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**MIDAS**

**勤達集團國際有限公司\***

**Midas International Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1172)**

**ANNOUNCEMENT OF RESULTS  
FOR THE YEAR ENDED 31ST MARCH, 2016**

**RESULTS**

The board of Directors (the “Board”) of Midas International Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively as the “Group”) for the year ended 31st March, 2016 as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31st March, 2016*

	<i>Note</i>	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Revenues		<b>255,981</b>	274,582
Cost of sales		<b>(187,265)</b>	(231,627)
Gross profit		<b>68,716</b>	42,955
Other income and net gain	4	<b>121,135</b>	55,040
Selling and marketing expenses		<b>(28,106)</b>	(25,240)
Administrative and other operating expenses		<b>(68,011)</b>	(81,889)
Operating profit/(loss)	5	<b>93,734</b>	(9,134)
Finance costs	6	<b>(2,410)</b>	(6,395)
Profit/(loss) before taxation		<b>91,324</b>	(15,529)
Taxation credit/(charge)	7	<b>1,281</b>	(1,676)
Profit/(loss) for the year		<b>92,605</b>	(17,205)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss			
Net exchange differences		<b>(17,067)</b>	364
Realization of exchange reserve upon disposal of subsidiaries		<b>(113)</b>	(180)
<b>Total comprehensive income/(loss) for the year</b>		<b>75,425</b>	(17,021)

\* *For identification purpose only*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)***For the year ended 31st March, 2016*

	<i>Note</i>	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
Profit/(loss) for the year attributable to:			
Equity holders of the Company		<b>93,146</b>	(16,649)
Non-controlling interests		<u><b>(541)</b></u>	<u>(556)</u>
		<u><b>92,605</b></u>	<u>(17,205)</u>
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		<b>78,447</b>	(16,522)
Non-controlling interests		<u><b>(3,022)</b></u>	<u>(499)</u>
<b>Total comprehensive income/(loss) for the year</b>		<u><b>75,425</b></u>	<u>(17,021)</u>
		<i>HK cents</i>	<i>HK cent</i>
Earnings/(loss) per share (basic and diluted)	9	<u><b>2.8</b></u>	<u>(0.6)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2016

	<i>Note</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Non-current assets</b>			
Prepaid lease payments		5,339	8,816
Property, plant and equipment		49,497	66,102
Investment property		38,000	–
Cemetery assets		501,280	517,102
		<u>594,116</u>	<u>592,020</u>
<b>Current assets</b>			
Inventories	10	32,002	46,720
Cemetery assets		78,552	82,137
Accounts receivable	11	53,581	67,368
Deposits, prepayments and other receivables		9,296	12,183
Financial assets at fair value through profit or loss		109,460	–
Pledged bank balances		–	15,000
Cash and bank balances		43,078	99,442
		<u>325,969</u>	<u>322,850</u>
<b>Current liabilities</b>			
Accounts payable	12	31,929	46,256
Accrued charges and other payables		31,278	36,622
Amount due to a non-controlling shareholder		1,366	1,366
Tax payable		9,443	9,443
Bank borrowings		10,515	55,546
		<u>84,531</u>	<u>149,233</u>
<b>Net current assets</b>		<u>241,438</u>	<u>173,617</u>
<b>Total assets less current liabilities</b>		<u>835,554</u>	<u>765,637</u>
<b>Equity</b>			
Share capital		331,081	331,081
Reserves		303,377	224,930
		<u>634,458</u>	<u>556,011</u>
Shareholders' funds		634,458	556,011
Non-controlling interests		65,825	68,847
<b>Total equity</b>		<u>700,283</u>	<u>624,858</u>
<b>Non-current liabilities</b>			
Deferred income		3,923	2,391
Deferred taxation liabilities		131,348	138,388
		<u>135,271</u>	<u>140,779</u>
		<u>835,554</u>	<u>765,637</u>

*Notes:*

**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 31st March, 2016, 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, development and operation of cemetery, information technology business, securities investment and trading and property investment.

