



**MIDAS**

MIDAS INTERNATIONAL  
HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 1172

INTERIM REPORT 2018



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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</i> ) Mrs. Candy Kotewall Chuang Ka Wai ( <i>Vice Chairman</i> ) Mr. Geoffrey Chuang Ka Kam ( <i>Managing Director</i> ) Mr. Neville Charles Kotewall Mr. Wong Chi Sing  <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, G.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, G.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, G.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* Mrs. Candy Kotewall Chuang Ka Wai Mr. Geoffrey Chuang Ka Kam
<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*

## CORPORATE INFORMATION *(Continued)*

### **Registrars**

#### **Principal Registrar**

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

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

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### **Principal Bankers**

The Hongkong and Shanghai Banking  
Corporation Limited  
Hang Seng Bank Limited  
China Construction Bank (Asia) Corporation 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 the People's  
Republic of China  
(the "PRC")**

**Guangdong Boluo Yuanzhou Midas  
Printing Limited**

Boluo Yuanzhou Town Xianan  
Administration District  
Huizhou, 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 consolidated interim financial information of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30th September, 2017. 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, 2017, and the condensed consolidated statement of financial position as at 30th September, 2017 along with the notes thereon, are set out on pages 16 to 40 of this report.

### FINANCIAL REVIEW

Profit attributable to equity holders of the Company amounted to HK\$3.2 million (2016: HK\$9.5 million). Earnings per share was 0.10 HK cent (2016: 0.29 HK cent).

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 six months ended 30th September, 2017, revenues and net gain of the Group amounted to HK\$116.5 million (2016: HK\$122.5 million), representing a decrease of 4.9% compared to that of the last period. This was mainly due to the fair value loss in bond investment of HK\$1.3 million as compared to the fair value gain of HK\$4.0 million in the last corresponding period. Revenues and net gain of the Group comprised revenues from printing business of HK\$109.6 million (2016: HK\$113.8 million), revenues from rental of investment properties of HK\$4.0 million (2016: HK\$0.5 million) and revenues and net gain from securities investment and trading business of HK\$2.9 million (2016: HK\$8.2 million).

During the period under review, gross profit decreased to HK\$34.8 million (2016: HK\$40.1 million), mainly due to decrease in revenues and net gain from securities investment and trading business. Other income and net gain decreased to HK\$4.4 million (2016: HK\$5.0 million). A breakdown of other income and net gain is shown in note 7 on page 30 of this report.

On the costs side, selling and marketing expenses remained at the same level of HK\$7.2 million (2016: HK\$7.3 million) while administrative and other operating expenses slightly reduced to HK\$27.8 million (2016: HK\$28.2 million). Finance cost increased to HK\$0.9 million (2016: HK\$0.5 million) mainly due to the increase in bank borrowings for its investment properties portfolio.



## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### DIVIDEND

The Board has decided not to recommend the payment of an interim dividend for the period (2016: nil). A special dividend of 1.0 HK cent per share amounting to HK\$33.1 million was paid on 26th May, 2017.

### BUSINESS REVIEW

#### (A) Printing Business

During the period under review, revenues of the printing business amounted to HK\$109.6 million (2016: HK\$113.8 million), representing a slight decrease of 3.7% as compared to that of the last corresponding period. In order to strengthen its revenues, the Group will continue to strive to increase its market share by exploring the market opportunity in various printing segments and strengthen partnerships with major customers. With its design team, the Group will widen its product variety which in turn will attract new business.

In the cost aspects, throughout the period, the Group had deepened the Enterprise Resource Planning (ERP) System to further integrate its production, purchasing and financial functions. With the advent of technology and automation improvement, the Group had further streamlined its operation and was able to reduce its reliance on labour force, which mitigated the impact of rising wages. In addition, successful control on inventory and capital expenditure was adopted to monitor effective use of resources. All these measures contributed to enhancement of efficiency and reduction in production costs, and, as a result, the printing business achieved a profit contribution for the period of about HK\$0.7 million.

#### (B) Property Business

The Group had been investing in properties in Hong Kong and the PRC as long term investments. In line with this business strategy, the Group continued to acquire further investment properties with a view to strengthen its properties portfolio so as to further enhance its recurrent income. The Group now holds the following portfolio of investment properties for rental purpose, which brings steady revenue and cash inflow to the Group.



## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### **(B) Property Business** *(Continued)*

(a) Investment Properties in Hong Kong:

- (1) Shop D, Ground Floor, Wuhu Residence, No. 111 Wuhu Street, Hungghom, Kowloon with a gross floor area (“GFA”) of 1,588 square feet. The property is subject to a tenancy agreement expiring in August 2018.
- (2) Shop B, Ground Floor, Wuhu Residence, No. 111 Wuhu Street, Hungghom, Kowloon with a GFA of 1,247 square feet. The property is subject to a tenancy agreement expiring in February 2019.
- (3) Shops 3 and 4, Parkes Residence, No. 101 Parkes Street, Kowloon with total GFA of 1,516 square feet. The property is subject to a tenancy agreement expiring in February 2019.
- (4) Shop 5, Parkes Residence, No. 101 Parkes Street, Kowloon with a GFA of 574 square feet. The property was vacant during the period under review. The property is subject to a rental guarantee of not less than HK\$2.16 million for a period of 18 months from 24th August, 2017. Any shortfall between the actual rental received and the guaranteed rental will be received by the Group within 14 days after the expiry of the guarantee period.

