MIDAS

International Holdings Limited

2011 Interim Report

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1172

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RESULTS

The Board of Directors (the "Board") of Midas International Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2011 together with the comparative figures for 2010 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2011

	NOTES	**For the six months ended 30th June, 2011 HK$'000 (unaudited)**	2010 *HK$'000* (unaudited)
Turnover		**138,330**	138,287
Direct expenses		**(111,608)**	(111,293)
Gross profit		**26,722**	26,994
Other income		**4,244**	4,083
Selling expenses		**(15,141)**	(14,586)
Administrative and general expenses		**(40,779)**	(45,165)
Finance costs		**(8,427)**	(7,178)
Loss before taxation		**(33,381)**	(35,852)
Income tax credit	*4*	**1,431**	1,211
Loss for the period	*5*	**(31,950)**	(34,641)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		**166**	195
Total comprehensive expense for the period		**(31,784)**	(34,446)
Loss for the period attributable to:			
Owners of the Company		**(31,060)**	(33,644)
Non-controlling interests		**(890)**	(997)
		(31,950)	(34,641)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(30,894)**	(33,449)
Non-controlling interests		**(890)**	(997)
		(31,784)	(34,446)
Basic and diluted loss per share	*7*	**HK(2.5) cents**	HK(2.9) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2011

	NOTES	**30th June, 2011 HK$'000 (unaudited)**	31st December, 2010 HK$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Prepaid lease payments	8	**48,356**	48,878
Property, plant and equipment	8	**119,853**	127,642
Deposits paid for acquisition of land use rights		**4,267**	4,196
Cemetery assets	9	**405,267**	409,061
		577,743	589,777
Current assets			
Inventories	10	**140,285**	124,092
Accounts receivables	11	**88,613**	83,810
Deposits, prepayments and other receivables		**20,284**	17,794
Prepaid lease payments		**1,154**	1,153
Tax recoverable		**350**	260
Bank balances and cash		**72,575**	107,616
		323,261	334,725
Current liabilities			
Accounts payables	12	**50,977**	39,453
Accrued charges and other payables		**47,708**	43,072
Amount due to a minority shareholder		**1,366**	1,366
Deferred income		**30**	24
Tax payable		**7,215**	7,300
Bank borrowings – due within one year	13	**80,561**	74,115
Convertible notes – due within one year	14	**–**	15,927
		187,857	181,257
Net current assets		**135,404**	153,468
Total assets less current liabilities		**713,147**	743,245

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(cont'd)*

AT 30TH JUNE, 2011

	NOTES	30th June, 2011 HK$'000 (unaudited)	31st December, 2010 HK$'000 (audited)
Non-current liabilities			
Bank borrowings – due after one year	13	15,600	17,700
Convertible notes – due after one year	14	77,383	72,345
Deferred income		820	641
Deferred tax		120,942	122,373
		214,745	213,059
NET ASSETS		498,402	530,186
CAPITAL AND RESERVES			
Share capital	15	110,360	110,360
Reserves		327,094	357,988
Equity attributable to owners of the Company		437,454	468,348
Non-controlling interests		60,948	61,838
TOTAL EQUITY		498,402	530,186