**2. BASIS OF PREPARATION**

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property and financial assets at fair value through profit or loss at fair values, and in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group.

**Effect of adopting amendments to standards**

For the financial year ended 31st March, 2016, the Group adopted the following amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2015 and relevant to the operations of the Group:

HKAS 19 (2011) (Amendment)	Employee Benefits: Defined Benefit Plans – Employee Contributions
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle

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 consolidated financial statements.

### **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 operations and are mandatory for the Group's accounting periods beginning on or after 1st April, 2016, but have not yet been early adopted by the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements – Disclosure Initiative (effective from 1st January, 2016)
HKAS 7 (Amendment)	Cash Flow Statements – Disclosure Initiative (effective from 1st January, 2017)
HKAS 12 (Amendment)	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses (effective from 1st January, 2017)
HKAS 16 and HKAS 38 (Amendments)	Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization (effective from 1st January, 2016)
HKAS 27 (Amendment)	Separate Financial Statements: Equity Method in Separate Financial Statements (effective from 1st January, 2016)
HKFRS 9	Financial Instruments (effective from 1st January, 2018)
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception (effective from 1st January, 2016)
HKFRS 14	Regulatory Deferral Accounts (effective from 1st January, 2016)
HKFRS 15	Revenue from Contracts with Customers (effective from 1st January, 2018)
HKFRS 16	Leases (effective from 1st January, 2019)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle (effective from 1st January, 2016)

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.

### **New Hong Kong Companies Ordinance (Cap. 622)**

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

### 3. SEGMENT INFORMATION

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

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

The CODM considers the business from a business perspective. For the year ended 31st March, 2016, the CODM considers the investments in the financial assets at fair value through profit or loss and property investment as new business segments. Accordingly, business segments include printing, cemetery, securities investment and trading, property investment and others (including information technology business). 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:

	Printing HK\$'000	Cemetery HK\$'000	Securities investment and trading HK\$'000	Property investment HK\$'000	Others and corporate HK\$'000	Total HK\$'000
<b>For the year ended 31st March, 2016</b>						
Revenues	225,177	22,300	8,469	35	-	255,981
Other income and net gain	120,689	40	-	-	406	121,135
Operating profit/(loss)	96,052	(4,344)	8,469	34	(6,477)	93,734
Finance (costs)/income	(2,824)	414	-	-	-	(2,410)
Profit/(loss) before taxation	93,228	(3,930)	8,469	34	(6,477)	91,324
Taxation credit	-	1,281	-	-	-	1,281
Profit/(loss) for the year	93,228	(2,649)	8,469	34	(6,477)	92,605
<b>As at 31st March, 2016</b>						
Total assets	128,742	600,791	109,460	38,014	43,078	920,085
Total liabilities	65,253	143,805	-	229	10,515	219,802
<b>2016</b>						
Other segment items are as follows:						
Capital expenditure	6,958	3,881	-	38,000	-	48,839
Gain on disposal of a subsidiary	108,718	-	-	-	-	108,718
Depreciation	14,635	775	-	-	-	15,410
Amortization of prepaid lease payments	164	72	-	-	-	236
Provision for impairment of accounts receivable	-	209	-	-	-	209
Reversal of provision for impairment of accounts receivable	269	-	-	-	-	269
Reversal of provision for impairment of inventories	1,644	-	-	-	-	1,644