(b) Investment Properties in the PRC:

- (1) Chengdu Digital Plaza Level 6 at Chengdu, the PRC with a GFA of 4,255 square metres. The property is subject to a tenancy agreement expiring in September 2019.
- (2) Five office units at R&F Yingkai Square, Guangzhou, the PRC with total GFA of 895 square metres. The property is subject to a tenancy agreement expiring in May 2018.

As at 30th September, 2017, the Group’s investment properties had an aggregate book value of approximately HK\$501.7 million, and rental income during the period amounted to HK\$4.0 million (2016: HK\$0.5 million). The property portfolio is currently expected to generate an aggregate rental income of about HK\$12.3 million on an annualized basis.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### (C) Securities Investment and Trading Business

As at 30th September, 2017, investments of the Group amounted to HK\$110.9 million, comprised of quoted high yield bonds. Revenues and net gain generated from this business activity during the period amounted to about HK\$2.9 million, with details as follows.

<b>Issuer of senior notes</b>	<b>Shimao Property Holdings Limited</b>	<b>Country Garden Holdings Company Limited</b>
Principal activities	Property development, property investment and hotel operation	Property development, construction, fitting and decoration, property management, property investment and hotel operation
Face value of bonds held	US\$8.0 million	US\$5.0 million
Market value as at 30th September, 2017	HK\$69.5 million	HK\$41.4 million
Fair value loss for the period	HK\$0.7 million	HK\$0.6 million
Interest income for the period	HK\$2.7 million	HK\$1.5 million
Percentage of market value to total assets as at 30th September, 2017	7.4%	4.4%

#### (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 sources of revenues to the Group.

## MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

### FINANCIAL POSITION

#### Financial resources

As at 30th September, 2017, cash and bank balances of the Group amounted to HK\$21.1 million (31st March, 2017: HK\$279.8 million) whereas bank borrowings as at the same date amounted to HK\$117.6 million (31st March, 2017: HK\$60.5 million). Decrease in cash balance was mainly due to dividend distribution and acquisition of investment properties during the period. Increase in bank borrowings was mainly due to new bank loan after the acquisition of shops in Parkes Residence. 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 19.0% (31st March, 2017: 9.4%). Approximately 63.6% of the Group's cash and bank balances were denominated in Hong Kong dollar and United States dollar, 31.7% were in Renminbi and the balance of 4.7% were in other currencies.

All of the Group's bank borrowings were denominated in Hong Kong dollar. Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 22.4% of the Group's bank borrowings were repayable within the first year, 22.7% were repayable within the second year, 8.2% were repayable within the third to fifth years and the balance of 46.7% were repayable after the fifth year.

#### 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.

#### Net asset value

Net asset value attributable to equity holders of the Company as at 30th September, 2017 amounted to HK\$617.6 million (31st March, 2017: HK\$642.3 million), equivalent to about HK\$0.187 (31st March, 2017: HK\$0.194) per share.

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

### **POSSIBLE CHANGE OF CONTROLLING SHAREHOLDER OF THE COMPANY**

On 1st September, 2017, a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), the controlling shareholder of the Company, entered into a memorandum of understanding with an independent third party for a possible disposal of its entire 60.8% interest in the Company (the "Possible Transaction"). A supplemental memorandum of understanding was further signed by the parties on 1st November, 2017 to extend the exclusivity period to 31st December, 2017. Details of the Possible Transaction were announced by the Company on 1st September, 2017, 3rd October, 2017 and 1st November, 2017 respectively. If the Possible Transaction materializes, it will lead to a change in control of the Company and a mandatory general offer under The Code on Takeovers and Mergers. Further announcement(s) in relation to the Possible Transaction will be made by the Company as and when appropriate.

### **PROSPECTS**

The Group projects an optimistic view of the operating environment for its printing business. Strong sales and marketing team of the Group is capable to consolidate relationships with major customers and further expand the customer base in the future. Increased automation and production efficiencies can drive growth in core product lines. With a strong customer base and continued investments in infrastructure, the Group believes that the prospects for the printing market are promising.

The Group invests in a diversified properties and bonds portfolio with strong recurrent income base. The Group will continue to monitor new investment opportunities, so as to further expand the Group's sources of revenues and maximize the return to its shareholders.

## OTHER INFORMATION

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

As at 30th September, 2017, 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 ("Mr. Shek")	30,000	Beneficial owner	Personal interest	0.0009

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

Name of Director	Number of ordinary shares	Capacity	Nature of interest	Percentage of shareholding
Mrs. Candy Kotewall Chuang Ka Wai ("Ms. Candy Chuang")	1,255,004	Beneficial owner	Personal interest	0.05
Mr. Neville Charles Kotewall	1,255,004	Interest of his spouse	Personal interest	0.05

Save as disclosed, 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, its specified undertaking 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, 2017, 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, 2017, 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:

<b>Name of shareholder</b>	<b>Number of ordinary shares of the Company</b>	<b>Capacity</b>
Gold Throne Finance Limited ("Gold Throne")	2,013,573,887 <i>(note 1)</i>	Beneficial owner
CCIL	2,013,573,887 <i>(note 1)</i>	<i>(note 2)</i>
Evergain Holdings Limited ("Evergain")	2,013,573,887 <i>(note 1)</i>	<i>(note 2)</i>
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	2,013,573,887 <i>(note 1)</i>	<i>(note 2)</i>
Mrs. Chong Ho Pik Yu	2,013,573,887 <i>(note 1)</i>	<i>(note 3)</i>
Yan Zulin	168,134,000 <i>(note 4)</i>	Beneficial owner

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

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

*notes:*

1. Such interests represented 60.82% of the issued ordinary share capital owned by Gold Throne. 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. Ms. 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 5.08% of the issued ordinary share capital of the Company.

