



MIDAS  
INTERNATIONAL  
HOLDINGS LIMITED

2015

INTERIM REPORT

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1172



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# CORPORATE INFORMATION

<b>Honorary Chairman</b>	Mr. Alan Chuang Shaw Swee
<b>Board of Directors</b>	<b>Executive Directors</b> Mr. Richard Hung Ting Ho <i>(Chairman and Managing Director)</i> Mr. Geoffrey Chuang Ka Kam <i>(Deputy Managing Director)<sup>#</sup></i> Miss Candy Chuang Ka Wai Mr. Wong Chi Sing <sup>#</sup>  <b>Non-Executive Director</b> Mr. Dominic Lai  <b>Independent Non-Executive Directors</b> Mr. Abraham Shek Lai Him, G.B.S., J.P. Dr. Eddy Li Sau Hung, B.B.S., J.P. Mr. Yau Chi Ming
<b>Audit Committee</b>	Mr. Abraham Shek Lai Him, G.B.S., J.P.* Dr. Eddy Li Sau Hung, B.B.S., J.P. Mr. Yau Chi Ming Mr. Dominic Lai
<b>Nomination Committee</b>	Mr. Abraham Shek Lai Him, G.B.S., J.P.* Dr. Eddy Li Sau Hung, B.B.S., J.P. Mr. Dominic Lai
<b>Remuneration Committee</b>	Mr. Yau Chi Ming* Mr. Abraham Shek Lai Him, G.B.S., J.P. Mr. Dominic Lai
<b>Corporate Governance Committee</b>	Mr. Richard Hung Ting Ho* Mr. Geoffrey Chuang Ka Kam Miss Candy Chuang Ka Wai
<b>Company Secretary</b>	Ms. Lee Wai Ching
<b>Auditor</b>	PricewaterhouseCoopers 22nd Floor, Prince's Building 10 Chater Road Central Hong Kong

\* *Chairman of the relevant committee*

<sup>#</sup> *Appointed on 1st December, 2014*

## CORPORATE INFORMATION *(Continued)*

### **Registrars**

#### **Principal Registrar**

Codan Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

#### **Registrar in Hong Kong**

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

### **Principal Bankers**

The Hongkong and Shanghai Banking  
Corporation Limited  
Bank of China (Hong Kong) Limited

### **Registered Office**

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### **Head Office and Principal Place of Business in Hong Kong**

25th Floor, Alexandra House  
18 Chater Road  
Central  
Hong Kong  
Website: <http://www.midasprinting.com>

**CORPORATE INFORMATION** (*Continued*)

**Other Offices in Hong Kong  
and in the People's  
Republic of China  
(the "PRC")**

**Tsuen Wan Office**

1st Floor  
100 Texaco Road, Tsuen Wan  
New Territories  
Hong Kong

**Guangdong Boluo Yuanzhou Midas  
Printing Limited**

Boluo Yuanzhou Town Xianan  
Administration District  
Huizhou, Guangdong  
The PRC

**Dongguan Midas Printing Company Limited**

Dezheng Zhonglu  
Changan, Dongguan, Guangdong  
The PRC

**Fortune Wealth Memorial  
Park (Si Hui) Limited**

Jiang Gu  
Si Hui, Guangdong  
The PRC

**Stock Code**

1172

## MANAGEMENT DISCUSSION ON RESULTS

The Board of Directors (the “Board”) of Midas International Holdings Limited (the “Company”) presents the interim report including the condensed interim financial information of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30th September, 2014. The condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the six months ended 30th September, 2014, and the condensed consolidated statement of financial position as at 30th September, 2014 along with the notes thereon, are set out on pages 15 to 34 of this report.

### FINANCIAL REVIEW

The principal activities of the Group were printing business and property business. Printing business comprised of manufacture and sale of printed products including art books, packaging box and children’s books while property business focused on the operation of cemetery in the People’s Republic of China (the “PRC”).

For the six months ended 30th September, 2014, revenues of the Group amounted to HK\$161.2 million (2013: HK\$186.0 million), representing a decrease of 13.3% compared to that of the last period mainly due to a decrease in printing product sales. Revenues of the Group comprised income from printing business of HK\$156.0 million (2013: HK\$180.5 million) and income from cemetery business of HK\$5.2 million (2013: HK\$5.5 million).

As a result of the decrease in revenues generated from the sales of printing products, gross profit of the Group during the period decreased to HK\$27.7 million (2013: HK\$42.6 million). Other income and net gain increased to HK\$41.5 million (2013: HK\$4.4 million). This was mainly due to a gain arising from the disposal of subsidiaries (details of which were set out in the announcement of the Company dated 14th May, 2014) and a gain arising from the write-back of provision of certain expenses undertaking in relation to the disposal of certain property holding subsidiaries in September 2007 as the undertaking had expired in September 2014. A detailed breakdown is shown in note 6 on page 26 of this report.

