MIDAS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1172

Annual Report 2013

This Annual Report is printed by Midas International Holdings Limited

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Corporate Information

HONORARY CHAIRMAN
Mr. Alan Chuang Shaw Swee

BOARD OF DIRECTORS
Executive Directors
Mr. Richard Hung Ting Ho
(Chairman and Managing Director)
Miss Candy Chuang Ka Wai
Mr. Geoffrey Chuang Ka Kam

Non-Executive Director
Mr. Dominic Lai

Independent Non-Executive Directors
Mr. Abraham Shek Lai Him, S.B.S., J.P.
Dr. Eddy Li Sau Hung, B.B.S., J.P.
Mr. Yau Chi Ming

AUDIT COMMITTEE
Mr. Abraham Shek Lai Him*, S.B.S., J.P.
Dr. Eddy Li Sau Hung, B.B.S., J.P.
Mr. Yau Chi Ming
Mr. Dominic Lai

NOMINATION COMMITTEE
Mr. Abraham Shek Lai Him*, S.B.S., J.P.
Dr. Eddy Li Sau Hung, B.B.S., J.P.
Mr. Dominic Lai

REMUNERATION COMMITTEE
Mr. Yau Chi Ming*
Mr. Abraham Shek Lai Him, S.B.S., J.P.
Mr. Dominic Lai

CORPORATE GOVERNANCE COMMITTEE
Mr. Richard Hung Ting Ho*
Miss Candy Chuang Ka Wai
Mr. Geoffrey Chuang Ka Kam

COMPANY SECRETARY
Ms. Lee Wai Ching

AUDITOR
PricewaterhouseCoopers
22nd Floor
Prince's Building
10 Chater Road
Central
Hong Kong

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
25th Floor, Alexandra House
18 Chater Road
Central
Hong Kong
Website: http://www.midasprinting.com

* Chairman of the relevant committee

OTHER OFFICES IN HONG KONG AND IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

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

Guangdong Boluo Yuanzhou Midas Printing Limited
Boluo Yuanzhou Town Xianan Administration District
Huizhou
Guangdong
The PRC

Dongguan Midas Printing Company Limited
Dezheng Zhonglu
Changan
Dongguan
Guangdong
The PRC

Fortune Wealth Memorial Park (Si Hui) Limited
Jiang Gu
Si Hui
Guangdong
The PRC

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. Alan Chuang Shaw Swee, aged 61, 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) and the honorary chairman of Chuang's China Investments Limited ("Chuang's China"), both 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 standing committee member of All-China Federation of Returned Overseas Chinese, a member of China Overseas Friendship Association, 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 an executive 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. Richard Hung Ting Ho, aged 59, 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 34 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. He joined the Group in 2007.

Miss Candy Chuang Ka Wai, aged 31, has over 9 years of experience in general management, marketing and property business. She is an executive director of CCIL and the chairman of Treasure Auctioneer International Limited. Miss Chuang is the daughter of Mr. Alan Chuang Shaw Swee. She is also the sister of Mr. Geoffrey Chuang Ka Kam, 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. Geoffrey Chuang Ka Kam, aged 25, 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 4 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. Alan Chuang Shaw Swee. He is also the brother of Miss Candy Chuang Ka Wai, an Executive Director of the Company. He joined the Group in 2011.

NON-EXECUTIVE DIRECTOR

Mr. Dominic Lai, aged 66, 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. Abraham Shek Lai Him, S.B.S., J.P., aged 68, 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, Dorsett Hospitality International Limited, ITC Properties Group Limited, China Resources Cement Holdings Limited and Lai Fung 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. Eddy Li Sau Hung, B.B.S., J.P., aged 58, was appointed as an Independent Non-Executive Director of the Company in 2004. He has over 28 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 59, 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 28 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. Mr. Yau is an independent non-executive director of CCIL.

SENIOR MANAGEMENT

Mr. Wong Chi Sing, aged 42, the Financial Controller, is responsible for the corporate finance, treasury, human resources management and internal audit functions of the Group. He has over 19 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. Sam Hui Wai Wu, aged 54, the General Manager of manufacturing of the printing division. He has over 34 years of experience in the printing industry. He joined the Group in 2003.

Mr. Lam Hung Kong, aged 49, the General Manager of the cemetery division, is responsible for the overall management of the cemetery. He has over 22 years of experience in design, development and management of real estates and 11 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.

Chairman's Statement

FINANCIAL RESULTS

The Board of Directors (the "Board") announces that the audited loss attributable to ordinary shareholders of the Company for the year ended 31st March, 2013 amounted to HK$46.8 million (fifteen months ended 31st March, 2012: HK$83.5 million). Loss per ordinary share was 2.1 HK cents (fifteen months ended 31st March, 2012: 4.7 HK cents).

MANAGEMENT DISCUSSION ON RESULTS

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

During the year under review, printing turnover amounted to approximately HK$271.5 million (fifteen months ended 31st March, 2012: HK$359.4 million). Turnover derived from the cemetery operation was HK$6.2 million (fifteen months ended 31st March, 2012: HK$10.1 million). Accordingly, total turnover of the Group amounted to HK$277.7 million (fifteen months ended 31st March, 2012: HK$369.5 million).

Gross profit, principally derived from our printing business, amounted to HK$53.6 million (fifteen months ended 31st March, 2012: HK$71.1 million). Despite operating cost in the PRC has been escalating, the Group maintained the gross profit margin of 19.3%. This was mainly resulted from the effective implementation of cost control measures during the year.

Other income and net gain increased to HK$12.6 million for the year under review (fifteen months ended 31st March, 2012: HK$10.2 million) which was mainly due to the gain arising from disposal of property, plant and equipment recorded during the year. Selling and marketing expenses amounted to HK$22.7 million for the year (fifteen months ended 31st March, 2012: HK$38.3 million) which was in line with the turnover change. Administrative and other operating expenses was HK$82.4 million (fifteen months ended 31st March, 2012: HK$115.1 million) which was equivalent to HK$6.9 million per month (fifteen months ended 31st March, 2012: HK$7.7 million per month). The reduction in administrative expenses was driven by tight control of operating costs. During the year, interest expense for a convertible note was capitalized and, therefore, the finance costs were reduced to HK$9.3 million (fifteen months ended 31st March, 2012: HK$20.8 million).

Taking all the above into account, loss attributable to equity holders of the Company for the year ended 31st March, 2013 amounted to HK$46.8 million (fifteen months ended 31st March, 2012: loss of HK$83.5 million). Loss per share amounted to 2.1 HK cents (fifteen months ended 31st March, 2012: 4.7 HK cents).

DIVIDENDS

In view of the loss incurred by the Group during the year under review, the Board does not recommend the payment of a final dividend for the year. No interim dividend had been paid during the year.

BUSINESS REVIEW

(A) Printing Business

During the year under review, the staggering worldwide economy and the deepening of European sovereign debt crisis adversely dampened the printing demand. Printing orders from both the United States of America and Europe were generally weak and unstable, especially during the period from April to July of 2012. This caused a slight decline in the average monthly printing turnover from HK$24.0 million (for the fifteen months ended 31st March, 2012) to HK$22.6 million (for the year ended 31st March, 2013).

However, the overall decline in printing orders accelerated the consolidation within the printing industry. More and more small printing service providers were going out of business as multinational publishers were seeking quality printing partner with established reputation. This trend is continuing and has benefitted the Group since the first quarter of 2013. Incoming orders for the first five months ended May 2013 grew by 17.1% on a year-to-year basis. The Group is optimistic that such a phenomenon will continue in the near future.

In Southern China, minimum wages were rising throughout the region which increased operating costs of the whole manufacturing industry. At the same time the price of raw materials remained at a high level. All these factors affected the operating performance of the printing industry. In response, the Group has continued to improve cost effectiveness through automation enhancement and rigorous cost monitoring. All these measures have improved and will continue to improve the profit margin of the printing segment.

For long term development purpose, 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 into a factory complex with total gross floor area of 120,000 sq. m.. Initial phase of the development will comprise factory premises and staff dormitory with a gross floor area of about 20,000 sq. m.. Foundation works have already been finished and construction works have commenced. In consideration of high development potential of this land site, the Group continues to review cautiously its own production need and may study alternate development plan of this land so as to maximize its value for the shareholders.

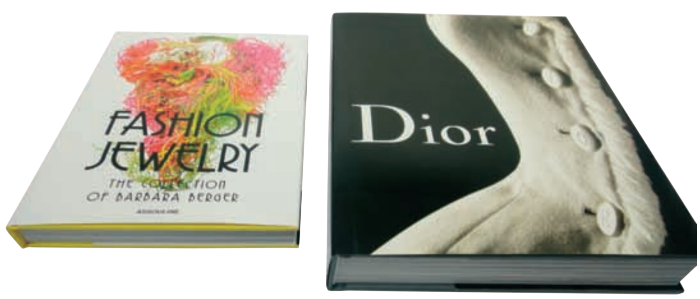
Since the year of 2010, the Group has substantially scaled down its operations in Changan, Dongguan and relocated most of the production facilities to the factory in Yuanzhou, Huizhou. The Changan factory is located near the city centre of the Changan town and its surrounding area is well developed and occupied by premium residential and commercial buildings. The local government is considering to rezone and develop the nearby area into an integrated commercial and residential district. The Group is supportive of the government rezoning plan and believes that once this plan is materialized, this will further enhance the value of the Changan factory site. Accordingly, the Group will closely monitor the progress and will take appropriate steps as it considers necessary in order to achieve the goal.

Printing Products

Stationery Set

Wine Boxes

Packaging Boxes



Hardcover Books

(B) Property Business – Cemetery Operation

Our cemetery in Sihui 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.

In the marketing aspects, in order to achieve steady sales growth in the coming years, the Group will continue to expand its marketing network mainly in the Guangdong Province, the PRC. Furthermore, the Group is negotiating with some Fengshui masters in the PRC for joint promotion so as to enhance the cemetery awareness and attract more customers. The Group is also negotiating with local government to establish a martyr memorial cemetery to commemorate martyrs who sacrificed their lives for the country. This can attract people to pay tribute and remembrance to the martyrs, so as to enhance awareness of the cemetery and improve its marketability in the long run.

In the development aspects, during the year, the Group has completed a further of 421 grave plots on a piece of vacant land within the existing 100 mu land, making total grave plots available for sales increased to 1,563 grave plots. In addition, in order to further enhance the value of the cemetery, the Group is planning to build an additional 2,305 grave plots on the existing 100 mu land. In anticipation of the further growing demand towards prestigious grave plots in the next decade, the Group has commenced negotiation with the local government with a view to obtain approval within the 418 mu land for expansion by phases. In this respect, the local government has approved in principle to grant certain area within the 418 mu land for further expansion. At the same time the Group has conducted a site survey for the whole 418 mu land and once formal approval is obtained from the local government, the Group will carry out further construction works thereon.