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2011

	Attributable to owners of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Other reserve *HK$'000*	Merger reserve *HK$'000*	Translation reserve *HK$'000*	Convertible notes equity reserve *HK$'000*	Accumulated profits (losses) *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1st January, 2010 (audited)	103,560	285,533	4,000	24,000	169	54,678	59,253	531,193	63,426	594,619
Loss for the period	–	–	–	–	–	–	(33,644)	(33,644)	(997)	(34,641)
Exchange differences arising on translation of foreign operations	–	–	–	–	195	–	–	195	–	195
Total comprehensive income (expense) for the period	–	–	–	–	195	–	(33,644)	(33,449)	(997)	(34,446)
Conversion of convertible notes	3,500	5,857	–	–	–	(4,079)	–	5,278	–	5,278
At 30th June, 2010 (unaudited)	107,060	291,390	4,000	24,000	364	50,599	25,609	503,022	62,429	565,451
Loss for the period	–	–	–	–	–	–	(40,252)	(40,252)	(708)	(40,960)
Exchange differences arising on translation of foreign operations	–	–	–	–	576	–	–	576	117	693
Total comprehensive income (expense) for the period	–	–	–	–	576	–	(40,252)	(39,676)	(591)	(40,267)
Conversion of convertible notes	3,300	5,584	–	–	–	(3,882)	–	5,002	–	5,002
At 31st December, 2010 (audited)	110,360	296,974	4,000	24,000	940	46,717	(14,643)	468,348	61,838	530,186
Loss for the period	–	–	–	–	–	–	(31,060)	(31,060)	(890)	(31,950)
Exchange differences arising on translation of foreign operations	–	–	–	–	166	–	–	166	–	166
Total comprehensive income (expense) for the period	–	–	–	–	166	–	(31,060)	(30,894)	(890)	(31,784)
Release upon redemption of convertible notes	–	–	–	–	–	(3,185)	3,185	–	–	–
At 30th June, 2011 (unaudited)	110,360	296,974	4,000	24,000	1,106	43,532	(42,518)	437,454	60,948	498,402

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2011

	For the six months ended 30th June,	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net cash used in operating activities	**(19,169)**	(29,008)
Net cash used in investing activities		
Purchases of property, plant and equipment	**(2,277)**	(774)
Other investing cash flows	**1,316**	86
	(961)	(688)
Net cash (used in) from financing activities		
New bank loans raised	**42,834**	71,106
Repayment of bank loans	**(38,488)**	(46,958)
Redemption of convertible notes	**(16,650)**	–
Other financing activities	**(2,666)**	(1,871)
	(14,970)	22,277
Net decrease in cash and cash equivalents	**(35,100)**	(7,419)
Cash and cash equivalents at 1st January	**107,616**	126,045
Effect of foreign exchange rate changes	**59**	–
Cash and cash equivalents at 30th June, represented by bank balances and cash	**72,575**	118,626

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2011

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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2010.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA.

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(cont'd)*

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

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]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[2]
HKAS 19 (Revised 2011)	Employee Benefits[1]
HKAS 27 (Revised 2011)	Separate Financial Statements[1]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]

[1] Effective for annual periods beginning on or after 1st January, 2013.
[2] Effective for annual periods beginning on or after 1st July, 2012.

The directors of the Company (the "Directors") anticipate that the application of these new or 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:

Six months ended 30th June, 2011

	Printing *HK$'000*	Cemetery *HK$'000*	Consolidated *HK$'000*
SEGMENT TURNOVER – external	134,774	3,556	138,330
SEGMENT LOSS	(13,281)	(8,547)	(21,828)
Unallocated income			18
Unallocated expenses			(3,144)
Finance costs			(8,427)
Loss before taxation			(33,381)

3. SEGMENT INFORMATION *(cont'd)*

Six months ended 30th June, 2010

	Printing *HK$'000*	Cemetery *HK$'000*	Consolidated *HK$'000*
SEGMENT TURNOVER – external	137,071	1,216	138,287
SEGMENT LOSS	(15,716)	(9,168)	(24,884)
Unallocated income			6
Unallocated expenses			(3,796)
Finance costs			(7,178)
Loss before taxation			(35,852)

Segment loss represents loss attributable to each segment without allocation of corporate income, corporate expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

The following is an analysis of the Group's assets by operating segment:

	30th June, 2011 ***HK$'000***	31st December, 2010 *HK$'000*
Printing	**315,958**	299,643
Cemetery	**512,121**	516,983
Total segment assets	**828,079**	816,626

4. INCOME TAX CREDIT

The amount represents deferred tax credit for both periods.

No provision for Hong Kong Profits Tax has been made for the six months ended 30th June, 2010 and 2011 as the Group has available tax losses brought forward from prior years to offset the estimated assessable profits arising in Hong Kong.

No provision for the People's Republic of China Enterprise Income Tax has been made for the six months ended 30th June, 2010 and 2011 as the Group incurred tax losses for both periods.

