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, 2017

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, 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30th September, 2017

	Note	**2017** **HK$'000**	2016 HK$'000 (Restated)
Continuing operations			
Revenues and net gain	*5*	**116,535**	122,479
Revenues		**117,883**	118,302
Net (loss)/gain of financial assets at fair value through profit or loss		**(1,348)**	4,177
Cost of sales		**(81,715)**	(82,348)
Gross profit		**34,820**	40,131
Other income and net gain	*7*	**4,351**	5,023
Selling and marketing expenses		**(7,191)**	(7,273)
Administrative and other operating expenses		**(27,803)**	(28,193)
Operating profit	*8*	**4,177**	9,688
Finance costs	*9*	**(920)**	(535)
Profit before taxation		**3,257**	9,153
Taxation	*10*	**(106)**	(78)
Profit for the period from continuing operations		**3,151**	9,075
Discontinued operation			
Profit for the period from discontinued operation	*20*	**–**	428
Profit for the period		**3,151**	9,503

* *For identification purpose only*

	Note	**2017**	2016
		HK$'000	*HK$'000*
			(Restated)
Profit for the period attributable to:			
Equity holders of the Company			
Continuing operations		**3,151**	9,075
Discontinued operation		**–**	390
		3,151	9,465
Non-controlling interests			
Discontinued operation		**–**	38
		3,151	9,503
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to profit or loss			
Net exchange differences		**5,334**	(14,188)
Total comprehensive income/(loss) for the period		**8,485**	(4,685)
Total comprehensive income/(loss) for the period attributable to:			
Equity holders of the Company			
Continuing operations		**8,485**	9,075
Discontinued operation		**–**	(11,453)
		8,485	(2,378)
Non-controlling interests			
Discontinued operation		**–**	(2,307)
Total comprehensive income/(loss) for the period		**8,485**	(4,685)
		HK cent	*HK cent*
			(Restated)
Earnings per share (basic and diluted)			
Continuing operations		**0.10**	0.28
Discontinued operation		**–**	0.01
	12	**0.10**	0.29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30th September, 2017

	Note	**30th September, 2017** **_HK$'000_**	31st March, 2017 *HK$'000*
Non-current assets			
Prepaid lease payments		**3,228**	3,287
Property, plant and equipment		**37,945**	38,616
Investment properties		**501,678**	196,081
Other non-current assets	*13*	**37,658**	–
Amount due from a fellow subsidiary	*14*	**116,980**	112,880
		697,489	350,864
Current assets			
Inventories	*15*	**29,809**	29,150
Accounts receivable	*16*	**54,733**	35,002
Deposits, prepayments and other receivables		**18,986**	12,814
Financial assets at fair value through profit or loss		**110,905**	112,095
Cash and bank balances		**21,052**	279,754
		235,485	468,815
Current liabilities			
Accounts payable	*17*	**32,232**	21,539
Accrued charges and other payables		**59,804**	33,802
Taxation payable		**54,932**	50,022
Short-term bank borrowings		**21,582**	34,480
Current portion of long-term bank borrowings		**4,793**	1,560
		173,343	141,403
Net current assets		**62,142**	327,412
Total assets less current liabilities		**759,631**	678,276
Equity			
Share capital		**331,081**	331,081
Reserves		**286,554**	311,177
Total equity		**617,635**	642,258
Non-current liabilities			
Deferred taxation liabilities		**50,820**	11,578
Long-term bank borrowings		**91,176**	24,440
		141,996	36,018
		759,631	678,276

Notes:

1. GENERAL INFORMATION

Midas International Holdings Limited (the "Company") is a limited liability company incorporated in the 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, 2017, the Company was a 60.8% owned subsidiary of Gold Throne Finance Limited ("Gold Throne"), 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.

On 1st September, 2017, Gold Throne entered into a memorandum of understanding with an independent third party for a possible disposal of its entire 60.8% interest in the Company (the "Possible Transaction"). A supplemental memorandum of understanding was further signed by the parties on 1st November, 2017 to extend the exclusivity period to 31st December, 2017. Details of the Possible Transaction were announced by the Company on 1st September, 2017, 3rd October, 2017 and 1st November, 2017 respectively. If the Possible Transaction materializes, it will lead to a change in control of the Company. Up to the date of this announcement, 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, property business, securities investment and trading business and information technology business. On 31st March, 2017, the Group disposed of the cemetery operation and the results of such operation for the six months period ended 30th September, 2016 have been presented as discontinued operation in the condensed consolidated statement of comprehensive income (note 20). The comparative figures of the corresponding notes have been restated to conform presentation.