Save as disclosed above, as at 30th September, 2017, 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 was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

### **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.



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

### **CORPORATE GOVERNANCE**

Due to other commitments, an Executive Director and an Independent Non-Executive Director had not attended the 2017 annual general meeting of the Company as required by Code A.6.7 of the Corporate Governance Code (the “CG Code”) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Except as mentioned hereof, the Company has complied throughout the six months ended 30th September, 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. The Group’s unaudited interim results for the period ended 30th September, 2017 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. Shek, 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.

### **UPDATE ON INFORMATION OF DIRECTOR PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES**

Changes in the information of Directors since the date of the 2017 annual report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

- (i) Mr. Richard Hung Ting Ho had been appointed as a joint managing director of CCIL with effect from 6th October, 2017.
- (ii) Mr. Geoffrey Chuang Ka Kam had been appointed as an executive director of Chuang’s China with effect from 1st December, 2017.

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

### **UPDATE ON INFORMATION OF DIRECTOR PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES** *(Continued)*

- (iii) Mr. Dominic Lai had been appointed as a non-executive director of Chuang's China with effect from 1st December, 2017.
- (iv) Dr. Eddy Li Sau Hung had been appointed as an independent non-executive director of Chuang's China with effect from 1st December, 2017.

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

During the six months ended 30th September, 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### **STAFF**

As at 30th September, 2017, the Group, including its subcontracting processing plants, employed approximately 599 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.

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

Hong Kong, 24th November, 2017

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30th September, 2017

	Note	2017 HK\$'000	2016 HK\$'000 (Restated)
<b>Continuing operations</b>			
Revenues and net gain	5	<b>116,535</b>	122,479
Revenues		<b>117,883</b>	118,302
Net (loss)/gain of financial assets at fair value through profit or loss		<b>(1,348)</b>	4,177
Cost of sales		<b>(81,715)</b>	(82,348)
Gross profit		<b>34,820</b>	40,131
Other income and net gain	7	<b>4,351</b>	5,023
Selling and marketing expenses		<b>(7,191)</b>	(7,273)
Administrative and other operating expenses		<b>(27,803)</b>	(28,193)
Operating profit	8	<b>4,177</b>	9,688
Finance costs	9	<b>(920)</b>	(535)
Profit before taxation		<b>3,257</b>	9,153
Taxation	10	<b>(106)</b>	(78)
Profit for the period from continuing operations		<b>3,151</b>	9,075
<b>Discontinued operation</b>			
Profit for the period from discontinued operation	23	–	428
Profit for the period		<b>3,151</b>	9,503

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)** (Continued)

For the six months ended 30th September, 2017

	<i>Note</i>	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000 (Restated)
Profit for the period attributable to:			
Equity holders of the Company			
Continuing operations		<b>3,151</b>	9,075
Discontinued operation		–	390
		<u>3,151</u>	<u>9,465</u>
Non-controlling interests			
Discontinued operation		–	38
		<u>3,151</u>	<u>9,503</u>
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to profit or loss			
Net exchange differences		<u>5,334</u>	<u>(14,188)</u>
<b>Total comprehensive income/(loss) for the period</b>		<b><u>8,485</u></b>	<b><u>(4,685)</u></b>
Total comprehensive income/(loss) for the period attributable to:			
Equity holders of the Company			
Continuing operations		<b>8,485</b>	9,075
Discontinued operation		–	(11,453)
		<u>8,485</u>	<u>(2,378)</u>
Non-controlling interests			
Discontinued operation		–	(2,307)
		<u>–</u>	<u>(2,307)</u>
<b>Total comprehensive income/(loss) for the period</b>		<b><u>8,485</u></b>	<b><u>(4,685)</u></b>
		<i>HK cent</i>	<i>HK cent</i> (Restated)
Earnings per share (basic and diluted)			
Continuing operations		<b>0.10</b>	0.28
Discontinued operation		–	0.01
		<u>0.10</u>	<u>0.29</u>
	<i>12</i>	<b><u>0.10</u></b>	<b><u>0.29</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30th September, 2017

		<b>30th September, 2017</b>	31st March, 2017
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets</b>			
Prepaid lease payments		3,228	3,287
Property, plant and equipment		37,945	38,616
Investment properties		501,678	196,081
Other non-current assets	13	37,658	–
Amount due from a fellow subsidiary	14	116,980	112,880
		<u>697,489</u>	<u>350,864</u>
<b>Current assets</b>			
Inventories	15	29,809	29,150
Accounts receivable	16	54,733	35,002
Deposits, prepayments and other receivables		18,986	12,814
Financial assets at fair value through profit or loss		110,905	112,095
Cash and bank balances		21,052	279,754
		<u>235,485</u>	<u>468,815</u>
<b>Current liabilities</b>			
Accounts payable	17	32,232	21,539
Accrued charges and other payables		59,804	33,802
Taxation payable		54,932	50,022
Short-term bank borrowings	18	21,582	34,480
Current portion of long-term bank borrowings	18	4,793	1,560
		<u>173,343</u>	<u>141,403</u>
<b>Net current assets</b>		<u>62,142</u>	<u>327,412</u>
<b>Total assets less current liabilities</b>		<u>759,631</u>	<u>678,276</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)***(Continued)**As at 30th September, 2017*

