commitments contracted but not provided for in respect of property, plant and equipment and cemetery assets amounting to HK\$2,008,000 (31st March, 2016: HK\$1,023,000).

17. PLEDGE OF ASSETS

As at 30th September, 2016, the Group had pledged certain assets including accounts receivable and property, plant and equipment, with an aggregate carrying value of HK\$10,074,000 (31st March, 2016: HK\$6,284,000, including accounts receivable), to secure banking facilities granted to the Group.

MANAGEMENT DISCUSSION ON RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2016

Profit attributable to equity holders of the Company for the six months ended 30th September, 2016 amounted to HK\$9.5 million (2015: HK\$94.6 million). Earnings per share was 0.3 HK cent (2015: 2.9 HK cents).

The principal activities of the Group were printing business, property business, information technology business and securities investment and trading business. Printing business comprised of manufacture and sale of printed products including art books and packaging box while property business focused on the operation of cemetery in the People's Republic of China (the "PRC") and property investment in Hong Kong.

For the six months ended 30th September, 2016, revenues and net gain of the Group amounted to HK\$132.0 million (2015: HK\$152.0 million), representing a decrease of 13.2% compared to that of the last corresponding period. This was mainly due to the decrease in the sales of printed products. Revenues of the Group comprised revenues from printing business of HK\$113.8 million (2015: HK\$141.5 million), revenues from cemetery business of HK\$9.5 million (2015: HK\$10.4 million), revenues from rental of investment property business of HK\$0.5 million (2015: nil) and revenues and net gain from securities investment and trading business of HK\$8.2 million (2015: HK\$0.1 million).

Despite the decrease in revenues of the printing segment, effective cost control measures and improvement in printing production efficiency contributed to the increase in the Group's gross profit of the printing segment. Gross profit for the cemetery segment also increased due to a write-back of business tax provision upon cancellation of such tax imposed on cemetery sales since May 2016. Increase in income from property investment in Hong Kong and bond investment also enhanced the Group's gross profit. As a result, gross profit during the period increased to HK\$48.2 million (2015: HK\$32.5 million), representing an increase of 48.3% compared to that of the last corresponding period. Gross profit margin improved to 36.5% (2015: 21.4%). The decrease in other income and net gain to HK\$5.0 million (2015: HK\$116.1 million) was mainly due to the absence of a one-off gain on disposal of a subsidiary amounted to HK\$108.7 million recorded in the last corresponding period, details of which were set out in the circular of the Company dated 13th May, 2015. A breakdown of other income and net gain is shown in note 7 on page 8 of this report.

On the costs side, the decreases in selling and marketing expenses to HK\$13.3 million (2015: HK\$15.2 million) were due to tight control in promotion expenses. The decreases in administrative and other operating expenses to HK\$30.3 million (2015: HK\$38.1 million) were mainly due to effective cost control measures. In February 2016, the Group repaid a term loan upon maturity, therefore the finance costs during the period decreased to HK\$0.5 million (2015: HK\$1.7 million).

DIVIDEND

The board of Directors (the "Board") has decided not to recommend the payment of an interim dividend for the period (2015: nil).

BUSINESS REVIEW

(A) Printing Business

As customers were cautious in placing orders amidst the uncertain economic outlook, revenues of the printing business of the Group during the period amounted to HK\$113.8 million, representing a decrease of 19.6% compared to that of the last corresponding period. In order to achieve an improvement in revenues, the Group has strengthened its marketing team and set up a new design division for provision of design service to its customers. The Group will further broaden its clientele through proactive promotion of creative product designs to attract more customers and orders, especially in the luxurious packaging sector for better profit margin.

In the cost aspects, the Group streamlined production flow and increased automation so as to reduce reliance on labour force and at the same time enhance the cost efficiency. Continuous modification in enterprise resources planning system ensured proper and better allocation of resources. As a result, the Group achieved an overall 18% reduction in headcount and significant savings in both production costs and administrative expenses which resulted in a profit being recorded for the printing business during the period under review as compared to a loss in the last corresponding period after adjusting the effect of the one-off gain on the disposal of a subsidiary.

(B) Property for Sales – Cemetery Operations

The Group operates a cemetery – “Fortune Wealth Memorial Park” in Sihui, Guangdong which comprises a site of 518 mu, of which 100 mu have been substantially completed and remaining 418 mu have commenced design work, and an adjacent site of 4,482 mu, which has been reserved, making up a total of 5,000 mu.

In the sales aspect, as the Guangzhou district was a major market for our cemetery, the Group concentrated its resources to develop this market. The Group now operates six sales offices in southern China region and will continue to strengthen its marketing team for further growth in cemetery sales.

In the development aspect, the Group has completed 12 graveyards (area M1 to M12) and a mausoleum which can accommodate niches on the 100 mu of land. As of to-date, there are 5,485 grave plots already built, of which 1,516 grave plots are sold, leaving 3,969 grave plots available for sales.

Recently the Group has obtained approval from the local government to develop a further 46.8 mu of land for sales purpose within the 418 mu area. Land use rights certificates for this 46.8 mu of land will be obtained in due course and the Group plans to build an additional 4,300 grave plots on this piece of land. In anticipation of the growing demand of prestigious grave plots, the Group will continue to negotiate with the local government for obtaining the approval to develop the remaining land within the 418 mu area by phases.

(C) Property for Investment

The Group had acquired a commercial property located at Shop D, Ground Floor, Wuhu Residence, No. 111 Wuhu Street, Hunghom, Kowloon, with a total gross area of about 1,588 square feet. The property is now leased to a third party and generated steady rental income to the Group. The Group may in future acquire more investment properties so as to generate more recurrent income.