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 properties and financial assets at fair value through profit or loss at fair value, 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, 2017 which have been prepared in accordance with all applicable 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 consolidated annual financial statements for the year ended 31st March, 2017, except as stated below.

(a) Effect of adopting amendments to standards

For the six months ended 30th September, 2017, the Group adopted the following amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2017 and relevant to the operations of the Group:

HKAS 7 (Amendment)	Cash Flow Statements – Disclosure Initiative
HKAS 12 (Amendment)	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses
HKFRS 12 (Amendment)	Disclosure of Interest in Other Entities

The Group has assessed the impact of the adoption of these 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) Amendment to standard that is not yet effective but has been early adopted

The following amendment to standard was early adopted by the Group from 1st April, 2017:

HKAS 40 (Amendment)	Investment Property – Transfers of Investment Property

The amendment to HKAS 40 clarified that, to transfer to or from, investment properties, there must be a change in use. A change in use would involve (a) an assessment of whether a property meets the definition of investment property; and (b) supporting evidence that a change in use has occurred. The amendment also re-characterised the list of circumstances in the standard as a non-exhaustive list of examples. The Group considers that the revised standard better reflects the intended use of the properties of the Group, and has early adopted the amended standard. There was no significant impact to the Group as a result of the adoption of the amended standard for the current period.

(c) New standards, amendments to standards and new interpretations that are not yet effective

The following new standards, amendments to standards and new interpretations have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1st April, 2018, but have not yet been early adopted by the Group:

HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions (effective from 1st January, 2018)
HKFRS 9	Financial Instruments (effective from 1st January, 2018)
HKFRS 15	Revenue from Contracts with Customers (effective from 1st January, 2018)
HKFRS 15 (Amendment)	Clarifications to HKFRS 15 (effective from 1st January, 2018)
HKFRS 16	Leases (effective from 1st January, 2019)
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration (effective from 1st January, 2018)
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments (effective from 1st January, 2019)

Key developments of these new standards, amendments to standards and new interpretations which may have an impact to the Group's accounting policies and presentation of the condensed consolidated interim financial information are described below:

HKFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses ("ECL") model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method.

HKFRS 9 is effective for annual periods beginning on or after 1st January, 2018 and earlier application is permitted. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

HKFRS 15 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. HKFRS 15 is based on the principle that revenue is recognized when control of a good or service transfers to a customer. Management is currently assessing the effects of adoption of HKFRS 15 on the Group's condensed consolidated interim financial information and has initially identified areas which are likely to be affected including identification of separate performance obligations, the determination of stand-alone selling price and its relative allocation. At this stage, the Group is not yet able to estimate the impact of the adoption of HKFRS 15 on the Group's condensed consolidated interim financial information. The Group will make more detailed assessments of the impact during the second half of the financial year.

The Group will adopt the above new standards, amendments to standards and new interpretations 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, 2017. There has been no material change in the Group's financial risk management policies since the year ended 31st March, 2017.

(b) Liquidity risk

Compared to the year ended 31st March, 2017, there was no material change in the contractual undiscounted cash flows for financial liabilities.

(c) Fair value estimation

The fair values of financial instruments traded in active markets are 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 financials 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, 2017, there was no significant change in the business or economic circumstances that affect the fair values 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, 2017. 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, 2017.

5. REVENUES AND NET GAIN

Revenues and net gain recognized during the period are as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Revenues		
Sales of printed products	**109,608**	113,733
Rental income	**4,063**	515
Interest income from financial assets at fair value through profit or loss	**4,212**	4,054
	117,883	118,302
Net (loss)/gain		
Net fair value (loss)/gain of financial assets at fair value through profit or loss	**(1,348)**	4,177
Revenues and net gain	**116,535**	122,479

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, property investment, securities investment and trading and others (including information technology business). The CODM assesses the performance of the operating segments based on a measure of segment result. The comparative figures have been restated to conform presentation of discontinued operation for the cemetery operation in segment information.