		<b>30th September, 2017</b>	31st March, 2017
	<i>Note</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Equity</b>			
Share capital	<i>19</i>	<b>331,081</b>	331,081
Reserves		<b>286,554</b>	311,177
		<hr/>	<hr/>
<b>Total equity</b>		<b>617,635</b>	642,258
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Deferred taxation liabilities		<b>50,820</b>	11,578
Long-term bank borrowings	<i>18</i>	<b>91,176</b>	24,440
		<hr/>	<hr/>
		<b>141,996</b>	36,018
		<hr/>	<hr/>
		<b>759,631</b>	678,276
		<hr/> <hr/>	<hr/> <hr/>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30th September, 2017

	<i>Note</i>	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000
Net cash (used in)/from operating activities		<b>(2,101)</b>	12,716
<b>Cash flows from investing activities</b>			
Acquisition of a property business	<i>24(a)</i>	<b>(43,138)</b>	–
Acquisition of subsidiaries	<i>24(b)</i>	<b>(161,709)</b>	–
Purchase of property, plant and equipment		<b>(6,180)</b>	(5,979)
Proceeds from disposal of property, plant and equipment		<b>975</b>	2,767
Interest income received		<b>94</b>	12
Net cash used in investing activities		<b>(209,958)</b>	(3,200)
<b>Cash flows from financing activities</b>			
New bank borrowings		<b>23,387</b>	49,604
Repayment of bank borrowings		<b>(37,065)</b>	(42,115)
Dividend paid to shareholders		<b>(33,108)</b>	–
Net cash (used in)/from financing activities		<b>(46,786)</b>	7,489
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(258,845)</b>	17,005
Cash and cash equivalents at the beginning of the period		<b>279,754</b>	43,078
Exchange difference on cash and cash equivalents		<b>143</b>	(187)
<b>Cash and cash equivalents at the end of the period</b>		<b>21,052</b>	59,896
<b>Analysis of cash and cash equivalents</b>			
Cash and bank balances		<b>21,052</b>	59,896



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30th September, 2017

	Attributable to equity holders of the Company					Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Shareholders' funds HK\$'000		
At 1st April, 2017	331,081	290,782	28,000	(7,605)	642,258	-	642,258
Profit for the period	-	-	-	3,151	3,151	-	3,151
Other comprehensive income:							
Net exchange differences	-	-	5,334	-	5,334	-	5,334
Total comprehensive income for the period	-	-	5,334	3,151	8,485	-	8,485
Dividend (note 11)	-	(33,108)	-	-	(33,108)	-	(33,108)
At 30th September, 2017	<b>331,081</b>	<b>257,674</b>	<b>33,334</b>	<b>(4,454)</b>	<b>617,635</b>	<b>-</b>	<b>617,635</b>
At 1st April, 2016	331,081	290,782	76,895	(64,300)	634,458	65,825	700,283
Profit for the period	-	-	-	9,465	9,465	38	9,503
Other comprehensive loss:							
Net exchange differences	-	-	(11,843)	-	(11,843)	(2,345)	(14,188)
Total comprehensive (loss)/income for the period	-	-	(11,843)	9,465	(2,378)	(2,307)	(4,685)
Increase of interest in a subsidiary	-	-	-	6,258	6,258	(6,258)	-
At 30th September, 2016	<b>331,081</b>	<b>290,782</b>	<b>65,052</b>	<b>(48,577)</b>	<b>638,338</b>	<b>57,260</b>	<b>695,598</b>

## Note:

Pursuant to the special resolution approved by the shareholders of the Company in the 2016 annual general meeting of the Company, share premium, other reserve and contributed surplus of the Company are available for distribution to ordinary shareholders of the Company (after deduction of the accumulated losses) provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

Midas International Holdings Limited (the “Company”) is a limited liability company incorporated in the 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, 2017, the Company was a 60.8% owned subsidiary of Gold Throne Finance Limited (“Gold Throne”), 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.

On 1st September, 2017, Gold Throne entered into a memorandum of understanding with an independent third party for a possible disposal of its entire 60.8% interest in the Company (the “Possible Transaction”). A supplemental memorandum of understanding was further signed by the parties on 1st November, 2017 to extend the exclusivity period to 31st December, 2017. Details of the Possible Transaction were announced by the Company on 1st September, 2017, 3rd October, 2017 and 1st November, 2017 respectively. If the Possible Transaction materializes, it will lead to a change in control of the Company. Up to the date of this report, 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. On 31st March, 2017, the Group disposed of the cemetery operation and the results of such operation for the six months period ended 30th September, 2016 have been presented as discontinued operation in the condensed consolidated statement of comprehensive income (note 23). The comparative figures of the corresponding notes have been restated to conform presentation.

**2. BASIS OF PREPARATION**

The condensed consolidated interim financial information has 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 Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31st March, 2017 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated annual financial statements for the year ended 31st March, 2017, except as stated below.

**(a) Effect of adopting amendments to standards**

For the six months ended 30th September, 2017, the Group adopted the following amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2017 and relevant to the operations of the Group:

HKAS 7 (Amendment)	Cash Flow Statements – Disclosure Initiative
HKAS 12 (Amendment)	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses
HKFRS 12 (Amendment)	Disclosure of Interest in Other 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 consolidated interim financial information.

**(b) Amendment to standard that is not yet effective but has been early adopted**

The following amendment to standard was early adopted by the Group from 1st April, 2017:

HKAS 40 (Amendment)	Investment Property – Transfers of Investment Property
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The amendment to HKAS 40 clarified that, to transfer to or from, investment properties, there must be a change in use. A change in use would involve (a) an assessment of whether a property meets the definition of investment property; and (b) supporting evidence that a change in use has occurred. The amendment also re-characterised the list of circumstances in the standard as a non-exhaustive list of examples. The Group considers that the revised standard better reflects the intended use of the properties of the Group, and has early adopted the amended standard. There was no significant impact to the Group as a result of the adoption of the amended standard for the current period.

