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, 2017

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, 2017 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2017

	Note	**2017** **HK$'000**	2016 HK$'000 (Restated)
Continuing operations			
Revenues and net gain	*3*	**197,630**	233,681
Revenues		**195,137**	230,673
Net gain of financial assets at fair value through profit or loss		**2,493**	3,008
Cost of sales		**(133,288)**	(178,634)
Gross profit		**64,342**	55,047
Other income and net gain	*5*	**8,257**	121,095
Selling and marketing expenses		**(13,131)**	(14,953)
Administrative and other operating expenses		**(53,825)**	(63,111)
Change in fair value of investment properties		**4,000**	–
Operating profit	*6*	**9,643**	98,078
Finance costs	*7*	**(1,098)**	(2,824)
Profit before taxation		**8,545**	95,254
Taxation	*8*	**(114)**	–
Profit for the year from continuing operations		**8,431**	95,254
Discontinued operation			
Profit/(loss) for the year from discontinued operation	*9*	**41,976**	(2,649)
Profit for the year		**50,407**	92,605
Profit/(loss) for the year attributable to:			
Equity holders of the Company			
Continuing operations		**8,431**	95,254
Discontinued operation		**42,006**	(2,108)
		50,437	93,146
Non-controlling interests			
Discontinued operation		**(30)**	(541)
		50,407	92,605

* *For identification purpose only*

	Note	2017 HK$'000	2016 HK$'000 (Restated)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Net exchange differences		**(22,240)**	(17,067)
Realization of exchange reserve upon disposal of subsidiaries		**(29,544)**	(113)
Total other comprehensive loss that may be reclassified subsequently to profit or loss		**(51,784)**	(17,180)
Total comprehensive (loss)/income for the year		**(1,377)**	75,425
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the Company			
Continuing operations		**8,431**	95,141
Discontinued operation		**(6,889)**	(16,694)
		1,542	78,447
Non-controlling interests			
Discontinued operation		**(2,919)**	(3,022)
Total comprehensive (loss)/income for the year		**(1,377)**	75,425
		HK cents	*HK cents* (Restated)
Earnings/(loss) per share (basic and diluted)	*11*		
Continuing operations		**0.25**	2.88
Discontinued operation		**1.27**	(0.06)
		1.52	2.82

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Prepaid lease payments		**3,287**	5,339
Property, plant and equipment		**38,616**	49,497
Investment properties		**196,081**	38,000
Cemetery assets	9	**–**	501,280
Amount due from a fellow subsidiary	9	**112,880**	–
		350,864	594,116
Current assets			
Inventories	12	**29,150**	32,002
Cemetery assets	9	**–**	78,552
Accounts receivable	13	**35,002**	53,581
Deposits, prepayments and other receivables		**12,814**	9,296
Financial assets at fair value through profit or loss		**112,095**	109,460
Cash and bank balances		**279,754**	43,078
		468,815	325,969
Current liabilities			
Accounts payable	14	**21,539**	31,929
Accrued charges and other payables		**33,802**	31,278
Amount due to a non-controlling shareholder		**–**	1,366
Taxation payable		**50,022**	9,443
Short-term bank borrowings		**34,480**	10,515
Current portion of long-term bank borrowings		**1,560**	–
		141,403	84,531
Net current assets		**327,412**	241,438
Total assets less current liabilities		**678,276**	835,554
Equity			
Share capital		**331,081**	331,081
Reserves		**311,177**	303,377
Shareholders' funds		**642,258**	634,458
Non-controlling interests		**–**	65,825
Total equity		**642,258**	700,283
Non-current liabilities			
Deferred income		**–**	3,923
Deferred taxation liabilities		**11,578**	131,348
Long-term bank borrowings		**24,440**	–
		36,018	135,271
		678,276	835,554