PROSPECTS

The Group expects that the operating horizon for the printing industry is still tough and challenging. Despite the uncertainty overclouding global economy, the Group will apply a prudent approach in its business development and allocation of resources so as to maximize the return to its shareholders.

The rapid growth of aged population in the past years increases the demand of prestigious grave plots and niches in the PRC. In view of our established sales network and reputation in this industry, the Group believes that investment in cemetery business will contribute steady revenue in the long run.

LIQUIDITY AND FINANCIAL POSITIONS

As at 31st March, 2013, cash and bank balances of the Group amounted to HK$117.3 million (2012: HK$131.1 million) whereas bank borrowings as at the same date amounted to HK$71.3 million (2012: HK$50.5 million). The debt to equity ratio (calculated as a percentage of bank borrowings over net asset value attributable to equity holders of the Group) amounted to 14.0% (2012: 9.2%). 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.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 44.7% of the Group's bank borrowings were repayable within the first year, 17.9% repayable within the second year and the balance of 37.4% repayable within the third to fifth years.

Net asset value attributable to equity holders of the Company as at 31st March, 2013 amounted to HK$507.9 million, equivalent to about HK$0.23 per share.

STAFF

As at 31st March, 2013, the Group, including its subcontracting processing plants, employed approximately 1,747 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.

Richard Hung Ting Ho
Chairman and Managing Director

Hong Kong, 19th June, 2013

Corporate Governance Report

INTRODUCTION

The Company is committed to achieving a 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 Corporate Governance Code (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

The board of Directors (the "Board") is responsible for overseeing the business and strategies of the Company and its subsidiaries (collectively as the "Group") with the objective of enhancing value for its shareholders.

(i) *Board composition*

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

Name	Position
Mr. Richard Hung Ting Ho ("Mr. Richard Hung")	Chairman and Managing Director
Miss Candy Chuang Ka Wai ("Miss Candy Chuang")*	Executive Director
Mr. Geoffrey Chuang Ka Kam ("Mr. Geoffrey Chuang")*	Executive Director
Mr. Dominic Lai	Non-Executive Director
Mr. Abraham Shek Lai Him ("Mr. Abraham Shek")	Independent Non-Executive Director
Dr. Eddy Li Sau Hung ("Dr. Eddy Li")	Independent Non-Executive Director
Mr. Yau Chi Ming	Independent Non-Executive Director

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

The composition of the Board is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business of the Group. 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. Each of the Directors' respective biographical details are set out in the section headed "Biographical Details of Honorary Chairman, Directors and Senior Management" of this annual report.

(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 by the Company with clear terms of reference to formulate the nomination policy for the Board's consideration and to implement the nomination policy, including reviewing the composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategies. The Nomination Committee comprises two Independent Non-Executive Directors, Mr. Abraham Shek and Dr. Eddy Li and a Non-Executive Director, Mr. Dominic Lai. The committee met once during the year to discuss the nomination policy and the structure, size and composition of the Board and assess the independency of each Independent Non-Executive Director.

The attendance record of each committee member is as follows:

Name	**No. of meeting attended/held**
Mr. Abraham Shek *(note)*	1/1
Dr. Eddy Li	1/1
Mr. Dominic Lai	1/1

note: Chairman of the Nomination Committee

(iv) *Board meetings*

The Board held four meetings during the year. 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 the 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.

The attendance record of each Director in Board meetings is as follows:

Name	Position	No. of meetings attended/held
Mr. Richard Hung	Chairman and Managing Director	4/4
Miss Candy Chuang	Executive Director	4/4
Mr. Geoffrey Chuang	Executive Director	4/4
Mr. Dominic Lai	Non-Executive Director	4/4
Mr. Abraham Shek	Independent Non-Executive Director	4/4
Dr. Eddy Li	Independent Non-Executive Director	4/4
Mr. Yau Chi Ming	Independent Non-Executive Director	4/4

(v) *Chairman and Chief Executive Officer*

As Mr. Richard Hung took up both roles as the Chairman and the Chief Executive Officer, being the Chairman and the Managing Director of the Company, the roles of the Chairman and the Chief Executive Officer are not separated pursuant to code provision A.2.1 of the CG Code. 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/her 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/her to make an informed decision and to discharge his/her duties and responsibilities as a Director of the Company. On appointment, new Directors will be given a comprehensive induction 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.

(ix) *Directors' Training*

According to the code provision A.6.5 of the CG Code, all directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding training, placing an appropriate emphasis on the roles, functions and duties of the Directors of the Company.

During the year, the Company has arranged seminars and provided reading materials to the Directors that are relevant to their duties and responsibilities. A summary of the training record of each Director received by the Company is as follows:

Name	Reading regulatory updates relating to the director's duties and responsibilities or information relevant to the Group or its business	Reading newspapers, journals and updates relating to the economy, environment and social issues or the director's duties and responsibilities	Attending in-house seminar(s) or seminar(s) organised by external professional institution(s) or attending conference(s) relevant to the director's duties and responsibilities
Mr. Richard Hung	✓	✓	✓
Miss Candy Chuang	✓	✓	✓
Mr. Geoffrey Chuang	✓	✓	✓
Mr. Dominic Lai	✓	✓	✓
Mr. Abraham Shek	✓	✓	✓
Dr. Eddy Li	✓	✓	✓
Mr. Yau Chi Ming	✓	✓	✓

(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 and is responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the Company's establishment of a formal and transparent procedure for developing remuneration policy.

The Remuneration Committee comprises two Independent Non-Executive Directors, Mr. Yau Chi Ming and Mr. Abraham Shek and a Non-Executive Director, Mr. Dominic Lai. The committee met once during the year to review the remuneration policy of the Group and the management remuneration proposals with reference to the Board's corporate goals and objectives. The committee performs an advisory role to the Board with the Board retaining the final authority to approve the remuneration packages of Directors and senior management and the model (c)(ii) as stipulated in code provision B.1.2. of the CG Code was adopted.

The attendance record of each committee member is as follows:

Name	No. of meeting attended/held
Mr. Yau Chi Ming *(note)*	1/1
Mr. Abraham Shek	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 Group.

The reporting responsibility of the Company's auditor on the financial statements of the Group is set out in the "Independent Auditor's Report" on pages 37 to 38 of this annual report.

(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. Upon the review of the effectiveness of the internal control system of the Group during the year and 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 was established by the Company with clear terms of reference to review and supervise the Group's financial reporting process and its internal controls, and review the relationship with the auditor. The Audit Committee held two meetings during the year 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 Group's consolidated financial statements for the year ended 31st March, 2013. The current members of the Audit Committee are three Independent Non-Executive Directors, Mr. Abraham Shek, Dr. Eddy Li 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. Abraham Shek *(note)*	2/2
Dr. Eddy Li	2/2
Mr. Yau Chi Ming	2/2
Mr. Dominic Lai	2/2

note: Chairman of the Audit Committee

(iv) *Auditor's remuneration*

During the year, the remuneration paid or payable to the principal auditor, PricewaterhouseCoopers, is set out as follows:

Services rendered	*HK$'000*
Audit and audit related services	1,440
Non-audit services	400
	1,840

(D) Delegation by the Board

(i) Board committees

The Company has established four committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Corporate Governance Committee (the "CG Committee"). These committees were formed with specific clear 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) Corporate Governance

The Board delegated the corporate governance functions to the CG Committee which was established with clear terms of reference and is responsible for developing and reviewing the Company's policies and practices on corporate governance. The CG Committee is also delegated the responsibility to review any potential inside information of the Group and to make recommendation to the Board for any disclosure requirement or actions required. The CG Committee comprises three Executive Directors, Mr. Richard Hung, Miss Candy Chuang and Mr. Geoffrey Chuang.

The committee met twice during the year to review the corporate governance matters of the Company to ensure that the Company had complied with the principles and applicable code provisions of the CG Code.

The attendance record of each committee member is as follows:

Name	No. of meetings attended/held
Mr. Richard Hung *(note)*	2/2
Miss Candy Chuang	2/2
Mr. Geoffrey Chuang	2/2

note: Chairman of the CG Committee

(F) Communication with shareholders

The Company has established a shareholders communication policy with the objectives of enabling its shareholders to exercise their rights in an informed manner and to allow the shareholders and the investment community to engage actively with the Company. The Board has the responsibility to review the policy regularly to ensure its effectiveness. A summary of the policy is set out below:

(i) *Annual general meeting*

The Board regards annual general meeting as the principal opportunity to meet shareholders of the Company. With the exception of Dr. Eddy Li and Mr. Dominic Lai who did not attend the 2012 annual general meeting of the Company held on 29th August, 2012 (the "2012 AGM"), all Directors (including the Chairman of the Board and Chairman of the respective Board Committees) attended the 2012 AGM to answer questions raised by shareholders.

The attendance record of each Director in the 2012 AGM is as follows:

Name	Position	Attendance
Mr. Richard Hung	Chairman and Managing Director	Yes
Miss Candy Chuang	Executive Director	Yes
Mr. Geoffrey Chuang	Executive Director	Yes
Mr. Dominic Lai	Non-Executive Director	No
Mr. Abraham Shek	Independent Non-Executive Director	Yes
Dr. Eddy Li	Independent Non-Executive Director	No
Mr. Yau Chi Ming	Independent Non-Executive Director	Yes

(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 in all general meetings of the Company have been taken by poll and results of the poll have been announced in accordance with the 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. Details have been published in the website of the Company.

(G) Shareholders' rights

(i) *Convening an extraordinary general meeting*

Pursuant to Article 72 of the Articles of Association of the Company, an extraordinary general meeting may be convened on the written requisition of any two or more shareholders of the Company deposited at the principal office of the Company in Hong Kong at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong or, in the event the Company ceases to have such a principal office, the registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee) deposited at the principal office of the Company in Hong Kong at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong or, in the event the Company ceases to have such a principal office, the registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up share capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

(ii) *Enquiries to the Board*

Shareholders of the Company will have the opportunity to ask questions to the Board in general meetings. Shareholders of the Company may also make enquiries to the Board at their discretion. Such enquiries shall be made in writing directed to "The Board of Directors, Midas International Holdings Limited" by one of the following means:

- By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
- By email to : midas-board@chuangs.com.hk
- By facsimile to : (852) 2810 6213

The Board will respond promptly to proper enquiries raised by shareholders.

(iii) *Putting forward proposals at shareholders' meetings*

(a) Shareholders may put forward proposals relating to the election of Directors in general meetings as follows:

◦ Pursuant to Article 120 of the Articles of Association of the Company, a shareholder or shareholders (not being the person 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 may propose a person for election as a Director at any general meeting of the Company by giving a notice in writing to the secretary of the Company:

- of his/their intention to propose such person for election; and
- signed by the person to be proposed of his willingness to be elected.

- ◦ The period for lodgement of such a written notice will commence no earlier than the day after the despatch of the notice of the general meeting and end no later than seven (7) days prior to the date of such general meeting. If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the shareholders at least fourteen (14) clear days and not less than ten (10) business days prior to the general meeting.