On the costs side, selling and marketing expenses decreased slightly to HK\$12.6 million (2013: HK\$13.0 million). Administrative and other operating expenses decreased to HK\$39.8 million (2013: HK\$43.0 million) as a result of effective costs control by the Group. In August 2014, the Group repaid all outstanding convertible notes upon maturity, therefore the finance costs decreased to HK\$4.0 million (2013: HK\$5.7 million). Taxation charge amounted to HK\$2.4 million (2013: taxation credit of HK\$0.2 million) mainly due to the PRC withholding tax payable arising from the disposal of subsidiaries.

## **MANAGEMENT DISCUSSION ON RESULTS** *(Continued)*

### **FINANCIAL REVIEW** *(Continued)*

Taking all the above into account, profit attributable to equity holders of the Company for the six months ended 30th September, 2014 amounted to HK\$10.7 million (2013: loss of HK\$14.3 million). Earnings per share amounted to 0.4 HK cent (2013: loss per share of 0.6 HK cent).

### **DIVIDENDS**

The Board has decided not to recommend the payment of an interim dividend for the period (2013: nil).

### **BUSINESS REVIEW**

#### **(A) Printing Business**

The uncertain global economic environment continued to dampen the printing demand for multinational publishers. This affected customers' purchasing sentiment, causing some of them to shift to orders with smaller quantities and shorter lead time. This unsteady order trend, along with intensified market competition, dampened the printing revenue of the Group. As a result, during the period under review, the Group recorded a decrease of sales of 13.6% in the printing division.

In the cost aspect, labour and operating costs continued to rise in the southern China region. In order to mitigate the cost pressure, the Group continued to search for materials with lower costs and reinforce the system for lean manufacturing so as to streamline the production process.

Taking into account the anticipated printing demand, the Group considered that the current production facilities at Boluo, Huizhou is sufficient for the requirement of the Group in the coming years. In order to maximize the value to the shareholders, the Group disposed of the subsidiaries that held the industrial land located at Coastal Industry Zone in Shatian, Dongguan in May 2014 for a consideration of HK\$78.2 million. The net proceeds from this disposal were applied as general working capital of the Group.



## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### (A) **Printing Business** *(Continued)*

The Group's another factory premise is located at the city centre of Changan, Dongguan. Its surrounding area is well developed and occupied by premium residential and commercial buildings. In view of its premium location, the local government is considering to rezone and develop the nearby area into an integrated commercial and residential district. Once the final rezoning decision from the local government is obtained, the Group will explore alternative usage plans, including redevelopment or disposal of this property. In the meantime, the Group has obtained expansion of the business scope of the land owner to include warehouse operations and will consider to lease out wholly or partially this property in the short run in order to enhance income to the Group. The site area at Changan is about 19,000 sq. m. and the buildings have a total gross floor area of about 39,000 sq. m.. As at 30th September, 2014, net book value of this property was about HK\$13.8 million.

#### (B) **Property Business – Cemetery Operations**

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

During the period under review, local government has approved to establish a martyr memorial cemetery within the 100 mu of land for commemorating martyrs. Construction work of the martyr memorial cemetery commenced in July 2014 and is expected to be completed in early 2015. The Group believes that this martyr memorial cemetery can enhance customer awareness and improve sales of the cemetery in the long run.

In the development aspect, the Group has completed an additional 1,042 grave plots, and is in the process of constructing a further of 711 grave plots, on the 100 mu of land located near the entrance of the cemetery. In order to enhance the value of the cemetery, the Group continues to investigate into various proposals so as to increase the number of grave plots for sales within this area. Furthermore, in anticipation of the growing demand of grave plots, the Group is now in negotiation with the local government with a view to expand the cemetery by phases.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### LIQUIDITY AND FINANCIAL POSITION

As at 30th September, 2014, cash and bank balances (including pledged bank balances) of the Group amounted to HK\$28.9 million (31st March, 2014: HK\$85.8 million) whereas bank borrowings as at the same date amounted to HK\$75.2 million (31st March, 2014: HK\$68.7 million). The debt to equity ratio (calculated as a percentage of bank borrowings over net asset value attributable to equity holders of the Group) amounted to 15.7% (31st March, 2014: 14.8%). 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 August 2014, the Group repaid the entire outstanding principal amount of the convertible notes of the Company amounted to HK\$113.0 million.

In November 2014, the Company raised HK\$107.4 million, after expenses, by way of the rights issue of 1,103,604,139 rights shares at the subscription price of HK\$0.1 per rights share on the basis of one rights share for two ordinary shares. The net proceeds will be applied as working capital for the printing operation and to reduce the bank borrowings of the Group.

Net asset value attributable to equity holders of the Company as at 30th September, 2014 amounted to HK\$478.7 million, equivalent to about HK\$0.217 per share.

### PROSPECTS

In November 2014, the Group raised HK\$107.4 million, after expenses, by way of the rights issue which further strengthened the working capital position of the Group. With sufficient working capital support, the Group is capable to keep a higher level of indent paper stock so as to fulfill the tight delivery schedules of the customers. Furthermore, by purchasing indent paper in bulk, the Group can earn extra discount from paper suppliers. With enriched cash resources, the Group will also be able to source alternatives for production materials from new suppliers at lower cost. The Group believes that by implementing all these measures, the Group can further improve its price competitiveness and will be in a better position to secure more orders from customers.

