MIDAS

MIDAS INTERNATIONAL Holdings Limited

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

Annual Report 2012

This Annual Report is printed by Midas International Holdings Limited

Content

Corporate Information

HONORARY CHAIRMAN

Mr. CHUANG Shaw Swee, Alan

BOARD OF DIRECTORS

Executive Directors

Mr. HUNG Ting Ho, Richard
(Chairman and Managing Director)
Miss CHUANG Ka Wai, Candy
Mr. CHUANG Ka Kam, Geoffrey

Non-Executive Director

Mr. Dominic LAI

Independent Non-Executive Directors

Mr. SHEK Lai Him, Abraham, S.B.S., J.P.
Dr. LI Sau Hung, Eddy
Mr. YAU Chi Ming

AUDIT COMMITTEE

Mr. SHEK Lai Him, Abraham*, S.B.S., J.P.
Dr. LI Sau Hung, Eddy
Mr. YAU Chi Ming
Mr. Dominic LAI

NOMINATION COMMITTEE

Mr. SHEK Lai Him, Abraham*, S.B.S., J.P.
Dr. LI Sau Hung, Eddy
Mr. Dominic LAI

REMUNERATION COMMITTEE

Mr. YAU Chi Ming*
Mr. SHEK Lai Him, Abraham, S.B.S., J.P.
Mr. Dominic LAI

CORPORATE GOVERNANCE COMMITTEE

Mr. HUNG Ting Ho, Richard*
Miss CHUANG Ka Wai, Candy
Mr. CHUANG Ka Kam, Geoffrey

COMPANY SECRETARY

Ms. LEE Wai Ching

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

GUANGDONG BOLUO YUANZHOU MIDAS PRINTING LIMITED

Boluo Yuanzhou Town Xianan Administration District
Huizhou
Guangdong
The Peoples' Republic of China (the "PRC")

* Chairman of the relevant committee

DONGGUAN MIDAS PRINTING COMPANY LIMITED
Dezheng Zhonglu
Changan
Dongguan
Guangdong
The PRC

FORTUNE WEALTH MEMORIAL PARK (SI HUI) LIMITED
Jiang Gu
Si Hui
Guangdong
The PRC

REGISTRARS

Principal Registrar
HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman
KY1-1106
Cayman Islands

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

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

STOCK CODE
1172

Biographical Details of Honorary Chairman, Directors and Senior Management

HONORARY CHAIRMAN

Mr. CHUANG Shaw Swee, Alan, aged 60, has been the consultant of the Group since 2002 and was appointed as the Honorary Chairman of the Company in February 2008. Mr. CHUANG is the Chairman of Chuang's Consortium International Limited ("CCIL", the controlling shareholder of the Company), the Honorary Chairman of Chuang's China Investments Limited ("Chuang's China") and an alternate director of CNT Group Limited ("CNT"), all are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He has extensive experience in business development and investment in Hong Kong, the People's Republic of China (the "PRC") and Southeast Asia. With his substantial connections, he has been actively involved in the development and management of investments in Hong Kong, the PRC and Southeast Asia. He was an Adviser of Hong Kong Affairs and a member of the Selection Committee for the Government of the Hong Kong Special Administrative Region. He is a member of the National Committee of The Chinese People's Political Consultative Conference, a member of All-China Federation of Returned Overseas Chinese, a member of China Overseas Friendship Association, the Deputy Chairman of Chinese Literature Fund, the Honorary member of Guangzhou Panyu Overseas Exchanges Association, the Vice President of China Federation of Overseas Chinese Entrepreneurs and the Committee for the Promotion of Fujian-Taiwan Economic Cooperation, the Honorary President of Hunan Overseas Friendship Association and Fujian International Culture & Economy Exchange Foundation, an economic adviser to Chengdu, Sichuan, an overseas consultant to Sichuan Provincial Overseas Exchanges Association, an Honorary Citizen of Xiamen City, Guangzhou City and Chia-Yi, Taiwan and a director of the Board of Trustees of Jimei University, Xiamen City. He is also the Vice President of the Hong Kong Factory Owners Association, the Honorary President of the Hong Kong Federation of Overseas Chinese Association, a director of the Chinese General Chamber of Commerce, a director of The Real Estate Developers Association of Hong Kong, the Senate of the Democratic Alliance for the Betterment and Progress of Hong Kong, the Life Honorary President of the General Association of Xiamen (H.K.) Ltd., the Permanent President of Hong Kong Huian Natives Association, the Life Honorary President of Chuang & Yen Clansmen's General Association and a director of the Friends of Hong Kong Association Ltd..

EXECUTIVE DIRECTORS

Mr. HUNG Ting Ho, Richard, aged 58, the Chairman and Managing Director of the Group, is responsible for the overall strategic direction and management of the Group and production, procurement and finance functions of the printing division. He has more than 33 years of experience in corporate development and general administration. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of The Hong Kong Institute of Chartered Secretaries. Mr. HUNG is also a Non-Executive Director of CNT. He joined the Group in 2007.

Miss CHUANG Ka Wai, Candy, aged 30, has over 8 years of experience in general management, marketing and property development. She is an Executive Director of CCIL and Chuang's China, and the Chairman of Treasure Auctioneer International Limited. Miss CHUANG is the daughter of Mr. CHUANG Shaw Swee, Alan. She is also the sister of Mr. CHUANG Ka Kam, Geoffrey, an Executive Director of the Company. She is a member of The Chinese People's Political Consultative Conference, Xiamen Committee, Beijing Youth Federation, Fujian Youth Federation, Xiamen Overseas Friendship Association, The Y. Elites Association Limited, Hong Kong United Youth Association and Hong Kong CPPCC of Fukien Province Members Association, and the Vice Supervisor of the General Association of Xiamen (H.K.) Ltd.. She joined the Group in 2010.

Mr. CHUANG Ka Kam, Geoffrey, aged 24, is responsible for the overall strategic direction and management of the Group, in particular, supervising the general management of the cemetery division and acting as the chief sales officer of the printing division. He has about 3 years of experience in financial and general management. He holds a Bachelor degree of Arts with major in economics. Mr. CHUANG is the son of Mr. CHUANG Shaw Swee, Alan. He is also the brother of Miss CHUANG Ka Wai, Candy, an Executive Director of the Company. He joined the Group in 2011.

NON-EXECUTIVE DIRECTOR

Mr. Dominic LAI, aged 65, was an Independent Non-Executive Director of the Company from 20th March, 2000 until his re-designation as a Non-Executive Director of the Company on 5th August, 2004. He is a practising solicitor in Hong Kong and is admitted as a solicitor in England and Wales, the Republic of Singapore and the States of New South Wales and Victoria, Australia. Mr. LAI is currently a Non-Executive Director of NWS Holdings Limited and Oriental Press Group Limited, both are listed on the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SHEK Lai Him, Abraham, S.B.S., J.P., aged 67, was appointed as an Independent Non-Executive Director of the Company in 2001. He is currently a member of the Legislative Council for the Hong Kong Special Administrative Region, the Court of The Hong Kong University of Science & Technology, the Court and the Council of The University of Hong Kong and the Vice Chairman of Independent Police Complaints Council. He holds a Bachelor degree of Arts. He is the Chairman and an Independent Non-Executive Director of Chuang's China, an Independent Non-Executive Director of CCIL, Paliburg Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, Titan Petrochemicals Group Limited, ITC Corporation Limited, Country Garden Holdings Company Limited, Hop Hing Group Holdings Limited, MTR Corporation Limited, Hsin Chong Construction Group Ltd., SJM Holdings Limited, Kosmopolito Hotels International Limited, ITC Properties Group Limited and China Resources Cement Holdings Limited, all are listed on the Stock Exchange, and a director of The Hong Kong Mortgage Corporation Limited. Mr. SHEK is also an Independent Non-Executive Director of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust, and Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust, both trusts are listed on the Stock Exchange.

Dr. LI Sau Hung, Eddy, aged 57, was appointed as an Independent Non-Executive Director of the Company in 2004. He has over 27 years of experience in the manufacturing business. He is a member of the National Committee of The Chinese People's Political Consultative Conference and the president of Hong Kong Economic & Trade Association. Dr. LI holds a Master degree in Business Administration and a Ph.D. degree in Economics. He was the 1991 awardee of The Ten Outstanding Young Persons and the 1993 awardee of Young Industrialists of Hong Kong. He is currently an Independent Non-Executive Director of Oriental Watch Holdings Limited and Man Yue Technology Holdings Limited, both are listed on the Stock Exchange.

Mr. YAU Chi Ming, aged 58, was appointed as an Independent Non-Executive Director of the Company in 2004. He is a practising certified public accountant in Hong Kong with over 27 years of experience. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and an associate member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Certified General Accountants' Association in Canada.

SENIOR MANAGEMENT

Mr. WONG Chi Sing, aged 41, the Financial Controller, is responsible for the corporate finance, treasury, human resources management and internal audit functions of the Group. He has over 18 years of experience in finance, accounting and auditing. He holds a Bachelor degree in Business Administration and is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in 2004.

Mr. HUI Wai Wu, Sam, aged 53, the General Manager of manufacturing of the printing division. He has over 33 years of experience in the printing industry. He joined the Group in 2003.

Mr. LAM Hung Kong, aged 48, the General Manager of the cemetery division, is responsible for the overall management of the cemetery. He has over 21 years of experience in design, development and management of real estates and 10 years of experience in construction and management of cemetery. He holds a diploma in Business Administration. He is an executive member of Civil Affairs Institute of Zhaoqing City. He joined the Group in 2007.

FINANCIAL RESULTS

The Board of Directors (the "Board") announces that the audited loss attributable to ordinary shareholders of the Company for the fifteen months ended 31st March, 2012 amounted to HK$83,500,000 (year of 2010: HK$73,900,000). Loss per ordinary share was 4.7 HK cents (year of 2010: 6.2 HK cents).

MANAGEMENT DISCUSSION ON RESULTS

In order to conform with the year end date of the ultimate holding company, the Group has in December 2011 decided to change the year end date from 31st December to 31st March and accordingly, the current report covers a period of fifteen months ended 31st March, 2012.

Turnover of the Group for the fifteen months ended 31st March, 2012 amounted to HK$369.5 million (year of 2010: HK$293.6 million). Turnover derived from printing business amounted to HK$359.4 million (year of 2010: HK$286.4 million) whereas turnover derived from the cemetery business amounted to HK$10.2 million (year of 2010: HK$7.1 million).

Gross profit, principally derived from our printing business, amounted to HK$71.1 million for the fifteen months ended 31st March, 2012 (year of 2010: HK$53.5 million). Gross profit margin increased slightly from 18.2% in the year of 2010 to 19.2% for the fifteen months ended 31st March, 2012. This was mainly resulted from the improvement on productivity and reduced production costs of the printing business.

Other income increased to HK$10.2 million for the period under review (year of 2010: HK$6.3 million) which was mainly due to the gain arising from disposal of property, plant and equipment recorded during the period. Selling expenses increased to HK$38.3 million for the period (year of 2010: HK$30.3 million) which was in line with the turnover growth. Administrative expenses was HK$115.1 million for the period (year of 2010: HK$90.5 million) which was equivalent to about HK$7.7 million per month and maintained at similar level as that of the year of 2010. Finance costs increased to HK$20.8 million for the period (year of 2010: HK$15.0 million) which was mainly attributable to the increasing usage of import loan financing during the period.

Taking all the above factors into account, the Group recorded a loss attributable to owners of the Company of HK$83.5 million for the fifteen months ended 31st March, 2012 (year of 2010: HK$73.9 million). Loss per share amounted to 4.7 HK cents (year of 2010: 6.2 HK cents).

DIVIDENDS

In view of the loss incurred by the Group during the period under review, the Board does not recommend the payment of a final dividend for the fifteen months ended 31st March, 2012. No interim dividend had been paid during the period.

BUSINESS REVIEW

(A) Printing Business

The printing business comprised book printing and paper product printing. Our customers are mainly multinational publishers and conglomerates in the United States, Europe and Hong Kong. Our products included art books and children books with various binding styles, premium gift products, packaging boxes and paper bags.

The uncertain global economic outlook arising from the Euro Zone sovereign debt crisis and the slowdown of economic recovery in the United States have adversely dampened the printing demand from these two major economic regions. This affected our clients' purchasing sentiment, causing some of them to reduce or withhold their printing orders in 2011. Albeit this adverse economic condition, our sales team strived hard to maintain orders with existing clients and explore new orders. Through their continuous effort, the Group achieved a turnover of HK$359.4 million for the period under review (year of 2010: HK$286.4 million) and realized a growth of 21.0% in the first quarter of 2012 compared to the same period in 2011.