	Printing HK\$'000	Cemetery HK\$'000	Others and corporate HK\$'000	Total HK\$'000
<b>For the year ended 31st March, 2015</b>				
Revenues	262,110	12,472	–	274,582
Other income and net gain	44,064	10,393	583	55,040
Operating (loss)/profit	(10,498)	6,680	(5,316)	(9,134)
Finance (costs)/income	(4,146)	21	(2,270)	(6,395)
(Loss)/profit before taxation	(14,644)	6,701	(7,586)	(15,529)
Taxation (charge)/credit	(6,012)	4,336	–	(1,676)
(Loss)/profit for the year	(20,656)	11,037	(7,586)	(17,205)
<b>As at 31st March, 2015</b>				
Total assets	181,597	618,831	114,442	914,870
Total liabilities	87,187	147,279	55,546	290,012
<b>2015</b>				
Other segment items are as follows:				
Capital expenditure	5,153	5,490	–	10,643
Gain on disposal of subsidiaries	29,368	–	–	29,368
Write-back of provision for expenses undertaking	–	10,224	–	10,224
Depreciation	18,582	644	–	19,226
Amortization of prepaid lease payments	228	74	–	302
Provision for impairment of accounts receivable	697	1,066	–	1,763
Reversal of provision for impairment of accounts receivable	523	–	–	523
Provision for impairment of inventories	2,855	–	–	2,855

**(b) Geographical segment information**

The business of the Group operates in different geographical areas. Revenues are presented by the countries where the 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	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong	20,410	19,787	38,796	580
The People's Republic of China (the "PRC")	21,575	14,263	10,043	10,063
United States of America	82,897	92,600	–	–
United Kingdom	48,689	50,030	–	–
Germany	33,354	41,314	–	–
France	30,782	25,946	–	–
Other countries	18,274	30,642	–	–
	<u>255,981</u>	<u>274,582</u>	<u>48,839</u>	<u>10,643</u>
	<b>Non-current assets</b>		<b>Total assets</b>	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	39,521	1,301	228,560	171,429
The PRC	554,595	590,719	691,525	743,441
	<u>594,116</u>	<u>592,020</u>	<u>920,085</u>	<u>914,870</u>

**4. OTHER INCOME AND NET GAIN**

	2016 HK\$'000	2015 HK\$'000
Interest income from bank deposits	406	583
Sales of scrapped materials	4,171	3,237
Reversal of provision for impairment of accounts receivable	269	523
Gain on disposal of property, plant and equipment	4,229	11,231
Loss on disposal of prepaid lease payment	–	(333)
Gain on disposal of subsidiaries (note i)	108,718	29,368
Net exchange gain/(loss)	1,163	(2,129)
Write-back of provision for expenses undertaking (note ii)	–	10,224
Sundries	2,179	2,336
	<u>121,135</u>	<u>55,040</u>



Notes:

- (i) 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. The transaction was completed during the year ended 31st March, 2015. A gain on disposal of subsidiaries and the related PRC withholding corporate income tax were recorded in this note and “Taxation credit/(charge)” (note 7) respectively. Details of the transaction were set out in the announcement of the Company on 14th May, 2014.

On 21st April, 2015, the Company and its wholly-owned subsidiary entered into a sale and purchase agreement with Chuang’s China Investments Limited (a listed subsidiary of CCIL) and its wholly-owned subsidiary to dispose of its equity interest in Dongguan Midas Printing Company Limited, a wholly-owned subsidiary of the Group (the major assets are the land and property in the PRC), at a consideration of RMB101.6 million (equivalent to approximately HK\$123.4 million). The transaction was completed on 21st August, 2015 and the consideration was settled in full in cash at completion. A gain on disposal of the subsidiary was recorded in this note. Details of the transaction were set out in the announcements of the Company dated 21st April, 2015 and 21st August, 2015, and the circular of the Company dated 13th May, 2015 respectively.

- (ii) The write-back of provision for expenses undertaking was related to the disposal of certain subsidiaries of the Group in September 2007 as the respective undertaking expired in September 2014.

## 5. OPERATING PROFIT/(LOSS)

	2016 HK\$’000	2015 HK\$’000
Operating profit/(loss) is stated after charging/(crediting):		
Cost of inventories sold	120,054	155,538
Depreciation	15,410	19,226
Amortisation of prepaid lease payments	236	302
Provision for impairment of accounts receivable	209	1,763
(Reversal of provision)/provision for impairment of inventories	(1,644)	2,855
Staff costs, including Directors’ emoluments		
Wages and salaries	89,606	99,288
Retirement benefit costs	994	1,265
	<u>          </u>	<u>          </u>

## 6. FINANCE COSTS

	2016 HK\$’000	2015 HK\$’000
Interest expenses		
Bank borrowings	2,824	4,146
Convertible notes	–	4,958
	<u>          </u>	<u>          </u>
	2,824	9,104
Fair value adjustment of accounts receivable	(414)	(21)
Amount capitalized into cemetery assets	–	(2,688)
	<u>          </u>	<u>          </u>
	<u>2,410</u>	<u>6,395</u>

The capitalized effective rate for cemetery assets for 2015 was 14.86% per annum.