As majority of the customers of the cemetery are from cities located nearby the cemetery in Pearl River Delta, improvements in infrastructure in these areas are important to the development of the cemetery. In this respect, the Group noted that certain major infrastructural development projects, such as 廣佛肇城際軌道系統, 港珠澳大橋 and 廣深港客運鐵路, are currently in progress and are expected to be completed in the coming years. Accordingly, the Group believes that, with the completion of such infrastructural development projects, the accessibility and marketability of the cemetery would be enhanced in the long run.

## OTHER INFORMATION

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

As at 30th September, 2014, 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 (the "SFO")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (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:

#### (a) Interests in the Company

Name of Director	Number of ordinary shares	Capacity	Nature of interest	Percentage of shareholding
Mr. Abraham Shek Lai Him	30,000	Beneficial owner	Personal interest	0.0014

#### (b) Interests in Chuang's China Investments Limited

Name of Director	Number of ordinary shares	Capacity	Nature of interest	Percentage of shareholding
Miss Candy Chuang Ka Wai ("Miss Candy Chuang")	1,092,366	Beneficial owner	Personal interest	0.07

During the period under review, none of the Directors and chief executive of the Company nor their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any securities of the Company or any of its associated corporations.

## OTHER INFORMATION *(Continued)*

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Other than as disclosed herein, as at 30th September, 2014, 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 any 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 September, 2014, 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:

Name of shareholder	Number of ordinary shares of the Company	Capacity
Gold Throne Finance Limited ("Gold Throne")	2,011,573,887 <i>(note 1)</i>	Beneficial owner
Chuang's Consortium International Limited ("CCIL")	2,011,573,887 <i>(note 1)</i>	<i>(note 2)</i>
Evergain Holdings Limited ("Evergain")	2,011,573,887 <i>(note 1)</i>	<i>(note 2)</i>
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	2,011,573,887 <i>(note 1)</i>	<i>(note 2)</i>
Mrs. Chong Ho Pik Yu	2,011,573,887 <i>(note 1)</i>	<i>(note 3)</i>
Kingston Securities Limited ("Kingston Securities")	433,079,510	<i>(note 4)</i>
Galaxy Sky Investments Limited	433,079,510	<i>(note 4)</i>
Kingston Capital Asia Limited	433,079,510	<i>(note 4)</i>
Kingston Financial Group Limited	433,079,510	<i>(note 4)</i>
Active Dynamic Limited	433,079,510	<i>(note 4)</i>
Ms. Chu Yuet Wah	433,079,510	<i>(note 4)</i>

## **OTHER INFORMATION** *(Continued)*

### **SUBSTANTIAL SHAREHOLDERS** *(Continued)*

*notes:*

1. Such interests represented 91.14% of the issued ordinary share capital and comprised Gold Throne's interests in 1,341,049,258 shares and 670,524,629 rights shares to be subscribed by Gold Throne pursuant to the irrevocable undertaking executed by Gold Throne under the rights issue as announced by the Company on 2nd September, 2014 (the "Rights Issue"). 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. Alan Chuang, is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of CCIL. Miss Candy Chuang is a director of CCIL and Evergain. Mr. Geoffrey Chuang Ka Kam is a director of Evergain.
3. Such interests arose by attribution through her spouse, Mr. Alan Chuang.
4. Such interests represented 19.62% of the issued ordinary share capital and comprised of the rights shares in which Kingston Securities is interested pursuant to the underwriting agreement executed by Kingston Securities under the Rights Issue on the assumption that no qualifying shareholders (except Gold Throne as mentioned in note 1 above) take up their respective entitlements under the Rights Issue. Kingston Securities is a wholly-owned subsidiary of Galaxy Sky Investments Limited, which is wholly-owned by Kingston Capital Asia Limited. Kingston Capital Asia Limited is wholly-owned by Kingston Financial Group Limited. Active Dynamic Limited owns 42.90% interest in Kingston Financial Group Limited. Ms. Chu Yuet Wah owns 100% interest in Active Dynamic Limited.

Save as disclosed above, as at 30th September, 2014, 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.

## **OTHER INFORMATION** *(Continued)*

### **SHARE OPTION SCHEME**

A share option scheme (the “Share Option Scheme”) of the Company had been adopted by the Company on 29th August, 2012. The purpose of the Share Option Scheme is to recognize the contribution of the eligible persons as defined in the scheme including, inter alia, any Directors, employees or business consultants of the Group (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. No options have been granted under the Share Option Scheme since its adoption.

### **CORPORATE GOVERNANCE**

As Mr. Richard Hung Ting Ho 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 – Corporate Governance Code (the “CG Code”) of the Rules Governing the Listing of Securities (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. Due to other commitments, an Independent Non-Executive Director had not attended the 2014 annual general meeting of the Company as required by Code A.6.7 of the CG Code. Except as mentioned hereof, the Company has complied throughout the six months ended 30th September, 2014 with the code provisions set out in the CG Code.