2. BASIS OF PREPARATION (Continued)

(c) **New standards, amendments to standards and new interpretations that are not yet effective**

The following new standards, amendments to standards and new interpretations 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, 2018, but have not yet been early adopted by the Group:

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)
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration (effective from 1st January, 2018)
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments (effective from 1st January, 2019)

Key developments of these new standards, amendments to standards and new interpretations which may have an impact to the Group's accounting policies and presentation of the condensed consolidated interim financial information 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.

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

**(c) New standards, amendments to standards and new interpretations that are not yet effective** (Continued)

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 condensed consolidated interim financial information 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 condensed consolidated interim financial information. The Group will make more detailed assessments of the impact during the second half of the financial year.

The Group will adopt the above new standards, amendments to standards and new interpretations 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. 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, foreign exchange risk and price risk. The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the consolidated annual financial statements, and it should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31st March, 2017. There has been no material change in the Group's financial risk management policies since the year ended 31st March, 2017.

**(b) Liquidity risk**

Compared to the year ended 31st March, 2017, 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. The quoted market price used for financial assets held by the Group is the current price within the bid-ask spread which is the most representative of the fair value in the given circumstances. 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.

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

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Fair value estimation (Continued)

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

During the six months ended 30th September, 2017, there was no significant change in the business or economic circumstances that affect the fair values of the Group's financial assets and financial liabilities. The financial assets at fair value through profit or loss is within level 1 of the fair value measurement hierarchy. There are no financial instruments measured at level 2 and 3 within the fair value measurement hierarchy as at 30th September, 2017. There was no transfer of financial assets or financial liabilities between the levels in the hierarchy and no reclassifications of financial assets.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the condensed consolidated 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 consolidated interim financial information are consistent with those used in the consolidated annual financial statements of the Group for the year ended 31st March, 2017.

### 5. REVENUES AND NET GAIN

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

	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000 (Restated)
<b>Continuing operations</b>		
Revenues		
Sales of printed products	<b>109,608</b>	113,733
Rental income	<b>4,063</b>	515
Interest income from financial assets at fair value through profit or loss	<b>4,212</b>	4,054
	<b>117,883</b>	118,302
Net (loss)/gain		
Net fair value (loss)/gain of financial assets at fair value through profit or loss	<b>(1,348)</b>	4,177
Revenues and net gain	<b>116,535</b>	122,479

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6. 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 investment, 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. The comparative figures have been restated to conform presentation of discontinued operation for the cemetery operation in segment information.

The segment information by business lines is as follows:

	Continuing operations				Discontinued operation		
	Printing HK\$'000	Property business – property investment HK\$'000	Securities investment and trading HK\$'000	Others and corporate HK\$'000	Total HK\$'000	Property business – cemetery HK\$'000 (note i)	Total HK\$'000
<b>2017</b>							
Revenues and net gain	109,608	4,063	2,864	-	116,535	-	116,535
Other income and net gain	1,891	2,366	-	94	4,351	-	4,351
	<u>1,210</u>	<u>5,616</u>	<u>2,825</u>	<u>(5,474)</u>	<u>4,177</u>	<u>-</u>	<u>4,177</u>
Operating profit/(loss)	1,210	5,616	2,825	(5,474)	4,177	-	4,177
Finance costs	(508)	(412)	-	-	(920)	-	(920)
	<u>702</u>	<u>5,204</u>	<u>2,825</u>	<u>(5,474)</u>	<u>3,257</u>	<u>-</u>	<u>3,257</u>
Profit/(loss) before taxation	702	5,204	2,825	(5,474)	3,257	-	3,257
Taxation	-	(106)	-	-	(106)	-	(106)
	<u>702</u>	<u>5,098</u>	<u>2,825</u>	<u>(5,474)</u>	<u>3,151</u>	<u>-</u>	<u>3,151</u>
Profit/(loss) for the period	702	5,098	2,825	(5,474)	3,151	-	3,151
<b>As at 30th September, 2017</b>							
Total assets	144,054	656,963	110,905	21,052	932,974	-	932,974
	<u>72,362</u>	<u>123,627</u>	<u>12</u>	<u>119,338</u>	<u>315,339</u>	<u>-</u>	<u>315,339</u>
Total liabilities	72,362	123,627	12	119,338	315,339	-	315,339
<b>2017</b>							
Other segment items are as follows:							
Capital expenditure (note ii)	6,180	300,000	-	-	306,180	-	306,180
Depreciation	6,602	-	-	-	6,602	-	6,602
Amortization of prepaid lease payments	59	-	-	-	59	-	59
Reversal of provision for impairment of inventories	345	-	-	-	345	-	345
	<u>6,180</u>	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>306,180</u>	<u>-</u>	<u>306,180</u>



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6. SEGMENT INFORMATION (Continued)

(a) Segment information by business lines (Continued)

Notes:

- (i) All the assets and liabilities of the cemetery operation were disposed of by the Group on 31st March, 2017 (note 23).
- (ii) In regard to the “property business – property investment” segment, the acquisitions of a property business in Hong Kong and the equity interests in the companies that held investment properties in Hong Kong were completed on 17th May, 2017 and 24th August, 2017 respectively and accordingly, investment properties of the Group were increased by HK\$300.0 million.