- ◦ Any notice given for such proposal must include such person's information as may from time to time be required to be disclosed under Rule 13.51(2) of the Listing Rules in the event that such person is elected as a Director or any other applicable laws, rules and regulations which the Company may be subject to. Currently, the following information are required:

  - Full name and age;
  - Positions held with the Company and other members of the Group (if any);
  - Experience including (i) other directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas, and (ii) other major appointments and professional qualifications;
  - Length or proposed length of service with the Company;
  - Relationships with any Directors, senior management or substantial or controlling shareholders of the Company;
  - His interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);

- Amount of the Director's or supervisor's emoluments and the basis of determining the Director's or supervisor's emoluments and how much of these emoluments are covered by a service contract; and

- A declaration by the nominated person stating that he is not and has not been subject to any of the events provided for under Rule 13.51(2)(h) to (w) of the Listing Rules, or if any one or more of these provisions are applicable to him, full details thereof.

◦ Any notice given for this purpose shall be directed to "The Secretary, Midas International Holdings Limited" by one of the following means:

- By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong

- By email to : midas-board@chuangs.com.hk

- By facsimile to : (852) 2810 6213

◦ Any such shareholder(s) shall be one(s) that is/are entitled to attend and vote at the meeting for which such notice is given.

(b) To propose to put forward any other proposals at shareholders' meeting, and for questions relating to putting forward proposals at shareholders' meetings, shareholders could direct all such enquiries/proposals in writing to "The Board of Directors, Midas International Holdings Limited" by one of the following means:

- By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong

- By email to : midas-board@chuangs.com.hk

- By facsimile to : (852) 2810 6213

(H) Amendments to constitutional documents of the Company

At the 2012 AGM, special resolutions were passed by shareholders to amend the then Memorandum and Articles of Association of the Company and adopt a second amended and restated Memorandum and Articles of Association so as to consolidate all the changes previously made, to incorporate certain housekeeping amendments and to amend certain requirements relating to election of Directors at general meetings. Details of the amendments were included in the circular to shareholders dated 20th July, 2012.

After the relevant amendments, no person other than a retiring Director shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless there has been given to the secretary of the Company notice in writing by a member or members of the Company (not being the person 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 are entitled to attend and vote at the meeting for which such notice is given, of his/their intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected and the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that the period for lodgement of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

CONCLUSION

Except as mentioned above, the Company has complied with the code provisions of the CG Code for the year ended 31st March, 2013.

On behalf of the Board of
Midas International Holdings Limited

Richard Hung Ting Ho
Chairman and Managing Director

Hong Kong, 19th June, 2013

Directors' Report

The board of Directors (the "Board") presents the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively as the "Group") for the year ended 31st March, 2013.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and other details of the principal subsidiaries are set out in note 34 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year ended 31st March, 2013 are set out in the consolidated statement of comprehensive income on page 39 and in the accompanying notes to the consolidated financial statements.

In view of the loss incurred by the Group during the year, the Board has resolved not to recommend the payment of a final dividend for the year ended 31st March, 2013. No interim dividend was paid during the year.

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 100.

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of total purchases for the year.

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

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the share capital of the Company are set out in note 28 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, 2013 amounted to approximately HK$250,848,000.

Detail of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 45.

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

During the year, 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 year and up to the date of this report are:

Executive Directors:
Mr. Richard Hung Ting Ho *(Chairman and Managing Director)*
Miss Candy Chuang Ka Wai
Mr. Geoffrey Chuang Ka Kam

Non-Executive Director:
Mr. Dominic Lai

Independent Non-Executive Directors:
Mr. Abraham Shek Lai Him
Dr. Eddy Li Sau Hung
Mr. Yau Chi Ming

In accordance with Article 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"), Dr. Eddy Li Sau Hung and Mr. Yau Chi Ming 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, 2013, 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 (the "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. Abraham Shek Lai Him	30,000	Beneficial owner	Personal interest	0.0014%

	Interests in Chuang's China Investments Limited ("Chuang's China")			
Name of Director	Number of ordinary shares held	Capacity	Nature of interest	Approximate % of shareholding
Miss Candy Chuang Ka Wai ("Miss Candy Chuang")	1,047,961	Beneficial owner	Personal interest	0.07%

Other than as disclosed herein, as at 31st March, 2013, 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.

Other than as disclosed herein, during the year, 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 share option scheme adopted by the Company as disclosed in the section headed "Share Option Scheme Of The Company" below, and the share option schemes adopted by Chuang's Consortium International Limited ("CCIL") and Chuang's China, at no time during the year was the Company, any of its holding companies or its subsidiaries and fellow 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 year or at any time during the year.

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, 2013, 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
CCIL	1,570,869,885	(note 1)	(note 2)
Evergain Holdings Limited (“Evergain”)	1,570,869,885	(note 1)	(note 2)
Mr. Alan Chuang Shaw Swee (“Mr. Alan Chuang”)	1,570,869,885	(note 1)	(note 2)
Mrs. 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
Mr. 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. Geoffrey Chuang Ka Kam is a director of Evergain.

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

4. Such interests represented 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, 2013, 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

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 reporting date or at any time during the year and up to the date of this report.

SHARE OPTION SCHEME OF THE COMPANY (THE "SCHEME")

A summary of the Scheme is set out as follows:

1.	Purpose:	To give incentive to Directors, employees or business consultants of the Group and any other party as approved under the Scheme
2.	Participants:	Including, inter alia, Directors, employees or business consultants of the Group
3.	Total number of shares available for issue under the Scheme and percentage of the issued share capital that it represents as at the date of this report:	220,720,827 shares are available for issue under the Scheme, representing approximately 10% of the issued share capital as at the date of this report
4.	Maximum entitlement of each participant:	1% of the maximum aggregate number of shares that may be issued within 12 months pursuant to the Scheme
5.	Period within which the shares must be taken up under an option:	Not applicable. No share option has been granted since the date of adoption of the Scheme on 29th August, 2012
6.	Amount payable on acceptance of an option and the period within which payments shall be made:	HK$1.00 payable to the Company upon acceptance of option which should be taken up within 28 days from the date of offer for option (the "Offer Date") (which must be a trading day)

7.	The basis of determining the exercise price:	No less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the Offer Date (which must be a trading day); (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share of the Company
8.	The remaining life of the Scheme:	Valid until 28th August, 2022 unless otherwise terminated under the terms of the Scheme

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, 2013, the balance outstanding was approximately HK$13 million. The banking facilities are subject to annual review.

2. The Group has entered into a facility letter, which still subsists as at the date of this report, with a bank for various trade related facilities up to HK$20 million. Pursuant to the terms of the facility letter, CCIL is required to maintain its shareholding in the Company for no less than 35% of the issued share capital of the Company at all times during the subsistence of the banking facilities. As at 31st March, 2013, 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$68 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, 2013, the balance outstanding was approximately 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 year ended 31st March, 2013.

AUDITOR

The financial statements for the year ended 31st December, 2010 and the fifteen months ended 31st March, 2012 were audited by Deloitte Touche Tohmatsu ("Deloitte").

Following the retirement of Deloitte in the annual general meeting of the Company held in 2012, PricewaterhouseCoopers was appointed as the auditor of the Company by the shareholders in the same meeting and has audited the financial statements for the year ended 31st March, 2013.

On behalf of the Board of
Midas International Holdings Limited

Richard Hung Ting Ho
Chairman and Managing Director

Hong Kong, 19th June, 2013

Independent Auditor's Report

羅兵咸永道

TO THE SHAREHOLDERS 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 (together, the "Group") set out on pages 39 to 99, which comprise the consolidated and company statements of financial position as at 31st March, 2013, and the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, 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, 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.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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 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 Company and of the Group as at 31st March, 2013, and of the Group's loss and cash flows for the year then ended 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19th June, 2013

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2013

	NOTE	For the year ended 31st March, 2013 HK$'000	For the fifteen months ended 31st March, 2012 HK$'000
Revenues	5	**277,668**	369,549
Cost of sales		**(224,065)**	(298,461)
Gross profit		**53,603**	71,088
Other income and net gain	7	**12,589**	10,215
Selling and marketing expenses		**(22,652)**	(38,318)
Administrative and other operating expenses		**(82,436)**	(115,122)
Operating loss	8	**(38,896)**	(72,137)
Finance costs	9	**(9,288)**	(20,838)
Loss before taxation		**(48,184)**	(92,975)
Taxation credit	10	**488**	6,394
Loss for the year/period		**(47,696)**	(86,581)
Other comprehensive income:			
Net exchange differences		**6,988**	17,403
Total comprehensive loss for the year/period		**(40,708)**	(69,178)
Loss for the year/period attributable to:			
Equity holders of the Company	11	**(46,848)**	(83,502)
Non-controlling interests		**(848)**	(3,079)
		(47,696)	(86,581)
Total comprehensive loss for the year/period attributable to:			
Equity holders of the Company		**(40,802)**	(68,869)
Non-controlling interests		**94**	(309)
Total comprehensive loss for the year/period		**(40,708)**	(69,178)
		HK cents	HK cents
Loss per share (basic and diluted)	14	**(2.1)**	(4.7)

The notes on pages 46 to 99 are an integral part of these financial statements.

Consolidated Statement of Financial Position

At 31st March, 2013

	NOTE	2013 HK$'000	2012 HK$'000
Non-current assets			
Prepaid lease payments	15	**61,635**	60,323
Property, plant and equipment	16	**98,248**	112,300
Cemetery assets	17	**506,439**	491,619
		666,322	664,242
Current assets			
Inventories	19	**46,904**	42,869
Cemetery assets	17	**82,812**	83,414
Accounts receivables	20	**70,270**	76,671
Deposits, prepayments and other receivables		**12,847**	12,430
Prepaid lease payments	15	**–**	1,444
Tax recoverable		**–**	117
Cash and bank balances	21	**117,252**	131,128
		330,085	348,073
Current liabilities			
Accounts payables	22	**44,203**	47,918
Accrued charges and other payables	22	**42,512**	48,236
Amount due to a non-controlling shareholder	23	**1,366**	1,366
Deferred income	24	**51**	36
Tax payable		**21,689**	21,693
Bank borrowings	25	**40,017**	50,451
		149,838	169,700
Net current assets		**180,247**	178,373
Total assets less current liabilities		**846,569**	842,615

	NOTE	2013 HK$'000	2012 HK$'000
Equity			
Share capital	28	**220,721**	220,721
Reserves	29	**287,197**	327,999
Shareholders' funds		**507,918**	548,720
Non-controlling interests		**70,015**	69,921
Total equity		**577,933**	618,641
Non-current liabilities			
Bank borrowings	25	**31,250**	–
Convertible notes	26	**96,129**	84,775
Deferred income	24	**1,459**	1,002
Deferred taxation liabilities	27	**139,798**	138,197
		268,636	223,974
		846,569	842,615

Geoffrey Chuang Ka Kam
Director

Richard Hung Ting Ho
Director

The notes on pages 46 to 99 are an integral part of these financial statements.

