



**MIDAS**  
INTERNATIONAL  
HOLDINGS LIMITED

**2014**  
ANNUAL REPORT

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



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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, G.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\*, G.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\*, G.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, G.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")

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100 Texaco Road  
Tsuen Wan  
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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**

Codan Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
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 62, 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, the Honorary President of the Association for the Promotion of Global Chinese Traders Fraternity Ltd., 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 60, 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 35 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 32, has over 10 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 and Hong Kong United Youth Association, the Honorary President of the Hong Kong CPPCC of Fukien Province Members Association, the Vice Chairman of the General Association of Xiamen (H.K.) Ltd. and a member of the board of councillors of Public Art Hong Kong. She joined the Group in 2010.

**Mr. Geoffrey Chuang Ka Kam**, aged 26, 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 5 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 67, 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.

# BIOGRAPHICAL DETAILS OF HONORARY CHAIRMAN, DIRECTORS AND SENIOR MANAGEMENT (continued)

## *Independent Non-Executive Directors*

**Mr. Abraham Shek Lai Him**, G.B.S., J.P., aged 69, 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, ITC Corporation Limited, Country Garden Holdings Company Limited, Hop Hing Group Holdings Limited, MTR Corporation Limited, SJM Holdings Limited, Dorsett Hospitality International Limited, ITC Properties Group Limited, China Resources Cement Holdings Limited, Lai Fung Holdings Limited and Cosmopolitan International 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 59, was appointed as an Independent Non-Executive Director of the Company in 2004. He has over 29 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 60, 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 29 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 43, the Financial Controller, is responsible for the corporate finance, treasury, human resources management and internal audit functions of the Group. He has over 20 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 55, the General Manager of manufacturing of the printing division. He has over 35 years of experience in the printing industry. He joined the Group in 2003.

# 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, 2014 amounted to HK\$42.5 million (2013: HK\$46.8 million). Loss per ordinary share was 1.9 HK cents (2013: 2.1 HK cents).

## Management Discussion on Results for the Year Ended 31st March, 2014

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 box and children's books while property business focused on the operation of cemetery in the People's Republic of China (the "PRC").

Revenues of the Group for the year ended 31st March, 2014 amounted to HK\$309.8 million (2013: HK\$277.7 million), representing an increase of 11.6% compared to that of the last year. This was mainly due to the growth in sales from printed products recognized during the year. Revenues comprised income from sales of printed products of HK\$300.3 million (2013: HK\$271.5 million) and income from cemetery business of HK\$9.5 million (2013: HK\$6.2 million).

As a result of the increase in printed products sales, gross profit of the Group amounted to HK\$67.6 million (2013: HK\$53.6 million), representing an increase of 26.1% compared to that of the last year. Gross profit margin improved from 19.3% to 21.8%. The improvement was mainly resulted from increment of revenues, effective implementation of cost control measures and reduction in material costs. Other income decreased to HK\$6.7 million for the year under review (2013: HK\$12.6 million) mainly due to the absence of a gain arising on disposal of property, plant and equipment recorded in the last year.

On the costs side, selling and marketing expenses increased to HK\$24.4 million (2013: HK\$22.7 million) which was in line with the revenues growth. Administrative and other operating expenses was HK\$82.3 million (2013: HK\$82.4 million) which remained at the same level as that of the last year. Finance costs increased to HK\$11.2 million (2013: HK\$9.3 million) as a result of the increase in the amount of borrowings during the year.

Taking all the above into account, loss attributable to equity holders of the Company for the year ended 31st March, 2014 amounted to HK\$42.5 million (2013: HK\$46.8 million). Loss per share was 1.9 HK cents (2013: 2.1 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

The worldwide publishing market has been impacted by the growing popularity of digital products, resulting in a gradual but continuous trend away from paper books among readers. This change along with persistent global economic uncertainty continued to dampen the printing demand as a whole. This environment caused closure of numerous small printing service providers and consolidation of suppliers in the export printing industry accelerated during the year.

This consolidation trend has benefitted the Group to capture more market share, due to its emphasis on quality products, superior track record of reliable delivery and premium customer service. As a result, during the year, the Group achieved a moderate sales growth of 10.6% in the printing division.

In the cost aspects, the Group has taken numerous measures to further improve efficiency. The Group has adopted lean manufacturing and automation through the implementation of ERP system to cut costs and enhance efficiency. Besides, the Group constantly monitored operations planning and rebalancing production activities so as to maximize asset utilization. Tight inventory and procurement control were implemented so that the Group can maintain minimum level of inventories with lower price. Accordingly, the Group achieved improved operation efficiency and gross profit margin improved from 19.3% for last year to 21.8% for current year.