	Continuing operations				Discontinued operation		
	Printing HK\$'000	Property business – property investment HK\$'000	Securities investment and trading HK\$'000	Others and corporate HK\$'000	Total HK\$'000	Property business – cemetery HK\$'000	Total HK\$'000
2016							
Revenues and net gain	113,733	515	8,231	–	122,479	9,505	131,984
Other income and net gain/(loss)	4,869	–	142	12	5,023	(13)	5,010
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Operating profit/(loss)	4,295	475	8,318	(3,400)	9,688	(94)	9,594
Finance (costs)/income	(535)	–	–	–	(535)	64	(471)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Profit/(loss) before taxation	3,760	475	8,318	(3,400)	9,153	(30)	9,123
Taxation (charge)/credit	–	(78)	–	–	(78)	458	380
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Profit/(loss) for the period	<u>3,760</u>	<u>397</u>	<u>8,318</u>	<u>(3,400)</u>	<u>9,075</u>	<u>428</u>	<u>9,503</u>
As at 31st March, 2017							
Total assets	<u>118,592</u>	<u>309,238</u>	<u>112,095</u>	<u>279,754</u>	<u>819,679</u>	<u>–</u>	<u>819,679</u>
Total liabilities	<u>61,553</u>	<u>17,048</u>	<u>34</u>	<u>98,786</u>	<u>177,421</u>	<u>–</u>	<u>177,421</u>
2016							
Other segment items are as follows:							
Capital expenditure	6,099	–	–	–	6,099	3,843	9,942
Depreciation	6,891	–	–	–	6,891	424	7,315
Amortization of prepaid lease payments	58	–	–	–	58	30	88
Reversal of provision for impairment of inventories	937	–	–	–	937	–	937
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6. SEGMENT INFORMATION (Continued)

(b) Geographical segment information

The business of the Group operates in different geographical areas. Revenues and net gain 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 and net gain		Capital expenditure	
	2017 HK\$'000	2016 HK\$'000 (Restated)	2017 HK\$'000	2016 HK\$'000 (Restated)
<b>Continuing operations</b>				
Hong Kong	13,228	12,515	300,456	1,701
The People's Republic of China (the "PRC")	10,466	2,110	5,724	4,398
United States of America	47,628	45,378	–	–
United Kingdom	13,832	19,574	–	–
Germany	7,445	10,692	–	–
France	13,008	14,498	–	–
Other countries	10,928	17,712	–	–
	<u>116,535</u>	<u>122,479</u>	<u>306,180</u>	<u>6,099</u>
<b>Discontinued operation</b>	<u>–</u>	<u>9,505</u>	<u>–</u>	<u>3,843</u>
	<u>116,535</u>	<u>131,984</u>	<u>306,180</u>	<u>9,942</u>
	Non-current assets		Total assets	
	30th September, 2017 HK\$'000	31st March, 2017 HK\$'000	30th September, 2017 HK\$'000	31st March, 2017 HK\$'000
<b>Continuing operations</b>				
Hong Kong	381,379	43,813	565,467	469,939
The PRC	316,110	307,051	367,507	349,740
	<u>697,489</u>	<u>350,864</u>	<u>932,974</u>	<u>819,679</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

7. OTHER INCOME AND NET GAIN

	2017 HK\$'000	2016 HK\$'000 (Restated)
<b>Continuing operations</b>		
Interest income from bank deposits	94	12
Interest income from amount due from a fellow subsidiary (note 14)	1,173	–
Sales of scraped material	1,236	1,844
Gain on disposal of property, plant and equipment	726	2,665
Net gain on acquisition of subsidiaries (note i)	1,828	–
Transaction costs on acquisition of a property business (note ii)	(3,400)	–
Net exchange gain	2,529	66
Sundries	165	436
	<u>4,351</u>	<u>5,023</u>

Note:

- (i) On 6th July, 2017, the Company entered into a sale and purchase agreement with CCIL to acquire its equity interests in the companies that held investment properties in Hong Kong (valued at HK\$260.0 million at the date of acquisition) at a net consideration of HK\$158.1 million (the “Acquisition of Subsidiaries”). The Acquisition of Subsidiaries was announced by the Company on 6th July, 2017 and published in the circular on 4th August, 2017 respectively. The transaction was completed on 24th August, 2017. The properties were recorded as investment properties and a negative goodwill on the Acquisition of Subsidiaries amounting to HK\$5.4 million (before netting of transaction costs) was recorded upon completion. Details of the Acquisition of Subsidiaries are shown in note 24(b).
- (ii) On 13th April, 2017, a wholly-owned subsidiary of the Company 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\$40.0 million (before netting of transaction costs). The transaction was completed on 17th May, 2017 and the property was recorded as an investment property. Since the consideration is equal to the fair value of the property business, except for the transaction costs, no goodwill was recognized upon completion. Details of the acquisition of a property business are shown in note 24(a).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

8. OPERATING PROFIT

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>		
Operating profit is stated after crediting:		
Reversal of provision for impairment of inventories	<u>345</u>	<u>937</u>
Operating profit is stated after charging:		
Cost of inventories sold	58,688	55,482
Depreciation	6,602	6,891
Amortization of prepaid lease payments	59	58
Staff costs, including Directors' emoluments		
Wages and salaries	31,007	35,430
Retirement benefit costs	<u>308</u>	<u>336</u>

9. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>		
Interest expenses from bank borrowings	<u>920</u>	<u>535</u>

10. TAXATION

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>		
Deferred taxation	<u>106</u>	<u>78</u>

No provision for Hong Kong profits tax has been provided as the Group has sufficient tax losses to offset the estimated assessable profit for the period ended 30th September, 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 period ended 30th September, 2017 (2016: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

**11. DIVIDEND**

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.