Statement of Financial Position

At 31st March, 2013

	NOTE	2013 HK$'000	2012 HK$'000
Non-current asset			
Interest in a subsidiary	18	**530,145**	507,008
Current assets			
Other receivables		**280**	293
Cash and bank balances	21	**81,570**	106,557
		81,850	106,850
Current liability			
Other payables	22	**765**	578
Net current assets		**81,085**	106,272
Total assets less current liability		**611,230**	613,280
Equity			
Share capital	28	**220,721**	220,721
Reserves	29	**294,380**	307,784
		515,101	528,505
Non-current liability			
Convertible notes	26	**96,129**	84,775
		611,230	613,280

Geoffrey Chuang Ka Kam
Director

Richard Hung Ting Ho
Director

The notes on pages 46 to 99 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31st March, 2013

	For the year ended 31st March, 2013 HK$'000	For the fifteen months ended 31st March, 2012 HK$'000
Cash flows from operating activities		
Operating loss	**(38,896)**	(72,137)
Adjustments for:		
Depreciation of property, plant and equipment	**23,472**	26,129
Amortisation of cemetery assets	**–**	12,006
Amortisation of prepaid lease payments	**1,591**	2,596
Impairment of accounts receivables	**2,314**	2,022
Impairment of inventories	**617**	1,261
Recovery of accounts receivables previously written off	**(1,414)**	–
Gain on disposal of property, plant and equipment	**(4,151)**	(1,476)
Interest income	**(555)**	(1,017)
Operating loss before working capital changes	**(17,022)**	(30,616)
Increase in inventories	**(4,652)**	(3,452)
Decrease in cemetery assets	**602**	–
Decrease in accounts receivables	**5,903**	5,237
(Increase)/decrease in deposits, prepayments and other receivables	**(401)**	5,424
(Decrease)/increase in accounts payables	**(3,715)**	7,754
(Decrease)/increase in accrued charges and other payables	**(7,191)**	5,114
Increase in deferred income	**461**	352
Cash used in operations	**(26,015)**	(10,187)
Income tax paid	**(35)**	(29)
Income tax refunded	**–**	172
Interest paid	**(4,760)**	(7,685)
Net cash used in operating activities	**(30,810)**	(17,729)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(8,687)**	(11,022)
Proceeds from disposal of property, plant and equipment	**4,187**	2,083
Interest income received	**555**	1,017
Net cash used in investing activities	**(3,945)**	(7,922)

Consolidated Statement of Cash Flows (continued)

For the year ended 31st March, 2013

	NOTE	For the year ended 31st March, 2013 HK$'000	For the fifteen months ended 31st March, 2012 HK$'000
Cash flows from financing activities			
Proceeds from issue of shares		–	110,361
New bank borrowings		145,047	98,322
Repayment of bank borrowings		(124,231)	(139,686)
Redemption of convertible notes		–	(16,650)
Share issue expenses		–	(3,282)
Net cash from financing activities		20,816	49,065
Net (decrease)/increase in cash and cash equivalents		(13,939)	23,414
Cash and cash equivalents at the beginning of the year/period		131,128	107,616
Exchange difference on cash and cash equivalents		63	98
Cash and cash equivalents at the end of the year/period	21	117,252	131,128

The notes on pages 46 to 99 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2013

	Attributable to equity holders 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 losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st January, 2011	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)
Other comprehensive income:										
Net exchange differences	–	–	–	–	14,633	–	–	14,633	2,770	17,403
Total comprehensive income/(loss) for the period	–	–	–	–	14,633	–	(83,502)	(68,869)	(309)	(69,178)
Issue of shares, net of issue costs *(note 28)*	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
Loss for the year	–	–	–	–	–	–	(46,848)	(46,848)	(848)	(47,696)
Other comprehensive income:										
Net exchange differences	–	–	–	–	6,046	–	–	6,046	942	6,988
Total comprehensive income/(loss) for the year	–	–	–	–	6,046	–	(46,848)	(40,802)	94	(40,708)
At 31st March, 2013	**220,721**	**293,692**	**4,000**	**24,000**	**63,781**	**43,532**	**(141,808)**	**507,918**	**70,015**	**577,933**

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.

The notes on pages 46 to 99 are an integral part of these financial statements.

1. General information

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

As at 31st March, 2013, the Company was a 60.8% owned subsidiary of Gold Throne Finance Limited, a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The Directors regard CCIL as the ultimate holding company.

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

2. Summary of significant accounting policies

The significant accounting policies adopted for the preparation of these financial statements, which have been consistently applied for all the years presented, are set out below:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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 corresponding comparative amounts shown (which cover a period of fifteen months from 1st January, 2011 to 31st March, 2012) for the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity and related notes are therefore not entirely comparable with those of the current year.

The adoption of revised HKFRSs

For the financial year ended 31st March, 2013, the Group adopted the following amendments that are effective for the Group's accounting periods beginning on 1st April, 2012 and relevant to the operations of the Group:

HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Transfers of Financial Assets
HKAS 12 (Amendment)	Deferred Tax – Recovery of Underlying Assets

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

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to existing standards that are not yet effective

The following new and amended standards and amendments have been published which are relevant to the Group's operation and are mandatory for the Group's accounting periods beginning on or after 1st April, 2013, but have not yet been adopted by the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements (effective from 1st July, 2012)
HKAS 19 (2011)	Employee Benefits (effective from 1st January, 2013)
HKAS 27 (2011)	Separate Financial Statements (effective from 1st January, 2013)
HKAS 28 (2011)	Investments in Associates and Joint Ventures (effective from 1st January, 2013)
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective from 1st January, 2014)
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (effective from 1st January, 2013)
HKFRS 9	Financial Instruments (effective from 1st January, 2015)
HKFRS 10	Consolidated Financial Statements (effective from 1st January, 2013)
HKFRS 11	Joint Arrangements (effective from 1st January, 2013)
HKFRS 12	Disclosures of Interests in Other Entities (effective from 1st January, 2013)
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance (effective from 1st January, 2013)
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities (effective from 1st January, 2014)
HKFRS 13	Fair Value Measurement (effective from 1st January, 2013)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle (effective from 1st January, 2013)

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

2. Summary of significant accounting policies (continued)

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st March.

Results attributable to subsidiaries acquired or disposed of during the financial period are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal as applicable.

The gain or loss on disposal of subsidiaries is calculated by reference to the share of net assets at the date of disposal including the attributable amount of goodwill not yet written off.

(c) Subsidiaries

Subsidiaries are companies in which the Group has the power to exercise control governing the financial and operating policies of the company, generally accompanying a direct or indirect shareholding of more than half of the voting power, or holds more than half of the issued equity capital. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

2. Summary of significant accounting policies (continued)

(c) Subsidiaries (continued)

When the Group ceases to have control, any retained interest in the subsidiary is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of comprehensive income. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associated company, joint venture or financial assets. In addition, any amounts previously recognised in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

In the statement of financial position of the Company, investments in subsidiaries are carried at cost less impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend income.

(d) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(e) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets of the acquired subsidiaries attributable to the Group at the effective date of acquisitions, and in respect of an increase in holding in a subsidiary, it is regarded as a transaction with non-controlling interest. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

2. **Summary of significant accounting policies** (continued)

(e) **Goodwill** (continued)

Goodwill on acquisitions of subsidiaries is included in intangible assets. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the consolidated statement of comprehensive income.

Goodwill is tested for impairment at least annually and whenever there is an indication for impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose has been identified according to operating segment.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries in the period the dividend is declared or if the carrying amounts of the investments in the separate financial statements exceeds the carrying amounts in the consolidated financial statements of the investee's net assets including goodwill.

(f) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Construction in progress represents costs incurred on buildings where construction work has not been completed and which, upon completion, the Group intends to hold for use as property, plant and equipment. These properties are carried at cost which include development and construction expenditure incurred and other direct costs attributable to the development less any accumulated impairment losses. No depreciation is provided for construction in progress since it is not in use. Upon completion of the construction, the construction costs are transferred to the appropriate property, plant and equipment category and depreciated accordingly.

2. **Summary of significant accounting policies** (continued)

(f) **Property, plant and equipment** (continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives at the following annual rates:

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 residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at each reporting date. Where the estimated recoverable amounts have declined below their carrying amounts, the carrying amounts are written down to their estimated recoverable amounts.

Gain or loss on disposal is determined as the difference between the net sales proceeds and the carrying amount of the relevant assets, and is recognised in the consolidated statement of comprehensive income.

(g) **Prepaid lease payments**

Prepaid lease payments represent non-refundable rental payments for lease of land. The up-front prepayments made for prepaid lease payments are amortised on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the consolidated statement of comprehensive income.

(h) **Cemetery assets**

Cost of cemetery assets comprises the prepaid lease payments and costs of development expenditures incurred for the grave plots and niches for cremation urns. Cemetery assets are classified as current assets unless the construction period of the relevant grave plots or niches for cremation urns is expected to complete beyond the normal operating cycle.

Grave plots and niches for cremation urns are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for cemetery assets less all estimated costs of completion and costs necessary to make the sale.

2. Summary of significant accounting policies (continued)

(i) Inventories

Inventories, which mainly comprise printed products, are stated at the lower of cost and net realisable value. Costs, calculated on the weighted average basis, include material cost, direct labour cost and an appropriate proportion of production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(j) Trade and other debtors

Trade and other debtors are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other debtors is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is recognised in the consolidated statement of comprehensive income.

(k) Financial assets

The Group classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition according to the purpose for which the financial assets are acquired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables are carried at amortised cost using effective interest method.

Regular purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

2. Summary of significant accounting policies (continued)

(l) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the fair value of an asset less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(m) Creditors and accruals

Creditors and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Creditors and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. Summary of significant accounting policies (continued)

(o) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company unit the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial liability, including fees and commissions to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(q) Convertible notes

Convertible note issued by the Company that contains both the liability and conversion option components is classified by the Company 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.

2. Summary of significant accounting policies (continued)

(q) Convertible notes (continued)

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 proceed of the issue of the convertible note and the fair value assigned to the liability component, representing the conversion option for the holder to convert the convertible note into equity, is included in equity (convertible note equity reserve) of the Company.

In subsequent periods, the liability component of the convertible note 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 note equity reserve of the Company until the embedded option is exercised (in which case the balance stated in convertible note equity reserve of the Company will be transferred to share premium of the Company). Where the option remains unexercised at the expiry date, the balance stated in convertible note equity reserve of the Company will be released to the retained profits of the Company. No gain or loss is recognised in the statement of comprehensive income of the Company upon conversion or expiration of the option.

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

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

The liability component of the convertible note is classified as current liability unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(r) Current and deferred taxation

The tax expenses for the year comprise current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

2. Summary of significant accounting policies (continued)

(r) Current and deferred taxation (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be payable to the tax authorities.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(s) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the statement of comprehensive income on a straight-line basis over the period of lease.