5. LOSS FOR THE PERIOD

	For the six months ended 30th June,	
	2011	2010
	HK$'000	*HK$'000*
Loss for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense	**111,285**	111,066
Depreciation of property, plant and equipment	**10,507**	12,101
Allowance for inventories	**142**	–
Amortisation of cemetery assets	**3,794**	4,367
Impairment loss on accounts receivables	**480**	20
Release of prepaid lease payments	**577**	574
Gain on disposal of property, plant and equipment	**(1,298)**	(80)
Impairment loss on accounts receivables recovered	**(523)**	(1,218)
Reversal of allowance for inventories	**–**	(423)

6. INTERIM DIVIDEND

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:

	For the six months ended 30th June,	
	2011	2010
	HK$'000	*HK$'000*
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	**31,060**	33,644
	Number of shares	Number of shares (restated)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,239,134,000**	1,164,304,000

The potential ordinary shares attributable to the assumed conversion of convertible notes have anti-dilutive effect for the periods ended 30th June, 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. PREPAID LEASE PAYMENTS AND PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June, 2011, the Group acquired property, plant and equipment for a cash consideration of approximately HK$2,277,000 (2010: HK$774,000).

The Directors conducted an impairment review on the Group's property, plant and equipment and determined that there was no impairment on the property, plant and equipment as at 30th June, 2011.

As at 30th June, 2011, the Group has pledged property, plant and equipment with an aggregate net book value of approximately HK$23,119,000 (31st December, 2010: HK$23,972,000) to secure general banking facilities granted to the Group.

9. CEMETERY ASSETS

Cemetery assets represent premium on prepaid lease payments, for which development had not yet commenced, and cemetery brand name in Zhaoqing, Guangdong, the PRC. At the end of the reporting period, the Group has not obtained the land use rights certificates and the Group will apply for the land use rights certificates when they will commence the development.

The recoverable amount of the operation of cemetery as a cash generating unit of the Group ("CGU") as at 30th June, 2011 has been determined based on value in use calculation. The key assumptions and discount rate applied are consistent with those disclosed in the 2010 annual financial statements remain appropriate. With reference to the recoverable amount, the Directors determined that there was no impairment on the CGU as at 30th June, 2011.

10. INVENTORIES

	30th June, 2011 *HK$'000*	31st December, 2010 *HK$'000*
Inventories of printing business		
– Raw materials	**33,536**	22,151
– Work in progress	**10,173**	9,532
– Finished goods	**10,102**	4,004
	53,811	35,687
Grave plots and niches for cremation urns of cemetery business	**86,474**	88,405
	140,285	124,092

11. ACCOUNTS RECEIVABLES

The Group allows a credit period ranging from 30 days to 180 days to its trade customers.

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

	30th June, 2011 *HK$'000*	31st December, 2010 *HK$'000*
0 to 30 days	**28,656**	20,889
31 to 60 days	**20,940**	13,160
61 to 90 days	**16,493**	13,950
91 to 120 days	**8,132**	13,278
121 to 180 days	**3,556**	12,895
More than 180 days	**10,836**	9,638
	88,613	83,810

12. ACCOUNTS PAYABLES

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

	30th June, 2011 HK$'000	31st December, 2010 HK$'000
0 to 30 days	**22,464**	15,651
31 to 60 days	**11,786**	8,795
61 to 90 days	**8,852**	5,647
91 to 120 days	**5,742**	5,059
More than 120 days	**2,133**	4,301
	50,977	39,453

13. BANK BORROWINGS

During the six months ended 30th June, 2011, the Group obtained new bank loans of approximately HK$42,834,000 (2010: HK$71,106,000) and repaid bank loans of approximately HK$38,488,000 (2010: HK$46,958,000). Except for an amount of HK$15,600,000 (2010: HK$17,700,000) which is due over one year from the end of the reporting period, the remaining loans are repayable on demand or within one year from the end of the reporting period. As at 30th June, 2011, bank loans of HK$42,000,000 (31st December, 2010: HK$46,020,000) was secured.

