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)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

The Board of the 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, 2009 together with the comparative figures for the previous period are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30th June,	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*3*	**130,860**	244,268
Direct expenses		**(97,707)**	(199,789)
Gross profit		**33,153**	44,479
Other income		**27,705**	13,236
Selling expenses		**(16,634)**	(29,943)
Administrative and general expenses		**(47,883)**	(56,855)
Finance costs		**(7,135)**	(7,564)
Loss before tax	*4*	**(10,794)**	(36,647)
Income tax credit	*5*	**814**	877
Loss for the period		**(9,980)**	(35,770)
Other comprehensive income			
Exchange difference arising on translation of foreign operations		**–**	1,604
Translation reserve realised upon disposal of subsidiaries		**–**	(3,272)
Other comprehensive income for the period		**–**	(1,668)
Total comprehensive income for the period		**(9,980)**	(37,438)
Loss for the period attributable to:			
Owners of the Company		**(9,184)**	(34,826)
Minority interests		**(796)**	(944)
		(9,980)	(35,770)
Total comprehensive income attributable to:			
Owners of the Company		**(9,184)**	(36,494)
Minority interests		**(796)**	(944)
		(9,980)	(37,438)
Loss per share	*7*		
Basic		**HK (1.0) cent**	HK (5.5) cents
Diluted		**HK (1.0) cent**	HK (5.5) cents

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30th June, 2009 HK$'000 (unaudited)	31st December, 2008 HK$'000 (restated)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**500**	500
Prepaid lease payments		**50,781**	51,355
Property, plant and equipment		**160,246**	169,186
Deposits paid for acquisition of land use rights		**4,054**	4,054
Cemetery assets		**421,018**	425,384
		636,599	650,479
Current assets			
Inventories		**142,928**	146,787
Accounts receivables	*8*	**87,861**	110,710
Deposits, prepayments and other receivables		**8,369**	11,895
Prepaid lease payments		**1,148**	1,148
Tax recoverable		**777**	2,583
Bank balances and cash		**78,768**	100,008
		319,851	373,131
Current liabilities			
Accounts payables	*9*	**44,019**	63,667
Accrued charges and other payables		**45,027**	44,354
Amount due to a minority shareholder		**1,366**	1,366
Deferred income		**10**	54
Tax payable		**7,150**	6,549
Bank borrowings		**80,023**	87,436
		177,595	203,426
Net current assets		**142,256**	169,705
Total assets less current liabilities		**778,855**	820,184
Non-current liabilities			
Loan note		**8,861**	16,710
Convertible notes		**85,964**	105,818
Deferred income		**306**	2,223
Deferred tax		**125,344**	127,073
		220,475	251,824
NET ASSETS		**558,380**	568,360
CAPITAL AND RESERVES			
Share capital		**94,551**	94,551
Reserves		**399,338**	408,522
Equity attributable to owners of the Company		**493,889**	503,073
Minority interests		**64,491**	65,287
TOTAL EQUITY		**558,380**	568,360

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to 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.

Except as described below, 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, 2008.

Change in accounting policy in relation to the conveyance of cemetery burial right

Accounting policy applied for the year ended 31st December, 2008

Revenue recognition

In previous years, revenue from grave plots and niches for cremation urns was regarded as a long-term contract to provide burial services and the amount received for such transactions was recognised as revenue on a straight-line basis over the duration of the right which was conveyed to the buyers, which is the same duration as the remaining term of the cemetery land. Amount received in excess of the amount recognised was accounted for as deferred income. Expenses directly attributable to such deferred income were similarly deferred.

Revised accounting policies for the period ended 30th June, 2009

As a result of the adoption of Hong Kong Financial Reporting Standard ("HKFRS") 8 Operating Segments with effect from 1st January, 2009, management of the Group has re-assessed the substance of the transactions for conveyance of cemetery burial rights taking into consideration the manner in which the chief operating decision maker (i.e. Chairman and Managing Director of the Company) assessed and measured the performance of the Group's cemetery operation. Consistent with the business model which management developed at the time when the cemetery operation was acquired, management believes that the conveyance of a right to use grave plots and niches for cremation urns is in substance a sale of a portion of the Group's cemetery assets. Management has also considered the management service arrangement in respect of the cemetery operation. From the agreement with the customers, management fee would be received by the Group for management services to be provided for the next twenty years. Upon expiry of each twenty years, any failure to pay the management fee for the next cycle will result in the customers giving up their burial rights on the respective grave plots or niches for cremation urns. As the amount of management fee is insignificant to the sales transaction, it is considered that substantial risks and rewards of ownership of the grave plots and niches for cremation urns have been passed to the customers upon execution of the agreements. Accordingly, management of the Group are of the opinion that it is more appropriate to account for such conveyance as sale of the grave plots and niches for cremation urns rather than as a long-term contract for the provision of services. Therefore, the Group has revised its accounting policy in relation to its cemetery operation as follows:

Revenue recognition

A conveyance of the right to use grave plots and niches for cremation urns is recognised as a sale of the grave plots and niches for cremation urns when the customers have the right to use the grave plots and niches for cremation urns upon the execution of a binding agreement.