With a view to maximize its value to shareholders, the Group has completed the disposal of the industrial land site located at Coastal Industry Zone in Shatian, Dongguan in May 2014. The net proceeds from the disposal, after deducting the estimated expenses, of approximately HK\$77.4 million was applied as general working capital of the Group. Accordingly, the disposal enabled the Group to increase its working capital, and improved the liquidity and strengthened the overall financial position of the Group. Details of the disposal were disclosed in the announcement on 14th May, 2014.

The Group's another factory site is located near the city centre of Changan, Dongguan. Its surrounding area is well developed and occupied by premium residential and commercial buildings. In view of its high development potential, the local government is considering to rezone and develop the nearby area into an integrated commercial and residential district. The Group has already substantially scaled down its production in the Changan factory and is awaiting final rezoning decision from the local government. In the meantime, the Group has obtained expansion of the business scope of the land owner to include warehouse operations and will explore alternate usage plan, including wholly or partially leasing out or disposing of this site, so as to maximize its value to the shareholders.

# Printing Products



## (B) Property Business – Cemetery Operations

The Group operates a cemetery – “Fortune Wealth Memorial Park” in Sihui, Guangdong which comprises a site of 518 mu, and an adjacent site of 4,482 mu, which has been reserved, making up a total of 5,000 mu.

During the year under review, the Group has continued to strengthen its sales effort and expanded its agency network. Furthermore, the Group has arranged joint promotion programmes with Fengshui masters in the PRC so as to enhance the public awareness and marketability of the cemetery. As a result, during the year, the Group achieved a sales growth of 53.2% in the cemetery business. Recently, the local government has approved to establish a martyr memorial cemetery within Fortune Wealth Memorial Park to commemorate martyrs so as to attract people to pay tribute and remembrance to the martyrs. The establishment of the martyr memorial cemetery will expose the cemetery to different market segments and customer groups and the Group believes that such a move could further enhance the sales of the cemetery in the years to come.

In order to further enhance the value of the cemetery, the Group constantly reviews the development plan of the cemetery. The Group has completed an additional 1,042 grave plots, and is in the process of tendering the construction of a further 1,262 grave plots, on the 100 mu of land located near the entrance of the cemetery. Furthermore, for long term development purpose, the Group is now in negotiation with the local government with a view to expand the cemetery by phases. The Group plans to build about 3,500 grave plots as an initial phase of such expansion.



# CHAIRMAN'S STATEMENT (continued)

## Prospects

Moving forward, it is anticipated that the evolution of digital printing and e-publishing will redefine the printing industry while global economy is still volatile and unpredictable. Pressure on printing operation costs is likely to persist in the years ahead while labour cost in the PRC will continue to rise. The Group is aware that optimal cost efficiency is critical to offset such operating cost increment in order to achieve long term profitability. Accordingly, the Group will continue to enhance the ERP system to control cost and is confident that this will result in further improvement in the gross profit margin.

In Hong Kong and the Southern China region, demand for prestigious grave plots and niches for cremation urns is high due to limited supply of cemeteries and related establishments. With anticipated significant improvement in infrastructure around Pearl Delta region in 2015 and 2016, the Group believes that sales from cemetery will continue to grow and this investment will provide solid contributions in the long run.

## Liquidity and Financial Position

As at 31st March, 2014, the Group's cash and bank balances (including pledged bank balances) amounted to HK\$85.8 million (2013: HK\$117.3 million) whereas bank borrowings as at the same date amounted to HK\$68.7 million (2013: HK\$71.3 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 14.8% (2013: 14.0%). Most of the Group's cash, bank balances and bank borrowings were denominated in Hong Kong dollars and Renminbi. Interest on bank borrowings was charged at variable commercial rates prevailing in Hong Kong and the PRC.

In May 2014, the Group completed the disposal of the entire interest in the industrial land site located at Coastal Industry Zone in Shatian, Dongguan. The net proceeds from the disposal, after deducting the estimated expenses, of approximately HK\$77.4 million was applied as general working capital of the Group. Accordingly, the disposal enabled the Group to increase its working capital, and improved the liquidity and strengthened the overall financial position of the Group.

The outstanding principal amount of the convertible notes of the Company amounted to HK\$113.0 million and are repayable in August 2014.

Net asset value attributable to equity holders of the Company as at 31st March, 2014 amounted to HK\$465.1 million, equivalent to about HK\$0.211 per share.

## Staff

As at 31st March, 2014, the Group, including its subcontracting processing plants, employed approximately 1,913 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 maximize our resources to bring the greatest reward to our shareholders.

**Richard Hung Ting Ho**

*Chairman and Managing Director*

Hong Kong, 24th June, 2014

# 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.

A Board diversity policy (the “Board Diversity Policy”) has been approved by the Board with effect from 1st September, 2013. A summary of the Board Diversity Policy is extracted below:

The Company continuously seeks to enhance the effectiveness of its Board and to maintain high standards of corporate governance and recognizes and embraces the benefits of diversity in the boardroom. The Company sees diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, and professional experience and skills. In informing its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time.