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, 2017, 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, property business, securities investment and trading business and information technology business. During the year, the Group disposed of the cemetery operation and the results of such operation together with the related net gain on disposal have been presented as discontinued operation in the consolidated statement of comprehensive income for the year (note 9). The comparative figures have been restated to conform presentation.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss at fair value, and in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. The significant accounting policies adopted for the preparation of the consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

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 new standard and amendments to standards

For the financial year ended 31st March, 2017, the Group adopted the following new standard and amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2016 and relevant to the operations of the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements — Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Property, Plant and Equipment and Intangible Assets — Clarification of Acceptable Methods of Depreciation and Amortization
HKAS 27 (Amendment)	Separate Financial Statements: Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities — Applying the Consolidation Exception
HKFRS 14	Regulatory Deferral Accounts
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle

The Group has assessed the impact of the adoption of these new standard and 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, 2017, but have not yet been early adopted by the Group:

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)
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions (effective from 1st January, 2018)
HKFRS 9	Financial Instruments (effective from 1st January, 2018)
HKFRS 15	Revenue from Contracts with Customers (effective from 1st January, 2018)
HKFRS 15 (Amendment)	Clarifications to HKFRS 15 (effective from 1st January, 2018)
HKFRS 16	Leases (effective from 1st January, 2019)
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2014 – 2016 Cycle (effective from 1st January, 2017 or 1st January, 2018, as appropriate)

Key developments of these new standards and amendments to standards which may have an impact to the Group's accounting policies and presentation of the consolidated financial statements are described below:

HKFRS 9 introduces a new model for the recognition of impairment losses — the expected credit losses ("ECL") model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method.

HKFRS 9 is effective for annual periods beginning on or after 1st January, 2018 and earlier application is permitted. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

HKFRS 15 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. HKFRS 15 is based on the principle that revenue is recognized when control of a good or service transfers to a customer. Management is currently assessing the effects of adoption of HKFRS 15 on the Group's consolidated financial statements and has initially identified areas which are likely to be affected including identification of separate performance obligations, the determination of stand-alone selling price and its relative allocation. At this stage, the Group is not yet able to estimate the impact of the adoption of HKFRS 15 on the Group's consolidated financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

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.

3. REVENUES AND NET GAIN

Revenues and net gain recognized during the year are as follows:

	2017 *HK$'000*	2016 *HK$'000* (Restated)
Continuing operations		
Revenues		
Sales of printed products	**186,034**	225,177
Rental income	**993**	35
Interest income from financial assets at fair value through profit or loss	**8,110**	5,461
	195,137	230,673
Net gain		
Net fair value gain of financial assets at fair value through profit or loss	**2,493**	2,392
Net realized gain of financial assets at fair value through profit or loss	**–**	616
	2,493	3,008
Revenues and net gain	**197,630**	233,681

4. 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, including printing, property (property investment and cemetery), securities investment and trading and others (including information technology business). The CODM assesses the performance of the operating segments based on a measure of segment result. During the year, the Group disposed of the cemetery operation and the result of such operation together with the related net gain on disposal have been presented as discontinued operation in segment information. The comparative figures have been restated to conform presentation.

The segment information by business lines is as follows:

	Continuing operations					Discontinued operation	
	Printing business *HK$'000*	Property business — property investment *HK$'000* *(note i)*	Securities investment and trading business *HK$'000*	Others and corporate *HK$'000* *(note i)*	Total *HK$'000*	Property business — cemetery *HK$'000*	Total *HK$'000*
For the year ended 31st March, 2017							
Revenues and net gain	186,034	993	10,603	–	197,630	17,574	215,204
Other income and net gain	8,232	–	–	25	8,257	564	8,821
Operating profit/(loss)	1,575	4,917	10,499	(7,348)	9,643	(1,083)	8,560
Finance (costs)/income	(1,098)	–	–	–	(1,098)	127	(971)
Profit/(loss) before taxation	477	4,917	10,499	(7,348)	8,545	(956)	7,589
Taxation (charge)/credit	–	(114)	–	–	(114)	749	635
Profit/(loss) after taxation	477	4,803	10,499	(7,348)	8,431	(207)	8,224
Net gain on transaction after taxation *(note 9(c))*	–	–	–	–	–	42,183	42,183
Profit/(loss) for the year	477	4,803	10,499	(7,348)	8,431	41,976	50,407
As at 31st March, 2017							
Total assets	118,592	309,238	112,095	279,754	819,679	–	819,679
Total liabilities	61,553	17,048	34	98,786	177,421	–	177,421
2017							
Other segment items are as follows:							
Capital expenditure *(note ii)*	11,292	–	–	–	11,292	13,418	24,710
Depreciation	13,682	–	–	–	13,682	714	14,396
Amortization of prepaid lease payments	118	–	–	–	118	59	177
Reversal of provision for impairment of inventories	1,420	–	–	–	1,420	–	1,420

Notes:

(i) Total assets of "property business — property investment" segment and total liabilities of "others and corporate" segment comprise of deferred consideration receivable (recorded as "Amount due from a fellow subsidiary") of HK$112,880,000 and taxation payable of HK$37,836,000 in relation to the disposal of cemetery operation respectively (note 9).

(ii) In regard to "property business — property investment" segment, the equity interests in Chuang's Development (Chengdu) Limited and Sino Success Limited and its subsidiary were acquired on 31st March, 2017 and accordingly, investment properties of the Group were increased by HK$154,081,000.

	Continuing operations					Discontinued operation	
	Printing business	Property business — property investment	Securities investment and trading business	Others and corporate	Total	Property business — cemetery	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31st March, 2016							
Revenues and net gain	225,177	35	8,469	–	233,681	22,300	255,981
Other income and net gain	120,689	–	–	406	121,095	40	121,135
Operating profit/(loss)	96,052	34	8,469	(6,477)	98,078	(4,344)	93,734
Finance (costs)/income	(2,824)	–	–	–	(2,824)	414	(2,410)
Profit/(loss) before taxation	93,228	34	8,469	(6,477)	95,254	(3,930)	91,324
Taxation credit	–	–	–	–	–	1,281	1,281
Profit/(loss) for the year	93,228	34	8,469	(6,477)	95,254	(2,649)	92,605
As at 31st March, 2016							
Total assets	128,742	38,014	109,460	43,078	319,294	600,791	920,085
Total liabilities	65,253	229	–	10,515	75,997	143,805	219,802
2016							
Other segment items are as follows:							
Capital expenditure	6,958	38,000	–	–	44,958	3,881	48,839
Gain on disposal of a subsidiary	108,718	–	–	–	108,718	–	108,718
Depreciation	14,635	–	–	–	14,635	775	15,410
Amortization of prepaid lease payments	164	–	–	–	164	72	236
Provision for impairment of accounts receivable	–	–	–	–	–	209	209
Reversal of provision for impairment of accounts receivable	269	–	–	–	269	–	269
Reversal of provision for impairment of inventories	1,644	–	–	–	1,644	–	1,644

(b) Geographical segment information

The business of the Group operates in different geographical areas. Revenues and net gain 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 and net gain		**Capital expenditure**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)
Continuing operations				
Hong Kong	**22,430**	19,326	**1,877**	38,796
The People's Republic of China (the "PRC")	**4,065**	359	**9,415**	6,162
United States of America	**76,894**	82,897	**–**	–
United Kingdom	**28,569**	48,689	**–**	–
Germany	**18,971**	33,354	**–**	–
France	**25,742**	30,782	**–**	–
Other countries	**20,959**	18,274	**–**	–
	197,630	233,681	**11,292**	44,958
Discontinued operation	**17,574**	22,300	**13,418**	3,881
	215,204	255,981	**24,710**	48,839

	Non-current assets		**Total assets**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)
Continuing operations				
Hong Kong	**43,813**	39,520	**469,939**	228,022
The PRC *(note i)*	**307,051**	42,992	**349,740**	91,272
	350,864	82,512	**819,679**	319,294
Discontinued operation	**–**	511,604	**–**	600,791
	350,864	594,116	**819,679**	920,085

Note:

(i) Non-current assets and total assets of the continuing operations in the PRC comprise of deferred consideration receivable (recorded as "Amount due from a fellow subsidiary") of HK$112,880,000 *(note 9)*.