The Board does not recommend the payment of an interim dividend for the six months ended 30th September, 2017 (2016: nil).

**12. EARNINGS PER SHARE**

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

	2017			2016		
	Continuing operations <i>HK\$'000</i>	Discontinued operation <i>HK\$'000</i>	Total <i>HK\$'000</i>	Continuing operations <i>HK\$'000</i> (Restated)	Discontinued operation <i>HK\$'000</i> (Restated)	Total <i>HK\$'000</i> (Restated)
Profit attributable to equity holders	<u>3,151</u>	<u>-</u>	<u>3,151</u>	<u>9,075</u>	<u>390</u>	<u>9,465</u>
	<b>Number of shares</b>					
				<b>2017</b>	<b>2016</b>	
Weighted average number of shares				<u><b>3,310,812,417</b></u>	<u>3,310,812,417</u>	

The diluted earnings per share is equal to the basic earnings per share since there are no dilutive potential shares in issue during the period.

**13. OTHER NON-CURRENT ASSETS**

Other non-current assets represent the tax indemnity from CCIL in relation to the Acquisition of Subsidiaries (note 7(i)). According to the sale and purchase agreement, CCIL shall indemnify the Group for any profits tax liabilities arising from the subsequent sales of the properties acquired by the Group through the Acquisition of Subsidiaries with the maximum amount of HK\$37,658,000.

**14. AMOUNT DUE FROM A FELLOW SUBSIDIARY**

Amount due from a fellow subsidiary represents the deferred consideration receivable from Chuang’s China Investments Limited (“Chuang’s China”) (a listed subsidiary of CCIL and a fellow subsidiary of the Group) for the disposal of the cemetery operation (note 23). It will be settled through acquisition of the entire equity interests in subsidiaries which hold certain residential villas in the PRC with its valuation close to RMB100.0 million (equivalent to approximately HK\$117.0 million) at the settlement date and any shortfall with the valuation will be topped up in cash by Chuang’s China. The exact value of residential villas to be delivered and the cash top-up, if applicable, cannot be determined until the settlement date, but in any case will not exceed RMB100.0 million.

The amount is unsecured, interest bearing at 2% per annum and receivable on or before 31st March, 2020. The amount approximates its fair value and is within level 2 of the fair value hierarchy. The amount is denominated in RMB.

**15. INVENTORIES**

	<b>30th September, 2017 HK\$’000</b>	31st March, 2017 HK\$’000
Raw materials	<b>16,952</b>	14,771
Work in progress	<b>8,387</b>	6,063
Finished goods	<b>4,470</b>	8,316
	<b>29,809</b>	29,150

**16. 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. The aging analysis of the accounts receivable based on date of invoices and net of provision for doubtful debt is as follows:

	<b>30th September, 2017 HK\$’000</b>	31st March, 2017 HK\$’000
Below 30 days	<b>18,868</b>	8,511
31 to 60 days	<b>16,018</b>	6,483
61 to 90 days	<b>10,002</b>	6,869
Over 90 days	<b>9,845</b>	13,139
	<b>54,733</b>	35,002

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

17. ACCOUNTS PAYABLE

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

	<b>30th September, 2017 HK\$'000</b>	31st March, 2017 HK\$'000
Below 30 days	<b>9,508</b>	13,769
31 to 60 days	<b>9,386</b>	4,073
Over 60 days	<b>13,338</b>	3,697
	<u><b>32,232</b></u>	<u>21,539</u>

18. BANK BORROWINGS

	<b>30th September, 2017 HK\$'000</b>	31st March, 2017 HK\$'000
Unsecured bank borrowings		
Short-term bank borrowings	–	13,004
Secured bank borrowings		
Short-term bank borrowings	<b>21,582</b>	21,476
Long-term bank borrowings	<b>95,969</b>	26,000
	<u><b>117,551</b></u>	<u>60,480</u>

The total bank borrowings are analyzed as follows:

	<b>30th September, 2017 HK\$'000</b>	31st March, 2017 HK\$'000
Short-term bank borrowings	<b>21,582</b>	34,480
Long-term bank borrowings	<b>95,969</b>	26,000
	<u><b>117,551</b></u>	<u>60,480</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

18. BANK BORROWINGS (Continued)

The long-term bank borrowings are analyzed as follows:

	<b>30th September, 2017 HK\$'000</b>	31st March, 2017 HK\$'000
Long-term bank borrowings	<b>95,969</b>	26,000
Current portion included in current liabilities		
Portion due within one year	<b>(4,793)</b>	(1,560)
	<b>91,176</b>	24,440

The bank borrowings are repayable in the following periods based on the agreed scheduled repayment dates set out in the loan agreements:

	<b>30th September, 2017 HK\$'000</b>	31st March, 2017 HK\$'000
Within the first year	<b>26,375</b>	36,040
Within the second year	<b>4,613</b>	1,560
Within the third to fifth years	<b>31,695</b>	22,880
After the fifth year	<b>54,868</b>	–
	<b>117,551</b>	60,480

19. SHARE CAPITAL

	<b>Number of shares '000</b>	<b>Amount HK\$'000</b>
Authorized		
Ordinary shares of HK\$0.10 each		
At 31st March, 2017 and 30th September, 2017	<b>8,000,000</b>	<b>800,000</b>
Preference shares of HK\$0.01 each		
Series A Preference Shares		
At 31st March, 2017 and 30th September, 2017	<b>1,000,000</b>	<b>10,000</b>
Series B Preference Shares		
At 31st March, 2017 and 30th September, 2017	<b>1,000,000</b>	<b>10,000</b>
	<b>2,000,000</b>	<b>20,000</b>
Issued and fully paid		
Ordinary shares of HK\$0.10 each		
At 31st March, 2017 and 30th September, 2017	<b>3,310,812</b>	<b>331,081</b>



**20. CAPITAL COMMITMENTS**

As at 30th September, 2017, the Group had capital expenditure commitments contracted but not provided for in respect of property, plant and equipment amounting to HK\$1,347,000 (31st March, 2017: HK\$1,814,000).