## 7. TAXATION CREDIT/(CHARGE)

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current income tax		
PRC withholding corporate income tax ( <i>note 4(i)</i> )	–	(6,300)
Over-provision in prior years	–	288
Write-back of provision in prior years	–	3,552
Deferred taxation	<u>1,281</u>	<u>784</u>
	<u><u>1,281</u></u>	<u><u>(1,676)</u></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 year ended 31st March, 2016 (2015: nil). No provision for PRC corporate income tax has been provided as the Group has sufficient tax losses to offset the estimated assessable profit for the year ended 31st March, 2016 (2015: PRC corporate income tax had been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC).

The write-back of provision for the year ended 31st March, 2015 represented a write-back of provision for a PRC withholding 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.

## 8. DIVIDENDS

No dividend was paid or declared during each of the years ended 31st March, 2016 and 2015.

The Board does not recommend the payment of a final dividend for the year ended 31st March, 2016 (2015: nil).

## 9. EARNINGS/(LOSS) PER SHARE

The calculation of the earnings/loss per share is based on the profit attributable to equity holders of HK\$93,146,000 (2015: loss attributable to equity holders of HK\$16,649,000) and the weighted average number of 3,310,812,000 (2015: 2,815,605,000) shares in issue during the year. The weighted average numbers of shares used in the calculation of loss per share for the year ended 31st March, 2015 had been adjusted for the bonus element of the rights issue following the completion of the rights issue on 6th November, 2014.

The potential ordinary shares attributable to the assumed conversion of convertible notes had anti-dilutive effect for the year ended 31st March, 2015. The convertible notes were redeemed on their maturity date on 3rd August, 2014 at par.

## 10. INVENTORIES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Raw materials	14,339	19,440
Work in progress	9,881	14,457
Finished goods	<u>7,782</u>	<u>12,823</u>
	<u><u>32,002</u></u>	<u><u>46,720</u></u>

## 11. 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 the cemetery operation are settled in accordance with the terms of respective contracts. The aging analysis of the accounts receivable based on the date of invoices and net of provision for doubtful debts is as follows:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Below 30 days	<b>15,324</b>	20,613
31 to 60 days	<b>7,500</b>	18,884
61 to 90 days	<b>8,770</b>	11,627
Over 90 days	<b>21,987</b>	16,244
	<u><b>53,581</b></u>	<u>67,368</u>

## 12. ACCOUNTS PAYABLE

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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Below 30 days	<b>19,223</b>	19,493
31 to 60 days	<b>2,804</b>	8,119
Over 60 days	<b>9,902</b>	18,644
	<u><b>31,929</b></u>	<u>46,256</u>

## 13. COMMITMENTS

As at 31st March, 2016, the Group had capital expenditure commitments contracted but not provided for in respect of property, plant and equipment amounting to HK\$1,023,000 (2015: HK\$974,000).

## 14. PLEDGE OF ASSETS

As at 31st March, 2016, the Group had pledged certain assets including accounts receivable, with an aggregate carrying value of HK\$6,284,000 (2015: HK\$53,575,000, including prepaid lease payments, property, plant and equipment and bank deposits), to secure bank borrowings of the Group.