The Company endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy for sustainable and balanced development.

Board appointments shall be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Board believes that such merit-based appointments will best enable the Company to serve its shareholders and other stakeholders as a whole.



(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:

<b>Name</b>	<b>Position</b>
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.

# CORPORATE GOVERNANCE REPORT (continued)

## (iii) Nomination Committee

A Nomination Committee was established by the Company with clear terms of reference to review the composition of the Board. The Nomination Committee of the Company shall review the Board Diversity Policy annually and recommend any proposed changes to the Board for approval. The Nomination Committee currently 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 review the structure, size and composition of the Board and to assess the independence 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 ( <i>note</i> )	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) Independence 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.

# CORPORATE GOVERNANCE REPORT (continued)

## (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) organized 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's 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:

<b>Name</b>	<b>No. of meeting attended/held</b>
Mr. Yau Chi Ming ( <i>note</i> )	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 consolidated 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 consolidated financial statements of the Group is set out in the "Independent Auditor's Report" on pages 37 to 38 of this annual report.

# CORPORATE GOVERNANCE REPORT (continued)

## (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 unauthorized use or disposition, transactions are executed in accordance with the management's authorization, 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, 2014. 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 ( <i>note</i> )	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:

<b>Services rendered</b>	<b>HK\$'000</b>
Audit and audit related services	<b>1,390</b>
Non-audit services	<b>450</b>
	<b>1,840</b>

**(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 to 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.

# CORPORATE GOVERNANCE REPORT (continued)

The attendance record of each committee member is as follows:

Name	No. of meetings attended/held
Mr. Richard Hung <i>(note)</i>	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 communities 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 who did not attend the 2013 annual general meeting of the Company held on 28th August, 2013 (the "2013 AGM"), all Directors (including the Chairman of the Board and Chairman of the respective Board Committees) attended the 2013 AGM to answer questions raised by shareholders.

The attendance record of each Director in the 2013 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	Yes
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.

# CORPORATE GOVERNANCE REPORT (continued)

## (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.

# CORPORATE GOVERNANCE REPORT (continued)

- 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

No amendments had been made to the constitutional documents of the Company during the year ended 31st March, 2014.

## Conclusion

Except as mentioned above, the Company has complied with the code provisions of the CG Code for the year ended 31st March, 2014.

On behalf of the Board of  
**Midas International Holdings Limited**

**Richard Hung Ting Ho**  
*Chairman and Managing Director*

Hong Kong, 24th June, 2014

# 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, 2014.

## Principal Activities

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

## Results and Appropriations

The results of the Group and appropriations of the Company for the year ended 31st March, 2014 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, 2014. 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 largest supplier and the five largest suppliers of the Group accounted for approximately 18% and 43% of the total purchases of the Group for the year respectively.

The aggregate turnover attributable to the largest customer and the five largest customers of the Group accounted for approximately 10% and 32% of the total turnover of the Group for the year respectively.

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

## 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 29 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, 2014 amounted to approximately HK\$235,571,000.

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' REPORT (continued)

## 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"), Miss Candy Chuang Ka Wai and Mr. Dominic Lai 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, 2014, 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 ("Mr. Abraham Shek")	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")	1,092,366	Beneficial owner	Personal interest	0.07%

Other than as disclosed herein, as at 31st March, 2014, 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.

# DIRECTORS' REPORT (continued)

## 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, 2014, 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 ("Mr. Geoffrey Chuang") is a director of Evergain.
3. Such interests arose by attribution through her spouse, Mr. Alan Chuang.
4. Such interests represented 13.28% of the issued ordinary share capital and comprised Great Income's interests in 105,876,090 shares and 187,219,730 conversion shares to be issued upon the exercise of conversion rights attached to a convertible note due 2014. Great Income is beneficially owned by Mr. Ching.

Save as disclosed above, as at 31st March, 2014, 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.

# DIRECTORS' REPORT (continued)

## 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, 2014, the balance outstanding was approximately HK\$9 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, 2014, the balance outstanding was approximately HK\$1 million. 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\$29 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, 2014, the balance outstanding was approximately HK\$4 million. The banking facilities are subject to annual review.

