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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 THE SECOND UNAUDITED INTERIM RESULTS
FOR THE TWELVE MONTHS ENDED 31ST DECEMBER, 2011**

The Board of Directors (the “Board”) of Midas International Holdings Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the twelve months ended 31st December, 2011 together with the comparative figures for 2010 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS ENDED 31ST DECEMBER, 2011

	<i>Notes</i>	2011 HK\$'000 (unaudited)	2010 HK\$'000 (restated)
Turnover		302,117	293,584
Direct expenses		(244,641)	(240,120)
Gross profit		57,476	53,464
Other income		7,914	6,303
Selling expenses		(31,286)	(30,333)
Administrative and general expenses		(89,079)	(90,548)
Finance costs		(17,241)	(14,986)
Loss before taxation		(72,216)	(76,100)
Income tax credit	4	3,594	499
Loss for the period	5	(68,622)	(75,601)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		17,726	15,676
Total comprehensive expense for the period		(50,896)	(59,925)
Loss for the period attributable to:			
Owners of the Company		(66,901)	(73,896)
Non-controlling interests		(1,721)	(1,705)
		(68,622)	(75,601)
Total comprehensive expense attributable to:			
Owners of the Company		(52,118)	(60,792)
Non-controlling interests		1,222	867
		(50,896)	(59,925)
Basic and diluted loss per share	7	HK(4.0) cents	HK(6.2) cents

* For identification purposes only

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST DECEMBER, 2011

	<i>Notes</i>	2011 HK\$'000 (unaudited)	2010 <i>HK\$'000</i> (restated)
ASSETS AND LIABILITIES			
Non-current assets			
Prepaid lease payments		47,860	48,878
Property, plant and equipment		118,156	127,642
Deposit paid for acquisition of land use rights		4,374	4,196
Cemetery assets		489,542	476,467
		659,932	657,183
Current assets			
Inventories		130,342	124,092
Accounts receivables	8	78,402	83,810
Deposits, prepayments and other receivables		14,939	17,794
Prepaid lease payments		1,156	1,153
Tax recoverable		355	260
Bank balances and cash		144,211	107,616
		369,405	334,725
Current liabilities			
Accounts payables	9	47,902	39,453
Accrued charges and other payables		48,319	43,072
Amount due to a minority shareholder		1,366	1,366
Deferred income		35	24
Tax payable		7,300	7,300
Bank borrowings – due within one year		49,623	74,115
Convertible notes – due within one year		–	15,927
		154,545	181,257
Net current assets		214,860	153,468
Total assets less current liabilities		874,792	810,651
Non-current liabilities			
Bank borrowings – due after one year		13,530	17,700
Convertible notes – due after one year		81,914	72,345
Deferred income		971	641
Deferred tax		141,301	139,225
		237,716	229,911
NET ASSETS		637,076	580,740
CAPITAL AND RESERVES			
Share capital		220,721	110,360
Reserves		344,903	400,150
Equity attributable to owners of the Company		565,624	510,510
Non-controlling interests		71,452	70,230
TOTAL EQUITY		637,076	580,740

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group 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”).

The financial year end date of the Company and the Group has been changed from 31st December to 31st March to conform with the financial year end date of Chuang’s Consortium International Limited, which became the ultimate holding company of the Company after the completion of a rights issue by the Company in July 2011. Accordingly, the current interim financial period covered a twelve-month period from 1st January, 2011 to 31st December, 2011 and the comparatives covered a twelve-month period from 1st January, 2010 to 31st December, 2010.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the twelve months ended 31st December, 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the twelve months ended 31st December, 2010, except for certain financial statement items have been adjusted for the twelve months ended 31st December, 2010.

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.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new and revised HKFRSs in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective. The following new and revised HKFRSs have been issued after the date the consolidated financial statements for the twelve months ended 31st December, 2010 were authorised for issuance and are not yet effective:

Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities ¹
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosures of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ³
HKAS 19 (as revised in 2011)	Employee Benefits ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹

¹ Effective for annual periods beginning on or after 1st January, 2013.