5. OTHER INCOME AND NET GAIN

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest income from bank deposits	**25**	400
Sales of scraped materials	**2,977**	4,171
Reversal of provision for impairment of accounts receivable	**–**	269
Gain on disposal of property, plant and equipment	**4,476**	4,229
Gain on disposal of subsidiaries *(note i)*	**–**	108,718
Net exchange gain	**314**	1,150
Sundries	**465**	2,158
	8,257	121,095

Note:

(i) On 21st April, 2015, the Company and its wholly-owned subsidiary entered into a sale and purchase agreement with Chuang's China Investments Limited ("Chuang's China") (a listed subsidiary of CCIL and a fellow subsidiary of the Group) 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. The transaction was announced by the Company on 21st April, 2015 and 21st August, 2015, and published in the circular on 13th May, 2015 respectively.

6. OPERATING PROFIT

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Operating profit is stated after charging/(crediting):		
Cost of inventories sold	**87,826**	112,151
Depreciation	**13,682**	14,635
Amortization of prepaid lease payments	**118**	164
Reversal of provision for impairment of inventories	**(1,420)**	(1,644)
Staff costs, including Directors' emoluments		
Wages and salaries	**61,042**	79,088
Retirement benefit costs	**768**	949

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest expenses on bank borrowings	**1,098**	2,824

8. TAXATION

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Deferred taxation	**114**	–

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, 2017 (2016: 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, 2017 (2016: nil).

9. DISCONTINUED OPERATION

On 21st January, 2017, the Company entered into a sale and purchase agreement with Chuang's China to dispose of its equity interests in Fortune Wealth Consortium Limited and its subsidiaries (the "FW Group") at a consideration of RMB398.0 million (equivalent to approximately HK$449.3 million). The FW Group was principally engaged in the development and operation of a cemetery located in Sihui, the PRC. The transaction was completed on 31st March, 2017 and the consideration was satisfied partially in cash of RMB174.0 million (equivalent to approximately HK$196.4 million), partially in exchange of investment properties of RMB124.0 million (equivalent to approximately HK$140.0 million) through the acquisition of 100% equity interests in Chuang's Development (Chengdu) Limited and Sino Success Limited and its subsidiary (together, the "Acquired Subsidiaries") and partially by a deferred consideration (with the exchange of certain properties through acquisition of relevant entities) of RMB100.0 million (equivalent to approximately HK$112.9 million) (recorded as "Amount due from a fellow subsidiary" in the consolidated statement of financial position). The Acquired Subsidiaries were principally engaged in property investment in the PRC. The deferred consideration is receivable on or before 31st March, 2020 and bears an interest of 2% per annum. Accordingly, the consolidated results of FW Group have been presented as discontinued operation in the consolidated financial statements and the comparative figures of the consolidated statement of comprehensive income and corresponding notes have been restated.