Apart from effort on the sales side, the Group continued to implement effective measures to tackle the increasing costs pressure of the printing segment. Prevailing rise in material costs and minimum wages still affected the operating performance of printing industry in the Pearl River Delta region. In order to mitigate the negative impact of these factors, the Group had implemented rigid inventory and procurement control so as to maintain a minimum level of inventory with competitive purchase price. Moreover, the Group streamlined the production and logistics flows in order to reduce headcounts while productivity and efficiency maintained. All these measures have contributed to improve the profit margin of printing segment.

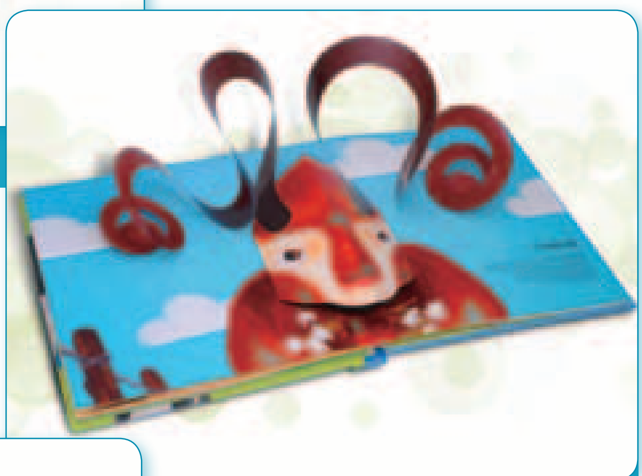
During the period under review, the Group has installed a new colour management system to monitor printing quality so as to reduce rework. In addition, the Group has purchased an internet portal proofing system, which, when fully installed, will facilitate clients to deliver, correct and approve printing files on the web platform. This will significantly reduce the pre-press preparation and approval cycle and avoid miscommunications.

The Group believes that printing demand will eventually rebound after full recovery of global economy. In view of this, the Group has acquired an industrial land site located at Coastal Industry Zone in Shatian, Dongguan. It covers an area of approximately 78,000 sq. m. which is capable of developing, by phases, into a factory complex with total gross floor area of 120,000 sq. m.. Initial phase of the development has commenced.

Printing Products

Art book with case

Jewelry box



Pop-up book

Stationery set

(B) Property Business — Cemetery

During the fifteen months ended 31st March, 2012, the Group recorded a turnover of HK$10.2 million (year of 2010: HK$7.1 million) for its cemetery business. The Group maintained one sales office in Hong Kong and five sales offices in the Southern China region. During the period, the Group continued to expand its marketing network in both Hong Kong and the Guangdong Province, the People's Republic of China (the "PRC"). The Group has also conducted a series of promotional campaigns so as to build up awareness among target elderly. Through all these marketing efforts, the Group has achieved sales growth during the period under review.

Our cemetery comprises a site of 518 mu, of which 100 mu have commenced development, and an adjacent site of 4,482 mu has been reserved, making up a total of 5,000 mu. Upon full development of the cemetery, the Group will have a total of approximately 184,000 grave plots and 2,168,000 niches for cremation urns for sale.

In the development aspect, the Group has completed a further 421 grave plots on a piece of vacant land within the existing 100 mu land in order to further enhance the value of cemetery. The Group will investigate into various proposals so as to further increase the number of grave plots for sale within this area.

In anticipation of the growing demand towards prestigious grave plots, the Group has commenced negotiation with the local government with a view to obtain additional land within the cemetery for future expansion by phases.

PROSPECTS

The operating environment for the printing industry will continue to be challenging in 2012. While fully cognizant of the global economic instability ahead, the Group is confident about the prospect of the printing industry. The Group expects that, with a quality sales team and efficient production infrastructure, we can overcome the turmoil.

The limited supply of grave plots and the rise of aged population in the Pearl River Delta region continued to enhance the demand of prestigious grave plots and niches. The Group achieved an annual growth in cemetery turnover for the past years and believed that the upward trend will persist in the future. The Group is confident that investment in cemetery business will provide steady contribution in the long run.

LIQUIDITY AND FINANCIAL POSITIONS

As at 31st March, 2012, cash and bank balances of the Group amounted to HK$131.1 million (2010: HK$107.6 million) whereas bank borrowings as at the same date amounted to HK$50.5 million (2010: HK$91.8 million). The debt to equity ratio (calculated as a percentage of bank borrowings over net asset value attributable to owners of the Group) amounted to 9.2% (2010: 18.0%). Most of the Group's cash, bank balances and bank borrowings were denominated in Hong Kong dollars and Renminbi. Interest on bank borrowings was charged at variable commercial rates prevailing in Hong Kong and the PRC.

In June 2011, the Group has fully repaid a convertible note with principal value of HK$16.7 million. After this repayment, the outstanding convertible notes of the Company now stand at HK$113.0 million and are repayable in 2014.

In July 2011, the Group raised net proceeds of approximately HK$107.1 million by way of a 1 for 1 rights issue to existing shareholders. The rights issue has solidified the Group's financial strength for its printing and cemetery businesses and the net proceeds will be used to finance the ongoing development of the printing and cemetery operations of the Group.

Net asset value attributable to owners of the Company as at 31st March, 2012 amounted to HK$548.7 million, equivalent to about HK$0.249 per share.

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

During the fifteen months ended 31st March, 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

STAFF

As at 31st March, 2012, the Group, including its subcontracting processing plants, employed approximately 2,093 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.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt thanks to all management and staff for their dedicated contribution. With the support of my colleagues, I am confident that we can look ahead and continue to maximise our resources to bring the greatest reward to our shareholders.

HUNG Ting Ho, Richard
Chairman and Managing Director

Hong Kong, 21st June, 2012

INTRODUCTION

The Company is committed to achieving high standard of corporate governance that properly protects and promotes the interests of its shareholders.

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of The Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

REPORT ON CORPORATE GOVERNANCE PRACTICES

(A) The Board

(i) Board composition

The Board comprised of 3 Executive Directors, 1 Non-Executive Director and 3 Independent Non-Executive Directors as at the date of this report:

Name	Position
Mr. HUNG Ting Ho, Richard ("Mr. HUNG")	Chairman and Managing Director
Miss CHUANG Ka Wai, Candy ("Miss Candy CHUANG")*	Executive Director
Mr. CHUANG Ka Kam, Geoffrey ("Mr. Geoffrey CHUANG")* (appointed on 25th July, 2011)	Executive Director
Mr. Dominic LAI	Non-Executive Director
Mr. SHEK Lai Him, Abraham	Independent Non-Executive Director
Dr. LI Sau Hung, Eddy	Independent Non-Executive Director
Mr. YAU Chi Ming	Independent Non-Executive Director

* *Miss Candy CHUANG is the sister of Mr. Geoffrey CHUANG*

The Board has on a regular basis reviewed the composition of the Board and the skills and experience required for both the Executive and Non-Executive Directors of the Board, in the context of the business and strategies of the Company. If the Board identifies a suitable qualified candidate to become a Board member, it will make recommendation to the Nomination Committee for him/her to be elected as a Director of the Company.

(ii) *Appointment, re-election and removal of Directors*

There are formal, considered and transparent procedures for the appointment and removal of Directors. All Directors newly appointed to fill a casual vacancy are subject to election at the first general meeting after their appointment. Every Director (including Non-Executive Director) is subject to retirement by rotation at least once every three years. All Non-Executive and Independent Non-Executive Directors are appointed for a term of three years, subject to retirement by rotation as aforesaid.

(iii) *Nomination Committee*

A Nomination Committee was established with clear terms of reference to review the composition of the Board. The Nomination Committee comprises two Independent Non-Executive Directors, Mr. SHEK Lai Him, Abraham and Dr. LI Sau Hung, Eddy and a Non-Executive Director, Mr. Dominic LAI. The committee met once during the period to discuss the structure, size and composition of the Board, to assess the independency of each Independent Non-Executive Director. The committee also approved the recommended candidate to become a Board member by resolution in writing.

The attendance record of each committee member is as follows:

Name	**No. of meeting attended/held**
Mr. SHEK Lai Him, Abraham (note)	1/1
Dr. LI Sau Hung, Eddy	1/1
Mr. Dominic LAI	1/1

note: Chairman of the Nomination Committee

(iv) *Board meetings*

The Board held five meetings during the period. Arrangements were in place to ensure that sufficient notice and adequate information were given to each Director prior to the Board meetings. The Chairman and Managing Director established the agenda for each Board meeting. Other Directors had been invited to include items in the agenda. Minutes of Board meetings were kept in sufficient details to reflect the decisions made in the relevant meetings.

During the period under review, the attendance record of each Director in Board meetings was as follows:

Name	Position	No. of meetings attended/held
Mr. HUNG	Chairman and Managing Director	5/5
Miss Candy CHUANG	Executive Director	5/5
Mr. Geoffrey CHUANG (appointed on 25th July, 2011)	Executive Director	4/5
Mr. Dominic LAI	Non-Executive Director	5/5
Mr. SHEK Lai Him, Abraham	Independent Non-Executive Director	5/5
Dr. LI Sau Hung, Eddy	Independent Non-Executive Director	3/5
Mr. YAU Chi Ming	Independent Non-Executive Director	5/5

(v) *Chairman and Chief Executive Officer*

Mr. HUNG has taken up both roles as the Chairman and the Chief Executive Officer, being the Chairman and Managing Director of the Company, the roles of the Chairman and the Chief Executive Officer are not separated pursuant to Code A.2.1 of the CG Code of the Listing Rules on the Stock Exchange. The Board considers that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions efficiently and consistently.

(vi) *Responsibilities of Directors*

Each Director of the Company is required to keep abreast of his responsibilities as a Director of the Company and each Director is provided in a timely manner with appropriate information of the Group to enable him to make an informed decision and to discharge his duties and responsibilities as a Director of the Company. On appointment, new Directors will be given a comprehensive introduction to the Group's business.

(vii) *Directors' dealings in securities*

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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.

(viii) *Independency of Independent Non-Executive Directors*

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-Executive Directors are independent.

(B) Remuneration of Directors and senior management

(i) *Remuneration policy of Executive Directors and senior management*

The Group's remuneration policy seeks to provide a fair market remuneration so as to attract, retain and motivate high quality staff. The Group will set levels of remuneration to ensure comparability and competitiveness with companies competing within a similar talent pool.

(ii) *Fees paid to Non-Executive Directors*

Each Non-Executive Director of the Company received an annual fee of HK$80,000. In determining such fee, the Board has taken into account the current market conditions. Such fee is also subject to shareholders' approval in annual general meetings.

(iii) *Remuneration Committee*

A Remuneration Committee was established with clear terms of reference to review the remuneration of the Executive Directors and senior management. The Remuneration Committee comprises two Independent Non-Executive Directors, Mr. YAU Chi Ming and Mr. SHEK Lai Him, Abraham and a Non-Executive Director, Mr. Dominic LAI. The committee met once during the period to review the remuneration policy of the Group. The committee also approved the remuneration packages of Executive Directors and senior management of the Group by resolutions in writing.

The attendance record of each committee member is as follows:

Name	No. of meeting attended/held
Mr. YAU Chi Ming (note)	1/1
Mr. SHEK Lai Him, Abraham	1/1
Mr. Dominic LAI	1/1

note: Chairman of the Remuneration Committee

(C) Accountability and audit

(i) Financial reporting

The Board acknowledges that it is its responsibility to prepare the financial statements and to present a balanced, clear and comprehensive assessment of the performance, position and prospects of the Group in the interim and annual reports of the Company.

(ii) Internal control

The Board acknowledges that it is its responsibility to ensure that the Group maintains an effective internal control system so as to safeguard the Group's assets and thus shareholders' investment.

In this respect, the Group has adopted internal control procedures relating to financial, operational, compliance and risk management. The objectives are to provide reasonable assurance that assets are safeguarded against unauthorised use or disposition, transactions are executed in accordance with the management's authorisation, the accounting records are reliable for preparing financial information within the business and for publication and risk is being identified and managed in an effective manner.

Qualified personnel throughout the Group maintains and monitors these internal control procedures on an ongoing basis. Based on the assessment made by senior management of the Group, the Board, in conjunction with the Audit Committee, is satisfied that the existing internal control procedures of the Group are adequate for its present requirement.

(iii) Audit Committee

An Audit Committee has been established with clear terms of reference by the Company to review and supervise the Company's financial reporting process and its internal controls, and review the relationship with the auditor. The Audit Committee has held four meetings during the period under review in accordance with the relevant requirements, and reviewed with the Directors and the auditor the accounting principles and practices adopted by the Group, the internal controls and financial reporting process and the Company's consolidated financial statements for the fifteen months ended 31st March, 2012. The current members of the Audit Committee are three Independent Non-Executive Directors, Mr. SHEK Lai Him, Abraham, Dr. LI Sau Hung, Eddy and Mr. YAU Chi Ming and a Non-Executive Director, Mr. Dominic LAI.