(t) Revenue and income recognition

Revenue is recognised when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. Revenue is shown net of sales tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors.

2. Summary of significant accounting policies (continued)

(t) Revenue and income recognition (continued)

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;
- 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 cemetery assets is recognised when the Group has transferred to the customers the right to use the cemetery assets upon the execution of a binding agreement.

Management fee income is recognised when services are rendered.

Interest income is recognised on a time proportion basis, using the effective interest method, taking into account the principal amounts outstanding and the interest rates applicable.

(u) Borrowing costs

Interest and related costs on borrowings attributable to the construction or acquisition of an asset that necessarily takes a substantial period of time to complete and prepare for its intended use or sale are capitalised as part of the cost of their assets. All other borrowing costs are charged to the statement of comprehensive income in the financial period in which they are incurred.

2. Summary of significant accounting policies (continued)

(v) Employee benefits

Contributions to defined contribution retirement schemes such as the Mandatory Provident Fund Scheme in Hong Kong and the respective government employee retirement benefit schemes are charged to the statement of comprehensive income in the financial period to which the contributions relate.

Employee entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. Employee entitlements to sick and maternity leaves are not recognised until the time of leaves.

Provisions for bonus entitlements are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Such bonuses are payable within twelve months from the reporting date.

(w) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with banks and financial institutions with maturity within three months from the date of placement, net of bank overdrafts and advances from banks and financial institutions repayable within three months from the date of advance.

(x) Translation of foreign currencies

Transactions included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollar, which is the functional and presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the reporting date are recognised in the consolidated statement of comprehensive income.

2. Summary of significant accounting policies (continued)

(x) Translation of foreign currencies (continued)

The results and financial position of all the entities in the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the rate of exchange ruling at the reporting date;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange ruling at the reporting date.

On the disposal of a foreign operation (that is, 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 equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

2. Summary of significant accounting policies (continued)

(y) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors and senior management that make strategic decisions.

(z) Dividend distribution

Dividend distribution to the shareholders of the Company is recognised as a liability in the financial statements in the financial period in which the dividends are approved by the Company's shareholders or Directors as applicable.

3. Financial risk management

(a) Financial risk factors

The activities of the Group expose it to a variety of financial risks including credit risk, liquidity risk, cash flow and fair value interest rate risk and foreign exchange risk. The overall risk management programme of the Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out by the finance department under policies approved by the board of Directors (the "Board"). The Board provides principles for overall risk management, as well as written policies covering specific areas.

(i) *Credit risk*

The maximum exposure to credit risk is represented by the carrying amount of each financial asset after deducting any impairment provision in the statement of financial position. The Group's exposure to credit risk arising from accounts receivables is set out in note 20.

Credit risk of the Group is primarily attributable to deposits with banks and financial institutions, as well as credit exposures to customers and other debtors. The Group has credit policies in place and exposures to these credit risks are monitored on an ongoing basis.

3. Financial risk management (continued)

(a) Financial risk factors (continued)

(i) Credit risk (continued)

The Group manages its deposits with banks and financial institutions by monitoring credit ratings and only places deposits to banks and financial institutions with no history of defaults. As at 31st March, 2013, the monies placed in Hong Kong and the People's Republic of China (the "PRC") banks and financial institutions amounted to approximately HK$88.7 million (2012: HK$114.0 million) and HK$27.8 million (2012: HK$16.5 million) respectively.

In respect of credit exposures to customers, 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 significant concentration of risk on the accounts receivables which consist of a large number of customers, spread across diverse geographical areas.

In respect of the other receivables, the Group monitors the recovery of the balances closely and ensures that adequate impairment has been made for the estimated irrecoverable amounts.

(ii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group measures and monitors its liquidity through the maintenance of prudent ratios regarding the liquidity structure of the overall assets, liabilities, loans and commitments of the Group. The Group has allowed a policy of obtaining long-term banking facilities to match its long-term investments in Hong Kong and the PRC. The Group also maintains a conservative level of liquid assets to ensure the availability of sufficient cash flows to meet any unexpected and material cash requirements in the ordinary course of business. In addition, as at 31st March, 2013, standby banking facilities are established to provide contingency liquidity support which amounted to approximately HK$153.2 million (2012: HK$131.5 million). Details of the bank borrowings are disclosed in note 25.

3. **Financial risk management** (continued)

(a) **Financial risk factors** (continued)

(ii) *Liquidity risk* (continued)

The table below analyses the Group's and the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Specifically, bank borrowings 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 amounts disclosed in the table are the contractual undiscounted cash flows.

Group

	Within the first year *HK$'000*	Within the second year *HK$'000*	Within the third to fifth years *HK$'000*	Total *HK$'000*
2013				
Accounts payables	**44,203**	**–**	**–**	**44,203**
Accrued charges and other payables	**42,512**	**–**	**–**	**42,512**
Amount due to a non-controlling shareholder	**1,366**	**–**	**–**	**1,366**
Bank borrowings	**44,572**	**9,595**	**25,179**	**79,346**
Convertible notes	**1,130**	**113,471**	**–**	**114,601**
	133,783	**123,066**	**25,179**	**282,028**
2012				
Accounts payables	47,918	–	–	47,918
Accrued charges and other payables	48,236	–	–	48,236
Amount due to a non-controlling shareholder	1,366	–	–	1,366
Bank borrowings	51,508	–	–	51,508
Convertible notes	1,130	1,130	113,471	115,731
	150,158	1,130	113,471	264,759

3. Financial risk management (continued)

(a) Financial risk factors (continued)

(ii) *Liquidity risk* (continued)

Company

	Within the first year HK$'000	Within the second year HK$'000	Within the third to fifth years HK$'000	Total HK$'000
2013				
Other payables	**765**	**–**	**–**	**765**
Convertible notes	**1,130**	**113,471**	**–**	**114,601**
	1,895	**113,471**	**–**	**115,366**
Financial guarantees *(note 31)*	**42,208**	**–**	**–**	**42,208**
2012				
Other payables	578	–	–	578
Convertible notes	1,130	1,130	113,471	115,731
	1,708	1,130	113,471	116,309
Financial guarantees *(note 31)*	34,288	–	–	34,288

(iii) *Cash flow and fair value interest rate risk*

Interest rate risk is the risk that the position of the Group may be adversely affected by the changes in market interest rate. The policy of the Group involves close monitoring of interest rate movements and replacing and entering into new banking facilities when favourable pricing opportunities arise.

The interest rate risk of the Group mainly arises from interest-bearing bank deposits, bank borrowings and convertible notes. Bank deposits and bank borrowings issued at variable rates expose the Group to cash flow interest rate risk, whereas the convertible notes are at fixed rates. 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.

As at 31st March, 2013, if interest rates had been 1% higher/lower with all other variables held constant, the pre-tax loss of the Group would have increased/decreased by approximately HK$400,000 (2012: HK$332,000).

3. **Financial risk management** (continued)

(a) **Financial risk factors** (continued)

(iv) Foreign exchange risk

Foreign exchange risk arises on monetary assets and liabilities being denominated in a currency that is not the functional currency; differences resulting from the translation of financial statements into the presentation currency of the Group are not taken into consideration.

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 United States dollars ("USD"), Euro ("EUR"), Australian dollars ("AUD"), Pound sterling ("GBP") and New Zealand dollars ("NZD"). The Group has foreign currency sales, trade receivables and bank balances, which expose the Group to foreign exchange 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:

	2013	2012
	HK$'000	*HK$'000*
USD	**54,530**	67,690
EUR	**7,627**	6,819
AUD	**192**	263
GBP	**1,123**	2,413
NZD	**688**	–

3. Financial risk management (continued)

(a) Financial risk factors (continued)

(iv) Foreign exchange risk (continued)

The following table details the Group's sensitivity to a 10% increase and decrease in Hong Kong dollars against EUR, AUD and NZD, 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 or weakening of the Hong Kong dollars against the relevant foreign currencies will give rise to an increase or decrease in the post-tax loss and the impact is shown in the following table.

	Increase/decrease in post-tax loss	
	For the year ended 31st March, 2013	For the fifteen months ended 31st March, 2012
	HK$'000	*HK$'000*
USD	**455**	565
EUR	**637**	569
AUD	**16**	26
GBP	**47**	101
NZD	**57**	–

(b) Capital risk management

The objectives of the Group when managing capital are to safeguard the ability of the Group to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

3. **Financial risk management** (continued)

(b) **Capital risk management** (continued)

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as a percentage of bank borrowings over net asset value attributable to equity holders of the Company. Bank borrowings are calculated as total bank borrowings (including short-term and long-term bank borrowings as shown in the consolidated statement of financial position). Net asset value attributable to equity holders of the Company represents shareholders' funds as shown in the consolidated statement of financial position. As at 31st March, 2013, the debt to equity ratio is 14.0% (2012: 9.2%).

(c) **Fair value estimation**

The fair values of long-term bank borrowings are estimated using the expected future payments discounted at market interest rates. The carrying amounts of the long-term borrowings approximate their fair values since they are floating interest rate borrowings.

The carrying amounts less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, including accounts receivables, deposits, prepayments and other receivables, cash and bank balances, accounts payables, amounts due from/to subsidiaries and a non-controlling shareholder, accrued charges and other payables and current bank borrowings approximate their fair values.

The Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

3. **Financial risk management** (continued)

(c) **Fair value estimation** (continued)

The financial assets and liabilities of the Group and the Company are classified as loans and receivables and financial liabilities at amortised cost respectively as at 31st March, 2013 and 2012.

The Group and the Company had no level 3 financial instruments as at 31st March, 2013 and 2012, and there was no transfer of financial assets between level 1 and level 2 for the year ended 31st March, 2013 and the fifteen months ended 31st March, 2012.

4. Critical accounting estimates and judgments

Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) **Impairment of the Group's printing business**

The management conducted an impairment review of the cash generating unit of the Group's printing business and determined the recoverable amount of the printing business based on the value in use calculation taking into account the estimated useful lives of the property, plant and equipment. This calculation uses cash flow projections based on financial budgets approved by the management covering a 15-year period with a discount rate of 12% and using growth rates with a range from 7% to 18% and a perpetual growth rate of 5% after 6 years. The management determined that there was no impairment of the Group's printing business as at 31st March, 2013.

(b) **Impairment of the Group's cemetery business**

The Group assessed the estimated recoverable amount of the cash generating unit of the Group's cemetery business. The estimated recoverable amount is based on the valuation report from independent valuer, in which the report is prepared according to the cash flow projections from the management.

Cash flow projections covered a 10-year period with a discount rate of 15.47%. Cash flows beyond the 10-year period are extrapolated using a steady growth rate of 40% for various types of products for another 30-year period. The key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin are based on management's expectation on the market development and the existing and past sales performance. The management determined that there was no impairment of the Group's cemetery business as at 31st March, 2013.