Cemetery assets

The costs of grave plots and niches for cremation urns are re-classified to inventories from cemetery assets, prepaid lease payments and property, plant and equipment, upon commencement of development of the grave plots and niches for cremation urns with the intention of sale in the ordinary course of business of the Group. These assets are stated at the lower of cost and net realisable value. Cost of such assets is charged to profit or loss by reference to the area of the grave plots and niches for cremation urns sold in relation to the estimated total saleable area.

Cemetery assets and the related prepaid lease payments and property, plant and equipment for which no development has commenced are classified as non-current assets.

The Directors of the Company believe that the revised accounting policy will result in a better presentation of the Group's cemetery operation and are consistent with the way management assesses and measures its performance. Such a change in accounting policy did not have a significant impact to the Group's reported results for the prior period and the current period, accordingly, prior period's results have not been restated. An amount of approximately HK$2,042,000 included in deferred income as at 31st December, 2008 under the old accounting policy, which relates to conveyance of grave plots and niches for cremation urns transacted on or before 31st December, 2008, has been recognised as revenue during the period ended 30th June, 2009. The change in accounting policy has resulted in reclassification of certain asset items in the condensed consolidated statement of financial position as at 31st December, 2008, in respect of grave plots and niches for cremation urns whose development have been completed in prior periods as follows:

	Prepaid lease payments *HK$'000*	**Property, plant and equipment** *HK$'000*	**Cemetery assets – non-current** *HK$'000*	**Inventories** *HK$'000*
As at 31st December, 2008 (originally stated)	52,933	187,830	503,015	–
Effect of change in accounting policy	(430)	(18,644)	(77,631)	96,705
As at 31st December, 2008 (restated)	52,503	169,186	425,384	96,705

Adoption of new or revised HKFRSs effective in the current period

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1st January, 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

The adoption of the new and revised HKFRSs has resulted in changes to the Group's presentation and disclosure in the following areas that have an effect on how the results for the current and prior years are prepared and presented:

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised 2007) has had no impact on the reported results or financial position of the Group.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocation resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with primary reportable segments determined in accordance with HKAS 14 (see note 3) and has had no impact on the reported results or financial position of the Group.

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option available under the previous version of the standard to recognise all borrowing costs as expenses immediately and requires all such borrowing costs to be capitalised as part of the cost of the qualifying asset. The Group has applied the transitional requirements in HKAS 23 (Revised 2007) and applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1st January, 2009. As the Group does not have any qualifying assets in the past and current period, the change has had no impact on amounts reported in current or prior accounting periods.

The adoption of the other new and revised HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

New and revised HKFRSs issued but not yet effective

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendment)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adoption[4]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised 2008)	Business Combinations[1]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[3]

1 Effective for annual periods beginning on or after 1st July, 2009
2 Amendments that are effective for annual periods beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate
3 Effective for transfers on or after 1st July, 2009
4 Effective for annual periods beginning on or after 1st January, 2010

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combination for which the acquisition dates are on or after 1st January, 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors of the Company anticipate that the application of other new and 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 two business segments, namely printing and cemetery investment. These activities form the basis on which the Group reports its primary segment information.

Six months ended 30th June, 2009

	Printing *HK$'000*	**Cemetery investment** *HK$'000*	**Consolidated** *HK$'000*
TURNOVER – external	**128,143**	**2,717**	**130,860**
SEGMENT RESULTS	**(15,979)**	**(7,569)**	**(23,548)**
Unallocated income			**24,141**
Unallocated expenses			**(4,252)**
Finance costs			**(7,135)**
Loss before tax			**(10,794)**

Six months ended 30th June, 2008

	Printing *HK$'000*	Cemetery investment *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
TURNOVER – external	243,667	307	294	244,268
SEGMENT RESULTS	(23,551)	(7,553)	4,526	(26,578)
Unallocated income				996
Unallocated expenses				(3,501)
Finance costs				(7,564)
Loss before tax				(36,647)

4. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	For the six months ended 30th June,	
	2009	2008
	HK$'000	*HK$'000*
Cost of inventories recognised as an expense	**97,453**	197,877
Depreciation	**12,254**	16,516
Loss arising on modification of terms of a convertible note	**285**	–
and after crediting:		
Gain arising on extension right on a convertible note	**(23,790)**	–

5. INCOME TAX CREDIT

	For the six months ended 30th June,	
	2009	2008
	HK$'000	*HK$'000*
The credit comprises:		
People's Republic of China (the "PRC")		
Enterprise Income Tax		
current year	**–**	82
underprovision in prior years	**915**	–
	915	82
Deferred tax		
current year	**(1,729)**	(780)
attributable to a change in tax rate	**–**	(179)
	(1,729)	(959)
	(814)	(877)

Hong Kong Profits Tax is calculated at 16.5% for the six months ended 30th June, 2009 (2008: 16.5%). No provision for Hong Kong Profits Tax has been made for the six months ended 30th June, 2009 as the Group has available tax losses brought forward from prior years to offset the estimated assessable profits arising in Hong Kong.

PRC Enterprise Income Tax has been calculated on the estimated assessable profit for the period at a rate of 25% (2008: 25%).

6. DIVIDEND

The board has determined not to declare an interim dividend for both periods.

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on loss for the period attributable to the owners of the Company of approximately HK$9,184,000 (2008: approximately HK$34,826,000) and approximately 945,514,000 (2008: approximately 634,398,000 which has been adjusted for the rights issue on 16th June, 2008) weighted average number of ordinary shares.

The potential ordinary shares attributable to the assumed convertible notes have anti-dilutive effect for the periods ended 30th June, 2009 and 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, 2009	31st December, 2008
	HK$'000	*HK$'000*
0 to 30 days	**25,507**	31,131
31 to 60 days	**24,153**	23,745
61 to 90 days	**14,484**	14,588
91 to 120 days	**11,656**	18,219
121 to 180 days	**3,155**	14,572
More than 180 days	**8,906**	8,455
	87,861	110,710

9. ACCOUNTS PAYABLES

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

	30th June, 2009	31st December, 2008
	HK$'000	*HK$'000*
0 to 30 days	**13,200**	16,429
31 to 60 days	**10,407**	15,483
61 to 90 days	**9,104**	14,433
91 to 120 days	**6,010**	7,556
More than 120 days	**5,298**	9,766
	44,019	63,667

10. EVENTS AFTER THE END OF THE INTERIM PERIOD

(a) On 29th July, 2009, upon the approval by the shareholders of the Company in an extraordinary general meeting, the authorised share capital of the Company was increased from HK$220,000,000 (comprising 2,000,000,000 ordinary shares of HK$0.10 each and 2,000,000,000 preference shares of HK$0.01 each) to HK$320,000,000 (comprising 3,000,000,000 ordinary shares of HK$0.10 each and 2,000,000,000 preference shares of HK$0.01 each) by the creation of an additional 1,000,000,000 ordinary shares of HK$0.10 each, and such additional ordinary shares, upon issue, shall rank pari passu with the existing ordinary shares of the Company.

(b) On 3rd August, 2009, the Company had agreed with the holder of a convertible note with a principal sum of HK$130,000,000 issued on 19th September, 2007 (the "CN Sept 2007") to further modify the terms of CN Sept 2007, the principal sum of which immediately prior to the agreement was HK$100,000,000, as follows:

  (i) the principal sum was reduced by HK$10,000,000;

  (ii) a principal sum of HK$20,000,000 was converted into ordinary shares of the Company at a conversion price of HK$0.222 per share;

  (iii) as to the remaining principal sum of HK$70,000,000, a sum up to HK$50,000,000 could be converted into ordinary shares of the Company at a conversion price of HK$0.25 per share and the balance of HK$20,000,000 which will not be convertible into ordinary shares of the Company will be repaid on the maturity date;

  (iv) coupon rate was reduced to 1% per annum; and

  (v) the final maturity date was extended to 3rd August, 2014.

(c) On 3rd August, 2009, the Company issued a new convertible note to Chuang's Consortium International Limited ("CCIL"), the controlling shareholder of the Company, in the principal sum of HK$60,000,000. This convertible note is issued for a term of 5 years, carries a coupon rate of 1% per annum and is convertible into ordinary shares of the Company at a conversion price of HK$0.25 per share.

INTERIM DIVIDEND

In view of the loss incurred by the Group during the period under review, the Directors have decided not to recommend the payment of an interim dividend for the period under review (2008: HK$Nil).