## **OTHER INFORMATION** *(Continued)*

### **CORPORATE GOVERNANCE** *(Continued)*

The Audit Committee has been established by the Company to review and supervise the Company's financial reporting process and internal controls and review the relationship with the auditor. The Audit Committee has held meetings in accordance with the relevant requirements. The Group's unaudited interim results for the period ended 30th September, 2014 have been reviewed by the Audit Committee of the Company and by the Company's independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The current members of the Audit Committee are three Independent Non-Executive Directors, Mr. Abraham Shek Lai Him, Dr. Eddy Li Sau Hung and Mr. Yau Chi Ming and a Non-Executive Director, Mr. Dominic Lai.

The Company has also adopted 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 as set out in the Model Code.

### **DEALING IN THE COMPANY'S SECURITIES**

During the six months ended 30th September, 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### **STAFF**

As at 30th September, 2014, the Group, including its subcontracting processing plants, employed approximately 1,575 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.

## **OTHER INFORMATION** *(Continued)*

### **DISCLOSURE UNDER 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 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 September, 2014, the balance outstanding was approximately HK\$11 million. 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 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 September, 2014, no balance was outstanding. 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 up to HK\$54 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 September, 2014, the balance outstanding was approximately HK\$9 million. The banking facilities are subject to annual review.

By order of the Board of  
**Midas International Holdings Limited**  
**Richard Hung Ting Ho**  
*Chairman and Managing Director*

Hong Kong, 24th November, 2014



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30th September, 2014

	Note	2014 HK\$'000	2013 HK\$'000
Revenues		161,222	186,008
Cost of sales		<u>(133,492)</u>	<u>(143,423)</u>
Gross profit		27,730	42,585
Other income and net gain	6	41,536	4,395
Selling and marketing expenses		(12,649)	(12,962)
Administrative and other operating expenses		<u>(39,751)</u>	<u>(42,985)</u>
Operating profit/(loss)	7	16,866	(8,967)
Finance costs	8	<u>(3,993)</u>	<u>(5,713)</u>
Profit/(loss) before taxation		12,873	(14,680)
Taxation (charge)/credit	9	<u>(2,385)</u>	<u>197</u>
Profit/(loss) for the period		10,488	(14,483)
Other comprehensive income:			
Item that may be reclassified subsequently to profit and loss			
Net exchange differences		3,559	1,990
Realization of exchange reserve upon disposal of subsidiaries	20	<u>(180)</u>	<u>–</u>
<b>Total comprehensive income/(loss) for the period</b>		<b><u>13,867</u></b>	<b><u>(12,493)</u></b>
Profit/(loss) for the period attributable to:			
Equity holders of the Company		10,746	(14,288)
Non-controlling interests		<u>(258)</u>	<u>(195)</u>
		<b><u>10,488</u></b>	<b><u>(14,483)</u></b>
Total comprehensive income/(loss) for the period attributable to:			
Equity holders of the Company		13,573	(12,769)
Non-controlling interests		<u>294</u>	<u>276</u>
<b>Total comprehensive income/(loss) for the period</b>		<b><u>13,867</u></b>	<b><u>(12,493)</u></b>
		<i>HK cent</i>	<i>HK cent (restated)</i>
Earnings/(loss) per share (basic and diluted)	11	<b><u>0.4</u></b>	<b><u>(0.6)</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30th September, 2014

		<b>30th September, 2014</b>	31st March, 2014
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets</b>			
Prepaid lease payments		<b>8,987</b>	9,448
Property, plant and equipment	<i>12</i>	<b>74,337</b>	80,854
Cemetery assets	<i>12</i>	<b>521,005</b>	513,710
		<hr/> <b>604,329</b>	<hr/> 604,012
<b>Current assets</b>			
Inventories	<i>13</i>	<b>39,237</b>	44,809
Cemetery assets		<b>81,712</b>	83,001
Accounts receivable	<i>14</i>	<b>101,620</b>	72,662
Deposits, prepayments and other receivables		<b>14,718</b>	12,374
Pledged bank balances		<b>15,000</b>	25,000
Cash and bank balances		<b>13,922</b>	60,823
		<hr/> <b>266,209</b>	<hr/> 298,669
Assets of disposal group classified as held for sale	<i>15</i>	<b>–</b>	48,354
		<hr/> <b>266,209</b>	<hr/> 347,023
<b>Current liabilities</b>			
Accounts payable	<i>16</i>	<b>56,948</b>	46,973
Accrued charges and other payables		<b>36,610</b>	42,176
Amount due to a non-controlling shareholder		<b>1,366</b>	1,366
Tax payable		<b>10,088</b>	7,340
Bank borrowings	<i>17</i>	<b>55,063</b>	44,995
Convertible notes		<b>–</b>	109,176
		<hr/> <b>160,075</b>	<hr/> 252,026
<b>Net current assets</b>		<hr/> <b>106,134</b>	<hr/> 94,997
<b>Total assets less current liabilities</b>		<hr/> <b>710,463</b>	<hr/> 699,009

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)***(Continued)**As at 30th September, 2014*