The segment information by business lines is as follows:

	Continuing operations					Discontinued operation	
	Printing *HK$'000*	Property business – property investment *HK$'000*	Securities investment and trading *HK$'000*	Others and corporate *HK$'000*	Total *HK$'000*	Property business – cemetery *HK$'000* *(note i)*	Total *HK$'000*
2017							
Revenues and net gain	**109,608**	**4,063**	**2,864**	**–**	**116,535**	**–**	**116,535**
Other income and net gain	**1,891**	**2,366**	**–**	**94**	**4,351**	**–**	**4,351**
Operating profit/(loss)	**1,210**	**5,616**	**2,825**	**(5,474)**	**4,177**	**–**	**4,177**
Finance costs	**(508)**	**(412)**	**–**	**–**	**(920)**	**–**	**(920)**
Profit/(loss) before taxation	**702**	**5,204**	**2,825**	**(5,474)**	**3,257**	**–**	**3,257**
Taxation	**–**	**(106)**	**–**	**–**	**(106)**	**–**	**(106)**
Profit/(loss) for the period	**702**	**5,098**	**2,825**	**(5,474)**	**3,151**	**–**	**3,151**
As at 30th September, 2017							
Total assets	**144,054**	**656,963**	**110,905**	**21,052**	**932,974**	**–**	**932,974**
Total liabilities	**72,362**	**123,627**	**12**	**119,338**	**315,339**	**–**	**315,339**
2017							
Other segment items are as follows:							
Capital expenditure *(note ii)*	**6,180**	**300,000**	**–**	**–**	**306,180**	**–**	**306,180**
Depreciation	**6,602**	**–**	**–**	**–**	**6,602**	**–**	**6,602**
Amortization of prepaid lease payments	**59**	**–**	**–**	**–**	**59**	**–**	**59**
Reversal of provision for impairment of inventories	**345**	**–**	**–**	**–**	**345**	**–**	**345**

Notes:

(i) All the assets and liabilities of the cemetery operation were disposed of by the Group on 31st March, 2017 (note 20).

(ii) In regard to the "property business – property investment" segment, the acquisitions of a property business in Hong Kong and the equity interests in the companies that held investment properties in Hong Kong were completed on 17th May, 2017 and 24th August, 2017 respectively and accordingly, investment properties of the Group were increased by HK$300.0 million.

	Continuing operations					Discontinued operation	
	Printing *HK$'000*	Property business – property investment *HK$'000*	Securities investment and trading *HK$'000*	Others and corporate *HK$'000*	Total *HK$'000*	Property business – cemetery *HK$'000*	Total *HK$'000*
2016							
Revenues and net gain	113,733	515	8,231	–	122,479	9,505	131,984
Other income and net gain/(loss)	4,869	–	142	12	5,023	(13)	5,010
Operating profit/(loss)	4,295	475	8,318	(3,400)	9,688	(94)	9,594
Finance (costs)/income	(535)	–	–	–	(535)	64	(471)
Profit/(loss) before taxation	3,760	475	8,318	(3,400)	9,153	(30)	9,123
Taxation (charge)/credit	–	(78)	–	–	(78)	458	380
Profit/(loss) for the period	3,760	397	8,318	(3,400)	9,075	428	9,503
As at 31st March, 2017							
Total assets	118,592	309,238	112,095	279,754	819,679	–	819,679
Total liabilities	61,553	17,048	34	98,786	177,421	–	177,421
2016							
Other segment items are as follows:							
Capital expenditure	6,099	–	–	–	6,099	3,843	9,942
Depreciation	6,891	–	–	–	6,891	424	7,315
Amortization of prepaid lease payments	58	–	–	–	58	30	88
Reversal of provision for impairment of inventories	937	–	–	–	937	–	937

(b) Geographical segment information

The business of the Group operates in different geographical areas. Revenues and net gain 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		Capital expenditure	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)
Continuing operations				
Hong Kong	**13,228**	12,515	**300,456**	1,701
The People's Republic of China (the "PRC")	**10,466**	2,110	**5,724**	4,398
United States of America	**47,628**	45,378	**–**	–
United Kingdom	**13,832**	19,574	**–**	–
Germany	**7,445**	10,692	**–**	–
France	**13,008**	14,498	**–**	–
Other countries	**10,928**	17,712	**–**	–
	116,535	122,479	**306,180**	6,099
Discontinued operation	**–**	9,505	**–**	3,843
	116,535	131,984	**306,180**	9,942