The attendance record of each committee member is as follows:

Name	No. of meetings attended/held
Mr. SHEK Lai Him, Abraham (note)	4/4
Dr. LI Sau Hung, Eddy	3/4
Mr. YAU Chi Ming	4/4
Mr. Dominic LAI	4/4

note: Chairman of the Audit Committee

(iv) Auditor's remuneration

During the period, the remuneration paid or payable to the principal auditor, Messrs. Deloitte Touche Tohmatsu, is set out as follows:

Services rendered	*HK$'000*
Audit services	1,570
Non-audit services	1,476
	3,046

(D) Delegation by the Board

(i) Board committees

The Company has established three committees, namely Audit Committee, Nomination Committee and Remuneration Committee since 2005. To comply with the new requirements of the CG Code effective on 1st April, 2012, the Corporate Governance Committee was established on 27th March, 2012. These committees were formed with specific written terms of reference which deal clearly with the committees' authorities and duties.

(ii) Management function

The Board has determined which matters are to be retained by the full Board sanction and which matters are to be delegated to the executive management. The executive management has been given clear terms of reference, in particular, circumstances where the executive management should report back and obtain prior approval from the Board. All delegations to the executive management are reviewed periodically to ensure that they remain appropriate.

(E) Communication with shareholders

(i) Annual general meeting

The Board regards annual general meeting as the principal opportunity to meet shareholders of the Company. The Chairman and members of respective Board Committees attended the annual general meeting of the Company held in June 2011 to answer questions raised by shareholders.

(ii) Significant issues

The Company has ensured that any significant issue to be dealt with in general meetings will be proposed as a separate resolution.

(iii) Voting by poll

Pursuant to Rule 13.39(4) of the Listing Rules, votes of shareholders have been taken by poll and results of the poll have been announced in accordance with procedures prescribed under Rule 13.39(5) of the Listing Rules.

(iv) Corporate documents available in the websites of the Company and the Stock Exchange

The Company has placed on the websites of the Company and the Stock Exchange the announcements, circulars, annual/interim reports, notices of general meetings and other information of the Company as required by the Listing Rules.

(v) Shareholders' enquiries

Shareholders of the Company may direct their questions about their shareholdings to the Company's share registrar and all other questions to the Board.

CONCLUSION

Except as mentioned above, the Company has complied with the code provisions of the CG Code for the fifteen months ended 31st March, 2012.

On behalf of the Board of
Midas International Holdings Limited

HUNG Ting Ho, Richard
Chairman and Managing Director

Hong Kong, 21st June, 2012

Directors' Report

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the fifteen months ended 31st March, 2012.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and other details of the principal subsidiaries are set out in note 35 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the fifteen months ended 31st March, 2012 are set out in the consolidated statement of comprehensive income on page 30 of the annual report and in the accompanying notes to the consolidated financial statements.

In view of the loss incurred by the Group during the period, the Board has resolved not to recommend the payment of a final dividend for the fifteen months ended 31st March, 2012. No interim dividend was paid during the twelve months ended 31st December, 2010 and the fifteen months ended 31st March, 2012.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 95 of the annual report.

MAJOR SUPPLIERS AND CUSTOMERS

The Group's largest supplier contributed 13% to the total purchase for the period while the Group's five largest suppliers comprised 44% of the total purchases for the period.

The aggregate turnover attributable to the Group's five largest customers were less than 30% of total turnover for the period.

None of the Directors, their associates, or any shareholders (which to the knowledge of the Directors owns more than 5% of the share capital of the Company) has any interest in the five largest suppliers of the Group.

PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$11,022,000 in aggregate on property, plant and equipment to expand and upgrade its production capacity.

Details of these and other movements in the property, plant and equipment of the Group during the period are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company during the period are set out in note 27 to the consolidated financial statements.

RESERVES

Share premium, other reserve and contributed surplus of the Company are available for distribution to ordinary shareholders (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. Accordingly, the Company's reserves available for distribution to shareholders at 31st March, 2012 amounted to approximately HK$264,252,000.

Detail of movements in the reserves of the Group during the period are set out in the consolidated statement of changes in equity on page 33 of the annual report.

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

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS

The Directors of the Company during the period and up to the date of this report are:

Executive Directors:

Mr. HUNG Ting Ho, Richard *(Chairman and Managing Director)*	
Miss CHUANG Ka Wai, Candy	
Mr. CHUANG Ka Kam, Geoffrey	(appointed on 25th July, 2011)
Mr. KWOK Chi Fai *(Deputy Managing Director)*	(resigned on 1st September, 2011)
Mr. CHUANG Ka Pun, Albert	(resigned on 16th March, 2012)

Non-Executive Director:

Mr. Dominic LAI

Independent Non-Executive Directors:

Mr. SHEK Lai Him, Abraham
Dr. LI Sau Hung, Eddy
Mr. YAU Chi Ming

In accordance with Articles 99 and 116 of the Company's Articles of Association and Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Mr. HUNG Ting Ho, Richard, Mr. CHUANG Ka Kam, Geoffrey and Mr. SHEK Lai Him, Abraham will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The term of office of each Non-Executive Director and Independent Non-Executive Director will be three years, subject to retirement by rotation and re-election at least once every three years.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st March, 2012, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and the 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:

Interests in the Company

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

Interests in Chuang's China Investments Limited

Name of Director	Number of ordinary shares held	Capacity	Nature of interest	Approximate % of shareholding
Miss CHUANG Ka Wai, Candy ("Miss Candy CHUANG")	1,027,100	Beneficial owner	Personal interest	0.07%

Other than as disclosed herein, as at 31st March, 2012, 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.

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the rights issue detailed in note 27 and the share option scheme detailed in note 28 to the consolidated financial statements, at no time during the period was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors or chief executive of the Company and save as disclosed in the section headed "Directors' And Chief Executive's Interests And Short Positions in Shares, Underlying Shares And Debentures" above, as at 31st March, 2012, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Name of shareholder	Number of ordinary shares of the Company held		Capacity
Gold Throne Finance Limited ("Gold Throne")	1,570,869,885	(note 1)	Beneficial owner
Chuang's Consortium International Limited ("CCIL")	1,570,869,885	(note 1)	(note 2)
Evergain Holdings Limited ("Evergain")	1,570,869,885	(note 1)	(note 2)
CHUANG Shaw Swee, Alan ("Mr. Alan CHUANG")	1,570,869,885	(note 1)	(note 2)
CHONG HO Pik Yu	1,570,869,885	(note 1)	(note 3)
Great Income Profits Limited ("Great Income")	293,095,820	(note 4)	Beneficial owner
CHING Eng Chin ("Mr. CHING")	293,095,820	(note 4)	Interest of controlled corporation

notes:

1. Such interests represented 71.17% of the issued ordinary share capital and comprised Gold Throne's interests in 1,341,049,258 shares and 229,820,627 conversion shares to be issued upon the exercise of conversion rights attached to a convertible note due 2014. Gold Throne is a wholly-owned subsidiary of CCIL.

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

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

4. Such interests represented 13.28% of the issued ordinary share capital and comprised Great Income's interests in 105,876,090 shares and 187,219,730 conversion shares to be issued upon the exercise of conversion rights attached to a convertible note due 2014. Great Income is beneficially owned by Mr. CHING.

Save as disclosed above, as at 31st March, 2012, there was no other person who was recorded in the register of the Company as having interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

Save as the underwriting agreement dated 16th May, 2011 entered into between the Company, Gold Throne and CCIL in relation to a rights issue of the Company (details of which are included in a circular of the Company dated 8th June, 2011), there was no contract of significance between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries at the end of the reporting period or at any time during the period and up to the date of this report.

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

Changes in the information of Director since 1st April, 2012 which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

(a) The annual remuneration of the following Director has been revised:

Name of Director	**Revised annual# remuneration** HK$
Mr. Geoffrey CHUANG	640,500

The annual remuneration includes salary, retirement scheme contribution, other benefits and director's fee, which is determined by reference to his duties and experience as well as the prevailing market conditions.

(b) Dr. LI Sau Hung, Eddy, an Independent Non-Executive Director of the Company, resigned as an independent non-executive director of Get Nice Holdings Limited with effect from 2nd April, 2012.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

1. The Group has entered into a facility letter, which still subsists as at the date of this report, with a bank for various term loans and trade related facilities up to HK$92 million. Pursuant to the terms of the facility letter, CCIL is required to beneficially own no less than 38% of the issued share capital of the Company at all times during the subsistence of the banking facilities. As at 31st March, 2012, no balance was outstanding. The banking facilities are subject to annual review.

2. The Group has entered into a facility letter, which still subsists as at the date of this report, with a bank for various trade related facilities up to HK$20 million. Pursuant to the terms of the facility letter, CCIL is required to maintain its shareholding in the Company for no less than 35% of the issued share capital of the Company at all times during the subsistence of the banking facilities. As at 31st March, 2012, no balance was outstanding. The banking facilities are subject to annual review.

3. The Group has entered into a facility letter, which still subsists as at the date of this report, with a bank for a term loan, an overdraft facility and trade related facilities up to HK$34 million. Pursuant to the terms of the facility letter, CCIL is required to remain as the single largest shareholder of the Company at all times during the subsistence of the banking facilities. As at 31st March, 2012, the balance outstanding was HK$14 million. The banking facilities are subject to annual review.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the fifteen months ended 31st March, 2012.

AUDITOR

The financial statements for the fifteen months ended 31st March, 2012 have been audited by Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board of
Midas International Holdings Limited

HUNG Ting Ho, Richard
Chairman and Managing Director

Hong Kong, 21st June, 2012

Deloitte.
德勤

TO THE MEMBERS OF MIDAS INTERNATIONAL HOLDINGS LIMITED
勤達集團國際有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Midas International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 94, which comprise the consolidated statement of financial position as at 31st March, 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fifteen months from 1st January, 2011 to 31st March, 2012, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st March, 2012, and of its loss and cash flows for the fifteen months from 1st January, 2011 to 31st March, 2012 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
21st June, 2012

Consolidated Statement of Comprehensive Income

For the fifteen months ended 31st March, 2012

	NOTES	For the fifteen months ended 31st March, 2012 HK$'000	For the twelve months ended 31st December, 2010 HK$'000 (restated)
Turnover	6	369,549	293,584
Direct expenses		(298,461)	(240,120)
Gross profit		71,088	53,464
Other income	8	10,215	6,303
Selling expenses		(38,318)	(30,333)
Administrative expenses		(115,122)	(90,548)
Finance costs	9	(20,838)	(14,986)
Loss before taxation		(92,975)	(76,100)
Income tax credit	10	6,394	499
Loss for the period/year	11	(86,581)	(75,601)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		17,403	15,676
Total comprehensive expense for the period/year		(69,178)	(59,925)
Loss for the period/year attributable to:			
Owners of the Company		(83,502)	(73,896)
Non-controlling interests		(3,079)	(1,705)
		(86,581)	(75,601)
Total comprehensive expense for the period/year attributable to:			
Owners of the Company		(68,869)	(60,792)
Non-controlling interests		(309)	867
		(69,178)	(59,925)
Basic and diluted loss per share	14	HK(4.7) cents	HK(6.2) cents

Consolidated Statement of Financial Position

At 31st March, 2012

	NOTES	31st March, 2012 HK$'000	31st December, 2010 HK$'000 (restated)	1st January, 2010 HK$'000 (restated)
ASSETS AND LIABILITIES				
Non-current assets				
Prepaid lease payments	*15*	**60,323**	48,878	49,946
Property, plant and equipment	*16*	**112,300**	127,642	148,294
Deposits paid for acquisition of land use rights		**4,894**	4,196	4,054
Cemetery assets	*17*	**486,725**	476,467	464,338
		664,242	657,183	666,632
Current assets				
Inventories	*18*	**126,283**	124,092	127,556
Accounts receivables	*19*	**76,671**	83,810	81,690
Deposits, prepayments and other receivables		**12,430**	17,794	7,332
Prepaid lease payments	*15*	**1,444**	1,153	1,148
Tax recoverable		**117**	260	–
Bank balances and cash	*20*	**131,128**	107,616	126,045
		348,073	334,725	343,771
Current liabilities				
Accounts payables	*21*	**47,918**	39,453	42,926
Accrued charges and other payables	*21*	**48,236**	43,072	35,853
Amount due to a non-controlling shareholder of a subsidiary	*22*	**1,366**	1,366	1,366
Deferred income	*23*	**36**	24	16
Tax payable		**21,693**	7,300	6,549
Bank borrowings – due within one year	*24*	**50,451**	74,115	68,540
Convertible notes – due within one year	*25*	**–**	15,927	–
		169,700	181,257	155,250
Net current assets		**178,373**	153,468	188,521
Total assets less current liabilities		**842,615**	810,651	855,153