4. Critical accounting estimates and judgments (continued)

(c) Impairment of inventories of printing business

The Group assesses the carrying amounts of inventories of printing business by reviewing the inventory listing and aging analysis on a product-by-product basis at each reporting date, and makes impairment for those obsolete, slow-moving inventories and items that are no longer suitable for use in production. Provision for impairment is made by reference to the latest market value and current market conditions for those inventories identified. The assessment required the use of judgement and estimates.

(d) Impairment of receivables

The Group assesses the carrying amounts of receivables based on the evaluation of collectabilities and aging analysis of receivables, and management's judgment regarding the creditworthiness and the past collection history of each customer. Provision for impairment is made by reference to the estimates of the extent and timing of future cash flows using applicable discount rates. The final outcome of the recoverability and cash flows of these receivables will impact the amount of impairment required.

(e) Income taxes and deferred taxes

The Group is subject to income taxes and deferred taxes mainly in Hong Kong and the PRC. Significant judgment is required in determining the provision for taxation for each entity of the Group. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these estimates is different from the amounts that are initially recorded, such differences will impact the current and deferred taxation in the financial period in which such determination is made.

(f) Capitalisation of borrowing costs

Borrowing costs directly attributable to the construction of cemetery assets are capitalised from the date that expenditure is incurred and development activities on the qualifying asset commence. As part of this assessment, judgment is required in determining the unit of account in circumstances where development will be performed in phases. Management assesses the date from which capitalisation of borrowing costs should commence on a project-by-project basis.

5. Revenues

Revenues (representing turnover) recognised during the year are as follows:

	For the year ended 31st March, 2013 HK$'000	For the fifteen months ended 31st March, 2012 HK$'000
Sales of printed products	271,438	359,399
Revenues from sales of grave plots and niches for cremation urns	5,329	9,554
Sales of tomb sets	901	596
	277,668	369,549

6. Segment information

(a) Segment information by business lines

The CODM has been identified as the Executive Directors and senior management. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

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

6. Segment information (continued)

(a) Segment information by business lines (continued)

The segment information by business lines is as follows:

	Printing *HK$'000*	Cemetery *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
For the year ended 31st March, 2013				
Revenues	271,438	6,230	–	277,668
Other income and net gain	12,026	8	555	12,589
Operating loss	(29,072)	(5,442)	(4,382)	(38,896)
Finance costs	(3,627)	–	(5,661)	(9,288)
Loss before taxation	(32,699)	(5,442)	(10,043)	(48,184)
Taxation (charge)/credit	(148)	636	–	488
Loss for the year	(32,847)	(4,806)	(10,043)	(47,696)
As at 31st March, 2013				
Total assets	271,593	607,562	117,252	996,407
Total liabilities	92,376	158,702	167,396	418,474
For the year ended 31st March, 2013				
Other segment items are as follows:				
Capital expenditure	8,679	6,834	–	15,513
Depreciation	22,728	744	–	23,472
Amortisation of prepaid lease payments	1,518	73	–	1,591
Impairment of accounts receivables	2,314	–	–	2,314
Recovery of accounts receivables previously written off	1,414	–	–	1,414
Impairment of inventories	617	–	–	617

6. Segment information (continued)

(a) Segment information by business lines (continued)

	Printing HK$'000	Cemetery HK$'000	Corporate HK$'000	Total HK$'000
For the fifteen months ended 31st March, 2012				
Revenues	359,399	10,150	–	369,549
Other income and net gain	9,172	26	1,017	10,215
Operating loss	(43,971)	(22,603)	(5,563)	(72,137)
Finance costs	(6,305)	–	(14,533)	(20,838)
Loss before taxation	(50,276)	(22,603)	(20,096)	(92,975)
Taxation credit	2,345	4,049	–	6,394
Loss for the period	(47,931)	(18,554)	(20,096)	(86,581)
As at 31st March, 2012				
Total assets	288,926	592,261	131,128	1,012,315
Total liabilities	101,113	157,335	135,226	393,674
For the fifteen months ended 31st March, 2012				
Other segment items are as follows:				
Capital expenditure	10,238	784	–	11,022
Depreciation	25,148	981	–	26,129
Amortisation of prepaid lease payments	2,507	89	–	2,596
Impairment of accounts receivables	2,022	–	–	2,022
Impairment of inventories	1,261	–	–	1,261

6. Segment information (continued)

(b) Geographical segment information

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

	Revenues		Capital expenditure	
	For the year ended 31st March, 2013	For the fifteen months ended 31st March, 2012	**For the year ended 31st March, 2013**	For the fifteen months ended 31st March, 2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**17,872**	34,642	**975**	1,024
The PRC	**9,700**	12,647	**14,538**	9,998
United States of America	**92,726**	127,725	**–**	–
United Kingdom	**51,877**	59,465	**–**	–
France	**35,291**	47,314	**–**	–
Germany	**34,307**	44,416	**–**	–
Other countries	**35,895**	43,340	**–**	–
	277,668	369,549	**15,513**	11,022

	Non-current assets		Total assets	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**3,034**	2,617	**155,884**	192,985
The PRC	**663,288**	661,625	**840,523**	819,330
	666,322	664,242	**996,407**	1,012,315

7. Other income and net gain

	For the year ended 31st March, 2013 HK$'000	For the fifteen months ended 31st March, 2012 HK$'000
Interest income from bank deposits	555	1,017
Sale of scraped materials	3,899	4,971
Recovery of accounts receivables previously written off	1,414	–
Gain on disposal of property, plant and equipment	4,151	1,476
Sundries	2,570	2,751
	12,589	10,215

8. Operating loss

	For the year ended 31st March, 2013 *HK$'000*	For the fifteen months ended 31st March, 2012 *HK$'000*
Operating loss is stated after charging:		
Staff costs, including Directors' emoluments		
Wages and salaries	**81,583**	121,202
Retirement benefit costs *(note 32)*	**1,114**	1,181
Total staff costs	**82,697**	122,383
Less: Amount capitalised and included in cost of inventories sold of printing business	**(43,392)**	(69,152)
Less: Amount capitalised and included in cost of inventories sold of cemetery business	**(542)**	(692)
Staff costs included in selling and marketing expenses, and administrative and other operating expenses	**38,763**	52,539
Auditors' remuneration		
Audit and audit related services	**1,440**	1,570
Non-audit services	**400**	1,476
Cost of inventories sold		
Printing business	**157,453**	209,925
Cemetery business	**3,438**	5,326
Depreciation	**23,472**	26,129
Less: Amount capitalised and included in cost of inventories sold of printing business	**(17,312)**	(18,534)
Depreciation included in selling and marketing expenses, and administrative and other operating expenses	**6,160**	7,595
Amortisation of cemetery assets	**–**	12,006
Net exchange losses	**1,189**	2,511
Impairment of inventories (included in cost of sales)	**617**	1,261
Impairment of accounts receivables	**2,314**	2,022
Amortisation of prepaid lease payments	**1,591**	2,596
Operating leases rental	**2,738**	3,889

9. Finance costs

	For the year ended 31st March, 2013 HK$'000	For the fifteen months ended 31st March, 2012 HK$'000
Interest expenses		
Bank borrowings wholly repayable within five years	3,627	6,305
Convertible notes wholly repayable within five years	12,487	14,533
	16,114	20,838
Amount capitalised into cemetery assets	(6,826)	–
	9,288	20,838

The above analysis shows the finance costs in accordance with the agreed scheduled repayment dates set out in the agreements. The capitalised effective rate for cemetery assets is 14.86% (fifteen months ended 31st March, 2012: N/A) per annum.

10. Taxation credit

	For the year ended 31st March, 2013 HK$'000	For the fifteen months ended 31st March, 2012 HK$'000
Current income tax:		
Hong Kong profits tax	9	–
PRC corporate income tax	139	200
	148	200
Deferred taxation *(note 27)*	(636)	(6,594)
	(488)	(6,394)

10. Taxation credit (continued)

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the year ended 31st March, 2013 (fifteen months ended 31st March, 2012: no provision as the Group had no estimated assessable profits). PRC corporate income tax has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC.

The taxation credit of the loss before taxation of the Group differs form the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	For the year ended 31st March, 2013 *HK$'000*	For the fifteen months ended 31st March, 2012 *HK$'000*
Loss before taxation	**(48,184)**	(92,975)
Tax credit at the rate of 16.5% (fifteen months ended 31st March, 2012: 16.5%)	**(7,950)**	(15,341)
Expenses not deductible for taxation purpose	**7,491**	3,991
Income not subject to taxation	**(945)**	(833)
Tax losses not recognised	**4,258**	13,966
Utilisation of previously unrecognised tax losses	**(452)**	(399)
Effect of different tax rates in other countries	**(2,890)**	(7,778)
Taxation credit for the year/period	**(488)**	(6,394)

11. Loss attributable to equity holders

Loss for the year/period attributable to equity holders included loss of HK$13,404,000 (fifteen months ended 31st March, 2012: loss of HK$46,922,000) which is dealt with in the financial statements of the Company.

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 7 (fifteen months ended 31st March, 2012: 9) Directors were as follows:

Name of Director	Fees HK$'000	Salaries and other benefits HK$'000	Bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
For the year ended 31st March, 2013					
Mr. Richard Hung Ting Ho *(note i)*	**30**	**1,800**	**150**	**24**	**2,004**
Miss Candy Chuang Ka Wai	**20**	**–**	**–**	**–**	**20**
Mr. Geoffrey Chuang Ka Kam	**20**	**600**	**–**	**21**	**641**
Mr. Dominic Lai	**80**	**–**	**–**	**–**	**80**
Mr. Abraham Shek Lai Him	**80**	**–**	**–**	**–**	**80**
Dr. Eddy Li Sau Hung	**80**	**–**	**–**	**–**	**80**
Mr. Yau Chi Ming	**80**	**–**	**–**	**–**	**80**
	390	**2,400**	**150**	**45**	**2,985**
For the fifteen months ended 31st March, 2012					
Mr. Richard Hung Ting Ho	38	2,250	187	30	2,505
Mr. Kwok Chi Fai *(note ii)*	–	657	57	16	730
Mr. Albert Chuang Ka Pun *(note iii)*	20	–	–	–	20
Miss Candy Chuang Ka Wai	25	–	–	–	25
Mr. Geoffrey Chuang Ka Kam *(note iv)*	25	247	–	8	280
Mr. Dominic Lai	100	–	–	–	100
Mr. Abraham Shek Lai Him	100	–	–	–	100
Dr. Eddy Li Sau Hung	100	–	–	–	100
Mr. Yau Chi Ming	100	–	–	–	100
	508	3,154	244	54	3,960

note i: Mr. Richard Hung Ting Ho is the Chief Executive Officer of the Company

note ii: Mr. Kwok Chi Fai resigned as Director on 1st September, 2011

note iii: Mr. Albert Chuang Ka Pun resigned as Director on 16th March, 2012

note iv: Mr. Geoffrey Chuang Ka Kam was appointed as Director on 25th July, 2011

12. Directors' and employees' emoluments (continued)

(b) Employees' emoluments

During the year ended 31st March, 2013, the five highest paid individuals included one Director (fifteen months ended 31st March, 2012: one Director), details of whose emoluments are set out in note 12(a) above.