² Effective for annual periods beginning on or after 1st January, 2015.

³ Effective for annual periods beginning on or after 1st July, 2012.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted.

The directors of the Company (the “Directors”) anticipate that HKFRS 13 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1st April, 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

The Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The following is an analysis of the Group’s revenue and results by reportable and operating segments for the period under review:

Twelve months ended 31st December, 2011

	Printing HK\$’000	Cemetery HK\$’000	Consolidated HK\$’000
SEGMENT TURNOVER – external	293,064	9,053	302,117
SEGMENT LOSS	(31,340)	(18,918)	(50,258)
Unallocated income			724
Unallocated expenses			(5,441)
Finance costs			(17,241)
Loss before taxation			(72,216)

Twelve months ended 31st December, 2010

	Printing HK\$'000	Cemetery HK\$'000	Consolidated HK\$'000
SEGMENT TURNOVER – external	286,435	7,149	293,584
SEGMENT LOSS	(39,016)	(17,138)	(56,154)
Unallocated income			27
Unallocated expenses			(4,987)
Finance costs			(14,986)
Loss before taxation			(76,100)

The following is an analysis of the Group's assets by reportable and operating segments:

	2011 HK\$'000	2010 HK\$'000
Printing	290,251	299,643
Cemetery	594,520	584,389
Total segment assets	884,771	884,032

4. INCOME TAX CREDIT

	2011 HK\$'000	2010 HK\$'000
The credit comprises:		
Current tax:		
Hong Kong Profits Tax	–	469
Enterprises Income Tax (“EIT”) of the People’s Republic of China (“PRC”)	–	294
	–	763
Deferred tax:		
Current year	(3,594)	(1,262)
	(3,594)	(499)

No provision for Hong Kong Profits Tax has been made for the twelve months ended 31st December, 2011 as the Group has available tax losses brought forward from prior years to offset the estimated assessable profits arising in Hong Kong. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for the twelve months ended 31st December, 2010.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. No provision for EIT of the PRC has been made for the twelve months ended 31st December, 2011 as the Group incurred tax losses for the period.

5. LOSS FOR THE PERIOD

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Loss for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense	228,723	222,964
Depreciation of property, plant and equipment	21,313	23,666
Allowance for inventories	142	879
Amortisation of cemetery assets	9,605	7,589
Impairment loss on accounts receivables	485	1,103
Release of prepaid lease payments	1,154	1,152
Gain on disposal of property, plant and equipment	(1,428)	(80)
Reversal of impairment loss recognised in respect of accounts receivables	(523)	(291)
	<u> </u>	<u> </u>

6. INTERIM DIVIDENDS

The Board had determined not to declare an interim dividend for both periods.

7. BASIC AND DILUTED LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>66,901</u>	<u>73,896</u>
	Number of shares '000	Number of shares '000 (restated)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>1,676,757</u>	<u>1,197,148</u>

The potential ordinary shares attributable to the assumed conversion of convertible notes have anti-dilutive effect for the periods ended 31st December, 2011 and 2010.

The weighted average number of ordinary shares for the purposes of basic and diluted loss per share for both periods have been adjusted for the effect of the bonus element in connection with the rights issue of the Company completed in July 2011.

8. ACCOUNTS RECEIVABLES

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 sale of grave plots and niches for cremation urns of the cemetery business are settled in accordance with the terms of respective contracts.

The following is an aged analysis of accounts receivables (net of allowance for doubtful debts) presented based on the sales invoice date.

	2011 HK\$'000	2010 HK\$'000
0 to 30 days	22,178	20,889
31 to 60 days	15,837	13,160
61 to 90 days	10,974	13,950
91 to 120 days	14,283	13,278
121 to 180 days	6,456	12,895
More than 180 days	8,674	9,638
	78,402	83,810

9. ACCOUNTS PAYABLES

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

	2011 HK\$'000	2010 HK\$'000
0 to 30 days	12,926	15,651
31 to 60 days	9,720	8,795
61 to 90 days	9,594	5,647
91 to 120 days	6,565	5,059
More than 120 days	9,097	4,301
	47,902	39,453

MANAGEMENT DISCUSSION ON RESULTS FOR THE TWELVE MONTHS ENDED 31ST DECEMBER, 2011

Turnover of the Group increased from HK\$293.6 million in last period to HK\$302.1 million in this period, representing a slight increase of 2.9%. Turnover derived from printing business amounted to HK\$293.1 million (2010: HK\$286.4 million), accounted for 97.0% (2010: 97.5%) of the Group's turnover whereas the remaining represented the revenue from cemetery operations.