## **MANAGEMENT DISCUSSION ON RESULTS FOR THE YEAR ENDED 31ST MARCH, 2016**

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

For the year ended 31st March, 2016, revenues of the Group amounted to HK\$256.0 million (2015: HK\$274.6 million), representing a slight decrease of 6.8% compared to that of the last year. This was mainly due to the decrease in the sales of printed products. Revenues of the Group comprised revenues from printing business of HK\$225.2 million (2015: HK\$262.1 million), revenues from cemetery business of HK\$22.3 million (2015: HK\$12.5 million), revenues from rental of investment property of HK\$0.03 million (2015: nil) and revenues from securities investment and trading business of HK\$8.5 million (2015: nil).

Despite the decrease in revenues of the printing segment, tighter cost control and improvement in printing production efficiency contributed to the increase in the Group's gross profit. Increase in income from sales of grave plots and bond investment also enhanced the Group's profit. As a result, gross profit during the year increased to HK\$68.7 million (2015: HK\$43.0 million), representing an increase of 59.8% compared to that of the last year. Gross profit margin improved to 26.8% (2015: 15.6%). Other income and net gain increased to HK\$121.1 million (2015: HK\$55.0 million) mainly due to a gain on disposal of a subsidiary, details of which were set out in the circular of the Company dated 13th May, 2015. A breakdown of other income and net gain is shown in note 4 of this report.

On the costs side, selling and marketing expenses increased to HK\$28.1 million (2015: HK\$25.2 million) as a result of launching of a new promotion campaign relating to the cemetery business. Administrative and other operating expenses decreased to HK\$68.0 million (2015: HK\$81.9 million) mainly due to effective cost control. In August 2014, the Group repaid all outstanding convertible notes upon maturity, therefore the finance costs during the year decreased to HK\$2.4 million (2015: HK\$6.4 million).

Taking all the above into account, profit attributable to equity holders of the Company amounted to HK\$93.1 million (2015: loss of HK\$16.6 million). Earnings per share amounted to 2.8 HK cents (2015: loss per share of 0.6 HK cent).

### **DIVIDEND**

The board of Directors (the "Board") has decided not to recommend the payment of a final dividend for the year (2015: nil). No interim dividend was paid during the year (2015: nil).

## **BUSINESS REVIEW**

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

With the slowdown in recovery of the global economy, customers were still cautious in placing orders and, as a result, the Group recorded a lower than expected printing revenues. Revenues of the printing business of the Group during the year amounted to HK\$225.2 million, representing a decrease of 14.1% compared to that of the last year. In order to cope with this adverse market condition, the Group will continue its effort to solidify existing customers and broaden its clientele through proactive promotion of creative product design to customers.

In the cost aspects, the Group deployed various cost reduction measures to enhance profitability. In view of rising labour cost, the Group continued to invest in automated equipments so as to reduce reliance on labour force while maintaining the production capacity. Tight inventory control and effective cash flow management ensured proper allocation of financial resources to higher return sector. All these measures achieved savings in both production costs and administrative expenses, and despite reduction in revenues, the printing gross profit margin increased.

Taking into account the anticipated printing demand, the Group considered that the current production facilities at Boluo, Huizhou is sufficient for its requirement in the coming years. Accordingly, in April 2015, the Group entered into an agreement to dispose of the Group's factory premise at Changan, Dongguan for RMB101.6 million (equivalent to approximately HK\$123.4 million). The transaction was completed on 21st August, 2015 and realized a gain on disposal of HK\$108.7 million.

### **(B) Property for Sale – Cemetery Operation**

The Group operates a cemetery – “Fortune Wealth Memorial Park” in Sihui, Guangdong which comprises a site of 518 mu, of which 100 mu are substantially completed and remaining 418 mu have commenced design work, and an adjacent site of 4,482 mu, which has been reserved, making up a total of 5,000 mu.

In the sales aspect, as the Guangzhou district was a major market for our cemetery, the Group concentrated its resources to develop this market. The Group has, during the year, set up two new sales offices in Guangzhou, making a total of six sales offices. In order to further expand its market presence, the Group has also, during the year, organized a large scale promotion campaign in Guangzhou. All these efforts boosted cemetery sales and as a result, sales during the year increased by 78.4% from HK\$12.5 million in the last year to HK\$22.3 million in this year.