14. CONVERTIBLE NOTES

The Company has in issue convertible notes with total outstanding principal amount of HK$113,000,000 as at 30th June, 2011. The conversion price of these convertible notes has been adjusted from HK$0.25 per share to HK$0.223 per share upon the completion of the rights issue of the Company in July 2011 as set out in note 17.

During the period ended 30th June, 2011, the Company redeemed convertible notes with the aggregate principal amount of HK$16,650,000 upon maturity.

15. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.10 each		
Balance at 1st January, 2010 and 31st December, 2010	3,000,000	300,000
Increase on 27th June, 2011	1,000,000	100,000
Balance at 30th June, 2011	4,000,000	400,000
Preference shares of HK$0.01 each		
Series A Preference shares		
Balance at 1st January, 2010, 31st December, 2010 and 30th June, 2011	1,000,000	10,000
Series B Preference shares		
Balance at 1st January, 2010, 31st December, 2010 and 30th June, 2011	1,000,000	10,000
	2,000,000	20,000

	Number of shares '000	Amount HK$'000
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
Balance at 1st January, 2010	1,035,604	103,560
Issue of shares upon conversion of convertible notes	68,000	6,800
Balance at 31st December, 2010 and 30th June, 2011	1,103,604	110,360

16. RELATED PARTY DISCLOSURE

The remuneration of the Directors and other members of key management during the period was as follows:

	For the six months ended 30th June,	
	2011	2010
	HK$'000	*HK$'000*
Short-term benefits	**2,771**	2,607
Post employment benefits	**59**	59
	2,830	2,666

17. EVENT AFTER THE END OF THE INTERIM PERIOD

On 18th May, 2011, the Company proposed to raise not less than approximately HK$110.4 million before share issue costs and not more than approximately HK$127.1 million before share issue costs by way of a rights issue of not less than 1,103,604,139 rights shares and not more than 1,270,604,139 rights shares on the basis of one rights share for every one existing share held (the "Rights Issue") at the subscription price of HK$0.1 per rights share. Details of the Rights Issue are set out in the prospectus of the Company dated 28th June, 2011.

On 20th July, 2011, the Rights Issue was completed and the Company issued and allotted 848,770,311 and 254,833,828 ordinary shares of HK$0.1 each to a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL") and the other existing qualifying shareholders respectively. The net proceeds of approximately HK$107 million after deducting estimated share issue costs in relation to the Rights Issue of approximately HK$3 million will be used to finance the development of ongoing business and as general working capital of the Group.

After the Rights Issue, the effective shareholding in the Company by CCIL increased from 44.61% to 60.76% as a wholly-owned subsidiary of CCIL acted as an underwriter for the Rights Issue. Accordingly, CCIL has become the ultimate holding company of the Company.

Upon the completion of the Rights Issue, the conversion price of convertible notes outstanding at the end of the reporting period has been adjusted from HK$0.25 per share to HK$0.223 per share.

MANAGEMENT DISCUSSION ON RESULTS

Turnover of the Group was HK$138.3 million, which was the same as that of last corresponding period. Turnover derived from printing business amounted to HK$134.8 million (2010: HK$137.1 million), accounted for 97.5% (2010: 99.1%) of the Group's turnover whereas the remaining represented the revenue from cemetery operations.

Gross profit, principally derived from the printing business, decreased slightly to HK$26.7 million (2010: HK$27.0 million). Gross profit margin decreased slightly from 19.5% in last period to 19.3% in this period which was mainly due to the significant increase in minimum wage in the People's Republic of China (the "PRC") by 33.8% in March 2011 and the appreciation in Renminbi by 6% during this period. Despite these added cost burdens, the Group was capable to mitigate most of their negative impact and maintained its gross profit margin through improvement in productivity. Other income increased slightly to HK$4.2 million (2010: HK$4.1 million).

Selling expenses increased slightly by 3.4% to HK$15.1 million (2010: HK$14.6 million) whereas administrative and general expenses decreased by 9.7% to HK$40.8 million (2010: HK$45.2 million) due to tight costs control and reduction of operating costs of the factory in Changan, Dongguan, which has been substantially scaled down since 2010. Finance costs increased by 16.7% to HK$8.4 million (2010: HK$7.2 million) due to increase in level of bank borrowings.