Consolidated Statement of Financial Position *(cont'd)*

At 31st March, 2012

	NOTES	31st March, 2012 HK$'000	31st December, 2010 HK$'000 (restated)	1st January, 2010 HK$'000 (restated)
Non-current liabilities				
Bank borrowings – due after one year	24	**–**	17,700	–
Convertible notes – due after one year	25	**84,775**	72,345	88,761
Deferred income	23	**1,002**	641	450
Deferred tax	26	**138,197**	139,225	135,557
		223,974	229,911	224,768
NET ASSETS		**618,641**	580,740	630,385
CAPITAL AND RESERVES				
Share capital	27	**220,721**	110,360	103,560
Reserves		**327,999**	400,150	457,462
Equity attributable to owners of the Company		**548,720**	510,510	561,022
Non-controlling interests		**69,921**	70,230	69,363
TOTAL EQUITY		**618,641**	580,740	630,385

The consolidated financial statements on pages 30 to 94 were approved and authorised for issue by the Board of Directors on 21st June, 2012 and are signed on its behalf by:

CHUANG Ka Kam, Geoffrey
DIRECTOR

HUNG Ting Ho, Richard
DIRECTOR

Consolidated Statement of Changes in Equity

For the fifteen months ended 31st March, 2012

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (note i)	Merger reserve HK$'000 (note ii)	Translation reserve HK$'000	Convertible notes equity reserve HK$'000	Accumulated profits (losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st January, 2010, as previously stated	103,560	285,533	4,000	24,000	169	54,678	59,253	531,193	63,426	594,619
Adjustments *(note 36)*	–	–	–	–	29,829	–	–	29,829	5,937	35,766
At 1st January, 2010 (restated)	103,560	285,533	4,000	24,000	29,998	54,678	59,253	561,022	69,363	630,385
Loss for the year	–	–	–	–	–	–	(73,896)	(73,896)	(1,705)	(75,601)
Exchange differences arising on translation of foreign operations	–	–	–	–	13,104	–	–	13,104	2,572	15,676
Total comprehensive income (expense) for the year	–	–	–	–	13,104	–	(73,896)	(60,792)	867	(59,925)
Conversion of convertible notes	6,800	11,441	–	–	–	(7,961)	–	10,280	–	10,280
At 31st December, 2010 (restated)	110,360	296,974	4,000	24,000	43,102	46,717	(14,643)	510,510	70,230	580,740
Loss for the period	–	–	–	–	–	–	(83,502)	(83,502)	(3,079)	(86,581)
Exchange differences arising on translation of foreign operations	–	–	–	–	14,633	–	–	14,633	2,770	17,403
Total comprehensive income (expense) for the period	–	–	–	–	14,633	–	(83,502)	(68,869)	(309)	(69,178)
Issue of shares, net of issue costs *(note 27)*	110,361	(3,282)	–	–	–	–	–	107,079	–	107,079
Release upon redemption of convertible notes	–	–	–	–	–	(3,185)	3,185	–	–	–
At 31st March, 2012	**220,721**	**293,692**	**4,000**	**24,000**	**57,735**	**43,532**	**(94,960)**	**548,720**	**69,921**	**618,641**

notes:

(i) The other reserve of the Group relates to contribution by the substantial shareholders of the Company who were also the holders of the preference shares. It represents the excess of the face value of redeemable preference shares over the consideration paid upon redemption in 2004.

(ii) The merger reserve of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's ordinary shares issued for the acquisition at the time of a group reorganisation in 1996.

Consolidated Statement of Cash Flows

For the fifteen months ended 31st March, 2012

	For the fifteen months ended 31st March, 2012	For the twelve months ended 31st December, 2010
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Loss before taxation	**(92,975)**	(76,100)
Adjustments for:		
Depreciation of property, plant and equipment	**26,129**	23,666
Finance costs	**20,838**	14,986
Amortisation of cemetery assets	**12,006**	7,589
Release of prepaid lease payments	**2,596**	1,152
Impairment loss on accounts receivables	**2,022**	1,103
Allowance for inventories	**1,261**	879
Reversal of impairment loss on account receivables	**–**	(291)
Gain on disposal of property, plant and equipment	**(1,476)**	(80)
Interest income	**(1,017)**	(21)
Operating cash flows before movements in working capital	**(30,616)**	(27,117)
(Increase) decrease in inventories	**(3,452)**	2,585
Decrease (increase) in accounts receivables	**5,237**	(2,817)
Decrease (increase) in deposits, prepayments and other receivables	**5,424**	(10,283)
Increase (decrease) in accounts payables	**7,754**	(3,473)
Increase in accrued charges and other payables	**5,114**	7,159
Increase in deferred income	**352**	199
Net cash used in operations	**(10,187)**	(33,747)
Income tax paid	**(29)**	(272)
Income tax refunded	**172**	–
NET CASH USED IN OPERATING ACTIVITIES	**(10,044)**	(34,019)

	For the fifteen months ended 31st March, 2012 HK$'000	For the twelve months ended 31st December, 2010 HK$'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(11,022)**	(2,708)
Proceeds from disposal of property, plant and equipment	**2,083**	80
Interest received	**1,017**	21
NET CASH USED IN INVESTING ACTIVITIES	**(7,922)**	(2,607)
FINANCING ACTIVITIES		
Proceeds from issue of shares	**110,361**	–
New bank loans raised	**98,322**	170,217
Repayment of bank loans	**(139,686)**	(146,942)
Redemption of convertible notes	**(16,650)**	–
Interest paid	**(7,685)**	(5,195)
Share issue expenses	**(3,282)**	–
NET CASH FROM FINANCING ACTIVITIES	**41,380**	18,080
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**23,414**	(18,546)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	**107,616**	126,045
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**98**	117
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR, represented by bank balances and cash	**131,128**	107,616

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. Its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" to the annual report.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 35.

The Group is principally engaged in i) the manufacturing and trading of printed products and packaging printed products and ii) sales of tomb sets, grave plots and niches for cremation urns. The analysis of the Group's turnover by principal products and services for the period are set out in note 6.

After the completion of a rights issues by the Company in July 2011, Gold Throne Finance Limited ("Gold Throne") and Chuang's Consortium International Limited ("CCIL") became the immediate holding company and the ultimate holding company of the Company, respectively. Gold Throne is a private company incorporated in the British Virgin Islands. CCIL is a limited liability company incorporated in Bermuda and its shares are also listed on the Stock Exchange.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

As set out in the announcement of the Company issued on 20th December, 2011, the financial year end date of the Company and the Group has been changed from 31st December to 31st March to conform with the financial year end date of CCIL. Accordingly, the current accounting period covers a period of fifteen months from 1st January, 2011 to 31st March, 2012. The corresponding comparative amounts shown (which cover a period of twelve months from 1st January, 2010 to 31st December, 2010) for the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes are therefore not entirely comparable with those of the current period.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current accounting period, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

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

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[5]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1st January, 2013.
2 Effective for annual periods beginning on or after 1st July, 2011.
3 Effective for annual periods beginning on or after 1st January, 2015.
4 Effective for annual periods beginning on or after 1st July, 2012.
5 Effective for annual periods beginning on or after 1st January, 2012.
6 Effective for annual periods beginning on or after 1st January, 2014.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(cont'd)*

New and revised HKFRSs issued but not yet effective *(cont'd)*

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1st April, 2013 and that the application of the new standard may result in more extensive disclosures in the consolidated financial statements.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and consolidated financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs, issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Revenue recognition *(cont'd)*

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of tomb sets is recognised when the tomb sets are delivered and title has passed.

A conveyance of the right to use grave plots and niches for cremation urns is recognised as a sale of the grave plots and niches for cremation urns when the Group has transferred to the customers the right to use the grave plots and niches for cremation urns upon the execution of a binding agreement.

Service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Property, plant and equipment *(cont'd)*

Construction in progress includes property, plant and equipment in the course of construction for production or administrative purposes are carried at costs less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Prepaid lease payments

Prepaid lease payments that represent up-front payments to acquire leasehold land interest that is classified as an operating lease are stated at cost and amortised over the remaining lease term of the respective land use rights on a straight-line basis.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1st January, 2005 are treated as assets and liabilities of that foreign operation and retranslated at the date of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of translation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") and state-managed retirement benefit schemes are recognised as expenses when employees have rendered services entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Taxation *(cont'd)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly to equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Cemetery assets

Subsequent to initial recognition, cemetery assets, that represent premium on prepaid lease payments for which development has not yet commenced, are carried at costs less accumulated amortisation and any accumulated impairment losses (see accounting policy in respect of impairment losses on assets below). Amortisation for cemetery assets is provided on a straight-line basis over the estimated useful life of the cemetery assets and is recognised in profit or loss.

Upon commencement of development of the grave plots and niches for cremation urns with the intention of sale in the ordinary course of business of the Group, the related carrying amounts of cemetery assets attributable to the grave plots and niches for cremation urns are transferred to inventories.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Inventories

Inventories of printing business are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Grave plots and niches for cremation urns are stated at the lower of cost and net realisable value. Cost comprises of the attributable cost of the cemetery asset and costs of development expenditures incurred.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Financial instruments *(cont'd)*

Financial assets (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts receivables, other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of loans and receivables below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain financial assets, such as accounts receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Financial instruments *(cont'd)*

Financial assets (cont'd)

Impairment of loans and receivables (cont'd)

The carrying amount is reduced by the impairment loss directly for all loans and receivables with the exception of accounts receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. No gain or loss is recognised in profit or loss on the issue of the Company's own equity instruments.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Financial instruments *(cont'd)*

Financial liabilities and equity instruments (cont'd)

Convertible notes

Convertible notes issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the convertible notes into equity, is included in equity (convertible notes equity reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes equity reserve will be released to the accumulated profits (losses). No gain or loss is recognised in the profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

The liability component (or part of the liability component) of the convertible notes is derecognised when, and only when, it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expires.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Financial instruments *(cont'd)*

Financial liabilities and equity instruments (cont'd)

Convertible notes (cont'd)

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of the original financial liability (or part of the original financial liability) extinguished and the consideration paid to extinguish the liability component, including any non-cash assets transferred or liabilities assumed and the equity instrument issued, is recognised in profit or loss. The equity instrument issued to extinguish all or part of a financial liability is recognised and measured initially at the fair value of the equity instrument issued.

Other financial liabilities

Other financial liabilities (including accounts payables, other payables, amount due to a non-controlling shareholder of a subsidiary and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Deferred income

Deferred income represents the portion of the management fee that has not been earned as revenue in accordance with the revenue recognition policy of management fee income.

Impairment losses

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment on the Group's cemetery assets

Cemetery assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the cemetery assets may not be recoverable. The directors of the Company have engaged an independent valuer to measure the recoverable amount of the cemetery assets. A discounted cash flow method has been adopted to estimate the value in use of the cemetery assets. The directors of the Company made estimates and assumptions with judgement which include the volume of various products sold, selling prices, growth in sales, estimated gross profit margins and the timing as to when sales will take place. The cash flow projections are based on financial budgets approved by the directors of the Company, covering a 10-year period. Future cash flows beyond the 10-year period for another 30 years are extrapolated using a steady growth rate with a range of 4% to 25% depending on the types of products. Discount rate of 20.89% is used to discount the future cash flows into their present value and is determined based on the weighted average cost of capital of the cemetery operation which takes into account of the cost of equity of several listed companies engaging in cemetery business. In the opinion of the directors of the Company, there is no impairment on the cemetery assets.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(cont'd)*

Impairment assessment on the Group's cemetery assets *(cont'd)*

The recoverable amount of the Group's cemetery assets can fluctuate due to changes in inputs mentioned above. A small change in assumptions and estimates regarding the expected future cash flows and discount rate can have a significant impact on the recoverable amount of the cemetery assets.

Impairment assessment on the plant and equipment used for the Group's printing business ("Printing Assets")

When there is an impairment indicator relating to the Printing Assets, the Group performs an impairment assessment. The amount of the impairment loss is measured as the difference between the assets' carrying amounts and the value in use. In estimating the future cash flows, management takes into account the recent financial performance of the printing business. An impairment assessment was performed by the Group on the Printing Assets as at 31st March, 2012. The recoverable amounts of the Printing Assets have been determined based on value in use calculation taking into account the estimated useful lives of plant and equipment. This calculation uses cash flow projections based on financial budgets approved by the management covering a 5-year period and a discount rate of 6%. Cash flows beyond the 5-year period are extrapolated using a steady growth rate of 4% for another 5-year period. On this basis, the directors of the Company determined that there is no impairment loss of the Printing Assets for the year ended 31st December, 2010 and the fifteen months ended 31st March, 2012.

Where the actual future cash flows are less than expected, a material impairment loss may arise.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(cont'd)*

Impairment assessment on the Group's accounts receivables

When there is objective evidence of impairment loss against the Group's accounts receivables, the Group performs an impairment assessment. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31st March, 2012, the carrying amount of accounts receivables (net of allowance for doubtful debts of approximately HK$24.6 million) is approximately HK$76.7 million (31st December, 2010: HK$83.8 million, net of allowance for doubtful debts of approximately HK$22.6 million).