		<b>30th September, 2014</b>	31st March, 2014
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Equity</b>			
Share capital	18	<b>220,721</b>	220,721
Reserves		<b>257,935</b>	244,362
		<hr/>	<hr/>
Shareholders' funds		<b>478,656</b>	465,083
Non-controlling interests		<b>69,640</b>	69,346
		<hr/>	<hr/>
<b>Total equity</b>		<b>548,296</b>	534,429
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Bank borrowings	17	<b>20,160</b>	23,750
Deferred income		<b>2,084</b>	1,791
Deferred taxation liabilities		<b>139,923</b>	139,039
		<hr/>	<hr/>
		<b>162,167</b>	164,580
		<hr/>	<hr/>
		<b>710,463</b>	699,009
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30th September, 2014

	Note	2014 HK\$'000	2013 HK\$'000
Net cash used in operating activities		<u>(26,010)</u>	<u>(16,927)</u>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of subsidiaries, net of cash and bank balances disposed of	20	<b>69,304</b>	–
Others, net		<u>8,395</u>	<u>(5,875)</u>
Net cash from/(used in) investing activities		<u>77,699</u>	<u>(5,875)</u>
<b>Cash flows from financing activities</b>			
New bank borrowings		100,609	74,700
Repayment of bank borrowings		(94,323)	(58,287)
Repayment of convertible notes		<u>(113,000)</u>	<u>–</u>
Net cash (used in)/from financing activities		<u>(106,714)</u>	<u>16,413</u>
Net decrease in cash and cash equivalents		(55,025)	(6,389)
Cash and cash equivalents at the beginning of the period (note)		68,917	117,252
Exchange difference on cash and cash equivalents		<u>30</u>	<u>41</u>
Cash and cash equivalents at the end of the period		<u>13,922</u>	<u>110,904</u>
<b>Analysis of cash and cash equivalents</b>			
Cash and bank balances		<u>13,922</u>	<u>110,904</u>

Note: The cash and cash equivalents as at 1st April, 2014 comprised of cash and bank balances of HK\$60,823,000 and cash and bank balances included in "Assets of disposal group classified as held for sale" of HK\$8,094,000 (see also Note 15).

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30th September, 2014

	Attributable to equity holders of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Shareholders' funds HK\$'000	Non- controlling interests HK\$'000	
At 1st April, 2014	220,721	293,692	134,999	(184,329)	465,083	69,346	534,429
Profit for the period	-	-	-	10,746	10,746	(258)	10,488
Other comprehensive income:							
Net exchange differences	-	-	3,007	-	3,007	552	3,559
Realization of exchange reserve upon disposal of subsidiaries	-	-	(180)	-	(180)	-	(180)
Total comprehensive income for the period	-	-	2,827	10,746	13,573	294	13,867
Expiration of conversion rights of convertible notes	-	-	(43,532)	43,532	-	-	-
At 30th September, 2014	220,721	293,692	94,294	(130,051)	478,656	69,640	548,296
At 1st April, 2013	220,721	293,692	135,313	(141,808)	507,918	70,015	577,933
Loss for the period	-	-	-	(14,288)	(14,288)	(195)	(14,483)
Other comprehensive income:							
Net exchange differences	-	-	1,519	-	1,519	471	1,990
Total comprehensive income/(loss) for the period	-	-	1,519	(14,288)	(12,769)	276	(12,493)
At 30th September, 2013	220,721	293,692	136,832	(156,096)	495,149	70,291	565,440

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

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

As at 30th September, 2014, the Company was a 60.8% owned subsidiary of Gold Throne Finance Limited, a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of Chuang’s Consortium International Limited (“CCIL”), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The Directors regard CCIL as the ultimate holding company.

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

## 2. BASIS OF PREPARATION

The condensed interim financial information has been prepared under the historical cost convention, and in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The condensed interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31st March, 2014 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies and methods of computation used in the preparation of the condensed interim financial information are consistent with those used in the annual financial statements for the year ended 31st March, 2014.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION *(Continued)*

### 2. BASIS OF PREPARATION *(Continued)*

#### **The adoption of revised HKFRSs**

For the six months ended 30th September, 2014, the Group adopted the following amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2014 and relevant to the operations of the Group:

HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities

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

#### **New standards and amendments to standards that are not yet effective**

The following new standards and amendments to standards have been published which are relevant to the Group's operation and are mandatory for the Group's accounting periods beginning on or after 1st April, 2015, but have not yet been early adopted by the Group:

HKAS 16 (Amendment) and HKAS 38 (Amendment)	Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization (effective from 1st January, 2016)
HKAS 19 (Amendment)	Defined Benefit Plans – Employee Contributions (effective from 1st July, 2014)
HKFRS 9	Financial Instruments (to be determined)
HKFRS 15	Revenue from Contracts with Customers (effective from 1st January, 2017)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle (effective from 1st July, 2014)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle (effective from 1st July, 2014)

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION *(Continued)*

### 3. FINANCIAL RISK MANAGEMENT

#### (a) Financial risk factors

The activities of the Group expose it to a variety of financial risks including credit risk, liquidity risk, cash flow and fair value interest rate risk and foreign exchange risk. The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and it should be read in conjunction with the annual financial statements for the year ended 31st March, 2014. There has been no material change in the Group's financial risk management policies since the year ended 31st March, 2014.

#### (b) Liquidity risk

Compared to the year ended 31st March, 2014, there was no material change in the contractual undiscounted cash flows for financial liabilities.