Taking into account the above, loss attributable to owners of the Company decreased by 7.4% from HK$33.6 million in 2010 to HK$31.1 million in 2011. Loss per share decreased by 13.8% to 2.5 HK cents (2010: 2.9 HK cents).

INTERIM DIVIDEND

In view of the loss incurred by the Group, the Directors have decided not to recommend the payment of an interim dividend for the period under review (2010: Nil).

BUSINESS REVIEW

(A) PRINTING BUSINESS

Printing business of the Group comprised book printing and paper product printing. Our customers are mainly multinational publishers and conglomerates in the United States, Europe, Hong Kong and the PRC and our products are mainly art books, children books, premium gift products, packaging boxes and paper bags.

Printing was the major turnover contributor of the Group, accounting for 97.5% of the Group's turnover. In the first half of 2011, the slow recovery of the economy of the United States and the European sovereign debt crisis continued to hinder the growth of global printing demand. Despite that, through the marketing effort of our sales team, the Group achieved a printing turnover of HK$134.8 million, which was roughly the same as that of the last corresponding period.

In order to accomplish turnaround in the future, the Group will concentrate its effort in enhancing sales in the second half of the year. In this respect, the Group will focus more resources on product segments with higher growth potential and profit margin, in particular the food packaging business. The Group has already expanded its marketing team in order to explore new customers in this segment. With the existing GMP (Good Manufacturing Practice) production facility in its production plant in Yuanzhou, Huizhou, the Group is confident to fulfill the increasing demand of food packaging products and anticipates that this should provide positive contribution to the Group.

Continuing with the objective of enhancing sales, the Group has been providing a wider range of services to its clients, including layout design, content editing, translation, creation of e-formats of printed books and cards for e-publishing, brokering services in sale and transfer of copyrights in the PRC market. By providing these kinds of value-added services, the Group targets to maintain and further broaden its customer base in different market segments.

Apart from the sales side, costs pressure was another issue that affected all export-oriented manufacturers in the PRC. The persistently rising wages and Renminbi exchange rate had negative impact on the profit margin of the Group. However, the Group has, since 2010, continuously been implementing effective costs control measures to cut down operating costs. Such measures have contributed to maintain the profit margin and reduce the administrative expenses of the Group during the period.

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.. Initial phase of the development will comprise factory premises and staff dormitory with a gross floor area of about 20,000 sq. m.. It is planned that majority of the initial phase of the development will be utilized for the expansion of the food packaging products business.

(B) CEMETERY BUSINESS

During the period under review, the Group recorded a turnover of HK$3.6 million (2010: HK$1.2 million) for its cemetery business. In 2011, the Group maintained 2 sales offices in Hong Kong and 5 sales offices in Guangzhou, Foshan, Zhaoqing and Sihui, the PRC. During the period, the Group continued to extend the agency network in both Hong Kong and the Guangdong Province, the PRC. In May 2011, the Group has participated in the Hong Kong Senior Fair 2011, which is the largest one-stop senior exhibition in Hong Kong. Through the well established sales network and series of promotional activities, the Group successfully expanded its market presence in the cemetery industry and achieved a growth in the business.

The new highway linking Guangzhou and Hezhou that bypasses Sihui has been completed by end of 2010. The overall travel time from Guangzhou to Sihui where our cemetery is located has now been reduced by half to about 1 hour. This improvement in infrastructure has enhanced the accessibility and demands of our graveyards, in particular, from the Guangzhou region.

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.

As at 30th June, 2011, the existing 100 mu of land had 1,371 grave plots and 3,293 niches for cremation urns available for sale. In order to better utilize the existing land resource and enhance the value of the cemetery, the Group has commenced the construction of a further 228 grave plots on a piece of vacant land within the existing area. The Group is also conducting studies on various proposals so as to further increase the number of grave plots within the existing area.

In anticipation of the future growth in demand of the graveyard, 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 intends 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.