Estimated allowance for inventories

Management reviews the inventory listing at the end of each reporting period, and makes allowance for obsolete, slow-moving inventory items and items identified that are no longer suitable for use in operation. Allowance was made by reference to the latest market value for those inventories identified. Where the net realisable value is less than the cost, a material write down may arise. As at 31st March, 2012, the carrying amount of inventories (net of allowances) is approximately HK$126.3 million (31st December, 2010: HK$124.1 million).

Income taxes

As at 31st March, 2012, a deferred tax asset in relation to unused tax losses of approximately HK$207.1 million (31st December, 2010: HK$151.1 million) was not recognised in the consolidated statement of financial position due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the expectation for future profit streams changes, a recognition of deferred tax assets may arise, which would be recognised in the profit or loss for the period in which such a recognition takes place.

6. TURNOVER

Turnover represents the amounts received and receivable for goods sold, less returns, and services provided to external customers during the period/year. An analysis of the Group's turnover for the period/year, is as follows:

	For the fifteen months ended 31st March, 2012	For the twelve months ended 31st December, 2010
	HK$'000	*HK$'000*
Sales of printed products	**359,399**	286,435
Revenue from sales of grave plots and niches for cremation urns	**9,554**	6,546
Sales of tomb sets	**596**	603
	369,549	293,584

7. SEGMENT INFORMATION

The Group's operations are organised based on the following two business activities:

Printing – Manufacturing and trading of printed products and packaging printed products; and

Cemetery – Sales of grave plots, niches for cremation urns and tomb sets.

The information reported to the Chairman and Managing Director of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance is reported on such basis.

7. SEGMENT INFORMATION *(cont'd)*

Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable and operating segments.

For the fifteen months ended 31st March, 2012

	Printing	Cemetery	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
SEGMENT TURNOVER – external	**359,399**	**10,150**	**369,549**
SEGMENT LOSS	**(43,971)**	**(22,603)**	**(66,574)**
Unallocated income			**1,017**
Unallocated expenses			**(6,580)**
Finance costs			**(20,838)**
Loss before taxation			**(92,975)**

For the twelve months ended 31st December, 2010

	Printing	Cemetery	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
SEGMENT TURNOVER – external	286,435	7,149	293,584
SEGMENT LOSS	(39,016)	(17,138)	(56,154)
Unallocated income			27
Unallocated expenses			(4,987)
Finance costs			(14,986)
Loss before taxation			(76,100)

7. SEGMENT INFORMATION *(cont'd)*

Segment revenues and results *(cont'd)*

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment loss represents the loss from each segment without allocation of corporate income, corporate expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment assets

	31st March, 2012	31st December, 2010	1st January, 2010
	HK$'000	*HK$'000*	*HK$'000*
		(restated)	(restated)
Printing	**288,809**	299,643	308,370
Cemetery	**592,261**	584,389	575,988
Total segment assets	**881,070**	884,032	884,358
Unallocated assets	**131,245**	107,876	126,045
Consolidated assets	**1,012,315**	991,908	1,010,403

7. SEGMENT INFORMATION *(cont'd)*

Segment assets and liabilities *(cont'd)*

Segment liabilities

	31st March, 2012	31st December, 2010	1st January, 2010
	HK$'000	*HK$'000*	*HK$'000*
		(restated)	(restated)
Printing	**93,679**	80,446	76,967
Cemetery	**3,513**	2,744	2,278
Total segment liabilities	**97,192**	83,190	79,245
Unallocated liabilities	**296,482**	327,978	300,773
Consolidated liabilities	**393,674**	411,168	380,018

For the purposes of monitoring segment performances and allocating resources between segments:

– all assets are allocated to operating segments other than bank balances and cash and tax recoverable. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

– all liabilities are allocated to operating segments other than amount due to a non-controlling shareholder of a subsidiary, tax payable, bank borrowings, convertible notes and deferred tax. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

7. SEGMENT INFORMATION *(cont'd)*

Other segment information

For the fifteen months ended 31st March, 2012

	Printing *HK$'000*	Cemetery *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment loss or segment assets:			
Capital expenditure	**10,238**	**784**	**11,022**
Depreciation and amortisation	**25,148**	**12,987**	**38,135**
Impairment loss on accounts receivables	**2,022**	**–**	**2,022**
Allowance for inventories	**1,261**	**–**	**1,261**
Gain on disposal of property, plant and equipment	**1,476**	**–**	**1,476**

For the twelve months ended 31st December, 2010

	Printing *HK$'000*	Cemetery *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment loss or segment assets:			
Capital expenditure	2,651	57	2,708
Depreciation and amortisation	22,767	8,488	31,255
Impairment loss on accounts receivables	1,103	–	1,103
Allowance for inventories	879	–	879
Reversal of impairment loss on accounts receivables	291	–	291
Gain on disposal of property, plant and equipment	80	–	80

7. SEGMENT INFORMATION *(cont'd)*

Geographical information

The Group's printing business is located in both Hong Kong and the People's Republic of China (the "PRC"), while the cemetery business is located in the PRC.

Information about the Group's turnover from external customers is presented based on the geographical location of the customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets		
	For the fifteen months ended 31st March, 2012	For the twelve months ended 31st December, 2010	**31st March, 2012**	31st December, 2010	1st January, 2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000* (restated)	*HK$'000* (restated)
Hong Kong	**34,642**	39,790	**2,617**	3,072	3,820
The PRC	**12,647**	12,205	**661,625**	654,111	662,812
United States of America	**127,725**	94,160	**–**	–	–
United Kingdom	**59,465**	54,845	**–**	–	–
Germany	**44,416**	28,769	**–**	–	–
France	**47,314**	16,135	**–**	–	–
New Zealand	**6,708**	13,159	**–**	–	–
Others	**36,632**	34,521	**–**	–	–
	369,549	293,584	**664,242**	657,183	666,632

No single customer contributed to more than 10% of the Group's revenue for the twelve months ended 31st December, 2010 and the fifteen months ended 31st March, 2012.

8. OTHER INCOME

	For the fifteen months ended 31st March, 2012 *HK$'000*	For the twelve months ended 31st December, 2010 *HK$'000*
Discount received	**131**	383
Gain on disposal of property, plant and equipment	**1,476**	80
Income from sale of scrap	**4,971**	3,722
Interest income	**1,017**	21
Others	**2,620**	2,097
	10,215	6,303

9. FINANCE COSTS

	For the fifteen months ended 31st March, 2012 *HK$'000*	For the twelve months ended 31st December, 2010 *HK$'000*
Interest on borrowings wholly repayable within five years	**6,305**	3,652
Effective interest expense on convertible notes	**14,533**	11,334
	20,838	14,986

10. INCOME TAX CREDIT

	For the fifteen months ended 31st March, 2012	For the twelve months ended 31st December, 2010
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Current tax:		
Hong Kong Profits Tax	**–**	469
PRC Enterprise Income Tax ("EIT")	**200**	294
	200	763
Deferred tax *(note 26)* – current period/year	**(6,594)**	(1,262)
	(6,394)	(499)

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

No provision for Hong Kong Profits Tax has been made for the current period as the assessable profits arising in Hong Kong during the current period is wholly absorbed by tax losses brought forward.

PRC

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Certain group entities operating outside the PRC are subject to PRC EIT on a deemed profit basis at 10%.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1st January, 2008 onwards. No deferred tax has been provided for in the consolidated financial statements in respect of withholding tax as the PRC subsidiaries did not generate any distributable profit since 1st January, 2008.

10. INCOME TAX CREDIT *(cont'd)*

The income tax credit for the period/year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	For the fifteen months ended 31st March, 2012	For the twelve months ended 31st December, 2010
	HK$'000	*HK$'000*
Loss before taxation	**(92,975)**	(76,100)
Tax at the domestic income tax rate of 16.5% (twelve months ended 31st December, 2010: 16.5%)	**(15,341)**	(12,556)
Tax effect of expenses not deductible for tax purpose	**3,991**	4,979
Tax effect of income not taxable for tax purpose	**(833)**	(491)
Tax effect of tax losses not recognised	**13,966**	13,147
Utilisation of tax losses previously not recognised	**(399)**	(1,665)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(7,778)**	(3,913)
Income tax credit for the period/year	**(6,394)**	(499)

11. LOSS FOR THE PERIOD/YEAR

	For the fifteen months ended 31st March, 2012	For the twelve months ended 31st December, 2010
	HK$'000	*HK$'000*
Loss for the period/year has been arrived at after charging:		
Staff costs	**121,202**	90,070
Retirement benefit scheme contributions	**1,181**	1,039
Total staff costs (including directors' emoluments)	**122,383**	91,109
Auditor's remuneration	**1,570**	1,330
Cost of inventories recognised as an expense	**298,461**	240,120
Depreciation of property, plant and equipment	**26,129**	23,666
Amortisation of cemetery assets	**12,006**	7,589
Exchange loss	**2,511**	1,930
Allowance for inventories (included in direct expenses)	**1,261**	879
Impairment loss on accounts receivables	**2,022**	1,103
Release of prepaid lease payments	**2,596**	1,152
Rental of premises under operating leases	**3,889**	4,592

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Particulars of the emoluments of directors, the five highest paid employees and senior management are as follows:

(a) Directors' emoluments

The emoluments paid or payable to each of the 9 (twelve months ended 31st December, 2010: 8) directors were as follows:

	Mr. HUNG Ting Ho, Richard HK$'000	Mr. KWOK Chi Fai HK$'000 (note i)	Mr. CHUANG Ka Pun, Albert HK$'000 (note ii)	Miss CHUANG Ka Wai, Candy HK$'000	Mr. CHUANG Ka Kam Geoffrey HK$'000 (note iii)	Mr. Dominic LAI HK$'000	Mr. SHEK Lai Him, Abraham HK$'000	Dr. LI Sau Hung, Eddy HK$'000	Mr. YAU Chi Ming HK$'000	Total HK$'000
For the fifteen months ended 31st March, 2012										
Fees	38	–	20	25	25	100	100	100	100	508
Other emoluments:										
Salaries and other benefits	2,250	657	–	–	247	–	–	–	–	3,154
Bonus	187	57	–	–	–	–	–	–	–	244
Contributions to retirement benefit scheme	30	16	–	–	8	–	–	–	–	54
Total emoluments	2,505	730	20	25	280	100	100	100	100	3,960
For the twelve months ended 31st December, 2010										
Fees	30	20	20	20	–	80	80	80	80	410
Other emoluments:										
Salaries and other benefits	1,800	930	–	–	–	–	–	–	–	2,730
Bonus	150	78	–	–	–	–	–	–	–	228
Contributions to retirement benefit scheme	24	24	–	–	–	–	–	–	–	48
Total emoluments	2,004	1,052	20	20	–	80	80	80	80	3,416

note i: Mr. KWOK Chi Fai resigned as director on 1st September, 2011

note ii: Mr. CHUANG Ka Pun, Albert resigned as director on 16th March, 2012

note iii: Mr. CHUANG Ka Kam, Geoffrey was appointed as director on 25th July, 2011

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(cont'd)*

(b) Employees' emoluments

During the fifteen months ended 31st March, 2012, the five highest paid individuals included one director (twelve months ended 31st December, 2010: two directors), details of whose emoluments are set out in note 12(a) above.

The emoluments of the remaining four (twelve months ended 31st December, 2010: three) individuals were as follows:

	For the fifteen months ended 31st March, 2012	For the twelve months ended 31st December, 2010
	HK$'000	*HK$'000*
Salaries and other benefits	**3,885**	2,204
Bonus	**285**	161
Contributions to retirement benefit scheme	**116**	72
	4,286	2,437

Their emoluments were within the following bands:

	Number of employees	
	For the fifteen months ended 31st March, 2012	For the twelve months ended 31st December, 2010
HK$1,000,001 to HK$1,500,000	**3**	–
HK$1,000,000 or below	**1**	3

During the twelve months ended 31st December, 2010 and the fifteen months ended 31st March, 2012, no emoluments were paid/payable by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, during the twelve months ended 31st December, 2010 and the fifteen months ended 31st March, 2012, no director waived any emoluments.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(cont'd)*

(c) Emoluments of senior management

The emoluments of senior management, who are not directors or amongst the five highest paid individuals, during the period were as follows:

	For the fifteen months ended 31st March, 2012 *HK$'000*	For the twelve months ended 31st December, 2010 *HK$'000*
Short-term benefits	**797**	1,151
Retirement benefits	**29**	46
	826	1,197

13. DIVIDENDS

No dividend was paid or declared during each of the twelve months ended 31st December, 2010 and the fifteen months ended 31st March, 2012.

The Board of Directors does not recommend the payment of a final dividend for the fifteen months ended 31st March, 2012 (twelve months ended 31st December, 2010: nil).