# DIRECTORS' REPORT (continued)

## Update on Information of Directors pursuant to Rule 13.51B(1) of the Listing Rules

Changes in the information of Directors during the year and up to the date of this report which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

- (a) Mr. Abraham Shek, an Independent Non-Executive Director of the Company, had been appointed as an independent non-executive director of Cosmopolitan International Holdings Limited with effect from 18th December, 2013. Mr. Abraham Shek resigned as an independent non-executive director of Titan Petrochemicals Group Limited and Hsin Chong Construction Group Ltd. with effect from 27th February, 2014 and 12th May, 2014 respectively.
- (b) The annual remuneration of the following Director has been revised with effect from 1st April, 2014:

<b>Name of Director</b>	<b>Revised annual# remuneration HK\$'000</b>
Mr. Geoffrey Chuang	1,244

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

## Sufficiency of Public Float

The Company has maintained a sufficient public float of the Company's securities as required under the Listing Rules throughout the year ended 31st March, 2014 and up to the date of this report.

## Auditor

The consolidated financial statements for 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 had audited the consolidated financial statements for the year ended 31st March, 2013.

The consolidated financial statements for the year ended 31st March, 2014 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board of  
**Midas International Holdings Limited**

**Richard Hung Ting Ho**  
*Chairman and Managing Director*

Hong Kong, 24th June, 2014

# INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

TO THE SHAREHOLDERS OF  
**MIDAS INTERNATIONAL HOLDINGS LIMITED**  
*(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, 2014, 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.

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# INDEPENDENT AUDITOR'S REPORT (continued)

## Auditor's Responsibility (continued)

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, 2014, 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, 24th June, 2014



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH, 2014

	Note	2014 HK\$'000	2013 HK\$'000
Revenues	5	309,846	277,668
Cost of sales		(242,218)	(224,065)
Gross profit		67,628	53,603
Other income and net gain	7	6,715	12,589
Selling and marketing expenses		(24,426)	(22,652)
Administrative and other operating expenses		(82,310)	(82,436)
Operating loss	8	(32,393)	(38,896)
Finance costs	9	(11,180)	(9,288)
Loss before taxation		(43,573)	(48,184)
Taxation credit	10	439	488
Loss for the year		(43,134)	(47,696)
Other comprehensive income:			
Item that may be reclassified subsequently to profit and loss			
Net exchange differences		(370)	6,988
<b>Total comprehensive loss for the year</b>		<b>(43,504)</b>	<b>(40,708)</b>
Loss for the year attributable to:			
Equity holders of the Company	11	(42,521)	(46,848)
Non-controlling interests		(613)	(848)
		(43,134)	(47,696)
Total comprehensive loss for the year attributable to:			
Equity holders of the Company		(42,835)	(40,802)
Non-controlling interests		(669)	94
<b>Total comprehensive loss for the year</b>		<b>(43,504)</b>	<b>(40,708)</b>
Loss per share (basic and diluted)	14	HK cents (1.9)	HK cents (2.1)

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH, 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>Non-current assets</b>			
Prepaid lease payments	15	9,448	61,635
Property, plant and equipment	16	80,854	98,248
Cemetery assets	17	513,710	506,439
		<b>604,012</b>	666,322
<b>Current assets</b>			
Inventories	19	44,809	46,904
Cemetery assets	17	83,001	82,812
Accounts receivable	20	72,662	70,270
Deposits, prepayments and other receivables		12,374	12,847
Pledged bank balances	21	25,000	–
Cash and bank balances	21	60,823	117,252
		<b>298,669</b>	330,085
Assets of disposal group classified as held for sale	22	48,354	–
		<b>347,023</b>	330,085
<b>Current liabilities</b>			
Accounts payable	23	46,973	44,203
Accrued charges and other payables	23	42,176	42,512
Amount due to a non-controlling shareholder	24	1,366	1,366
Deferred income	25	–	51
Tax payable		7,340	21,689
Bank borrowings	26	44,995	40,017
Convertible notes	27	109,176	–
		<b>252,026</b>	149,838
<b>Net current assets</b>		<b>94,997</b>	180,247
<b>Total assets less current liabilities</b>		<b>699,009</b>	846,569

	Note	2014 HK\$'000	2013 HK\$'000
<b>Equity</b>			
Share capital	29	220,721	220,721
Reserves	30	244,362	287,197
Shareholders' funds		465,083	507,918
Non-controlling interests		69,346	70,015
<b>Total equity</b>		<b>534,429</b>	577,933
<b>Non-current liabilities</b>			
Bank borrowings	26	23,750	31,250
Convertible notes	27	–	96,129
Deferred income	25	1,791	1,459
Deferred taxation liabilities	28	139,039	139,798
		164,580	268,636
		699,009	846,569

**Geoffrey Chuang Ka Kam**  
Director

**Richard Hung Ting Ho**  
Director

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

# STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH, 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>Non-current asset</b>			
Interest in a subsidiary	18	535,664	530,145
<b>Current assets</b>			
Other receivables		286	280
Pledged bank balances	21	25,000	–
Cash and bank balances	21	48,695	81,570
		<b>73,981</b>	81,850
<b>Current liabilities</b>			
Other payables	23	645	765
Convertible notes	27	109,176	–
		<b>109,821</b>	765
<b>Net current (liabilities)/assets</b>		<b>(35,840)</b>	81,085
<b>Total assets less current liabilities</b>		<b>499,824</b>	611,230
<b>Equity</b>			
Share capital	29	220,721	220,721
Reserves	30	279,103	294,380
		<b>499,824</b>	515,101
<b>Non-current liability</b>			
Convertible notes	27	–	96,129
		<b>499,824</b>	611,230