LIQUIDITY AND FINANCIAL POSITIONS

As at 30th June, 2011, cash and bank balances of the Group amounted to HK$72.6 million (2010: HK$107.6 million) whereas bank borrowings as at the same date amounted to HK$96.2 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 22.0% (2010: 19.6%). 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 owners of the Company as at 30th June, 2011 amounted to HK$437.5 million, equivalent to about HK$0.396 per share.

PROSPECTS

Moving ahead, the Group remains optimistic about the prospect of the printing industry. The Group expects that, with a professional service team and commitment to provide quality printing services, it can further improve the operating results. As the global economic outlook remains uncertain in the second half of 2011, the Group will continue to closely monitor the market situation and will act cautiously and promptly as and when opportunities arise.

The Group has substantially scaled down its 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 its 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.

Due to the rapid growth of the aged population and the acute shortage in supply of grave plots and niches for cremation urns in Hong Kong and Southern China, the Group believes that cemetery business has ample growth opportunities and that such business will provide long term contribution to the Group.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June, 2011, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and chief executive of the Company would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Number of ordinary shares of the Company held	Capacity	Nature of interest	Approximate % of shareholding in the Company
Mr. SHEK Lai Him, Abraham	30,000	Beneficial owner	Personal interest	0.0014%

Other than as disclosed herein, as at 30th June, 2011, none of the Directors and the chief executive of the Company had any interest or short position in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors or chief executive of the Company and save as disclosed in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, as at 30th June, 2011, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Long position in the shares

Name of shareholder	Number of ordinary shares of the Company held		Capacity
Gold Throne Finance Limited ("Gold Throne")	1,800,883,086	*(note 1)*	Beneficial owner
Chuang's Consortium International Limited ("CCIL")	1,800,883,086	*(note 1)*	*(note 2)*
Evergain Holdings Limited ("Evergain")	1,800,883,086	*(note 1)*	*(note 2)*
CHUANG Shaw Swee, Alan ("Mr. CHUANG")	1,800,883,086	*(note 1)*	*(note 2)*
CHONG HO Pik Yu	1,800,883,086	*(note 1)*	*(note 3)*
Great Income Profits Limited ("Great Income")	378,752,180	*(note 4)*	Beneficial owner
CHING Eng Chin ("Mr. CHING")	378,752,180	*(note 4)*	Interest of controlled corporation

Short position in the shares

Name of shareholder	Number of shares		Capacity
Gold Throne	93,172,900	*(note 5)*	Beneficial owner
CCIL	93,172,900	*(note 5)*	*(note 2)*
Evergain	93,172,900	*(note 5)*	*(note 2)*
Mr. CHUANG	93,172,900	*(note 5)*	*(note 2)*
CHONG HO Pik Yu	93,172,900	*(note 5)*	*(note 3)*

notes:

1. Such interests represented 81.59% of the enlarged issued ordinary share capital and comprised Gold Throne's interests in 492,278,947 shares, 205,000,000 conversion shares to be issued upon the exercise of conversion rights attached to a convertible note due 2014 and 1,103,604,139 right shares that might be issued to Gold Throne pursuant to the underwriting agreement dated 16th May, 2011 in respect of a rights issue ("Rights Issue") approved by independent shareholders on 27th June, 2011. Gold Throne is a wholly-owned subsidiary of CCIL.

2. Such interests arose through the interests in the relevant shares owned by Gold Throne. Evergain, a company beneficially owned by Mr. CHUANG, is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of CCIL. Mr. CHUANG Ka Pun, Albert is a director of Gold Throne, CCIL and Evergain. Miss CHUANG Ka Wai, Candy and Mr. CHUANG Ka Kam, Geoffrey are directors of Evergain.

3. Such interests arose by attribution through her spouse, Mr. CHUANG.

4. Such interests represented 17.16% of the enlarged issued ordinary share capital and comprised Great Income's interests in 105,876,090 shares, and 167,000,000 conversion shares to be issued upon the exercise of conversion rights attached to a convertible note due 2014 and 105,876,090 rights shares provisionally allotted pursuant to the Rights Issue. Great Income is beneficially owned by Mr. CHING.