**21. PLEDGE OF ASSETS**

As at 30th September, 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\$321,615,000 (31st March, 2017: HK\$66,950,000), to secure banking facilities granted to the Group.

**22. CAPITAL EXPENDITURE**

For the six months ended 30th September, 2017, the Group incurred acquisition and development costs on property, plant and equipment and investment properties of HK\$306,180,000 (2016: HK\$9,942,000, including cemetery assets).

**23. 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. 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, partially in exchange of investment properties of RMB124.0 million through the acquisition of 100% equity interests in the relevant subsidiaries and partially by a deferred consideration (with the exchange of certain properties through acquisition of relevant entities) of RMB100.0 million (recorded as "Amount due from a fellow subsidiary" in the condensed 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 for the six months period ended 30th September, 2016 have been presented as discontinued operation in the condensed consolidated statement of comprehensive income and the comparative figures of the corresponding notes have been restated to conform presentation.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

23. DISCONTINUED OPERATION (Continued)

The result of the discontinued operation for the period ended 30th September, 2016 is set out below:

	2016 HK\$'000
Revenues	9,505
Cost of sales	<u>(1,434)</u>
Gross profit	8,071
Other income and net loss	(13)
Selling and marketing expenses	(6,046)
Administrative and other operating expenses	<u>(2,106)</u>
Operating loss	(94)
Finance income	<u>64</u>
Loss before taxation	(30)
Taxation credit	<u>458</u>
Profit for the period from discontinued operation	<u><b>428</b></u>
Profit for the period from discontinued operation attributable to:	
Equity holders of the Company	390
Non-controlling interests	<u>38</u>
	<u><b>428</b></u>

**24. BUSINESS COMBINATIONS**

**(a) Acquisition of a property business**

	<b>2017</b> <b>HK\$'000</b>
Cash consideration paid	<u>40,000</u>
Recognized amounts of identifiable assets acquired and liabilities assumed at fair value:	
Investment property	40,000
Cash and bank balances	262
Accrued charges and other payables	<u>(262)</u>
	<u>40,000</u>
Analysis of other costs incurred on acquisition of the property business:	
Transaction costs	<u>3,400</u>
Analysis of the net cash outflow on acquisition of the property business:	
Cash consideration paid	(40,000)
Transaction costs paid	(3,400)
Cash and bank balances acquired	<u>262</u>
	<u>(43,138)</u>

The Group measures its fair value of net assets acquired with reference to the valuation based on direct comparison method carried out by Colliers International (Hong Kong) Limited (“Colliers”), an independent valuer who holds a recognized relevant professional qualification and has recent experience in the locations and segments of assets valued, as at the acquisition date and the current use equates to the highest and best use. No contingent consideration arrangements or contingent liabilities were identified at acquisition.

The acquired business contributed revenues and profit after tax of HK\$389,000 and HK\$211,000 to the Group for the period from the acquisition date to 30th September, 2017 respectively. Had the acquisition of the property business occurred on 1st April, 2017, the consolidated revenues and net gain and profit for the period ended 30th September, 2017 would not be materially different.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

24. BUSINESS COMBINATIONS (Continued)

(b) Acquisition of Subsidiaries

	2017 HK\$'000
Cash consideration paid	<u>158,109</u>
Recognized amounts of identifiable assets acquired and liabilities assumed at fair value:	
Investment properties	260,000
Other non-current assets	37,658
Deposits, prepayments and other receivables	254
Accrued charges and other payables	(21,764)
Taxation payable	(3,132)
Bank borrowings	(70,749)
Deferred taxation liabilities	<u>(38,730)</u>
Total identifiable net assets	163,537
Negative goodwill on acquisition	<u>(5,428)</u>
	<u>158,109</u>
Analysis of net gain on Acquisition of Subsidiaries:	
Negative goodwill on acquisition	5,428
Less: Transaction costs	<u>(3,600)</u>
	<u>1,828</u>
Analysis of net cash outflow on Acquisition of Subsidiaries:	
Cash consideration paid	(158,109)
Transaction costs paid	<u>(3,600)</u>
	<u>(161,709)</u>

**24. BUSINESS COMBINATIONS** *(Continued)*

**(b) Acquisition of Subsidiaries** *(Continued)*

A negative goodwill of HK\$5.4 million (before netting of transaction costs) was recorded in “Other income and net gain” for the period ended 30th September, 2017. The Group measures its fair value of net assets acquired with reference to the valuation based on direct comparison method carried out by Colliers as at the acquisition date and the current use equates to the highest and best use. No contingent consideration arrangements or contingent liabilities were identified at acquisition.

The acquired subsidiaries contributed revenues and profit after tax of HK\$456,000 and HK\$218,000 to the Group for the period from the acquisition date to 30th September, 2017 respectively. Had the acquisition of the subsidiaries occurred on 1st April, 2017, the consolidated revenues and net gain and profit for the period ended 30th September, 2017 would have been approximately HK\$117,459,000 and HK\$3,381,000 respectively.