Gross profit, principally derived from our printing business, increased by 7.5% to HK\$57.5 million (2010: HK\$53.5 million). Gross profit margin of the printing business increased from 18.1% in last period to 18.5% in this period. This was mainly attributable to the improved control on raw materials and production costs. The increase in other income by HK\$1.6 million (from HK\$6.3 million in 2010 to HK\$7.9 million in 2011) was mainly due to the gain arising from disposal of property, plant and equipment during the period.

In order to solidify existing customers and attract new customers for sustainable growth, selling expenses increased slightly by 3.3% to HK\$31.3 million (2010: HK\$30.3 million). Administrative and general expenses decreased by 1.5% to HK\$89.1 million (2010: HK\$90.5 million) due to tight cost control and reduction of operating costs of the factory in Changan, Dongguan, which has been scaled down since 2010. Finance costs increased to HK\$17.2 million (2010: HK\$15.0 million) due to increase in level of bank borrowings during the period under review.

Taking all the above factors into account, the Group has achieved a reduction in loss of HK\$7.0 million and recorded a loss attributable to owners of the Company of HK\$66.9 million (2010: HK\$73.9 million). Loss per share amounted to 4.0 HK cents (2010: 6.2 HK cents).

INTERIM DIVIDEND

In view of the loss incurred by the Group during the period, the Board does not recommend the payment of an interim dividend for the twelve months ended 31st December, 2011. No interim dividend had been paid during the period.

BUSINESS REVIEW

(A) Printing Business

The printing business comprised book printing and paper product printing. Our customers are mainly multinational publishers and conglomerates in the United States of America, Europe and Hong Kong. Our products included art books and children books with various binding styles, premium gift products, packaging boxes and paper bags.

European sovereign debt crisis and concern about the United States economy recovery have adversely affected the printing demand from these two major economic regions. Multinational publishers and distributors adopted cautious marketing strategies, causing them to size down or postpone their printing orders in 2011. In order to cope with this adverse economic horizon, our sales team strived hard to maintain orders with existing customers and explore new market. Through their marketing efforts, the Group achieved a turnover level of HK\$293.1 million, representing a slight increase of 2.3% over that of last corresponding period.

Apart from the sales side, costs pressure was another major issue that hampered the operating performance of printing segment. Prevailing rise in material cost and increase in minimum wage impacted the printing industry in the People's Republic of China ("PRC"). The Group is aware of this and has, since 2010, continuously been implementing a number of costs control measures to cut down its operating costs. Firstly, the Group had further enhanced and optimized its operating procedures to save costs. Secondly, the Group had implemented rigid inventory and procurement control so as to keep a minimum level of inventory with competitive purchase price. All these measures have contributed to improve the profit margin and reduce the administrative expenses of the Group during the period under review.

The Group is confident that printing demand will eventually rebound after global economy has fully recovered. In view of this, the Group has acquired an industrial land site located at Coastal Industry Zone in Shatian, Dongguan. It covers an area of approximately 78,000 sq. m. which is capable of developing into a factory complex with total gross floor area of 120,000 sq. m..

(B) Cemetery Business

During the period under review, the Group recorded a turnover of HK\$9.1 million (2010: HK\$7.1 million) for its cemetery business, representing an increase of 28.2%. In 2011, the Group maintained 2 sales offices in Hong Kong and 5 sales offices in Southern China region. During the year, the Group continued to extend its agency network in both Hong Kong and the Guangdong Province, the PRC. Moreover, the Group has conducted various promotional campaigns so as to build up awareness among target elderly. Through all these measures, the Group has expanded its market presence and achieved a growth in the business.