5. Such short positions represented 4.22% of the enlarged issued ordinary share capital arose under a placing agreement signed by Gold Throne on 20th June, 2011.

Save as disclosed above, as at 30th June, 2011, there was no other person who was recorded in the register of the Company as having interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

On 13th December, 2001, a share option scheme (the "2001 Scheme") was adopted by the Company. The purpose of the 2001 Scheme is to recognise the contribution of the employees, including directors, of the Company and its subsidiaries (the "Eligible Persons"), to the growth of the Group and to further motivate the Eligible Persons to continue to contribute to the Group's long term prosperity.

Under the 2001 Scheme which is valid and effective for a term of ten years from the date of its adoption, the Directors may grant options to the Eligible Persons to subscribe for ordinary shares in the Company at a price to be notified by the Directors and to be no less than the highest of: (i) the closing price of the Company's ordinary shares as stated in the daily quotation sheet issued by the Stock Exchange on the day of offer; (ii) the average closing price of the Company's ordinary shares as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's ordinary shares. The number of ordinary shares issued and to be issued upon exercise of the options granted to any individual in any 12-month period is not permitted to exceed 1 percent of the issued ordinary share capital of the Company at any point in time, without prior approval from the Company's shareholders. The maximum number of ordinary shares in respect of which options may be granted under the 2001 Scheme and any other share option schemes of the Company shall not exceed 30 percent of the issued ordinary share capital of the Company from time to time.

Options granted under the 2001 Scheme must be taken up within 28 days from the date of grant, upon payment of a nominal price. Options may be exercised at any time after their date of acceptance, but none of them can be exercised later than ten years from their date of acceptance.

No options have been granted under the 2001 Scheme since its adoption.

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 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, 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 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 period ended 30th June, 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 contained in Appendix 10 of the Listing Rules. Having made specific enquiries of all Directors, the Company received confirmations from all Directors that they have complied with the required standard set out in the Model Code.

UPDATE ON INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Changes in the information of Directors since the date of the 2010 Annual Report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Dr. LI Sau Hung, Eddy, an Independent Non-Executive Director of the Company, had been appointed as an independent non-executive director of Get Nice Holdings Limited with effect from 28th April, 2011.

Mr. Dominic LAI, a Non-Executive Director of the Company, ceased to act as an independent non-executive director of Winfoong International Limited with effect from 24th May, 2011.

Miss CHUANG Ka Wai, Candy, an Executive Director of the Company, had been appointed as an executive director of Chuang's Consortium International Limited with effect from 31st August, 2011.

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

During the six months ended 30th June, 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

STAFF

As at 30th June, 2011, the Group, including its subcontracting processing plants, employed approximately 2,100 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.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

1. The Group has entered into a facility letter, which still subsists as at the date of this report, with a bank for various term loans and trade related facilities of up to HK$92 million. Pursuant to the terms of the facility letter, CCIL is required to beneficially own no less than 38% of the issued share capital of the Company at all times during the subsistence of the banking facilities. As at 30th June, 2011, no balance was outstanding. The banking facilities are subject to annual review.

2. The Group has entered into a facility letter, which still subsists as at the date of this report, with a bank for various trade related facilities of up to HK$20 million. Pursuant to the terms of the facility letter, CCIL is required to maintain its shareholding in the Company for no less than 35% of the issued share capital of the Company at all times during the subsistence of the banking facilities. As at 30th June, 2011, the balance outstanding was HK$11 million. The banking facilities are subject to annual review.

3. The Group has entered into a facility letter, which still subsists as at the date of this report, with a bank for a term loan, an overdraft facility and trade related facilities of up to HK$38 million. Pursuant to the terms of the facility letter, CCIL is required to remain as the single largest shareholder of the Company at all times during the subsistence of the banking facilities. As at 30th June, 2011, the balance outstanding was HK$21 million. The banking facilities are subject to annual review.

GENERAL

As at the date of this report, Mr. HUNG Ting Ho, Richard, Mr. KWOK Chi Fai, 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, 31st August, 2011