**Geoffrey Chuang Ka Kam**  
Director

**Richard Hung Ting Ho**  
Director

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2014

	2014 HK\$'000	2013 HK\$'000
<b>Cash flows from operating activities</b>		
Operating loss	<b>(32,393)</b>	(38,896)
Adjustments for:		
Depreciation of property, plant and equipment	<b>22,130</b>	23,472
Amortization of prepaid lease payments	<b>1,475</b>	1,591
Provision for impairment of accounts receivable	<b>1,415</b>	2,314
Provision for impairment of inventories	<b>1,019</b>	617
Reversal of provision for impairment of accounts receivable	<b>(919)</b>	(1,414)
Gain on disposal of property, plant and equipment	–	(4,151)
Interest income	<b>(232)</b>	(555)
Operating loss before working capital changes	<b>(7,505)</b>	(17,022)
Decrease/(increase) in inventories	<b>1,076</b>	(4,652)
(Increase)/decrease in cemetery assets	<b>(192)</b>	602
(Increase)/decrease in accounts receivable	<b>(3,313)</b>	5,903
Decrease/(increase) in deposits, prepayments and other receivables	<b>464</b>	(401)
Increase/(decrease) in accounts payable	<b>2,770</b>	(3,715)
Increase/(decrease) in accrued charges and other payables	<b>1,424</b>	(7,191)
Increase in deferred income	<b>282</b>	461
Cash used in operations	<b>(4,994)</b>	(26,015)
Income tax paid	<b>(346)</b>	(35)
Interest paid	<b>(5,530)</b>	(4,760)
<b>Net cash used in operating activities</b>	<b>(10,870)</b>	(30,810)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<b>(10,236)</b>	(8,687)
Proceeds from disposal of property, plant and equipment	–	4,187
Increase in pledged bank balances	<b>(25,000)</b>	–
Interest income received	<b>242</b>	555
<b>Net cash used in investing activities</b>	<b>(34,994)</b>	(3,945)

# CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

	<i>Note</i>	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
<b>Cash flows from financing activities</b>			
New bank borrowings		<b>154,792</b>	145,047
Repayment of bank borrowings		<b>(157,211)</b>	(124,231)
<b>Net cash (used in)/from financing activities</b>		<b>(2,419)</b>	20,816
<b>Net decrease in cash and cash equivalents</b>		<b>(48,283)</b>	(13,939)
Cash and cash equivalents at the beginning of the year		<b>117,252</b>	131,128
Exchange difference on cash and cash equivalents		<b>(52)</b>	63
<b>Cash and cash equivalents at the end of the year</b>	21	<b>68,917</b>	117,252
<b>Cash and bank balances included in assets of disposal group classified as held for sale</b>	21	<b>(8,094)</b>	–
<b>Cash and bank balances</b>	21	<b>60,823</b>	117,252

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2014

	Attributable to equity holders of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Other reserve	Merger reserve	Translation reserve	Convertible notes equity reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000 (note i)	HK\$'000 (note ii)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 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
Loss for the year	-	-	-	-	-	-	(42,521)	(42,521)	(613)	(43,134)
Other comprehensive income:										
Net exchange differences	-	-	-	-	(314)	-	-	(314)	(56)	(370)
Total comprehensive loss for the year	-	-	-	-	(314)	-	(42,521)	(42,835)	(669)	(43,504)
<b>At 31st March, 2014</b>	<b>220,721</b>	<b>293,692</b>	<b>4,000</b>	<b>24,000</b>	<b>63,467</b>	<b>43,532</b>	<b>(184,329)</b>	<b>465,083</b>	<b>69,346</b>	<b>534,429</b>

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 reorganization in 1996.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2014

## 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, 2014, 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 consolidated financial statements are set out below, which have been consistently applied for all the years presented, unless otherwise stated.