#### (c) Fair value estimation

The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date, whereas the fair values of other financial assets and financial liabilities are determined in accordance with the generally accepted pricing models based on discounted cash flow analysis.

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

During the six months ended 30th September, 2014, there was no significant change in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. The Group had no level 3 financial instruments as at 30th September, 2014. There was no transfer of financial assets or financial liabilities between the level 1 and level 2 in the hierarchy and no reclassifications of financial assets.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the condensed interim financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions applied in the preparation of the condensed interim financial information are consistent with those used in the annual financial statements for the year ended 31st March, 2014.



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

### 5. SEGMENT INFORMATION

#### (a) Segment information by business lines

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

The CODM considers the business from a business perspective, including printing, cemetery and corporate operations. The CODM assesses the performance of the operating segments based on a measure of segment result.

The segment information by business lines is as follows:

	<b>Printing</b> <i>HK\$'000</i>	<b>Cemetery</b> <i>HK\$'000</i>	<b>Corporate</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>2014</b>				
Revenues	156,011	5,211	–	161,222
Other income and net gain	31,062	10,191	283	41,536
	<u>11,648</u>	<u>7,846</u>	<u>(2,628)</u>	<u>16,866</u>
Operating profit/(loss)	11,648	7,846	(2,628)	16,866
Finance (costs)/income	(1,900)	177	(2,270)	(3,993)
	<u>9,748</u>	<u>8,023</u>	<u>(4,898)</u>	<u>12,873</u>
Profit/(loss) before taxation	9,748	8,023	(4,898)	12,873
Taxation (charge)/credit	(6,300)	3,915	–	(2,385)
	<u>3,448</u>	<u>11,938</u>	<u>(4,898)</u>	<u>10,488</u>
Profit/(loss) for the period	3,448	11,938	(4,898)	10,488
<b>As at 30th September, 2014</b>				
Total assets	218,549	622,735	29,254	870,538
	<u>99,091</u>	<u>147,928</u>	<u>75,223</u>	<u>322,242</u>
Total liabilities	99,091	147,928	75,223	322,242
<b>2014</b>				
Other segment items are as follows:				
Capital expenditure	3,109	3,135	–	6,244
Gain on disposal of subsidiaries	29,368	–	–	29,368
Write-back of provision for expenses undertaking	–	10,224	–	10,224
Depreciation	9,706	322	–	10,028
Amortization of prepaid lease payments	114	37	–	151
Provision for impairment of accounts receivable	–	528	–	528
Provision for impairment of inventories	558	–	–	558
	<u>558</u>	<u>–</u>	<u>–</u>	<u>558</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

### 5. SEGMENT INFORMATION (Continued)

#### (a) Segment information by business lines (Continued)

	Printing HK\$'000	Cemetery HK\$'000	Corporate HK\$'000	Total HK\$'000
2013				
Revenues	180,479	5,529	–	186,008
Other income and net gain	4,311	(29)	113	4,395
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Operating loss	(5,490)	(1,181)	(2,296)	(8,967)
Finance costs	(2,407)	(220)	(3,086)	(5,713)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Loss before taxation	(7,897)	(1,401)	(5,382)	(14,680)
Taxation (credit)/charge	(186)	383	–	197
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Loss for the period	<u>(8,083)</u>	<u>(1,018)</u>	<u>(5,382)</u>	<u>(14,483)</u>
As at 31st March, 2014				
Total assets	<u>248,211</u>	<u>617,001</u>	<u>85,823</u>	<u>951,035</u>
Total liabilities	<u>78,395</u>	<u>160,290</u>	<u>177,921</u>	<u>416,606</u>
2013				
Other segment items are as follows:				
Capital expenditure	5,985	3,723	–	9,708
Depreciation	11,112	346	–	11,458
Amortization of prepaid lease payments	700	37	–	737
Provision for impairment of accounts receivable	158	–	–	158
Reversal of provision for impairment of accounts receivable	919	–	–	919
Reversal of provision for impairment of inventories	339	–	–	339
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

### 5. SEGMENT INFORMATION (Continued)

#### (b) Geographical segment information

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

	Revenues		Capital expenditure	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	13,422	7,868	547	159
The People's Republic of China (the "PRC")	6,016	6,429	5,697	9,549
United States of America	52,748	65,475	–	–
United Kingdom	28,919	41,102	–	–
Germany	22,064	24,114	–	–
France	17,640	16,506	–	–
Other countries	20,413	24,514	–	–
	<b>161,222</b>	186,008	<b>6,244</b>	9,708

	Non-current assets		Total assets	
	30th September, 2014	31st March, 2014	30th September, 2014	31st March, 2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	1,569	1,281	120,494	148,811
The PRC	602,760	602,731	750,044	802,224
	<b>604,329</b>	604,012	<b>870,538</b>	951,035

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

### 6. OTHER INCOME AND NET GAIN

	2014 HK\$'000	2013 HK\$'000
Interest income from bank deposits	283	112
Sales of scrapped materials	1,680	2,637
Reversal of provision for impairment of accounts receivable	–	919
Gain on disposal of property, plant and equipment	1,381	–
Loss on disposal of prepaid lease payment	(333)	–
Gain on disposal of subsidiaries (note 20)	29,368	–
Net exchange loss	(1,432)	(243)
Write-back of provision for expenses undertaking (note)	10,224	–
Sundries	365	970
	<b>41,536</b>	<b>4,395</b>