(a) Results of discontinued operation

	2017	2016
	HK$'000	*HK$'000*
Revenues	**17,574**	22,300
Cost of sales	**(3,459)**	(8,631)
Gross profit	**14,115**	13,669
Other income and net gain	**564**	40
Selling and marketing expenses	**(9,577)**	(13,153)
Administrative and other operating expenses	**(6,185)**	(4,900)
Operating loss	**(1,083)**	(4,344)
Finance income	**127**	414
Loss before taxation	**(956)**	(3,930)
Taxation credit	**749**	1,281
Loss after taxation	**(207)**	(2,649)
Net gain on transaction after taxation *(note 9(c))*	**42,183**	–
Profit/(loss) for the year from discontinued operation	**41,976**	(2,649)

(b) Cash flows used in discontinued operation

	2017	2016
	HK$'000	*HK$'000*
Net cash used in operating activities	**(10,765)**	(4,236)
Net cash used in investing activities	**(242)**	(1,800)
Net cash generated from financing activities *(note i)*	**–**	–
Net cash flows used in discontinued operation for the year	**(11,007)**	(6,036)

Note:

(i) The discontinued operation was financed by an intergroup loan from the continuing operations, which has been eliminated in the consolidated financial statements of the Group.

(c) Net gain on transaction after taxation

	2017
	HK$'000
Fair value of net assets disposed of	**656,959**
Carrying value of net assets disposed of	**(396,971)**
	259,988
Transaction costs for disposal	**(3,338)**
Realization of exchange reserve upon disposal	**29,544**
Gain on disposal of the FW Group before taxation	**286,194**
PRC withholding corporate income tax	**(37,836)**
Gain on disposal of the FW Group after taxation	**248,358**
Fair value of assets acquired and liabilities assumed	
Cash consideration	**196,411**
Adjusted equity interests of Acquired Subsidiaries	**141,493**
— Equity interests	**139,971**
— Fair value adjustments	**1,522**
Deferred consideration recorded as "Amount due from a fellow subsidiary"	**112,880**
	450,784
Fair value of net assets disposed of	**(656,959)**
Provision for net assets acquired	**(206,175)**
Net gain on transaction after taxation	**42,183**

10. DIVIDENDS

On 19th April, 2017, the Board declared a special dividend of 1.0 HK cent per share amounting to HK$33.1 million and was paid on 26th May, 2017. This special dividend is not reflected as a dividend payable in the consolidated financial statements, but will be reflected and accounted for as an appropriation of reserves in the year ending 31st March, 2018. No dividend was paid or declared for the year ended 31st March, 2016.

The Board does not recommend the payment of a final dividend for the year ended 31st March, 2017 (2016: nil). No interim dividend was paid during the year (2016: nil).

11. EARNINGS/(LOSS) PER SHARE

The calculation of the earnings/(loss) per share is based on the following profit/(loss) attributable to equity holders and the weighted average number shares in issue during the year:

	2017			2016		
	Continuing operations	**Discontinued operation**	**Total**	Continuing operations	Discontinued operation	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
				(Restated)	(Restated)	(Restated)
Profit/(loss) attributable to equity holders	**8,431**	**42,006**	**50,437**	95,254	(2,108)	93,146

	Number of shares	
	2017	2016
Weighted average number of shares	**3,310,812,417**	3,310,812,417

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share since there are no dilutive potential shares in issue during the years.

12. INVENTORIES

	2017	2016
	HK$'000	*HK$'000*
Raw materials	**14,771**	14,339
Work in progress	**6,063**	9,881
Finished goods	**8,316**	7,782
	29,150	32,002

13. ACCOUNTS RECEIVABLE

The Group allows a credit period ranging from 30 days to 180 days to its trade customers of the printing business. Rental income is received in advance while sales proceeds receivable from the cemetery operation are settled in accordance with the terms of respective contracts for 2016. The aging analysis of the accounts receivable based on the date of invoices and net of provision for doubtful debts is as follows:

	2017	2016
	HK$'000	*HK$'000*
Below 30 days	**8,511**	15,324
31 to 60 days	**6,483**	7,500
61 to 90 days	**6,869**	8,770
Over 90 days	**13,139**	21,987
	35,002	53,581

14. ACCOUNTS PAYABLE

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

	2017	2016
	HK$'000	*HK$'000*
Below 30 days	**13,769**	19,223
31 to 60 days	**4,073**	2,804
61 to 90 days	**891**	3,738
Over 90 days	**2,806**	6,164
	21,539	31,929

15. COMMITMENTS

As at 31st March, 2017, the Group had capital expenditure commitments contracted but not provided for in respect of property, plant and equipment amounting to HK$1,814,000 (2016: HK$1,023,000).