	Non-current assets		Total assets	
	30th September, 2017	31st March, 2017	**30th September, 2017**	31st March, 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
Hong Kong	**381,379**	43,813	**565,467**	469,939
The PRC	**316,110**	307,051	**367,507**	349,740
	697,489	350,864	**932,974**	819,679

7. OTHER INCOME AND NET GAIN

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest income from bank deposits	**94**	12
Interest income from amount due from a fellow subsidiary *(note 14)*	**1,173**	–
Sales of scraped material	**1,236**	1,844
Gain on disposal of property, plant and equipment	**726**	2,665
Net gain on acquisition of subsidiaries *(note i)*	**1,828**	–
Transaction costs on the acquisition of a property business *(note ii)*	**(3,400)**	–
Net exchange gain	**2,529**	66
Sundries	**165**	436
	4,351	5,023

Note:

(i) On 6th July, 2017, the Company entered into a sale and purchase agreement with CCIL to acquire its equity interests in the companies that held investment properties in Hong Kong (valued at HK$260.0 million at the date of acquisition) at a net consideration of HK$158.1 million (the "Acquisition of Subsidiaries"). The Acquisition of Subsidiaries was announced by the Company on 6th July, 2017 and published in the circular on 4th August, 2017 respectively. The transaction was completed on 24th August, 2017. The properties were recorded as investment properties and a negative goodwill on the Acquisition of the Subsidiaries amounting to HK$5.4 million (before netting of transaction costs) was recorded upon completion.

(ii) On 13th April, 2017, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to acquire a property (for commercial use) in Hong Kong at a consideration of HK$40.0 million (before netting of transaction costs). The transaction was completed on 17th May, 2017 and the property was recorded as investment property. Since the consideration is equal to the fair value of the property business, except for the transaction costs, no goodwill was recognized upon completion.

8. OPERATING PROFIT

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Operating profit is stated after crediting:		
Reversal of provision for impairment of inventories	**345**	937
Operating profit is stated after charging:		
Cost of inventories sold	**58,688**	55,482
Depreciation	**6,602**	6,891
Amortization of prepaid lease payments	**59**	58
Staff costs, including Directors' emoluments		
Wages and salaries	**31,007**	35,430
Retirement benefit costs	**308**	336

9. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest expenses from bank borrowings	**920**	535

10. TAXATION

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Deferred taxation	**106**	78

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, 2017 (2016: 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, 2017 (2016: nil).

11. DIVIDENDS

On 19th April, 2017, the Board declared a special dividend of 1.0 HK cent per share amounting to HK$33.1 million and was paid on 26th May, 2017.

The Board does not recommend the payment of an interim dividend for the six months ended 30th September, 2017 (2016: nil).

12. EARNINGS PER SHARE

The calculation of the earnings per share is based on the following profit attributable to equity holders and the weighted average number of shares in issue during the period:

	2017			2016		
	Continuing operations	**Discontinued operation**	**Total**	Continuing operations	Discontinued operation	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000* (Restated)	*HK$'000* (Restated)	*HK$'000* (Restated)
Profit attributable to equity holders	**3,151**	**–**	**3,151**	9,075	390	9,465

	Number of shares	
	2017	2016
Weighted average number of shares	**3,310,812,417**	3,310,812,417

The diluted earnings per share is equal to the basic earnings per share since there are no dilutive potential shares in issue during the period.

13. OTHER NON-CURRENT ASSETS

Other non-current assets represent the tax indemnity from CCIL in relation to the Acquisition of Subsidiaries (note 7(i)). According to the sale and purchase agreement, CCIL shall indemnify the Group for any profits tax liabilities arising from the subsequent sales of the properties acquired by the Group through the Acquisition of Subsidiaries with the maximum amount of HK$37,658,000.

14. AMOUNT DUE FROM A FELLOW SUBSIDIARY

Amount due from a fellow subsidiary represents the deferred consideration receivable from Chuang's China Investments Limited ("Chuang's China") (a listed subsidiary of CCIL and a fellow subsidiary of the Group) for the disposal of the cemetery operation (note 20). It will be settled through acquisition of the entire equity interests in subsidiaries which hold certain residential villas in the PRC with its valuation close to RMB100.0 million (equivalent to approximately HK$117.0 million) at the settlement date and any shortfall with the valuation will be topped up in cash by Chuang's China. The exact value of residential villas to be delivered and the cash top-up, if applicable, cannot be determined until the settlement date, but in any case will not exceed RMB100.0 million.