14. BASIC AND DILUTED LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	For the fifteen months ended 31st March, 2012 *HK$'000*	For the twelve months ended 31st December, 2010 *HK$'000*
Loss for the period/year attributable to owners of the Company for the purposes of basic and diluted loss per share	**83,502**	73,896

14. BASIC AND DILUTED LOSS PER SHARE *(cont'd)*

	For the fifteen months ended 31st March, 2012 Number of shares *'000*	For the twelve months ended 31st December, 2010 Number of shares *'000* (adjusted)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,782,615**	1,197,148

The potential ordinary shares attributable to the assumed conversion of convertible notes have anti-dilutive effect for the twelve months ended 31st December, 2010 and the fifteen months ended 31st March, 2012.

The weighted average number of ordinary shares for the purposes of basic and diluted loss per share for the twelve months ended 31st December, 2010 and the fifteen months ended 31st March, 2012 have been adjusted for the effect of the bonus element in connection with the rights issue of the Company completed in July 2011.

15. PREPAID LEASE PAYMENTS

	31st March, 2012 *HK$'000*	31st December, 2010 *HK$'000*
The Group's prepaid lease payments comprise:		
Land use rights in the PRC under medium-term leases	**61,767**	50,031
Analysed for reporting purposes as:		
Non-current asset	**60,323**	48,878
Current asset	**1,444**	1,153
	61,767	50,031

The amount is amortised over the remaining lease term of the respective land use rights. It is stated at cost less accumulated amortisation and impairment losses.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings in the PRC under medium-term lease *HK$'000*	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
COST							
At 1st January, 2010	63,931	4,416	359,741	40,675	5,804	335	474,902
Exchange realignment	320	30	–	61	22	12	445
Additions	135	41	1,294	1,238	–	–	2,708
Disposals	–	–	(600)	–	(705)	–	(1,305)
At 31st December, 2010	64,386	4,487	360,435	41,974	5,121	347	476,750
Exchange realignment	377	24	–	78	35	15	529
Additions	–	234	8,273	1,822	693	–	11,022
Disposals	–	(39)	(20,512)	(1,217)	(1,023)	–	(22,791)
At 31st March, 2012	**64,763**	**4,706**	**348,196**	**42,657**	**4,826**	**362**	**465,510**
DEPRECIATION							
At 1st January, 2010	19,252	3,904	266,640	31,812	5,000	–	326,608
Exchange realignment	65	19	–	41	14	–	139
Provided for the year	2,787	170	16,680	3,627	402	–	23,666
Eliminated on disposals	–	–	(600)	–	(705)	–	(1,305)
At 31st December, 2010	22,104	4,093	282,720	35,480	4,711	–	349,108
Exchange realignment	64	14	–	59	20	–	157
Provided for the period	3,435	174	18,673	3,486	361	–	26,129
Eliminated on disposals	–	(17)	(19,960)	(1,184)	(1,023)	–	(22,184)
At 31st March, 2012	**25,603**	**4,264**	**281,433**	**37,841**	**4,069**	**–**	**353,210**
CARRYING VALUE							
At 31st March, 2012	**39,160**	**442**	**66,763**	**4,816**	**757**	**362**	**112,300**
At 31st December, 2010	42,282	394	77,715	6,494	410	347	127,642

Property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the term of the lease, or 20–30 years
Leasehold improvements	20.0% or over the term of the relevant lease, whichever is shorter
Plant and machinery	6.7% to 33.3%
Furniture and fixtures	20.0% to 33.3%
Motor vehicles	20.0% to 33.3%

The Group has pledged property, plant and equipment with an aggregate net book value of approximately HK$11,757,000 (31st December, 2010: HK$27,994,000) to secure general banking facilities granted to the Group.

17. CEMETERY ASSETS

	HK$'000
COST	
At 1st January, 2010 (as previously stated)	438,939
Adjustment *(note 36)*	49,792
At 1st January, 2010 (restated)	488,731
Exchange realignment	21,739
At 31st December, 2010 (restated)	510,470
Exchange realignment	23,305
At 31st March, 2012	**533,775**
AMORTISATION	
At 1st January, 2010 (as previously stated)	22,289
Adjustment *(note 36)*	2,104
At 1st January, 2010 (restated)	24,393
Charge for the year	7,589
Exchange realignment	2,021
At 31st December, 2010 (restated)	34,003
Charge for the period	12,006
Exchange realignment	1,041
At 31st March, 2012	**47,050**
CARRYING VALUE	
At 31st March, 2012	**486,725**
At 31st December, 2010 (restated)	476,467
At 1st January, 2010 (restated)	464,338

17. CEMETERY ASSETS *(cont'd)*

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

18. INVENTORIES

	31st March, 2012	31st December, 2010
	HK$'000	*HK$'000*
Inventories of printing business:		
Raw materials	**21,412**	22,151
Work in progress	**12,594**	9,532
Finished goods	**8,863**	4,004
	42,869	35,687
Grave plots and niches for cremation urns of cemetery business	**83,414**	88,405
	126,283	124,092

At 31st March, 2012, included in the total inventories are grave plots and niches for cremation urns of cemetery business with the aggregate carrying amounts of HK$74,278,000 (31st December, 2010: HK$77,828,000) that are expected to be realised after more than twelve months from the end of the reporting period.

19. ACCOUNTS RECEIVABLES

	31st March, 2012	31st December, 2010
	HK$'000	*HK$'000*
Accounts receivables, trade	**101,309**	106,420
Less: allowance for doubtful debts	**(24,638)**	(22,610)
	76,671	83,810

The Group allows a credit period ranging from 30 days to 180 days (31st December, 2010: 30 days to 180 days) to its trade customers of the printing business. Sales proceeds receivable from sale of grave plots and niches for cremation urns of the cemetery business are settled in accordance with the terms of respective contracts.

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

	31st March, 2012	31st December, 2010
	HK$'000	*HK$'000*
0 to 30 days	**27,965**	20,889
31 to 60 days	**16,497**	13,160
61 to 90 days	**10,836**	13,950
91 to 120 days	**9,856**	13,278
121 to 180 days	**3,335**	12,895
More than 180 days	**8,182**	9,638
	76,671	83,810

Included in the Group's accounts receivables balance are debtors with an aggregate carrying amount of approximately HK$20,880,000 (31st December, 2010: HK$24,978,000) which have been past due at the end of the reporting period for which the Group has not provided for impairment loss. Management has assessed the credit quality and the repayment ability of the relevant customers. The Group does not hold any collateral over these balances. The average age of these receivables is 95 days (31st December, 2010: 102 days).

19. ACCOUNTS RECEIVABLES *(cont'd)*

Ageing of accounts receivables which had been past due but not impaired

	31st March, 2012 HK$'000	31st December, 2010 HK$'000
31 to 60 days	**5,872**	713
61 to 90 days	**350**	401
91 to 120 days	**6,620**	3,418
121 to 180 days	**2,576**	11,619
More than 180 days	**5,462**	8,827
	20,880	24,978

Movement in allowance for doubtful debts

	31st March, 2012 HK$'000	31st December, 2010 HK$'000
Balance at beginning of the period/year	**22,610**	21,899
Impairment loss recognised on receivables	**2,022**	1,103
Amounts written off as uncollectible	**–**	(8)
Reversal of impairment loss during the period/year	**–**	(291)
Exchange realignment	**6**	(93)
Balance at end of the period/year	**24,638**	22,610

19. ACCOUNTS RECEIVABLES *(cont'd)*

The amount of the Group's accounts receivables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	31st March, 2012	31st December, 2010
	HK$'000	*HK$'000*
United States dollars ("USD")	**62,239**	60,278
Euro ("EUR")	**6,815**	2,487
Australian dollars ("AUD")	**263**	1,369
Pound sterling ("GBP")	**2,412**	1,103

20. BANK BALANCES

Bank balances carry interest at market rates which range from 0.001% to 1.68% (31st December, 2010: 0.01% to 3.19%) per annum.

The amount of the Group's bank balances denominated in currencies other than the functional currency of the relevant group entities are set out below:

	31st March, 2012	31st December, 2010
	HK$'000	*HK$'000*
USD	**5,451**	20,618
EUR	**4**	4
AUD	**–**	1
GBP	**1**	6

21. ACCOUNTS PAYABLES/ACCRUED CHARGES AND OTHER PAYABLES

The following is an aged analysis of accounts payables presented based on invoice date at the end of the reporting period.

	31st March, 2012 *HK$'000*	31st December, 2010 *HK$'000*
0 to 30 days	**22,646**	15,651
31 to 60 days	**10,660**	8,795
61 to 90 days	**5,238**	5,647
91 to 120 days	**4,536**	5,059
More than 120 days	**4,838**	4,301
	47,918	39,453

The following is an analysis of the Group's accrued charges and other payables:

	31st March, 2012 *HK$'000*	31st December, 2010 *HK$'000*
Accrued staff costs and other accruals	**24,764**	13,563
Receipt in advance from customers	**7,685**	8,537
Value-added-tax payable	**11,456**	17,594
Others	**4,331**	3,378
	48,236	43,072

22. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amount is unsecured, interest-free and repayable on demand.

23. DEFERRED INCOME

Deferred income represents the portion of the management fee that has not been earned as revenue in accordance with the revenue recognition policy of management fee income.

	31st March, 2012	31st December, 2010
	HK$'000	*HK$'000*
At beginning of the period/year	**665**	466
Exchange realignment	**21**	12
Additions	**392**	210
Recognised as revenue during the period/year	**(40)**	(23)
At end of the period/year	**1,038**	665
Less: Amount to be recognised within one year shown under current liabilities	**(36)**	(24)
	1,002	641

24. BANK BORROWINGS

	31st March, 2012	31st December, 2010
	HK$'000	*HK$'000*
Bank loans		
Secured	**17,220**	46,020
Unsecured	**33,231**	45,795
	50,451	91,815

All of the Group's unsecured bank loans carry variable interest rates at Hong Kong Interbank Offered Rate ("HIBOR") plus a fixed margin or Prime Rates determined by Hang Seng Bank plus a fixed margin. At 31st March, 2012, a secured bank loan of HK$17,220,000 (31st December, 2010: HK$22,420,000) carries interest at Benchmark Interest Rate of Loans, determined by The People's Bank of China, plus a fixed margin. At 31st December, 2010, a secured bank loan of HK$23,600,000 carried fixed-rate interest at 5.85% per annum.

24. BANK BORROWINGS *(cont'd)*

The effective interest rates of all of the Group's bank borrowings range from 1.65% to 7.11% (31st December, 2010: 1.15% to 5.85%) per annum.

	31st March, 2012	31st December, 2010
	HK$'000	*HK$'000*
Carrying amount repayable *(note)*:		
On demand or within one year	**37,011**	54,075
More than one year, but not exceeding two years	**–**	4,720
More than two years but not exceeding five years	**–**	12,980
	37,011	71,775
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**13,440**	20,040
	50,451	91,815
Less: Amounts shown under current liabilities	**(50,451)**	(74,115)
Amounts shown under non-current liabilities	**–**	17,700

note: The amounts due are based on scheduled repayment dates set out in the loan agreements.

25. CONVERTIBLE NOTES

The Company issued (i) a convertible note with a principal sum of HK$49,500,000 on 29th June, 2007 (the "CN June 2007"), (ii) a convertible note with a principal sum of HK$130,000,000 on 19th September, 2007 (the "CN Sept 2007") and (iii) a convertible note with a principal sum of HK$60,000,000 on 3rd August, 2009 (the "CN Aug 2009"). CN June 2007 and CN Aug 2009 were issued to CCIL, which is currently the ultimate holding company of the Company, and CN Sept 2007 was issued to Great Income Profits Limited, which is also a shareholder of the Company.

All convertible notes are denominated in Hong Kong dollars. The effective interest rates of the liability component and the other major terms of the convertible notes are as follows:

	Principal amount of convertible notes *HK$'000*	Maturity dates	Conversion price	Effective interest rate on date of issue	Contractual coupon rate during the period	Effective interest rate during the period
CN June 2007	49,500	29th June, 2011	HK$0.399 per share *(note i)*	7.17%	1.5% (twelve months ended 31st December, 2010: 1.5%)	7.17%
CN Sept 2007	130,000	3rd August, 2014	HK$0.223 per share *(note ii)*	7.48%	1% (twelve months ended 31st December, 2010: 1%)	14.86%
CN Aug 2009	60,000	3rd August, 2014	HK$0.223 per share *(note iii)*	14.86%	1% (twelve months ended 31st December, 2010: 1%)	14.86%

notes:

(i) The initial conversion price on the date of issue was HK$0.45 per share and was adjusted to HK$0.399 upon the completion of the rights issue on 16th June, 2008.