The emoluments of the remaining four (fifteen months ended 31st March, 2012: four) individuals were as follows:

	For the year ended 31st March, 2013 *HK$'000*	For the fifteen months ended 31st March, 2012 *HK$'000*
Salaries and other benefits	**2,751**	3,885
Bonus	**225**	285
Retirement benefit scheme contributions	**96**	116
	3,072	4,286

Their emoluments were within the following bands:

	Number of employees	
	For the year ended 31st March, 2013	For the fifteen months ended 31st March, 2012
HK$1,000,001 to HK$1,500,000	**–**	3
HK$1,000,000 or below	**4**	1
	4	4

During the year ended 31st March, 2013 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 year ended 31st March, 2013 and the fifteen months ended 31st March, 2012, no Director waived any emoluments.

12. Directors' and employees' emoluments (continued)

(c) Emoluments of senior management

Other than the emoluments of Directors disclosed in note 12(a), the emoluments of senior management whose profiles are included in the "Biographical Details of Honorary Chairman, Directors and Senior Management" section of this report fell within the following bands:

	Number of employees	
	For the year ended 31st March, 2013	For the fifteen months ended 31st March, 2012
HK$1,000,000 or below	**3**	3

13. Dividends

No dividend was paid or declared during each of the year ended 31st March, 2013 and the fifteen months ended 31st March, 2012.

The Board does not recommend the payment of a final dividend for the year ended 31st March, 2013 (fifteen months ended 31st March, 2012: nil).

14. Loss per share

The calculation of the loss per share is based on the loss attributable to equity holders of HK$46,848,000 (fifteen months ended 31st March, 2012: HK$83,502,000) and the weighted number of 2,207,208,000 (fifteen months ended 31st March, 2012: 1,782,615,000) shares in issue during the year.

The potential ordinary shares attributable to the assumed conversion of convertible notes have anti-dilutive effect for each of the year ended 31st March, 2013 and the fifteen months ended 31st March, 2012.

15. Prepaid lease payments

	Group 2013 HK$'000	Group 2012 HK$'000
The Group's prepaid lease payments comprise:		
Land use rights in the PRC under medium-term leases (including the current portion)	**61,635**	61,767

Prepaid lease payments are amortised over the remaining lease term of the respective land use rights. They are stated at cost less accumulated amortisation and impairment losses.

16. Property, plant and equipment

Group

	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, 2011	64,386	4,487	360,435	41,974	5,121	347	476,750
Changes in exchange rates	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
Changes in exchange rates	838	65	–	33	19	23	978
Additions	612	1,034	5,106	1,935	–	–	8,687
Disposals	–	(2,577)	(24,058)	(4,293)	(140)	–	(31,068)
At 31st March, 2013	**66,213**	**3,228**	**329,244**	**40,332**	**4,705**	**385**	**444,107**
ACCUMULATED DEPRECIATION							
At 1st January, 2011	22,104	4,093	282,720	35,480	4,711	–	349,108
Changes in exchange rates	64	14	–	59	20	–	157
Charge for the period	3,435	174	18,673	3,486	361	–	26,129
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
Changes in exchange rates	133	38	–	27	11	–	209
Charge for the year	2,789	367	17,313	2,777	226	–	23,472
Disposals	–	(2,577)	(24,029)	(4,286)	(140)	–	(31,032)
At 31st March, 2013	**28,525**	**2,092**	**274,717**	**36,359**	**4,166**	**–**	**345,859**
NET BOOK VALUE							
At 31st March, 2013	**37,688**	**1,136**	**54,527**	**3,973**	**539**	**385**	**98,248**
At 31st March, 2012	39,160	442	66,763	4,816	757	362	112,300

16. Property, plant and equipment (continued)

Buildings of the Group with net book value of approximately HK$11,346,000 (2012: HK$11,757,000) have been pledged as securities for the banking facilities granted to the Group (note 25).

17. Cemetery assets

	Group
	HK$'000
COST	
At 1st January, 2011	514,666
Changes in exchange rates	24,003
At 31st March, 2012	538,669
Additions	6,826
Changes in exchange rates	8,767
At 31st March, 2013	**554,262**
ACCUMULATED AMORTISATION	
At 1st January, 2011	34,003
Charge for the period	12,006
Changes in exchange rates	1,041
At 31st March, 2012	47,050
Changes in exchange rates	773
At 31st March, 2013	**47,823**
CARRYING VALUE	
At 31st March, 2013	**506,439**
At 31st March, 2012	491,619

As at 31st March, 2013, included in the cemetery assets which are classified as current assets are grave plots and niches for cremation urns of cemetery business with the aggregate carrying amounts of HK$79,728,000 (2012: HK$74,278,000) that are expected to be realised after more than twelve months from the reporting date.

18. Interest in a subsidiary

	Company	
	2013	2012
	HK$'000	*HK$'000*
Unlisted share, at cost	**92,963**	92,963
Receivable from a subsidiary	**437,182**	414,045
	530,145	507,008

Receivable from a subsidiary represents equity funding by the Company to the subsidiary and is not expected to be repaid in the foreseeable future.

Details of principal subsidiaries which, in the opinion of the Directors, materially affected the results or net assets of the Group are given in note 34.

19. Inventories

	Group	
	2013	2012
	HK$'000	*HK$'000*
Inventories of printing business		
Raw materials	**23,919**	21,412
Work in progress	**14,397**	12,594
Finished goods	**8,588**	8,863
	46,904	42,869

20. Accounts receivables

	Group	
	2013	2012
	HK$'000	*HK$'000*
Accounts receivables	**83,606**	101,309
Less: provision for doubtful debt	**(13,336)**	(24,638)
	70,270	76,671

The Group allows a credit period ranging from 30 days to 180 days to its trade customers of the printing business. Sales proceeds receivables from the cemetery operation are settled in accordance with the terms of respective contracts.

The aging analysis of accounts receivables based on the date of invoice and net of provision for doubtful debt is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Below 30 days	**22,421**	27,965
31 to 60 days	**13,363**	16,497
61 to 90 days	**10,967**	10,836
Over 90 days	**23,519**	21,373
	70,270	76,671

As at 31st March, 2013, accounts receivables of HK$53,899,000 (2012: HK$55,791,000) of the Group were neither past due nor impaired. As at 31st March, 2013, accounts receivables of HK$16,371,000 (2012: HK$20,880,000) were past due but not impaired. 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 92 days (2012: 95 days).

20. Accounts receivables (continued)

The aging analysis of accounts receivables which were past due but not impaired based on the date of invoice is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
31 to 60 days	**182**	5,872
61 to 90 days	**1,463**	350
Over 90 days	**14,726**	14,658
	16,371	20,880

As at 31st March, 2013, accounts receivables of HK$13,336,000 (2012: HK$24,638,000) were impaired. The amount of the provision was HK$13,336,000 (2012: HK$24,638,000).

The movement in provision for doubtful debt is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Balance at beginning of the year/period	**24,638**	22,610
Impairment loss recognised on receivables	**2,314**	2,022
Amounts written off as uncollectible	**(12,202)**	–
Reversal of impairment loss during the year	**(1,414)**	–
Changes in exchange rates	**–**	6
Balance at end of the year/period	**13,336**	24,638

20. Accounts receivables (continued)

The Group's accounts receivables (net of provision for doubtful debt) are denominated in the following currencies:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong dollar	**1,153**	1,932
Renminbi	**6,870**	3,010
USD	**55,297**	62,239
EUR	**4,956**	6,815
AUD	**192**	263
GBP	**1,114**	2,412
NZD	**688**	–
	70,270	76,671

21. Cash and bank balances

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at bank and in hand	**35,716**	23,730	**34**	21
Short-term deposits	**81,536**	107,398	**81,536**	106,536
Cash and bank balances	**117,252**	131,128	**81,570**	106,557

The effective interest rates on short-term deposits range from 0.01% to 0.6% (2012: 0.001% to 1.68%) per annum and these deposits have maturities ranged from 1 day to 90 days (2012: 1 day to 90 days).

21. Cash and bank balances (continued)

The cash and bank balances are denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong dollar	**99,014**	120,615	**81,570**	106,557
Renminbi	**11,755**	5,057	**–**	–
USD	**3,803**	5,451	**–**	–
EUR	**2,671**	4	**–**	–
GBP	**9**	1	**–**	–
	117,252	131,128	**81,570**	106,557

22. Accounts payables/accrued charges and other payables

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
Below 30 days	**29,754**	22,646
31 to 60 days	**6,407**	10,660
Over 60 days	**8,042**	14,612
	44,203	47,918

22. Accounts payables/accrued charges and other payables (continued)

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

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Accrued staff costs and other accruals	**28,859**	24,764	**765**	578
Receipt in advance from customers	**7,308**	7,685	**–**	–
Value-added-tax payable	**2,275**	11,456	**–**	–
Others	**4,070**	4,331	**–**	–
	42,512	48,236	**765**	578

The balances are mainly denominated in Hong Kong dollar and Renminbi.

23. Amount due to a non-controlling shareholder

The amount is denominated in Hong Kong dollar, unsecured, interest-free and repayable on demand.

24. 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.

	Group	
	2013	2012
	HK$'000	*HK$'000*
Balance at beginning of the year/period	**1,038**	665
Changes in exchange rates	**11**	21
Additions	**504**	392
Recognised in consolidated statement of comprehensive income during the year/period	**(43)**	(40)
Balance at end of the year/period	**1,510**	1,038
Less: Portion included in current liabilities	**(51)**	(36)
	1,459	1,002

25. Bank borrowings

	Group	
	2013	2012
	HK$'000	*HK$'000*
Secured long-term bank borrowings	**31,250**	17,220
Unsecured bank borrowings		
Short-term bank borrowings	**26,577**	14,511
Long-term bank borrowings	**13,440**	18,720
	40,017	33,231
Total bank borrowings	**71,267**	50,451
The long-term bank borrowings are analysed as follows:		
Long-term bank borrowings wholly repayable within five years*	**44,690**	35,940
Current portion included in current liabilities		
Portion due within one year	**(5,280)**	(22,500)
Portion due after one year which contains a repayment on demand clause	**(8,160)**	(13,440)
	31,250	–

* Ignoring the effect of any repayment on demand clause

The bank borrowings of the Group are secured by certain property, plant and equipment with an aggregate carrying amount of HK$11,346,000 (2012: HK$11,757,000) and guaranteed by the Company.

The effective interest rates of the Group's bank borrowings range from 1.57% to 7.56% (2012: 1.65% to 7.11%) per annum. The fair values of bank borrowings, based on cash flows discounted at the borrowing rates of 1.57% to 7.56% (2012: 1.65% to 7.11%) per annum, approximate their carrying amounts.