Our cemetery comprises a site of 518 mu, of which 100 mu have commenced development, and an adjacent site of 4,482 mu has been reserved, making up a total of 5,000 mu. Upon full development of the cemetery, the Group will have a total of approximately 184,000 grave plots and 2,168,000 niches for cremation urns for sale.

In order to enhance the value of the cemetery, the Group has constructed a further 421 grave plots on a piece of vacant land within the existing 100 mu land. The Group continues to explore various proposals so as to further increase the number of grave plots for sale within this area.

In anticipation of the stronger demand for quality burial spaces in the PRC in the future, the Group has commenced negotiation with the local government with a view to commencing development of an additional 250 mu of land within the cemetery. The Group has a plan to develop the 250 mu of land by phases, with the initial phase providing approximately 10,000 grave plots and approximately 40,000 niches for cremation urns for sale.

PROSPECTS

While fully cognizant of the harsh economic outlook and challenges ahead, the Group remains optimistic about the prospect of the printing industry. The Group expects that, with a professional service team and efficient production infrastructure, we can overcome the turmoil.

In 2010, the Group has substantially scaled down our operations in Changan, Dongguan and relocated most of the production facilities to the factory in Yuanzhou, Huizhou. The Changan factory is located near the city centre of the Changan town and its surrounding area is well developed and occupied by premium residential and commercial buildings. In view of the redevelopment potential, the Group is negotiating with the local government to change the land use of the factory site to commercial/residential usage so as to enhance its value.

The rise of aged population and growth in per capita income in the PRC increases the demand of prestigious grave plots and niches. In 2011, the Group achieved a steady growth in cemetery turnover and believed that the upward trend will continue in the future. Based on our experienced sales team and reputation established in the past years, we are confident that this investment will provide long term contribution to the Group.

LIQUIDITY AND FINANCIAL POSITIONS

As at 31st December, 2011, cash and bank balances of the Group amounted to HK\$144.2 million (2010: HK\$107.6 million) whereas bank borrowings as at the same date amounted to HK\$63.2 million (2010: HK\$91.8 million). The debt to equity ratio (calculated as a percentage of bank borrowings over net asset value attributable to equity owners of the Company) amounted to 11.2% (2010: 18.0%). Most of the Group's cash, bank balances and bank borrowings were denominated in Hong Kong dollars and Renminbi. Interest on bank borrowings was charged at variable commercial rates prevailing in Hong Kong and the PRC.

In June 2011, the Group has fully repaid a convertible note with principal value of HK\$16.7 million. After this repayment, the outstanding convertible notes of the Company now stand at HK\$113.0 million and are repayable in 2014.

In July 2011, the Group raised net proceeds of approximately HK\$107.0 million by way of a 1 for 1 rights issue to existing shareholders. The rights issue has solidified the Group's financial strength for its printing and cemetery businesses and the net proceeds will be used to finance the ongoing development of the printing and cemetery operations of the Group.

Net asset value attributable to equity holders as at 31st December, 2011 amounted to HK\$565.6 million, equivalent to about HK\$0.256 per share.

CORPORATE GOVERNANCE

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. 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 as mentioned above, the Company has complied throughout the twelve months ended 31st December, 2011 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 the auditor. The Audit Committee has held meetings in accordance with the relevant requirements and has reviewed with the Directors and the auditors the accounting principles and practices adopted by the Group, the internal control and financial reporting process and the Company’s consolidated financial statements for the twelve months ended 31st December, 2011. 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 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 twelve months ended 31st December, 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

STAFF

As at 31st December, 2011, the Group, including its subcontracting processing plants, employed approximately 1,650 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 second interim report of the Company for the twelve months ended 31st December, 2011 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.

GENERAL

As at the date of this announcement, Mr. Hung Ting Ho, Richard, Mr. Chuang Ka Pun, Albert, Miss Chuang Ka Wai, Candy and Mr. Chuang Ka Kam, Geoffrey 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, 28th February, 2012