*Note: The write-back of provision for expenses undertaking was related to the disposal of certain subsidiaries by the Group in September 2007 as the respective undertaking expired in September 2014.*

### 7. OPERATING PROFIT/(LOSS)

	2014 HK\$'000	2013 HK\$'000
Operating profit/(loss) is stated after charging/(crediting):		
Cost of inventories sold	89,132	97,274
Depreciation	10,028	11,458
Amortization of prepaid lease payments	151	737
Provision for/(reversal of) provision for impairment of inventories	558	(339)
Provision for impairment of accounts receivable	528	158
Staff costs, including Directors' emoluments		
Wages and salaries	55,275	56,734
Retirement benefit costs	540	683

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

### 8. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest expenses		
Bank borrowings wholly repayable within five years	1,900	2,408
Convertible notes wholly repayable within five years	4,958	6,806
	<u>6,858</u>	<u>9,214</u>
Fair value adjustment of accounts receivable	(177)	220
Amount capitalized into cemetery assets	(2,688)	(3,721)
	<u>3,993</u>	<u>5,713</u>

The above analysis shows the finance costs in accordance with the agreed scheduled repayment dates set out in the agreements. The capitalized effective rate for cemetery assets is 14.86% (2013: 14.86%) per annum.

### 9. TAXATION (CHARGE)/CREDIT

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current income tax		
PRC corporate income tax	–	(346)
PRC withholding tax ( <i>note 20</i> )	(6,300)	–
Over-provision in prior periods	–	160
Write-back of provision in prior periods	3,552	–
Deferred taxation	363	383
	<u>(2,385)</u>	<u>197</u>

No provision for Hong Kong profits tax has been provided as the Group had sufficient tax losses to offset the estimated assessable profit for the period ended 30th September, 2014 (2013: nil). PRC corporate income tax has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the PRC.

The write-back of provision for the six months ended 30th September, 2014 represented a write-back of provision for a PRC corporate income tax undertaking in relation to the disposal of certain subsidiaries by the Group in September 2007 as the respective undertaking expired in September 2014.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

### 10. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30th September, 2014 (2013: nil).

### 11. EARNINGS/(LOSS) PER SHARE

The calculation of the earnings/(loss) per share is based on the profit attributable to equity holders of HK\$10,746,000 (2013: loss attributable to equity holders of HK\$14,288,000) and the weighted average number of 2,461,866,000 (2013: 2,461,866,000, restated) shares in issue during the period. The weighted average number of shares used in the calculation of earnings/(loss) per share have been adjusted for the bonus element of the rights issue following the completion of the rights issue on 6th November, 2014 (see also Note 22) and the prior period comparative had also been restated for such effect.

The potential ordinary shares attributable to the assumed conversion of convertible notes have anti-dilutive effect for each of the six months ended 30th September, 2014 and 2013.

### 12. CAPITAL EXPENDITURE

For the six months ended 30th September, 2014, the Group incurred acquisition and development costs on property, plant and equipment and cemetery assets of HK\$6,244,000 (2013: HK\$9,708,000).

### 13. INVENTORIES

	<b>30th September, 2014</b>	31st March, 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	<b>17,132</b>	21,142
Work in progress	<b>8,680</b>	12,840
Finished goods	<b>13,425</b>	10,827
	<hr/> <b>39,237</b> <hr/>	<hr/> 44,809 <hr/>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

### 14. ACCOUNTS RECEIVABLE

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

	<b>30th September, 2014</b>	31st March, 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Below 30 days	<b>34,373</b>	27,702
31 to 60 days	<b>27,081</b>	7,706
61 to 90 days	<b>18,844</b>	18,891
Over 90 days	<b>21,322</b>	18,363
	<b>101,620</b>	72,662

### 15. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	<b>30th September, 2014</b>	31st March, 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Prepaid lease payments	–	34,779
Property, plant and equipment	–	5,481
Cash and bank balances	–	8,094
	–	48,354

On 14th May, 2014, a wholly-owned subsidiary of the Group entered into an agreement with an independent third party to dispose of its investments in Success Gain Investment Limited and Dongguan Da Hua Printing Company Limited, wholly-owned subsidiaries of the Group, at a consideration of approximately HK\$78.2 million. All the related assets had been reclassified as “assets of disposal group classified as held for sale” as at 31st March, 2014. The transaction was completed during the period ended 30th September, 2014. A gain on disposal of subsidiaries and the related PRC withholding tax were recorded in “Other income and net gain” and “Taxation (charge)/credit” respectively (see also Notes 6, 9 and 20).