In the development aspect, the Group has completed 12 graveyards (area M1 to M12) and a mausoleum which can accommodate niches on the 100 mu of land. As of to-date, there are 5,430 grave plots already built, of which 1,430 grave plots are sold, leaving 4,000 grave plots available for sales.

In anticipation of the growing demand of prestigious grave plots, the Group is now in final stage of negotiation with the local government with a view to expand the cemetery by phases within the 418 mu.

### **(C) Property for Investment**

In order to diversify the income base of the Group and to generate a steady and recurrent income stream, the Group had during the year acquired a property located at Shop D, Ground Floor, Wuhu Residence, No.111 Wuhu Street, Hunghom, Kowloon. The property is for commercial use and has a total gross area of about 1,588 square feet. The property is now leased to a third party with the tenancy agreement expiring in August 2018. Annual rental of this property amounted to about HK\$1.0 million. Details of the acquisition were set out in the announcement issued by the Company dated 2nd February, 2016. The Group may in future acquire more investment properties so as to generate additional recurrent income.

### **(D) Securities Investment and Trading**

In order to provide the Group with an opportunity to enhance income for its surplus cash amidst the prevailing low interest rate environment, the Group has, since September 2015, commenced to invest in quoted bonds. Investment policies were formulated and adopted by the Board for regulating investment in this aspect. As at 31st March, 2016, investments of the Group, classified in accordance with Hong Kong Financial Reporting Standards under current assets as “financial assets at fair value through profit or loss”, amounted to HK\$109.5 million, comprised of quoted high yield bonds. The Group may continue to make further investments of its surplus cash in the bond market as it considers appropriate as part of its treasury operation and, securities investment and trading business had become one of the principal activities of the Group with segment information relating thereto being included in the interim report of the Company for the six months ended 30th September, 2015. Profit generated from this business activity during the year amounted to about HK\$8.5 million.

### **(E) Information Technology Business**

As disclosed in the 2015 annual report, leveraging on the Group’s experience in the information technology business and the substantial growth potential in such business, the Group will continue to explore investment opportunities, in particular, in the e-commerce, e-publishing and e-auction businesses, in order to generate additional source of revenues to the Group.

## **FINANCIAL POSITION**

### **Financial resources**

As at 31st March, 2016, cash and bank balances of the Group amounted to HK\$43.1 million (2015: HK\$114.4 million, including pledged bank balances) whereas bank borrowings as at the same date amounted to HK\$10.5 million (2015: HK\$55.5 million). The debt to equity ratio (calculated as a percentage of bank borrowings over net asset value attributable to equity holders of the Company) amounted to 1.7% (2015: 10.0%). Approximately 81.3% of the Group's cash and bank balances were denominated in Hong Kong dollar and United States dollar, 18.1% were in Renminbi and the balance of 0.6% were in other currencies. All of the Group's bank borrowings were denominated in Hong Kong dollar.

### **Foreign exchange risk**

For the Group's printing business, the income is mainly denominated in United State dollar and thus the exchange exposure is minimal. The major cost items are denominated in Renminbi and thus the Group is exposed to Renminbi's exchange risk. For the Group's cemetery business, it is conducted in the PRC, with the income and the major cost items being denominated in Renminbi. Therefore, it is expected that any fluctuation of Renminbi's exchange rate would not have material effect on the cemetery operations of the Group. However, as the Group's consolidated financial statements are presented in Hong Kong dollar, the Group's financial position is subject to exchange exposure in Renminbi. The Group would closely monitor these risk exposures from time to time.

### **Net asset value**

Net asset value attributable to equity holders of the Company as at 31st March, 2016 amounted to HK\$634.5 million (2015: HK\$556.0 million), equivalent to about HK\$0.192 (2015: HK\$0.168) per share.