16. PLEDGE OF ASSETS

As at 31st March, 2017, the Group had pledged certain assets including prepaid lease payments, property, plant and equipment, investment properties and accounts receivable with an aggregate carrying value of HK$66,950,000 (2016: including accounts receivable with an aggregate carrying value of HK$6,284,000) to secure bank borrowings of the Group.

17. EVENT AFTER THE REPORTING PERIOD

On 13th April, 2017, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with an independent third party to acquire a property (for commercial use) in Hong Kong at a consideration of HK$40 million. The transaction was completed on 17th May, 2017 and the property was recorded as investment property.

MANAGEMENT DISCUSSION ON RESULTS FOR THE YEAR ENDED 31ST MARCH, 2017

FINANCIAL REVIEW

Profit attributable to equity holders of the Company amounted to HK$50.4 million (2016: HK$93.1 million). Earnings per share was 1.52 HK cents (2016: 2.82 HK cents).

The principal activities of the Group were printing business, property business, securities investment and trading business and information technology 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 property investment in Hong Kong and the People's Republic of China (the "PRC").

For the year ended 31st March, 2017, revenues and net gain of the Group amounted to HK$197.6 million (2016: HK$233.7 million), representing a decrease of 15.4% compared to that of the last year. This was mainly due to the decrease in the sales of printed products. Revenues and net gain of the Group comprised revenues from printing business of HK$186.0 million (2016: HK$225.2 million), revenues from rental of investment property of HK$1.0 million (2016: HK$0.04 million), and revenues and net gain from securities investment and trading business of HK$10.6 million (2016: HK$8.5 million).

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. As a result, gross profit during the year increased to HK$64.3 million (2016: HK$55.0 million), representing an increase of 16.9% compared to that of the last year. Gross profit margin improved to 32.6% (2016: 23.6%). Other income and net gain decreased to HK$8.3 million (2016: HK$121.1 million). For the year ended 31st March, 2016, other income and net gain included a gain of HK$108.7 million resulted from disposal of a subsidiary engaged in holding of a property located in Changan, Dongguan, the PRC. A breakdown of other income and net gain is shown in note 5 on page 10 of this report. Furthermore, the Group also recorded an upward revaluation surplus of HK$4.0 million (2016: nil) for its investment properties, reflecting the improvement in property prices in Hong Kong during the year.

On the costs side, selling and marketing expenses decreased to HK$13.1 million (2016: HK$15.0 million) while administrative and other operating expenses decreased to HK$53.8 million (2016: HK$63.1 million) mainly due to effective cost control. Finance costs decreased to HK$1.1 million (2016: HK$2.8 million) mainly due to the reduction in the level of bank borrowings during the year.

During the year, the Group disposed of the cemetery operation and as a result, the profit from the cemetery operation of HK$42.0 million (comprising a net gain of HK$42.2 million on disposal and a net loss of HK$0.2 million on operation) was classified under profit from discontinued operation.

DIVIDEND

The board of Directors (the "Board") has resolved not to recommend the payment of a final dividend for the year (2016: nil). No interim dividend was paid during the year (2016: nil). On 19th April, 2017, the Board declared a special dividend of 1.0 HK cent per share amounting to HK$33.1 million and was paid on 26th May, 2017.

BUSINESS REVIEW

(A) Printing Business

The Group started an aggressive sales approach in the middle of 2016 and broadened its marketing and sales effort extensively. Despite a push of sales effort late in the year, the revenues of printing business during the year amounted to HK$186.0 million, representing a decrease of 17.4% compared to that of the last year. It is true that there are external factors such as uncertainty of economic outlook and the general trend of moving printing back to Europe hindering the Group's business growth.