The amount is unsecured, interest bearing at 2% per annum and receivable on or before 31st March, 2020. The amount approximates its fair value and is within level 2 of the fair value hierarchy. The amount is denominated in RMB.

15. INVENTORIES

	30th September, 2017	31st March, 2017
	HK$'000	*HK$'000*
Raw materials	**16,952**	14,771
Work in progress	**8,387**	6,063
Finished goods	**4,470**	8,316
	29,809	29,150

16. ACCOUNTS RECEIVABLE

The Group allows a credit period ranging from 30 days to 180 days to its trade customers of the printing business. Rental income is received in advance. The aging analysis of the accounts receivable based on date of invoices and net of provision for doubtful debt is as follows:

	30th September, 2017	31st March, 2017
	HK$'000	*HK$'000*
Below 30 days	**18,868**	8,511
31 to 60 days	**16,018**	6,483
61 to 90 days	**10,002**	6,869
Over 90 days	**9,845**	13,139
	54,733	35,002

17. ACCOUNTS PAYABLE

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

	30th September, 2017	31st March, 2017
	HK$'000	*HK$'000*
Below 30 days	**9,508**	13,769
31 to 60 days	**9,386**	4,073
Over 60 days	**13,338**	3,697
	32,232	21,539

18. CAPITAL COMMITMENTS

As at 30th September, 2017, the Group had capital expenditure commitments contracted but not provided for in respect of property, plant and equipment amounting to HK$1,347,000 (31st March, 2017: HK$1,814,000).

19. PLEDGE OF ASSETS

As at 30th September, 2017, the Group had pledged certain assets, including prepaid lease payments, property, plant and equipment, investment properties and accounts receivable with an aggregate carrying value of HK$321,615,000 (31st March, 2017: HK$66,950,000), to secure banking facilities granted to the Group.

20. DISCONTINUED OPERATION

On 21st January, 2017, the Company entered into a sale and purchase agreement with Chuang's China to dispose of its equity interests in Fortune Wealth Consortium Limited and its subsidiaries (the "FW Group") at a consideration of RMB398.0 million. The FW Group was principally engaged in the development and operation of a cemetery located in Sihui, the PRC. The transaction was completed on 31st March, 2017, and the consideration was satisfied partially in cash of RMB174.0 million, partially in exchange of investment properties of RMB124.0 million through the acquisition of 100% equity interests in the relevant subsidiaries and partially by a deferred consideration (with the exchange of certain properties through acquisition of relevant entities) of RMB100.0 million (recorded as "Amount due from a fellow subsidiary" in the condensed consolidated statement of financial position). The acquired subsidiaries were principally engaged in property investment in the PRC. The deferred consideration is receivable on or before 31st March, 2020 and bears an interest of 2% per annum. Accordingly, the consolidated results of FW Group for the six months period ended 30th September, 2016 have been presented as discontinued operation in the condensed consolidated statement of comprehensive income and the comparative figures of the corresponding notes have been restated to conform presentation.

The result of the discontinued operation for the period ended 30th September, 2016 is set out below:

	2016 *HK$'000*
Revenues	9,505
Cost of sales	(1,434)
Gross profit	8,071
Other income and net loss	(13)
Selling and marketing expenses	(6,046)
Administrative and other operating expenses	(2,106)
Operating loss	(94)
Finance income	64
Loss before taxation	(30)
Taxation credit	458
Profit for the period from discontinued operation	428
Profit for the period from discontinued operation attributable to:	
Equity holders of the Company	390
Non-controlling interests	38
	428

MANAGEMENT DISCUSSION ON RESULTS FOR THE PERIOD ENDED 30TH SEPTEMBER, 2017

FINANCIAL REVIEW

Profit attributable to equity holders of the Company amounted to HK$3.2 million (2016: HK$9.5 million). Earnings per share was 0.10 HK cent (2016: 0.29 HK cent).

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

For the six months ended 30th September, 2017, revenues and net gain of the Group amounted to HK$116.5 million (2016: HK$122.5 million), representing a decrease of 4.9% compared to that of the last period. This was mainly due to the fair value loss in bond investment of HK$1.3 million as compared to the fair value gain of HK$4.0 million in the last corresponding period. Revenues and net gain of the Group comprised revenues from printing business of HK$109.6 million (2016: HK$113.8 million), revenues from rental of investment properties of HK$4.0 million (2016: HK$0.5 million) and revenues and net gain from securities investment and trading business of HK$2.9 million (2016: HK$8.2 million).