## **PROSPECTS**

The Group believes that economic uncertainty and harsh operating environment will continue to confront the Group's printing business. Moving forward, the Group will continue to solidify its customer base, strengthen partnership with major customers while expanding domestic sales in the PRC. Internally, the Group will reinforce its cost saving measures to enhance cost efficiency. While fully cognizant of the challenge ahead, the Group is confident to achieve better result on its printing business on the strength of a professional service team and efficient production infrastructure.

The rapid growth of aged population in the PRC increases the demand of prestigious grave plots and niches. Coupled with improvements in infrastructure in the area nearby the cemetery, and our continuous investment in marketing, the Group is confident that this investment will provide solid and long term contributions.

In order to generate new sources of revenues to the Group, in addition to investing in the bond market and looking into new business opportunities in the property investment and information technology sector, the Group will continue to review the development strategies of its printing and cemetery businesses and such development strategies may include enticement of new investor, formation of strategic partnership, or disposing part or whole of such businesses in order to realize their intrinsic values.

## **CORPORATE GOVERNANCE**

Mr. Richard Hung Ting Ho (“Mr. Hung”) took up both roles as the Chairman and the Chief Executive Officer (“CEO”), being the Chairman and Managing Director of the Company during the period from 15th January, 2009 to 15th December, 2015. The roles of the chairman and the chief executive officer were 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 of Hong Kong Limited (the “Stock Exchange”). On 15th December, 2015, Mr. Geoffrey Chuang Ka Kam took up the role as the CEO after his appointment as the Managing Director of the Company. Mr. Hung remains his role as the Chairman of the Company.

Except as mentioned above, the Company has complied throughout the year ended 31st March, 2016 with the code provisions set out in the CG Code.

The Audit Committee has been established by the Company to review and supervise the Company’s financial reporting process, internal controls and review the relationship with the auditor. The Audit Committee has held meetings in accordance with the relevant requirements and has reviewed with the Directors and the auditor 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 year ended 31st March, 2016. The current members of the Audit Committee are three Independent Non-Executive Directors, Mr. Abraham Shek Lai Him, Dr. Eddy Li Sau Hung and Mr. Yau Chi Ming and a Non-Executive Director, Mr. Dominic Lai.

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuer (the “Model Code”) contained in Appendix 10 of the Listing Rules. Having made specific enquiries of all Directors of the Company, the Company received confirmations from all Directors that they have complied with the required standard set out in the Model Code.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in this preliminary announcement of the Group’s results for the year ended 31st March, 2016 have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.



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

During the year ended 31st March, 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **STAFF**

As at 31st March, 2016, the Group, including its subcontracting processing plants, employed approximately 1,208 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.

## **PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION AND ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION**

The Board will seek approval of the shareholders of the Company ("Shareholders") at the forthcoming annual general meeting of the Company ("Annual General Meeting") to amend the Memorandum of Association ("Memorandum") and the Articles of Association ("Articles") of the Company.

The main objects of the proposed amendments ("Amendments") to the Memorandum and Articles are to dispense with the requirement to obtain Shareholders' approval by way of special resolution for a reduction of share premium of the Company as currently stated in the Articles, to confer express authority on the Board to pay special dividends out of distributable reserves inclusive of share premium, to update the share capital clauses and to adopt the third amended and restated Memorandum and Articles to consolidate all the amendments made to them.

The Amendments are subject to the Shareholders passing the relevant special resolutions at the Annual General Meeting. Further information relating to the Amendments will be set out in the circular of the Company and notice of the Annual General Meeting to be despatched to the Shareholders as soon as possible.

## **PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE**

The annual report of the Company for the year ended 31st March, 2016 containing all applicable information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

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

Hong Kong, 24th June, 2016

*As at the date of this announcement, Mr. Richard Hung Ting Ho, Mrs. Candy Kotewall Chuang Ka Wai, Mr. Geoffrey Chuang Ka Kam and Mr. Wong Chi Sing are the Executive Directors, Mr. Dominic Lai is a Non-Executive Director, and Mr. Abraham Shek Lai Him, Dr. Eddy Li Sau Hung and Mr. Yau Chi Ming are the Independent Non-Executive Directors of the Company.*