### (a) Basis of preparation

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



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

### (a) Basis of preparation (continued)

#### **Effect of adopting new standards and amendments to standards**

For the financial year ended 31st March, 2014, the Group adopted the following new standards and amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2013 and relevant to the operations of the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle

The Group has assessed the impact of the adoption of these new standards and amendments to standards and considered that, except for the adoption of HKAS 1 (Amendment) which affected the Group's presentation of the consolidated financial statements and required additional disclosures, there was no other significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

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

### (a) Basis of preparation (continued)

#### **New standards and amendments to standards that are not yet effective**

The following new standards and amendments to standards have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1st April, 2014, but have not yet been early adopted by the Group:

HKAS 19 (Amendment)	Defined Benefit Plans – Employee Contributions (effective from 1st July, 2014)
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective from 1st January, 2014)
HKAS 36 (Amendment)	Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets (effective from 1st January, 2014)
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting (effective from 1st January, 2014)
HKFRS 9	Financial Instruments (to be determined)
HKFRS 14	Regulatory Deferral Accounts (effective from 1st January, 2016)
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities (effective from 1st January, 2014)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle (effective from 1st July, 2014)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle (effective from 1st July, 2014)

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

### (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.

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

### (c) Subsidiaries

Subsidiaries are entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the 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 recognizes 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.

If the business combination is achieved in stages, the acquisition-date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in the profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 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 recognized 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 asset. In addition, any amounts previously recognized 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 recognized in other comprehensive income are reclassified to the profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized 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, interest in a subsidiary is carried at cost less impairment losses. The result of a subsidiary is accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the interest in a subsidiary is required upon receiving a dividend from this investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### (d) Changes in ownership interest without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of 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 arises on acquisitions of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

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

### (e) Goodwill (continued)

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

### (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 recognized 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.

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 recognized in the consolidated statement of comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

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

### (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 amortized 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 realizable value. Net realizable value represents the estimated selling price for cemetery assets less all estimated costs of completion and costs necessary to make the sale.

### (i) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated on the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable 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 recognized initially at fair value and subsequently measured at amortized 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 reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is recognized in the consolidated statement of comprehensive income.

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

### (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 amortized cost using effective interest method.

Regular purchases and sales of investments are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are derecognized 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.

### (l) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

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

### (n) Provisions

Provisions are recognized 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 recognized 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 recognized 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 recognized as interest expense.

### (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. 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) Assets of disposal groups classified as held for sale

Assets of disposal groups are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The assets of disposal groups are stated at the lower of carrying amount and fair value less costs to sell.



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

### (q) Borrowings

Borrowings are recognized 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 amortized cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognized 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.

### (r) Convertible notes

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

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross 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 notes equity reserve).

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

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

### (r) Convertible notes (continued)

Transaction costs that relate to the issue of the convertible note are allocated to the liability and equity components in proportion to the allocation of the gross proceed. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortized 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 is derecognized 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.

### (s) Current and deferred taxation

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

The current 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 recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred taxation liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation 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 taxation asset is realized or the deferred taxation liability is settled.

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

### (s) Current and deferred taxation (continued)

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

Deferred taxation liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred taxation liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognized.

Deferred taxation assets are recognized on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

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.

### (t) 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 consolidated statement of comprehensive income on a straight-line basis over the period of lease.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

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

### (u) Revenue and income recognition

Revenue is recognized 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 returns, rebates and discounts, allowances for credit and other revenue reducing factors.

Revenue from the sale of goods and scraped materials is recognized when the goods and scraped materials 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 and scraped materials;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods and scraped materials 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, including grave plots, niches for cremation urns and tomb sets, is recognized 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 recognized when services are rendered.

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

### (v) 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 capitalized as part of the cost of their assets. All other borrowing costs are charged to the consolidated statement of comprehensive income in the financial period in which they are incurred.

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

### (w) 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 in the People's Republic of China (the "PRC") are charged to the consolidated statement of comprehensive income in the financial period to which the contributions relate. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee entitlements to annual leaves are recognized 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 recognized until the time of leaves.

Provisions for bonus entitlements are recognized 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.

### (x) 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.

### (y) 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 recognized in the consolidated statement of comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

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

### (y) 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 recognized 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 the 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 recognized in the profit or loss.

### (z) 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.

### (aa) Dividend distribution

Dividend distribution to the shareholders of the Company is recognized 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 minimize 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 receivable 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. Credit risk of the Company is primarily attributable to deposits with banks and financial institutions. The Group and the Company have credit policies in place and exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks and financial institutions by monitoring credit ratings and only places deposits with banks and financial institutions with no history of defaults. As at 31st March, 2014, the monies (including pledged bank balances and those in assets of disposal group classified as held for sale) placed with Hong Kong and the PRC banks and financial institutions amounted to approximately HK\$81.3 million (2013: HK\$88.7 million) and HK\$12.0 million (2013: HK\$27.8 million) respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 3. Financial risk management (continued)

### (a) Financial risk factors (continued)

#### (i) Credit risk (continued)

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, for the printing business, the Group has purchased 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 consider that the Group's credit risk is significantly reduced and there is no significant concentration of risk on the accounts receivable 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 put in place 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, 2014, the Group had standby banking facilities to provide contingency liquidity support which amounted to approximately HK\$102.9 million (2013: HK\$153.2 million). Details of the bank borrowings are disclosed in note 26.