FINANCIAL REVIEW

During the period under review, turnover of the Group was HK$130.9 million (2008: HK$244.3 million), representing a decrease of 46.4%. Turnover derived from printing business amounted to HK$128.1 million (2008: HK$243.7 million) which accounted for 97.9% of the Group's turnover whereas the remaining turnover represented the revenue from cemetery operation.

Gross profit, principally derived from our printing business, decreased by 25.4% to HK$33.2 million (2008: HK$44.5 million), which was mainly attributable to the decrease in turnover. Other income increased by 109.8% to HK$27.7 million (2008: HK$13.2 million), principally as a result of profit generated from the fair value change of a convertible note. On the costs side, selling expenses decreased by 44.5% to HK$16.6 million (2008: HK$29.9 million), mainly due to a reduction in sales revenue. Administrative and general expenses decreased by 15.8% to HK$47.9 million (2008: HK$56.9 million), mainly attributable to effective cost control measures implemented by the Group. Finance costs decreased slightly by 6.6% to HK$7.1 million (2008: HK$7.6 million), principally as a result of lower interest rates prevailing during the period. Taking all these factors into account, the Group recorded a loss attributable to ordinary shareholders of HK$9.2 million (2008: HK$34.8 million), representing a decrease of 73.6% compared to that of last corresponding period.

BUSINESS REVIEW

(a) Printing Business

The printing business of the Group comprised 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.

During the period under review, the trading environment of the printing business continued to be difficult. The worldwide economic environment in the first half of 2009 has not yet fully recovered from the global recession. The fall in printing demands from overseas customers resulted from the continued global economic uncertainty affected our printing business. As a result, turnover of the printing business of the Group during the period decreased by 47.4% to HK$128.1 million. In order to alleviate these difficulties and to restore the printing operation into profitability, the Group continues to take proactive measures to strengthen sales, improve profit margin and enhance cost control.

As regards strengthening sales, the Group endeavored to explore new customers worldwide. During the first half of 2009, the Group has participated in major exhibitions including Spring Fair 2009 in the United Kingdom, Paperworld 2009 in Germany, Bologna Children's Book Fair, London Book Fair and BookExpo American 2009. The Group will also join the coming Frankfurt Book Fair 2009 and Cosmoprof Asia 2009 in Hong Kong in the second half of the year. Through these exhibitions, the Group can promote further its corporate awareness among new customers and expand new businesses. In the first half of 2009, the Group has successfully received orders from about 60 new customers. This enlarged client base can provide growth opportunities to the Group once the economy rebounds in the future. At the same time, in order to minimise bad debt, the Group will continue to adopt sound and appropriate credit policies.

As regards improving profit margin, the Group has rendered value added services to our customers, including design consultation and product enhancement services. This strategy has helped us to secure higher margin orders from existing and new customers. The Group anticipates that such orders will continue in the second half of 2009 to provide positive contribution to the Group.

Cost control is another key element in restoring profitability. In this respect, the Group has successfully streamlined its operation flow through reorganising production process and retraining workers. These measures enabled the Group to improve productivity and efficiency while at the same time substantially reduce headcounts by about 40% in a year's time. Furthermore, the newly implemented enterprises resources planning ("ERP") system provides the management with real time information for planning and effective control purposes. Full utilisation of this ERP system will enable the Group to further reduce both production costs and administrative expenses.

By adopting all of the above measures, the Group has successfully improved the gross profit margin ratio from 18.2% in the last corresponding period to 25.3% for the current period under review. The Group will strive for further improvements in the second half of the year.

In the second half of 2009, we will invite tender for the foundation work of initial phase of development for the industrial land site located at Coastal Industry Zone in Shatian, Dongguan. We will closely monitor the development time frame of this land site so that we can have sufficient production capacity timely when the economy recovers and printing demand increases.

(b) Cemetery Business

Cemetery investment is another focus of business development of the Group. Currently, the Group operates a cemetery in Sihui, Guangdong, named Fortune Wealth Memorial Park. In August 2009, Department of Civil Affairs of Guangdong completed an annual review of 88 cemeteries operating in the Guangdong Province. Our cemetery was again accredited as a premium cemetery and only 2 cemeteries serving overseas Chinese in the province were granted such accreditation. We have obtained this accreditation since 2007.

To market our services, we have now established 1 sales office in Hong Kong and 5 sales offices in Guangzhou, Foshan, Zhaoqing as well as Sihui in Guangdong, the People's Republic of China (the "PRC") and we will set up additional offices in other cities within Guangdong Province in the near future. We have also established an extensive agency network in Hong Kong and the PRC and will extend such network further in overseas region.