(ii) The initial conversion price on the date of issue was HK$1 per share and was adjusted to HK$0.886 upon the completion of the rights issue on 16th June, 2008, and further adjusted to HK$0.25 per share as a result of the modification of the terms on 3rd August, 2009, and further adjusted to HK$0.223 per share upon the completion of the rights issue on 20th July, 2011 (the "Rights Issue") as set out in note 27.

(iii) The initial conversion price on the date of issue was HK$0.25 per share and was adjusted to HK$0.223 upon the completion of the Rights Issue.

25. CONVERTIBLE NOTES *(cont'd)*

The convertible notes entitle the holders to convert, in whole or in part, the principal amount into ordinary shares of the Company on any business day prior to five business days before the respective maturity dates. Unless previously converted, the convertible notes will be redeemed on maturity dates at par.

The fair values of the liability portion and the equity portion of CN June 2007, CN Sept 2007 and CN Aug 2009 on the respective dates of issue are as follows.

	CN June 2007	CN Sept 2007	CN Aug 2009	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Liability portion	40,030	109,776	32,027	181,833
Equity portion	9,470	46,242	27,973	83,685
	49,500	156,018	60,000	265,518

Movement of the liability component of the convertible notes

The movement of the liability component of the convertible notes for the twelve months ended 31st December, 2010 and the fifteen months ended 31st March, 2012 is set out below:

	CN June 2007	CN Sept 2007	CN Aug 2009	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at 1st January, 2010	15,103	39,662	33,996	88,761
Conversion during the year *(note i)*	–	(5,003)	(5,277)	(10,280)
Interest charge *(note 9)*	1,074	5,584	4,676	11,334
Interest paid	(250)	(703)	(590)	(1,543)
Carrying amount at 31st December, 2010	15,927	39,540	32,805	88,272
Redeemed during the period *(note ii)*	(16,650)	–	–	(16,650)
Interest charge *(note 9)*	973	7,420	6,140	14,533
Interest paid	(250)	(617)	(513)	(1,380)
Carrying amount at 31st March, 2012	**–**	**46,343**	**38,432**	**84,775**
Principal amount at **31st March, 2012**	**–**	**61,750**	**51,250**	**113,000**
31st December, 2010	16,650	61,750	51,250	129,650

25. CONVERTIBLE NOTES *(cont'd)*

Movement of the liability component of the convertible notes *(cont'd)*

	31st March, 2012	31st December, 2010
	HK$'000	*HK$'000*
Classified as:		
Current liabilities	**–**	15,927
Non-current liabilities	**84,775**	72,345
	84,775	88,272

notes:

(i) During the twelve months ended 31st December, 2010, principal amounts of HK$8,750,000 of CN Aug 2009 and HK$8,250,000 of CN Sept 2007 were converted into 35,000,000 ordinary shares of HK$0.10 each and 33,000,000 ordinary shares of HK$0.10 each, respectively.

(ii) During the fifteen months ended 31st March, 2012, the Company redeemed CN June 2007 with the aggregate principal amount of HK$16,650,000 upon maturity.

26. DEFERRED TAX

The major deferred tax liabilities (assets) recognised and movements thereon during the current and prior periods are summarised below:

	Tax losses	Accelerated tax depreciation	Fair value adjustments of assets on business combination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1st January, 2010 (as previously stated)	(1,882)	2,345	123,172	123,635
Adjustment *(note 36)*	–	–	11,922	11,922
Balance at 1st January, 2010 (restated)	(1,882)	2,345	135,094	135,557
Charge (credit) to profit or loss	1,882	–	(3,144)	(1,262)
Exchange realignment	–	–	4,930	4,930
Balance as at 31st December, 2010 (restated)	–	2,345	136,880	139,225
Credit to profit or loss	–	(2,345)	(4,249)	(6,594)
Exchange realignment	–	–	5,566	5,566
Balance as at 31st March, 2012	**–**	**–**	**138,197**	**138,197**

At 31st March, 2012, the Group had unused tax losses of approximately HK$207.1 million (31st December, 2010: HK$151.1 million) available for offsetting against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. All tax losses can be carried forward indefinitely.

27. SHARE CAPITAL

	Number of shares *'000*	Amount *HK$'000*
Authorised:		
Ordinary shares of HK$0.10 each		
Balance at 1st January, 2010 and 31st December, 2010	3,000,000	300,000
Increase on 27th June, 2011 *(note i)*	1,000,000	100,000
Balance at 31st March, 2012	**4,000,000**	**400,000**
Preference shares of HK$0.01 each		
Series A Preference Shares		
Balance at 1st January, 2010, 31st December, 2010 and 31st March, 2012	1,000,000	10,000
Series B Preference Shares		
Balance at 1st January, 2010, 31st December, 2010 and 31st March, 2012	1,000,000	10,000
	2,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
Balance at 1st January, 2010	1,035,604	103,560
Issue of shares upon conversion of convertible notes *(note 25)*	68,000	6,800
Balance at 31st December, 2010	1,103,604	110,360
Issue of shares under rights issue *(note ii)*	1,103,604	110,361
Balance at 31st March, 2012	**2,207,208**	**220,721**

27. SHARE CAPITAL *(cont'd)*

notes:

(i) Pursuant to an ordinary resolution passed in the extraordinary general meeting held on 27th June, 2011, the number of authorised ordinary shares of HK$0.10 each of the Company was increased by 1,000,000,000 shares.

(ii) On 20th July, 2011, a rights issue on the basis of one rights share for every one existing share held was completed at a subscription price of HK$0.10 per rights share. A total of 1,103,604,139 rights shares were issued resulting in gross proceeds of approximately HK$110 million to the Company. The new shares ranked pari passu with the then existing shares in all aspects.

28. SHARE OPTION SCHEME

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

Under the 2001 Scheme which is valid and effective for a term of ten years from the date of its adoption, the directors may grant options to the Eligible Persons to subscribe for ordinary shares in the Company at a price to be notified by the directors and to be no less than the highest of: (i) the closing price of the Company's ordinary shares as stated in the daily quotation sheets issued by the Stock Exchange (the "Daily Quotation Sheets") on the day of offer; (ii) the average of the closing prices of the Company's ordinary shares as stated in the Daily Quotation Sheets for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's ordinary shares. The number of ordinary shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the issued ordinary share capital of the Company at any point in time, without prior approval from the Company's shareholders. The maximum number of ordinary shares in respect of which options may be granted under the 2001 Scheme shall not exceed 10% of the issued ordinary share capital of the Company from time to time.

Options granted under the 2001 Scheme must be taken up within 28 days from the date of grant, upon payment of a nominal price. Options may be exercised at any time after the date of options were accepted (the "Acceptance Date"), but none of them can be exercised later than ten years from the Acceptance Date.

The 2001 Scheme lapsed on 12th December, 2011. No options had been granted under the 2001 Scheme since its adoption.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debt, which includes the bank borrowings and convertible notes disclosed in notes 24 and 25, respectively, and equity attributable to owners of the Company, comprising issued share capital and various reserves.

30. FINANCIAL INSTRUMENTS

30i. Categories of financial instruments

	31st March, 2012 HK$'000	31st December, 2010 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**211,313**	197,016
Financial liabilities		
Amortised cost	**188,457**	223,245

30ii. Financial risk management objectives and policies

The Group's major financial instruments include accounts receivables, other receivables, bank balances, accounts payables, other payables, amount due to a non-controlling shareholder of a subsidiary, bank borrowings and convertible notes. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

30. FINANCIAL INSTRUMENTS *(cont'd)*

30ii. Financial risk management objectives and policies *(cont'd)*

Market risk

(a) Currency risk

The Group takes into consideration exchange rate fluctuations to determine the selling prices of the printing products based on Hong Kong dollars, the functional currency of the group entity making the sales. The sales of printing products are invoiced mainly in USD, EUR, AUD and GBP. The Group has foreign currency sales, trade receivables and bank balances, which expose the Group to foreign currency risk. Exchange rate fluctuations have always been the concern of the Group. The Group currently does not enter into any derivative contracts to minimise the foreign currency risk exposure. However, the management will consider hedging significant currency risk should the need arises.

The carrying amounts of the Group's monetary assets denominated in currencies other than the functional currency of the relevant group entities at the end of the reporting period are as follows:

	31st March, 2012	31st December, 2010
	HK$'000	*HK$'000*
USD	**67,690**	80,896
EUR	**6,819**	2,491
AUD	**263**	1,370
GBP	**2,413**	1,109

30. FINANCIAL INSTRUMENTS *(cont'd)*

30ii. Financial risk management objectives and policies *(cont'd)*

Market risk (cont'd)

(a) *Currency risk (cont'd)*

Sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in Hong Kong dollars against EUR and AUD, 5% increase and decrease in Hong Kong dollars against GBP and 1% increase and decrease in Hong Kong dollars against USD. 10%, 5% or 1% are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10%, 5% or 1% change in relevant foreign currency rates. A 10%, 5% or 1% strengthening of the Hong Kong dollars against the relevant foreign currencies will give rise to an increase in the post-tax loss. For a 10%, 5% or 1% weakening of the Hong Kong dollars against the relevant foreign currencies, there would be an equal and opposite impact on the loss, and the balances below would be negative.

	Increase in post-tax loss	
	For the fifteen months ended 31st March, 2012	For the twelve months ended 31st December, 2010
	HK$'000	*HK$'000*
USD	**565**	675
EUR	**569**	208
AUD	**26**	142
GBP	**101**	46

(b) *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 24 for details of these borrowings) and bank balances (note 20), and fair value interest rate risk in relation to fixed-rate bank borrowings (see note 24) and fixed-rate convertible notes (see note 25). It is the Group's policy to keep its borrowings at a mixture of floating rate and fixed rate of interests so as to balance the interest rate risk.

30. FINANCIAL INSTRUMENTS *(cont'd)*

30ii. Financial risk management objectives and policies *(cont'd)*

Market risk (cont'd)

(b) Interest rate risk (cont'd)

The Group currently does not have any interest rate hedging policy in relation to interest rate risks. The directors monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risks should the need arises.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollars borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period, excluding bank balances as the related change in interest rate is considered immaterial. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's loss for the fifteen months ended 31st March, 2012 would increase/decrease by HK$332,000 (twelve months ended 31st December, 2010: increase/decrease by HK$458,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

Credit risk

As at 31st March, 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

30. FINANCIAL INSTRUMENTS *(cont'd)*

30ii. Financial risk management objectives and policies *(cont'd)*

Credit risk (cont'd)

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group has purchased a credit insurance from Export Credit Insurance Corporation on certain overseas sales to compensate for losses from debts that are not collectible. The Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced and there is no concentration of risk on the accounts receivables which consist of a large number of customers, spread across diverse geographical areas.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

30. FINANCIAL INSTRUMENTS *(cont'd)*

30ii. Financial risk management objectives and policies *(cont'd)*

Liquidity risk (cont'd)

Liquidity and interest risk tables

	Contractual weighted average interest rate	On demand or less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total undiscounted cash flows	Carrying amount
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31st March, 2012							
Non-derivative financial liabilities							
Accounts and other payables	–	26,593	15,898	9,374	–	51,865	51,865
Amount due to a non-controlling shareholder of a subsidiary	–	1,366	–	–	–	1,366	1,366
Bank loans	5.0%	33,231	1,434	16,843	–	51,508	50,451
Convertible notes	1.0%	–	–	–	86,753	86,753	84,775
		61,190	17,332	26,217	86,753	191,492	188,457
31st December, 2010							
Non-derivative financial liabilities							
Accounts and other payables	–	16,653	10,694	14,445	–	41,792	41,792
Amount due to a non-controlling shareholder of a subsidiary	–	1,366	–	–	–	1,366	1,366
Bank loans	4.6%	45,795	2,790	27,795	20,860	97,240	91,815
Convertible notes	1.3%	–	–	16,046	75,645	91,691	88,272
		63,814	13,484	58,286	96,505	232,089	223,245

30. FINANCIAL INSTRUMENTS *(cont'd)*

30ii. Financial risk management objectives and policies *(cont'd)*

Liquidity risk (cont'd)

Bank loans with a repayment on demand clause are included in the "On demand or less than 1 month" time band in the above maturity analysis. As at 31st March, 2012, the aggregate undiscounted principal amounts of these bank loans amounted to HK$33,231,000 (31st December, 2010: HK$45,795,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid within one year to four years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$33,766,000 (31st December, 2010: HK$47,450,000).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

30iii. Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

31. CAPITAL COMMITMENTS

At 31st March, 2012, the Group had commitments of approximately HK$73,000 (31st December, 2010: HK$263,000) for capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment.

32. OPERATING LEASES COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases for buildings which fall due as follows:

	31st March, 2012	31st December, 2010
	HK$'000	*HK$'000*
Within one year	**2,425**	2,517
In the second to fifth years inclusive	**2,513**	1,677
	4,938	4,194

Operating lease payments represent rentals payable by the Group for certain of its offices and warehouse properties with fixed monthly rentals for an average term of three years.

33. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Group operates a MPF Scheme for its qualifying employees. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK$2,000 or 5% of the relevant payroll costs to the MPF Scheme.

The employees of the Group in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The Group is required to contribute a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the above scheme is to make the specified contributions.

The total cost charged to the profit or loss in the consolidated statement of comprehensive income of approximately HK$1,181,000 (twelve months ended 31st December, 2010: HK$1,039,000) represents contributions paid/payable to the defined contribution plans by the Group.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31st March, 2012 *HK$'000*	31st December, 2010 *HK$'000*
ASSETS AND LIABILITIES		
ASSETS		
Investment in a subsidiary	**92,963**	92,963
Amount due from a subsidiary	**414,045**	404,737
Other receivables	**293**	219
Bank balances and cash	**106,557**	59,275
	613,858	557,194
LIABILITIES		
Other payables	**578**	574
Convertible notes	**84,775**	88,272
	85,353	88,846
NET ASSETS	**528,505**	468,348
CAPITAL AND RESERVES		
Share capital	**220,721**	110,360
Reserves *(note i)*	**307,784**	357,988
	528,505	468,348

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(cont'd)*

notes:

(i) Reserves

	Share premium	Other reserve	Convertible notes equity reserve	Contributed surplus	Accumulated profits (losses)	Total
	HK$'000	*HK$'000* *(note ii)*	*HK$'000*	*HK$'000* *(note iii)*	*HK$'000*	*HK$'000*
At 1st January, 2010	285,533	4,000	54,678	77,963	109,263	531,437
Loss for the year	–	–	–	–	(176,929)	(176,929)
Conversion of convertible notes	11,441	–	(7,961)	–	–	3,480
At 31st December, 2010	296,974	4,000	46,717	77,963	(67,666)	357,988
Loss for the period	–	–	–	–	(46,922)	(46,922)
Share issue costs	(3,282)	–	–	–	–	(3,282)
Release upon redemption of convertible notes	–	–	(3,185)	–	3,185	–
At 31st March, 2012	**293,692**	**4,000**	**43,532**	**77,963**	**(111,403)**	**307,784**

(ii) The other reserve of the Company relates to contribution by the substantial shareholders of the Company who were also the holders of the preference shares. It represents the excess of the face value of redeemable preference shares over the consideration paid upon redemption in 2004.

(iii) The contributed surplus of the Company represents the difference between the underlying net assets of the subsidiaries which were acquired by the Company at the date of a group reorganisation in 1996 (the "Group Reorganisation") and the nominal amount of the shares issued by the Company which were issued under the Group Reorganisation.

35. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31st March, 2012 and 31st December, 2010 are as follows:

Name of subsidiary	Place of incorporation or registration	Issued and fully paid share capital/ registered capital	Proportion of equity interest indirectly held by the Company	Principal activities *(note i)*
廣東省博羅縣圓州勤達印務有限公司 Guangdong Boluo Yuanzhou Midas Printing Limited	The PRC *(note ii)*	US$12,503,119	100%	Manufacturing and trading of printed products
Midas Printing (HK) Limited	Hong Kong	HK$2 ordinary shares	100%	Trading of printed products
Midas Printing International Limited	Hong Kong	HK$7,000 ordinary shares	100%	Trading of printed products
Success Gain Investment Limited	Hong Kong	HK$2 ordinary shares	100%	Investment holding
Fortune Wealth Memorial Park Limited ("Fortune Wealth")	Hong Kong	HK$10,000 ordinary shares	87.5%	Investment holding
四會聚福寶華僑陵園有限公司 Fortune Wealth Memorial Park (Si Hui) Limited ("Fortune Wealth (Si Hui)")	The PRC *(note iii)*	HK$36,380,000	83.4%	Development and construction of cemetery and provision of related management services in the PRC

35. PRINCIPAL SUBSIDIARIES *(cont'd)*

notes:

i. All subsidiaries carry out their operations principally in their respective place of incorporation or registration.

ii. This company is registered in the form of a wholly-owned foreign investment enterprise.

iii. This company is a sino-foreign co-operative joint venture company. Pursuant to a joint venture agreement, Fortune Wealth contributes 100% of the registered capital of Fortune Wealth (Si Hui) but shares 95.32% of its profits and losses.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results of the Group for the periods or formed a substantial portion of the net assets of the Group at the end of the reporting periods. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at the end of the reportable period or at any time during the period.

36. COMPARATIVE FIGURES

During the fifteen months ended 31st March, 2012, the carrying amounts of cemetery assets, deferred tax liabilities, non-controlling interests and translation reserve have been adjusted to reflect the effects of translation of fair value adjustments arising on acquisition that took place in a prior year. Accordingly, the carrying amounts of cemetery assets, translation reserve, non-controlling interests and deferred tax liabilities as at 31st December, 2010 have been increased by HK$67,406,000, HK$42,162,000, HK$8,392,000 and HK$16,852,000 (1st January, 2010: HK$47,688,000, HK$29,829,000, HK$5,937,000 and HK$11,922,000) respectively, and the exchange differences arising on translation of foreign operations for the twelve months ended 31st December, 2010 have been increased by HK$14,788,000.

Financial Summary

RESULTS

	For the fifteen months ended 31st March, 2012 *HK$'000*	For the twelve months ended 31st December, 2010 *HK$'000*	2009 *HK$'000*	2008 *HK$'000*	2007 *HK$'000*
TURNOVER	**369,549**	293,584	299,573	510,504	705,443
LOSS BEFORE TAXATION	**(92,975)**	(76,100)	(48,203)	(122,150)	(24,470)
INCOME TAX CREDIT (EXPENSES)	**6,394**	499	2,948	3,362	(4,019)
LOSS FOR THE PERIOD/YEAR	**(86,581)**	(75,601)	(45,255)	(118,788)	(28,489)
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	**(83,502)**	(73,896)	(43,394)	(115,823)	(28,328)
NON-CONTROLLING INTERESTS	**(3,079)**	(1,705)	(1,861)	(2,965)	(161)
LOSS FOR THE PERIOD/YEAR	**(86,581)**	(75,601)	(45,255)	(118,788)	(28,489)

ASSETS AND LIABILITIES

	At 31st March, 2012 *HK$'000*	At 31st December, 2010 *HK$'000* (restated)	2009 *HK$'000* (restated)	2008 *HK$'000* (restated)	2007 *HK$'000* (restated)
TOTAL ASSETS	**1,012,315**	991,908	1,010,403	1,071,094	1,230,076
TOTAL LIABILITIES	**(393,674)**	(411,168)	(380,018)	(467,246)	(603,536)
NET ASSETS	**618,641**	580,740	630,385	603,848	626,540
ASSETS ATTRIBUTABLE TO OWNERS OF THE COMPANY	**548,720**	510,510	561,022	532,670	550,024
NON-CONTROLLING INTERESTS	**69,921**	70,230	69,363	71,178	76,516
TOTAL EQUITY	**618,641**	580,740	630,385	603,848	626,540

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong on Wednesday, 29th August, 2012 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the directors' report and the auditor's report for the fifteen months ended 31st March, 2012.

2. (a) To re-elect Mr. HUNG Ting Ho, Richard as an executive director.

   (b) To re-elect Mr. CHUANG Ka Kam, Geoffrey as an executive director.

   (c) To re-elect Mr. SHEK Lai Him, Abraham as an independent non-executive director.

   (d) To authorise the Board to fix the remuneration of the directors.

3. To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

   A. To appoint new auditor and to authorise the board of directors to fix its remuneration.

   B. "**THAT**:

      (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or any other stock exchange on which securities (including ordinary shares of HK$0.10 each (the "Shares")) in the capital of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, and that the exercise by the directors of all powers of the Company to purchase such securities, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of securities of the Company which may be purchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the aggregate nominal amount of the Shares in the share capital of the Company in issue at the date of passing of this Resolution, and the said approval shall be limited accordingly; and

(c) for the purpose of this Resolution,

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; or

(iii) the revocation or variation of authority given under this Resolution by an ordinary resolution of the shareholders in general meeting."

C. "**THAT**:

(a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers, be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal amount of the Shares in the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (1) a Rights Issue (as hereinafter defined); (2) an issue of Shares as scrip dividends pursuant to the Articles of Association of the Company; (3) an issue of Shares by the exercise of options granted under any share option scheme of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the Shares in the share capital of the Company in issue at the date of passing of this Resolution, and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution,

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; or

(iii) the revocation or variation of authority given under this Resolution by an ordinary resolution of the shareholders in general meeting; and

"Rights Issue" means an offer of Shares open for a period fixed by the directors of the Company to the holders of Shares of the Company on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company)."

D. "**THAT**:

conditional upon the resolution set out in paragraph B of item 3 in the notice convening this meeting being passed, the aggregate nominal amount of Shares in the capital of the Company which are purchased by the Company under the authority granted to the directors of the Company by such resolution (up to a maximum of 10 per cent of the aggregate nominal amount of the Shares in the share capital of the Company in issue at the date of passing of this Resolution) shall be added to the aggregate nominal amount of Shares in the capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the resolution set out in paragraph C of item 3 in the notice convening this meeting."

E. "**THAT**:

conditional upon (i) the shareholders of Chuang's Consortium International Limited having approved the adoption of the New Share Option Scheme (as defined herein below) by the Company and (ii) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the new share option scheme of the Company referred to in the circular despatched to the shareholders of the Company on the same day as this notice, a copy of which has been tabled at the meeting marked "A" and signed by the chairman of this meeting for identification purpose (the "New Share Option Scheme"), the rules of the New Share Option Scheme be and are hereby approved and adopted and that the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal with the Shares which fall to be issued pursuant to the exercise of any option granted under the New Share Option Scheme and to take all such steps and do all such acts as may be necessary or expedient in order to give effect to the New Share Option Scheme."

4. To consider and, if thought fit, pass with or without amendments the following resolutions as special resolutions of the Company:

   A. "**THAT**:

      the existing amended and restated memorandum of association ("Memorandum") and amended and restated articles of association ("Articles") of the Company (collectively, the "Memorandum and Articles") be amended in the following manner:

      (a) Memorandum

         (i) By replacing all references in the Memorandum to "The Companies Law (2001 Second Revision)" with the words "The Companies Law";

         (ii) By deleting the words "Registered Office of the Company shall be at the offices of Maples and Calder, P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies" in clause 2 of the Memorandum and replacing therewith "registered office of the Company shall be at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands";

         (iii) By deleting the words "HK$220,000,000.00 divided into 2,000,000,000 ordinary shares of a nominal or par value of HK$0.10 each and 1,000,000,000 Series A Preference Shares of a nominal or par value of HK$0.01 and 1,000,000,000 Series B Preference Shares of a nominal or par value of HK$0.01 each" in clause 6 of the Memorandum and replacing therewith "HK$420,000,000 divided into 4,000,000,000 ordinary shares of HK$0.10 each, 1,000,000,000 Series A Preference Shares of HK$0.01 each and 1,000,000,000 Series B Preference Shares of HK$0.01 each";

(b) Articles

(i) Article 2

By deleting the existing definition of "the Companies Law/the Law" and replacing therewith the following:

""the Companies Law/the Law"	shall mean the Companies Law of the Cayman Islands;";

(ii) Article 3

By deleting the existing Article 3 in its entirety and replacing therewith the following new Article 3:

"3. The capital of the Company at the date of the adoption of these Articles is HK$420,000,000 divided into 4,000,000,000 Ordinary shares, 1,000,000,000 Series A Preference Shares and 1,000,000,000 Series B Preference Shares."; and

(iii) Article 120

By deleting the words "of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his" in the fourth line of the existing Article 120 and replacing therewith the following:

"or members of the Company (not being the person or persons to be proposed), who holds or collectively hold not less than 5% in nominal value of the issued shares of any class of the Company and is/are entitled to attend and vote at the meeting for which such notice is given, of his/their"."

B. "**THAT**:

the Second Amended and Restated Memorandum and Articles of Association in the form of the document marked "B" and produced to this meeting and for the purpose of identification signed by the chairman of this meeting, which consolidates all of the proposed amendments referred to in resolution set out in paragraph A of item 4 in the notice convening this meeting (on the condition that resolution set out in paragraph A of item 4 in the notice convening this meeting shall have been passed) be approved and adopted as the new memorandum and articles of association of the Company in substitution for and to the exclusion of the existing Memorandum and Articles with immediate effect."

By order of the Board of
Midas International Holdings Limited
LEE Wai Ching
Company Secretary

Hong Kong, 20th July, 2012

notes:

(1) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead. A proxy need not be a member of the Company.

(2) In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited at the head office and principal place of business of the Company at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong, not less than 48 hours before the time appointed for holding of the meeting.

(3) An explanatory statement containing further details regarding the resolutions set out in items 2 to 4 will be sent to shareholders together with the annual report for the fifteen months ended 31st March, 2012.