### 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
<b>2014</b>				
Accounts payable	46,973	–	–	46,973
Accrued charges and other payables	42,176	–	–	42,176
Amount due to a non-controlling shareholder	1,366	–	–	1,366
Bank borrowings	47,511	25,397	–	72,908
Convertible notes	113,471	–	–	113,471
	<b>251,497</b>	<b>25,397</b>	–	<b>276,894</b>
<b>2013</b>				
Accounts payable	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
	<b>133,783</b>	<b>123,066</b>	<b>25,179</b>	<b>282,028</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 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	Total HK\$'000
<b>2014</b>			
Other payables	645	–	645
Convertible notes	113,471	–	113,471
	<b>114,116</b>	–	<b>114,116</b>
Financial guarantees (note 32)	<b>29,194</b>	–	<b>29,194</b>
<b>2013</b>			
Other payables	765	–	765
Convertible notes	1,130	113,471	114,601
	1,895	113,471	115,366
Financial guarantees (note 32)	42,208	–	42,208

#### (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 Company does not have significant interest rate risk. The interest rate risk of the Group mainly arises from bank borrowings and convertible notes. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. Convertible notes issued at fixed rates expose the Group to fair value interest rate risk. 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 arise.

### 3. Financial risk management (continued)

#### (a) Financial risk factors (continued)

##### (iii) Cash flow and fair value interest rate risk (continued)

As at 31st March, 2014, if interest rates had been 1% (2013: 1 %) higher/lower with all other variables held constant, the loss before taxation of the Group would have increased/decreased by approximately HK\$450,000 (2013: HK\$400,000).

##### (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 dollar, 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"), New Zealand dollars ("NZD") and Renminbi ("RMB"). 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 minimize the foreign currency risk exposure. However, the management will consider hedging significant currency risk should the need arise.

The carrying amounts of the Group's monetary assets, including accounts receivable, other receivables and cash and bank balances, denominated in currencies other than the functional currency of the relevant group entities at the end of the reporting period are as follows:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
USD	<b>51,090</b>	54,530
EUR	<b>3,970</b>	7,627
RMB	<b>3,294</b>	15,177
GBP	<b>610</b>	1,123
NZD	<b>592</b>	688
AUD	<b>103</b>	192

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 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 dollar against EUR, AUD and NZD, 5% increase and decrease in Hong Kong dollar against GBP and RMB and 1% increase and decrease in Hong Kong dollar 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 dollar against the relevant foreign currencies will give rise to an increase or decrease in loss for the year and the impact is shown in the following table.

	Increase/decrease in loss for the year	
	2014 HK\$'000	2013 HK\$'000
USD	427	455
EUR	331	637
RMB	2,593	2,228
AUD	10	16
GBP	25	47
NZD	49	57

### 3. Financial risk management (continued)

#### (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.

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, 2014, the debt to equity ratio is 14.8% (2013: 14.0%).

#### (c) Fair value estimation

The disclosure of fair value measurements of financial instruments carried at fair value by level in 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)

The Group and the Company had no level 3 financial instruments as at 31st March, 2014 and 2013, and there was no transfer of financial instruments between level 1 and level 2 for the years ended 31st March, 2014 and 2013.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 3. Financial risk management (continued)

### (c) Fair value estimation (continued)

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 receivable, deposits, prepayments and other receivables, cash and bank balances, accounts payable, amounts due from/to subsidiaries and a non-controlling shareholder, accrued charges and other payables and current bank borrowings approximate their fair values.

The financial assets and liabilities of the Group and the Company are classified as loans and receivables and financial liabilities at amortized cost respectively as at 31st March, 2014 and 2013.

## 4. Critical accounting estimates and judgments

Estimates and judgments used in preparing the consolidated 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 the detailed financial budgets approved by the management covering a 5-year period with a discount rate of 13.5% and annual growth rates ranging from reduction in sales of 8% to increment in sales of 9% and by extrapolating the cash flow projection based on these financial budgets using a steady growth rate of 5% for year 6 to year 14. Estimates and judgments are applied in determining the growth rate and the discount rate. Management estimates the growth rate and the discount rate based on certain assumptions, such as sales growth, unit price, production cost and production capacity. This evaluation is also subject to changes in factors such as industry performance and changes in technology. The management determined that there was no impairment of the Group's printing business as at 31st March, 2014.

#### 4. Critical accounting estimates and judgments (continued)

##### (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.

The detailed financial budget for the cash flow projections approved by the management was prepared for a 10-year period with a discount rate of 15.9% and annual growth rates for various types of products ranging from 4% to 40% and by extrapolating the cash flow projections based on the financial budget using a steady growth rate of 40% for each type of product which would be available for sale by phases with a steady price increment over another 30-year period. Estimates and judgments are applied in determining the growth rate and the discount rate. Management estimates the growth rate and the discount rate based on certain assumptions, such as sales growth, unit price, development plan and development cost. This evaluation is also subject to changes in factors such as government regulations, demographic growth rate and death rate. The management determined that there was no impairment of the Group's cemetery business as at 31st March, 2014.