In order to cope with this adverse market condition, the Group is focusing its efforts not only on improving relationships with our core customers but is reaching out to a broader range of customers across the paper product spectrum. The Group has gained substantial interest from new customer base especially with the establishment of our newly created design group which is capable of graphic, product and paper structure design. In terms of cooperation, the Group is looking to strengthen and expand sales channel by developing new product idea with various players globally.

In the cost aspects, throughout the year, a tremendous amount of effort has been put forth to lay the foundations going forward. The Group has completed extensive production data analysis and machinery feasibility studies to identify ways to significantly lower cost and improve efficiency. As a result, there had been significant reduction in labour while maintaining capacity. All these measures contributed to reduction in production costs and administrative expenses, and despite reduction in revenues, the profit contribution for the year of printing segment amounted to HK$0.5 million as compared to the loss of HK$15.5 million (net of a one-off gain of HK$108.7 million from the disposal of a subsidiary) in the last year. Moreover, a complete computer system overhaul is underway and we expect the resulting system will facilitate managers at all levels to make faster and better decisions so as to achieve further cost reduction.

(B) Property Business

The Group owns a property located at Shop D, Ground Floor, Wuhu Residence, No.111 Wuhu Street, Hunghom, Kowloon as a long term investment. The property is for commercial use and has a total gross area of about 1,588 sq. ft.. The property is leased to a third party with the tenancy agreement expiring in August 2018. During this financial year, the Group recorded a rental income of about HK$1.0 million and an upward revaluation surplus of HK$4.0 million from this property.

During the year, the Group operated a cemetery — "Fortune Wealth Memorial Park" in Sihui, Guangdong, the PRC and recorded revenues of HK$17.6 million (2016: HK$22.3 million). In order to enable the management of the Group to deploy more resources towards its printing business and properties that generate stable and recurrent income, the Group has, in March 2017, completed the disposal of the cemetery operation to its fellow subsidiary, Chuang's China Investments Limited ("Chuang's China"), for a consideration of RMB398.0 million (equivalent to approximately HK$449.3 million). Upon completion, the Group received cash consideration of RMB174.0 million (equivalent to approximately HK$196.4 million) and the investment properties located in Chengdu and Guangzhou, the PRC with total valuation of RMB124.0 million (equivalent to approximately HK$140.0 million). As to the remaining RMB100.0 million (equivalent to approximately HK$112.9 million), Chuang's China will pay to the Group a combination of cash and/or a maximum of 40 villas in Changsha, the PRC within 3 years. During this period, Chuang's China will pay to the Group semi-annually an interest of 2% per annum on the amount of RMB100.0 million.

The property located in Chengdu is a commercial premises at 6th Floor, Chengdu Digital Plaza, No. 1 Renmin South Road Forth Portion, Wuhou District, Chengdu, Sichuan Province, the PRC with a gross area of approximately 4,255 sq. m. and is currently leased to a third party for a monthly rent of RMB260,000. Such monthly rent will be increased to RMB273,000 in October 2017 and RMB286,650 in October 2018. The lease will expire in September 2019.

The property located in Guangzhou comprises five commercial units in R&F Yingkai Square, No. 16 Huaxia Road, Tianhe District, Guangzhou, Guangdong Province, the PRC with a total gross area of approximately 895 sq. m. and is currently leased to a third party for a monthly rent of RMB180,441. The lease will expire in May 2018.

In order to further expand the investment property portfolio, in May 2017, the Group acquired a property located at Shop B, Ground Floor, Wuhu Residence, No.111 Wuhu Street, Hunghom, Kowloon. The property is for commercial use and has a total gross area of about 1,247 sq. ft.. The property is leased to a third party with the tenancy agreement expiring in February 2019. Annual rental of this property amounted to about HK$1.0 million.