For the sake of expanding our market presence to a larger extent, the Group has implemented a series of promotion campaign including regular visits of the cemetery for both the general public and members in the burial related organisations. In the first half of 2009, the cemetery has hosted about 900 new visitors to the cemetery, which made up an accumulated number of visitors to over 7,000. In addition, the Group has held joint promotion with a charitable organisation to promote our services to the elderly. Such cemetery visits and promotional activities will continue to be held in the future to boost our publicity.

A new highway from Guangzhou to Hezhou that bypasses Sihui is expected to be completed in early 2010. The exit at Sihui is approximately 10 minutes' drive to the cemetery. This highway will shorten the traveling time to about 1 hour from the city centre of Guangzhou to Sihui where our cemetery is located. This will greatly reduce transportation time and cost to and from Guangzhou and neighboring areas to our cemetery. We expect that this enhancement in accessibility will attract potential customers and, hopefully, generate more demands of our grave plots. In view of this anticipated growth in demand, the Group has commenced the negotiation process of acquiring 250 mu of land for further expansion.

LIQUIDITY AND FINANCIAL POSITIONS

As at 30th June, 2009, the Group's bank balances and cash amounted to HK$78.8 million while bank borrowings amounted to HK$80.0 million. The Group's net bank borrowings amounted to HK$1.2 million and its net bank borrowings to equity ratio (being all bank borrowings less bank balance and cash as a ratio to shareholders' fund) is 0.3%. 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.

In January 2009, the holder of a convertible note of the Company agreed to extend the repayment date of the convertible note amounted to HK$100.0 million by 3 years to September 2013. In August 2009, the terms of this convertible note were further modified. Out of the original principal sum of HK$100.0 million, HK$10.0 million was haircut and HK$20.0 million was converted into approximately 90.1 million new ordinary shares of the Company at a conversion price of HK$0.222 per share. As to the remaining principal sum of HK$70.0 million, HK$50.0 million could be converted at any time up to August 2014, at the option of the noteholder, into new ordinary shares of the Company at a conversion price of HK$0.25 per share (subject to adjustments) and the remaining balance of HK$20.0 million will be repayable at maturity in August 2014. In August 2009, the Company also issued a new convertible note to CCIL, its major shareholder, in the principal sum of HK$60.0 million for a term of 5 years with a conversion price of HK$0.25 per share (subject to adjustments). The cash proceeds will be used to finance the ongoing development of both the printing and cemetery business of the Group.

The aforesaid amendments of terms of an existing convertible note and the issue of a new convertible note have strengthened the financial and working capital positions of the Group so that the Group is well placed to meet the challenges ahead. Details of such transactions were included in a circular to shareholders dated 10th July, 2009.

During the period and subsequent to the interim balance sheet date, to take advantage of the discount on early redemption of the loan note, the Company has redeemed HK$20.0 million of the loan note before its maturity date. Accordingly, as at the date of this report, there is no loan note outstanding.

PROSPECTS

In the printing business, notwithstanding the formidable difficulties ahead, the Group has implemented positive measures to tackle these challenges. With our commitment to provide quality and professional printing solutions to our customers, the Group is confident to face the challenges and expects improvement in the operating results of the Group in the future.

The demand for graveyards is strong in both Hong Kong and the PRC. With the continuous improvement in infrastructure in the nearby region of our cemetery and our effort in marketing, the Group is optimistic in the long-term prospect of the cemetery investment and expects to generate positive return to our shareholders.

CORPORATE GOVERNANCE

Since 15th January, 2009, Mr. Hung Ting Ho, Richard took up both roles as the Chairman and the Chief Executive Officer, being the Chairman and Managing Director of the Company, the roles of the chairman and the chief executive officer are not separated pursuant to Code A.2.1 of the code provisions set out in Appendix 14 – Code on Corporate Governance Practices (the "CG Code") of the Listing Rules on the Stock Exchange. The Board considers that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions efficiently and consistently.

Except mentioned above, the Company has complied throughout the six months ended 30th June, 2009 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, 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, 2009. 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.

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

During the six months ended 30th June, 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

STAFF

As at 30th June, 2009, the Group, including its subcontracting processing plants, employed approximately 2,400 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.

GENERAL

As at the date of this announcement, Mr. Hung Ting Ho, Richard, Mr. Kwok Chi Fai 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 and Managing Director

Hong Kong, 17th September, 2009