25. Bank borrowings (continued)

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
Within the first year	**31,857**	37,011
Within the second year	**12,780**	5,280
Within the third to fifth years	**26,630**	8,160
	71,267	50,451

Bank borrowings amounted to HK$27,319,000 as at 31st March, 2013 included covenants that require the maintenance of certain financial covenants. As at 31st March, 2013, certain of these financial covenants were not met by the Group. Consequently, these bank borrowings become repayable on demand as at 31st March, 2013 and are classified as current liabilities.

Subsequent to 31st March, 2013, the Group has obtained written consent from the relevant bank that the bank agreed not to demand immediate payment as a result of the breach of financial covenants. The Board is of the opinion that the breach of covenants will not affect the financial position of the Group.

The bank borrowings are denominated in the following currencies:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong dollar	**40,017**	33,231
Renminbi	**31,250**	17,220
	71,267	50,451

26. 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:

Group and Company

	Principal amount of convertible notes *HK$'000*	Maturity dates	Conversion price	Effective interest rate on date of issue	Contractual coupon rate during the year/ period	Effective interest rate during the year/ period
CN June 2007	49,500	29th June, 2011	HK$0.399 per share *(note i)*	7.17%	1.5% (fifteen months ended 31st March, 2012: 1.5%)	7.17%
CN Sept 2007	130,000	3rd August, 2014	HK$0.223 per share *(note ii)*	7.48%	1% (fifteen months ended 31st March, 2012: 1%)	14.86%
CN Aug 2009	60,000	3rd August, 2014	HK$0.223 per share *(note iii)*	14.86%	1% (fifteen months ended 31st March, 2012: 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 28.

(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.

26. Convertible notes (continued)

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.

Group and Company

	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

26. Convertible notes (continued)

The movement of the liability component of the convertible notes for the year ended 31st March, 2013 and the fifteen months ended 31st March, 2012 is set out below:

Group and Company

	CN June 2007	CN Sept 2007	CN Aug 2009	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at 1st January, 2011	15,927	39,540	32,805	88,272
Redeemed during the period *(note)*	(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
Interest charge *(note 9)*	–	6,826	5,661	12,487
Interest paid	–	(619)	(514)	(1,133)
Carrying amount at 31st March, 2013	**–**	**52,550**	**43,579**	**96,129**
Principal amount at **31st March, 2013**	**–**	**61,750**	**51,250**	**113,000**
31st March, 2012	–	61,750	51,250	113,000

Classified as:

	2013	2012
	HK$'000	*HK$'000*
Non-current liabilities	**96,129**	84,775

note: During the fifteen months ended 31st March, 2012, the Company redeemed CN June 2007 at par with the aggregate principal amount of HK$16,650,000 upon maturity on 29th June, 2011.

27. Deferred taxation liabilities

The movements in deferred taxation assets and liabilities of the Group (prior to offsetting of balances within the same taxation jurisdiction) during the year/period are as follows:

Group

	Accelerated tax depreciation	Fair value adjustments of assets on business combination	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1st January, 2011	2,345	136,880	139,225
Credited to consolidated statement of comprehensive income *(note 10)*	(2,345)	(4,249)	(6,594)
Changes in exchange rates	–	5,566	5,566
At 31st March, 2012	–	138,197	138,197
Credited to consolidated statement of comprehensive income *(note 10)*	–	(636)	(636)
Changes in exchange rates	–	2,237	2,237
At 31st March, 2013	**–**	**139,798**	**139,798**

Deferred taxation liabilities, which are expected to be settled after more than twelve months, have been provided in full on temporary differences under the liability method using the applicable tax rates prevailing in the countries in which the Group operates.

Deferred taxation assets of HK$47.4 million (2012: HK$45.0 million) arising from unused tax losses of HK$226.2 million (2012: HK$207.1 million) have not been recognised in the financial statements. The tax losses either have no expiry dates or will expire within five years for those from the PRC.

28. Share capital

	Number of shares *'000*	Amount *HK$'000*
Authorised:		
Ordinary shares of HK$0.10 each		
At 1st January, 2011	3,000,000	300,000
Increase on 27th June, 2011 *(note i)*	1,000,000	100,000
At 31st March, 2012 and 31st March, 2013	**4,000,000**	**400,000**
Preference shares of HK$0.01 each *(note ii)*		
Series A Preference Shares		
At 1st January, 2011, 31st March, 2012 and 31st March, 2013	1,000,000	10,000
Series B Preference Shares		
At 1st January, 2011, 31st March, 2012 and 31st March, 2013	1,000,000	10,000
	2,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
At 1st January, 2011	1,103,604	110,360
Issue of shares under Rights Issue *(note iii)*	1,103,604	110,361
At 31st March, 2012 and 31st March, 2013	**2,207,208**	**220,721**

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.

(ii) The preference shares rank in priority to the ordinary shares of the Company as to dividend and return of capital.

(iii) 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 capital (continued)

The Company adopted a share option scheme (the "Scheme") pursuant to the annual general meeting held on 29th August, 2012, which is valid and effective for a term of ten years from the date of its adoption. Under the Scheme, the Directors may grant options to the eligible persons as defined in the Scheme, inter alia, any Directors, employees or business consultants of the Company and its subsidiaries, to subscribe for shares in the Company under the terms and conditions stipulated therein. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company as at 29th August, 2012. No option have been granted under the Scheme since its adoption.

29. Reserves

Group

The movements of the reserves of the Group for the year ended 31st March, 2013 and the fifteen months ended 31st March, 2012 are shown in the consolidated statement of changes in equity on page 45.

Company

	Share premium HK$'000	Other reserve HK$'000	Convertible notes equity reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1st January, 2011	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
Loss for the year	–	–	–	–	(13,404)	(13,404)
At 31st March, 2013	**293,692**	**4,000**	**43,532**	**77,963**	**(124,807)**	**294,380**

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.

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 organisation in 1996 (the "Group Reorganisation") and the nominal amount of the shares issued by the Company for the Group Reorganisation.

30. Commitments

(a) Capital commitments

	Group	
	2013	2012
	HK$'000	*HK$'000*
Contracted but not provided for:		
Property, plant and equipment	**5,221**	73

(b) Operating leases rental payable

The future aggregate minimum lease payments under non-cancellable operating leases in respect of buildings is payable in the following periods:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Within the first year	**1,941**	2,425
Within the second to fifth years	**860**	2,513
	2,801	4,938

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.

31. Financial guarantees

	Company	
	2013	2012
	HK$'000	*HK$'000*
Guarantees for outstanding bank borrowings of subsidiaries as at the reporting date *(note 25)*	**40,017**	33,231

32. Employee retirement benefits

The Group operates defined contribution schemes in Hong Kong for all eligible employees. Contributions to these schemes are calculated based on certain percentages of the applicable payroll costs or pre-determined fixed sums. The assets of the schemes are held separately from those of the Group in independently administered funds. Contributions to one of the schemes can be reduced by contributions forfeited by those employees who leave that scheme prior to vesting fully in those contributions.

The Group participates in respective government retirement benefit schemes in the PRC pursuant to the relevant regulations whereby the Group is required to contribute to the schemes to fund the retirement benefits of the eligible employees. Contributions made to the schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums as stipulated under the requirements in the PRC. The government is responsible for the entire retirement benefit obligations payable to the retired employees. The Group has no other obligations apart from making ongoing contributions under the schemes.

The retirement benefit costs represent the contributions by the Group to the above schemes.

33. Approval of financial statements

The financial statements were approved by the Board on 19th June, 2013.

34. Principal subsidiaries

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group		Principal activities *(note i)*
			2013	2012	
廣東省博羅縣圓洲勤達印務有限公司 Guangdong Boluo Yuanzhou Midas Printing Limited	The PRC *(note ii)*	US$12,503,119	**100%**	100%	Book printing and binding
Midas Printing International Limited	Hong Kong	HK$7,000	**100%**	100%	Trading of printed products
Success Gain Investment Limited	Hong Kong	HK$2	**100%**	100%	Investment holding
Fortune Wealth Memorial Park Limited ("Fortune Wealth")	Hong Kong	HK$10,000	**87.5%**	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%**	83.4%	Development and construction of cemetery and provision of related management services in the PRC

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 the joint venture agreement, Fortune Wealth contributes 100% of the registered capital of Fortune Wealth (Si Hui) but shares 95.32% of its profit or loss.

Financial Summary

RESULTS

	For the year ended 31st March, 2013 HK$'000	For the fifteen months ended 31st March, 2012 HK$'000	For the year ended 31st December, 2010 HK$'000	2009 HK$'000	2008 HK$'000
REVENUES	**277,668**	369,549	293,584	299,573	510,504
LOSS BEFORE TAXATION	**(48,184)**	(92,975)	(76,100)	(48,203)	(122,150)
TAXATION CREDIT	**488**	6,394	499	2,948	3,362
LOSS FOR THE YEAR/PERIOD	**(47,696)**	(86,581)	(75,601)	(45,255)	(118,788)
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY	**(46,848)**	(83,502)	(73,896)	(43,394)	(115,823)
NON-CONTROLLING INTERESTS	**(848)**	(3,079)	(1,705)	(1,861)	(2,965)
LOSS FOR THE YEAR/PERIOD	**(47,696)**	(86,581)	(75,601)	(45,255)	(118,788)

ASSETS AND LIABILITIES

	At 31st March, 2013 HK$'000	2012 HK$'000	At 31st December, 2010 HK$'000 (restated)	2009 HK$'000 (restated)	2008 HK$'000 (restated)
TOTAL ASSETS	**996,407**	1,012,315	991,908	1,010,403	1,071,094
TOTAL LIABILITIES	**(418,474)**	(393,674)	(411,168)	(380,018)	(467,246)
NET ASSETS	**577,933**	618,641	580,740	630,385	603,848
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY	**507,918**	548,720	510,510	561,022	532,670
NON-CONTROLLING INTERESTS	**70,015**	69,921	70,230	69,363	71,178
TOTAL EQUITY	**577,933**	618,641	580,740	630,385	603,848

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, 28th August, 2013 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 year ended 31st March, 2013.

2. (a) To re-elect Dr. Eddy Li Sau Hung as an Independent Non-Executive Director.

   (b) To re-elect Mr. Yau Chi Ming as an Independent Non-Executive Director.

   (c) To authorise the Board to fix the remuneration of the Directors.

3. To re-appoint PricewaterhouseCoopers as the auditor of the Company and to authorise the board of Directors to fix its remuneration.

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

   A. "**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."

B. "**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)."

C. “**THAT**:

conditional upon the resolution set out in paragraph A of item 4 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 B of item 4 in the notice convening this meeting.”

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

Hong Kong, 22nd July, 2013

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 and 4 will be sent to shareholders together with the annual report for the year ended 31st March, 2013.