All the above investment properties are expected to contribute an aggregate annual rental income of approximately HK$8.1 million to the Group for the financial year 2017/18. Along with the existing strategy of the Group, the Group will continue to look for opportunities to acquire further investment properties with a view to strengthen its properties portfolio so as to further enhance its recurrent income and benefit from the long term capital appreciation in values of these investment properties.

(C) Securities Investment and Trading Business

As at 31st March, 2017, 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$112.1 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. Revenues and net gains generated from this business activity during the year amounted to about HK$10.6 million, with details as follows:

Issuer of senior notes	Shimao Property Holdings Limited	Country Garden Holdings Company Limited
Principal activities	Property development, property investment and hotel operation	Property development, construction, fitting and decoration, property investment, property management and hotel operation
Face value of bonds held	US$8.0 million	US$5.0 million
Market value as at 31st March, 2017	HK$70.2 million	HK$41.9 million
Fair value gain for the year	HK$1.1 million	HK$1.4 million
Interest income for the year	HK$5.2 million	HK$2.9 million
Percentage of market value to net assets as at 31st March, 2017	11.0%	6.5%

(D) Information Technology Business

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, 2017, cash and bank balances of the Group amounted to HK$279.8 million (2016: HK$43.1 million) whereas bank borrowings as at the same date amounted to HK$60.5 million (2016: HK$10.5 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 9.4% (2016: 1.7%). Approximately 97.0% of the Group's cash and bank balances were denominated in Hong Kong dollar and United States dollar, 2.9% were in Renminbi and the balance of 0.1% were in other currencies. Approximately 87.5% of the Group's bank borrowings were denominated in Hong Kong dollar, 11.7% were in United States dollar and the balance of 0.8% were in Euro. Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 59.6% of the Group's bank borrowings were repayable within the first year, 2.6% were repayable within the second year and the remaining balance of 37.8% were repayable within the third to fifth years.

Net asset value

Net asset value attributable to equity holders of the Company as at 31st March, 2017 amounted to HK$642.3 million (2016: HK$634.5 million), equivalent to about HK$0.194 (2016: HK$0.192) per share.

Foreign exchange risk

For the Group's printing business, the income is mainly denominated in United States 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 property business in the PRC, the income and the major cost items are denominated in Renminbi. Therefore, it is expected that any fluctuation of Renminbi's exchange rate would not have material effect on such activities 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.

PROSPECTS

This fiscal year has been a purposeful year for the Group's printing business. This marks the first profit making year for an extended period of losses. Going into 2017, the Group continues to invest in latest machineries to compete, lower labour dependency, innovate in areas of automation and use available technologies and software to better manage the factory resources and operation. In addition to technology enhancement, in a competitive printing industry, the Group continues to create value added services to differentiate it from pure manufacturing. This year serves as a foundation of future progress and the Group is optimistic that despite all the challenges externally and within, the printing business will continue to grow.

In order to enhance its recurrent income base, in addition to investing in the bond market, the Group will continue to expand its investment properties portfolio. The Group will continue to look for suitable investment opportunities in the property sector with a view to increase stable rental income and the shareholders' value of the Group in the medium to long term.

CORPORATE GOVERNANCE

Due to other commitments, two Independent Non-Executive Directors had not attended the extraordinary general meeting of the Company as required by Code A.6.7 of the code provisions set out in the 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"). Except as mentioned hereof, the Company has complied throughout the year ended 31st March, 2017 with the code provisions set out in the CG Code.

An audit committee has been established by the Company to review and supervise the Company's financial reporting process, risk management and 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, 2017. 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, 2017 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, 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

STAFF

As at 31st March, 2017, the Group, including its subcontracting processing plants, employed approximately 743 staff and workers, with their remuneration normally reviewed annually. The Group also provides its staff with other benefits including year-end double-pay, discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The annual report of the Company for the year ended 31st March, 2017 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, 23rd June, 2017

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.