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

### 16. ACCOUNTS PAYABLE

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

	<b>30th September, 2014 HK\$'000</b>	31st March, 2014 HK\$'000
Below 30 days	21,534	14,854
31 to 60 days	9,865	13,052
Over 60 days	25,549	19,067
	<u>56,948</u>	<u>46,973</u>

### 17. BANK BORROWINGS

	<b>30th September, 2014 HK\$'000</b>	31st March, 2014 HK\$'000
Secured bank borrowings		
Short-term bank borrowings	18,497	12,659
Long-term bank borrowings	27,720	31,250
	<u>46,217</u>	<u>43,909</u>
Unsecured bank borrowings		
Short-term bank borrowings	23,486	16,676
Long-term bank borrowings	5,520	8,160
	<u>29,006</u>	<u>24,836</u>
Total bank borrowings	<u>75,223</u>	<u>68,745</u>



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

### 17. BANK BORROWINGS (Continued)

The long-term bank borrowings are analyzed as follows:

	<b>30th September, 2014</b>	31st March, 2014
	<b>HK\$'000</b>	HK\$'000
Long-term bank borrowings wholly repayable within five years ( <i>note</i> )	<b>33,240</b>	39,410
Current portion included in current liabilities		
Portion due within one year	<b>(13,080)</b>	(12,780)
Portion due after one year which contains a repayment on demand clause	–	(2,880)
	<b>20,160</b>	23,750

*Note: Ignoring the effect of any repayment on demand clause*

The bank borrowings are repayable in the following periods (the amounts due are based on the agreed scheduled dates set out in the loan agreements and ignore the effect of any repayment on demand clause):

	<b>30th September, 2014</b>	31st March, 2014
	<b>HK\$'000</b>	HK\$'000
Within the first year	<b>55,063</b>	42,115
Within the second year	<b>20,160</b>	26,630
	<b>75,223</b>	68,745

Bank borrowings amounted to HK\$10,730,000 as at 31st March, 2014 included covenants that require the maintenance of certain financial covenants. As at 31st March, 2014, certain of these financial ratio covenants were not met by the Group. Consequently, these bank borrowings became repayable on demand as at 31st March, 2014 and were classified as current liabilities. Subsequent to 31st March, 2014, the Group had obtained written consent from the relevant bank that the bank agreed not to demand immediate payment as a result of the breach of financial covenants. The Board was of the opinion that the breach of covenants would not affect the financial position of the Group.

As at 30th September, 2014, the Group had complied with all financial covenants of the bank borrowings.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION *(Continued)*

### 18. SHARE CAPITAL

	<b>30th September, 2014 HK\$'000</b>	31st March, 2014 HK\$'000
Authorized		
4,000,000,000 ordinary shares of HK\$0.1 each	<b>400,000</b>	400,000
1,000,000,000 series A preference shares of HK\$0.01 each	<b>10,000</b>	10,000
1,000,000,000 series B preference shares of HK\$0.01 each	<b>10,000</b>	10,000
	<b>20,000</b>	20,000
Issued and fully paid		
2,207,208,278 ordinary shares of HK\$0.1 each <i>(note)</i>	<b>220,721</b>	220,721

*Note: The Company announced a rights issue on 2nd September, 2014 (see also Note 22).*

### 19. CAPITAL COMMITMENTS

As at 30th September, 2014, the Group had capital expenditure commitments contracted but not provided for in respect of property, plant and equipment amounting to HK\$194,000 (31st March, 2014: HK\$1,491,000).

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

### 20. DISPOSAL OF SUBSIDIARIES

	2014 HK\$'000	2013 HK\$'000
Consideration	78,219	–
Less: Transaction costs	(821)	–
	<hr/>	<hr/>
Net proceeds	77,398	–
	<hr/>	<hr/>
Net assets disposed of		
Prepaid lease payments	34,779	–
Property, plant and equipment	5,931	–
Deposits	40	–
Cash and bank balances	8,094	–
Accrued charges and other payables	(634)	–
	<hr/>	<hr/>
Net assets disposed of	48,210	–
Realization of exchange reserve upon disposal of subsidiaries	(180)	–
	<hr/>	<hr/>
	48,030	–
	<hr/>	<hr/>
Gain on disposal of subsidiaries before taxation ( <i>note 6</i> )	29,368	–
Less: PRC withholding tax ( <i>note 9</i> )	(6,300)	–
	<hr/>	<hr/>
Gain on disposal of subsidiaries after taxation	23,068	–
	<hr/>	<hr/>
Analysis of net cash flow in respect of the disposal of subsidiaries is as follows:		
Net cash consideration received	77,398	–
Cash and bank balances disposed of	(8,094)	–
	<hr/>	<hr/>
Net cash flow from disposal of subsidiaries	69,304	–
	<hr/>	<hr/>

### 21. PLEDGE OF ASSETS

As at 30th September, 2014, the Group had pledged certain assets including prepaid lease payments, property, plant and equipment and bank deposits, with an aggregate carrying value of HK\$57,322,000 (31st March, 2014: HK\$56,421,000), to secure banking facilities granted to the Group.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION *(Continued)*

### **22. EVENT AFTER THE REPORTING PERIOD**

On 2nd September, 2014, the Company announced the proposal to raise approximately HK\$110.4 million, before expenses, by way of a rights issue of 1,103,604,139 shares at a subscription price of HK\$0.10 per rights share on the basis of one rights share for every two ordinary shares. The rights issue was subsequently completed on 6th November, 2014.