(D) Securities Investment and Trading

In order to provide the Group with an opportunity to enhance income for its surplus cash amidst the prevailing low interest rate environment, the Group has, since September 2015, commenced to invest in quoted bonds. All transactions are carried out in compliance with investment policies formulated and adopted by the Board for regulating investment in this aspect.

As at 30th September, 2016, investments of the Group, classified in accordance with Hong Kong Financial Reporting Standards under current assets as “financial assets at fair value through profit or loss”, amounted to HK\$113.8 million, with details as follows:

Issuer of senior notes	Shimao Property Holdings Limited	Country Garden Holdings Company Limited
Principal activities	Property development, investment and hotel operation	Property development, construction, fitting and decoration, property management, property investment and hotel operation
Face value of bonds held	US\$8.0 million	US\$5.0 million
Market value as at 30th September, 2016	HK\$71.6 million	HK\$42.2 million
Fair value gain for the period	HK\$2.5 million	HK\$1.7 million
Interest income for the period	HK\$2.6 million	HK\$1.4 million
Percentage of market value to net assets as at 30th September, 2016	11.2%	6.6%

(E) Information Technology Business

Leveraging on the Group’s experience in the information technology business, the Group concentrates to explore investment opportunities in the e-commerce business. The Group continues to strengthen its technical team and infrastructure to broaden its capabilities in system development and information technology consulting services. In addition to expanding its client-driven business, the Group is also actively exploring investment opportunities in information technology projects and platforms that can accumulate a substantial user base in the future.

FINANCIAL POSITION

Financial resources

As at 30th September, 2016, cash and bank balances of the Group amounted to HK\$59.9 million (31st March, 2016: HK\$43.1 million) whereas bank borrowings as at the same date amounted to HK\$18.0 million (31st March, 2016: HK\$10.5 million). The debt to equity ratio (calculated as a percentage of bank borrowings over net asset value attributable to equity holders of the Company) amounted to 2.8% (31st March, 2016: 1.7%). Approximately 90.7% of the Group's cash and bank balances were denominated in Hong Kong dollar and United States dollar, 9.0% were in Renminbi and the balance of 0.3% were in other currencies. All of the Group's bank borrowings were denominated in Hong Kong dollar.

Foreign exchange risk

For the Group's printing business, the income is mainly denominated in United States dollar and thus the exchange exposure is minimal. The major cost items are denominated in Renminbi and thus the Group is exposed to Renminbi's exchange risk. For the Group's cemetery business, it is conducted in the PRC, with the income and the major cost items being denominated in Renminbi. Therefore, it is expected that any fluctuation of Renminbi's exchange rate would not have material effect on the cemetery operations of the Group. However, as the Group's financial statements are presented in Hong Kong dollar, the Group's financial position is subject to exchange exposure in Renminbi. The Group would closely monitor these risk exposures from time to time.

Net asset value

Net asset value attributable to equity holders of the Company as at 30th September, 2016 amounted to HK\$638.3 million (31st March, 2016: HK\$634.5 million), equivalent to about HK\$0.193 (31st March, 2016: HK\$0.192) per share.

PROSPECTS

The Group achieved a turnaround to profit for printing business during the period under review. This resulted from the cost savings gained from lean manufacturing and effective cost control measures. Moving forward, the Group will continue to expand its customer base and develop domestic sales in the PRC. The management is fully cognizant of the challenge ahead, and will act cautiously to achieve growth on the strength of a professional service team and effective production framework.

Due to limited supply of graveyard and related establishment in the Pearl River Delta region, the demand of prestigious grave plots and niches for cremation urns remains high. The Group believes that cemetery business, in the long run, has growth opportunities and is optimistic of its long term prospect.

In order to generate additional sources of revenues to the Group, the Group has invested in the bond market and continues to search for new business opportunities in the property investment and information technology sector. In addition, the Group will continue to evaluate the development strategies of its printing and cemetery businesses and such strategies may include enticement of investor, establishment of strategic partnership, or disposing part or whole of such businesses in order to recognize their inherent values.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30th September, 2016 with the code provisions set out in the Corporate Governance Code of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Audit Committee has been established by the Company to review and supervise the Company’s financial reporting process, risk management and internal controls and review the relationship with the auditor. The Audit Committee has held meetings in accordance with the relevant requirements. The Group’s unaudited interim results for the period ended 30th September, 2016 have been reviewed by the Audit Committee of the Company and by the Company’s independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The current members of the Audit Committee are three Independent Non-Executive Directors, Mr. Abraham Shek Lai Him, Dr. Eddy Li Sau Hung and Mr. Yau Chi Ming and a Non-Executive Director, Mr. Dominic Lai.

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuer (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.

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

During the six months ended 30th September, 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

STAFF

As at 30th September, 2016, the Group, including its subcontracting processing plants, employed approximately 870 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 September, 2016 containing all applicable information required by Paragraph 46 of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

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

Hong Kong, 25th November, 2016

As at the date of this announcement, Mr. Richard Hung Ting Ho, Mrs. Candy Kotewall Chuang Ka Wai, Mr. Geoffrey Chuang Ka Kam and Mr. Wong Chi Sing are the Executive Directors, Mr. Dominic Lai is a Non-Executive Director, and Mr. Abraham Shek Lai Him, Dr. Eddy Li Sau Hung and Mr. Yau Chi Ming are the Independent Non-Executive Directors of the Company.