During the period under review, gross profit decreased to HK$34.8 million (2016: HK$40.1 million), mainly due to decrease in revenues and net gain from securities investment and trading business. Other income and net gain decreased to HK$4.4 million (2016: HK$5.0 million). A breakdown of other income and net gain is shown in note 7 on page 11 of this announcement.

On the costs side, selling and marketing expenses remained at the same level of HK$7.2 million (2016: HK$7.3 million) while administrative and other operating expenses slightly reduced to HK$27.8 million (2016: HK$28.2 million). Finance cost increased to HK$0.9 million (2016: HK$0.5 million) mainly due to the increase in bank borrowings for its investment properties portfolio.

DIVIDEND

The board of Directors has decided not to recommend the payment of an interim dividend for the period (2016: nil). A special dividend of 1.0 HK cent per share amounting to HK$33.1 million was paid on 26th May, 2017.

BUSINESS REVIEW

(A) Printing Business

During the period under review, revenues of the printing business amounted to HK$109.6 million (2016: HK$113.8 million), representing a slight decrease of 3.7% as compared to that of the last corresponding period. In order to strengthen its revenues, the Group will continue to strive to increase its market share by exploring the market opportunity in various printing segments and strengthen partnerships with major customers. With its design team, the Group will widen its product variety which in turn will attract new business.

In the cost aspects, throughout the period, the Group had deepened the Enterprise Resource Planning (ERP) System to further integrate its production, purchasing and financial functions. With the advent of technology and automation improvement, the Group had further streamlined its operation and was able to reduce its reliance on labour force, which mitigated the impact of rising wages. In addition, successful control on inventory and capital expenditure was adopted to monitor effective use of resources. All these measures contributed to enhancement of efficiency and reduction in production costs, and, as a result, the printing business achieved a profit contribution for the period of about HK$0.7 million.

(B) Property Business

The Group had been investing in properties in Hong Kong and the PRC as long term investments. In line with this business strategy, the Group continued to acquire further investment properties with a view to strengthen its properties portfolio so as to further enhance its recurrent income. The Group now holds the following portfolio of investment properties for rental purpose, which brings steady revenue and cash inflow to the Group.

(a) Investment Properties in Hong Kong:

(1) Shop D, Ground Floor, Wuhu Residence, No. 111 Wuhu Street, Hunghom, Kowloon with a gross floor area ("GFA") of 1,588 square feet. The property is subject to a tenancy agreement expiring in August 2018.

(2) Shop B, Ground Floor, Wuhu Residence, No. 111 Wuhu Street, Hunghom, Kowloon with a GFA of 1,247 square feet. The property is subject to a tenancy agreement expiring in February 2019.

(3) Shops 3 and 4, Parkes Residence, No. 101 Parkes Street, Kowloon with total GFA of 1,516 square feet. The property is subject to a tenancy agreement expiring in February 2019.

(4) Shop 5, Parkes Residence, No. 101 Parkes Street, Kowloon with a GFA of 574 square feet. The property was vacant during the period under review. The property is subject to a rental guarantee of not less than HK$2.16 million for a period of 18 months from 24th August, 2017. Any shortfall between the actual rental received and the guaranteed rental will be received by the Group within 14 days after the expiry of the guarantee period.

(b) Investment Properties in the PRC:

(1) Chengdu Digital Plaza Level 6 at Chengdu, the PRC with a GFA of 4,255 square metres. The property is subject to a tenancy agreement expiring in September 2019.

(2) Five office units at R&F Yingkai Square, Guangzhou, the PRC with total GFA of 895 square metres. The property is subject to a tenancy agreement expiring in May 2018.

As at 30th September, 2017, the Group's investment properties had an aggregate book value of approximately HK$501.7 million, and rental income during the period amounted to HK$4.0 million (2016: HK$0.5 million). The property portfolio is currently expected to generate an aggregate rental income of about HK$12.3 million on an annualized basis.

(C) Securities Investment and Trading Business

As at 30th September, 2017, investments of the Group amounted to HK$110.9 million, comprised of quoted high yield bonds. Revenues and net gain generated from this business activity during the period amounted to about HK$2.9 million, with details as follows.

Issuer of senior notes	**Shimao Property Holdings Limited**	**Country Garden Holdings Company Limited**
Principal activities	Property development, property 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, 2017	HK$69.5 million	HK$41.4 million
Fair value loss for the period	HK$0.7 million	HK$0.6 million
Interest income for the period	HK$2.7 million	HK$1.5 million
Percentage of market value to total assets as at 30th September, 2017	7.4%	4.4%

(D) Information Technology Business

Leveraging on the Group's experience in the information technology business and the substantial growth potential in such business, the Group will continue to explore investment opportunities, in particular, in the e-commerce, e-publishing and e-auction businesses, in order to generate additional sources of revenues to the Group.

FINANCIAL POSITION

Financial resources

As at 30th September, 2017, cash and bank balances of the Group amounted to HK$21.1 million (31st March, 2017: HK$279.8 million) whereas bank borrowings as at the same date amounted to HK$117.6 million (31st March, 2017: HK$60.5 million). Decrease in cash balance was mainly due to dividend distribution and acquisition of investment properties during the period. Increase in bank borrowings was mainly due to new bank loan after the acquisition of shops in Parkes Residence. 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 19.0% (31st March, 2017: 9.4%). Approximately 63.6% of the Group's cash and bank balances were denominated in Hong Kong dollar and United States dollar, 31.7% were in Renminbi and the balance of 4.7% were in other currencies.

All of the Group's bank borrowings were denominated in Hong Kong dollar. Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 22.4% of the Group's bank borrowings were repayable within the first year, 22.7% were repayable within the second year, 8.2% were repayable within the third to fifth years and the balance of 46.7% were repayable after the fifth year.

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 property business in the PRC, the income and the major cost items are denominated in Renminbi. Therefore, it is expected that any fluctuation of Renminbi's exchange rate would not have material effect on such activities of the Group. However, as the Group's consolidated 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, 2017 amounted to HK$617.6 million (31st March, 2017: HK$642.3 million), equivalent to about HK$0.187 (31st March, 2017: HK$0.194) per share.

POSSIBLE CHANGE OF CONTROLLING SHAREHOLDER OF THE COMPANY

On 1st September, 2017, a wholly-owned subsidiary of Chuang's Consortium International Limited, the controlling shareholder of the Company, entered into a memorandum of understanding with an independent third party for a possible disposal of its entire 60.8% interest in the Company (the "Possible Transaction"). A supplemental memorandum of understanding was further signed by the parties on 1st November, 2017 to extend the exclusivity period to 31st December, 2017. Details of the Possible Transaction were announced by the Company on 1st September, 2017, 3rd October, 2017 and 1st November, 2017 respectively. If the Possible Transaction materializes, it will lead to a change in control of the Company and a mandatory general offer under The Code on Takeovers and Mergers. Further announcement(s) in relation to the Possible Transaction will be made by the Company as and when appropriate.

PROSPECTS

The Group projects an optimistic view of the operating environment for its printing business. Strong sales and marketing team of the Group is capable to consolidate relationships with major customers and further expand the customer base in the future. Increased automation and production efficiencies can drive growth in core product lines. With a strong customer base and continued investments in infrastructure, the Group believes that the prospects for the printing market are promising.

The Group invests in a diversified properties and bonds portfolio with strong recurrent income base. The Group will continue to monitor new investment opportunities, so as to further expand the Group's sources of revenues and maximize the return to its shareholders.

CORPORATE GOVERNANCE

Due to other commitments, an Executive Director and an Independent Non-Executive Director had not attended the 2017 annual general meeting of the Company as required by Code A.6.7 of the Corporate Governance Code (the "CG Code") of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Except as mentioned hereof, the Company has complied throughout the six months ended 30th September, 2017 with the code provisions set out in the CG Code.

The Audit Committee has been established by the Company to review and supervise the Company's financial reporting process, risks 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, 2017 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, 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

STAFF

As at 30th September, 2017, the Group, including its subcontracting processing plants, employed approximately 599 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, 2017 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, 24th November, 2017

As at the date of this announcement, Mr. Richard Hung Ting Ho, Mrs. Candy Kotewall Chuang Ka Wai, Mr. Geoffrey Chuang Ka Kam, Mr. Neville Charles Kotewall 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.