##### (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 requires the use of judgment 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 4. Critical accounting estimates and judgments (continued)

### (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 recognizes 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) Capitalization of borrowing costs

Borrowing costs directly attributable to the construction of cemetery assets are capitalized 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 capitalization of borrowing costs should commence on a project-by-project basis.

## 5. Revenues

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

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Sales of printed products	<b>300,359</b>	271,438
Sales of cemetery assets	<b>9,487</b>	6,230
	<b>309,846</b>	277,668



## 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.

The segment information by business lines is as follows:

	Printing HK\$'000	Cemetery HK\$'000	Corporate HK\$'000	Total HK\$'000
<b>For the year ended 31st March, 2014</b>				
Revenues	300,359	9,487	–	309,846
Other income and net gain	6,419	64	232	6,715
Operating loss	(24,231)	(3,635)	(4,527)	(32,393)
Finance costs	(4,384)	(369)	(6,427)	(11,180)
Loss before taxation	(28,615)	(4,004)	(10,954)	(43,573)
Taxation (charge)/credit	(186)	625	–	439
Loss for the year	(28,801)	(3,379)	(10,954)	(43,134)
<b>As at 31st March, 2014</b>				
Total assets	248,211	617,001	85,823	951,035
Total liabilities	78,395	160,290	177,921	416,606
<b>For the year ended 31st March, 2014</b>				
Other segment items are as follows:				
Capital expenditure	10,229	10,299	–	20,528
Depreciation	21,443	687	–	22,130
Amortization of prepaid lease payments	1,401	74	–	1,475
Provision for impairment of accounts receivable	596	819	–	1,415
Reversal of provision for impairment of accounts receivable	919	–	–	919
Provision for impairment of inventories	1,019	–	–	1,019

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 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 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
Amortization of prepaid lease payments	1,518	73	–	1,591
Provision for impairment of accounts receivable	2,314	–	–	2,314
Reversal of provision for impairment of accounts receivable	1,414	–	–	1,414
Provision for impairment of inventories	617	–	–	617

## 6. Segment information (continued)

### (b) Geographical segment information

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

	Revenues		Capital expenditure	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong	16,014	17,872	309	975
The PRC	11,083	9,700	20,219	14,538
United States of America	110,087	92,726	–	–
United Kingdom	62,859	51,877	–	–
Germany	39,758	34,307	–	–
France	29,537	35,291	–	–
Other countries	40,508	35,895	–	–
	<b>309,846</b>	<b>277,668</b>	<b>20,528</b>	<b>15,513</b>

	Non-current assets		Total assets	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong	1,281	3,034	148,811	155,884
The PRC	602,731	663,288	802,224	840,523
	<b>604,012</b>	<b>666,322</b>	<b>951,035</b>	<b>996,407</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 7. Other income and net gain

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Interest income from bank deposits	<b>232</b>	555
Sales of scraped materials	<b>5,325</b>	3,899
Reversal of provision for impairment of accounts receivable	<b>919</b>	1,414
Gain on disposal of property, plant and equipment	–	4,151
Sundries	<b>239</b>	2,570
	<b>6,715</b>	12,589

## 8. Operating loss

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Operating loss is stated after charging/(crediting):		
Staff costs, including Directors' emoluments		
Wages and salaries	<b>97,991</b>	81,583
Retirement benefit costs (note 33)	<b>1,460</b>	1,114
Total staff costs	<b>99,451</b>	82,697
Less: Amount capitalized and included in cost of inventories sold for printing business	<b>(59,429)</b>	(43,392)
Less: Amount capitalized and included in cost of inventories sold for cemetery business	<b>(765)</b>	(542)
Staff costs included in selling and marketing expenses, and administrative and other operating expenses	<b>39,257</b>	38,763
Auditors' remuneration		
Audit and audit related services	<b>1,390</b>	1,440
Non-audit services	<b>450</b>	400
Cost of inventories sold		
Printing business	<b>161,525</b>	157,453
Cemetery business	<b>3,210</b>	3,438
	<b>164,735</b>	160,891
Depreciation	<b>22,130</b>	23,472
Less: Amount capitalized and included in cost of inventories sold for printing business	<b>(16,197)</b>	(17,312)
Depreciation included in selling and marketing expenses, and administrative and other operating expenses	<b>5,933</b>	6,160
Net exchange (gains)/losses	<b>(213)</b>	1,189
Provision for impairment of inventories (included in cost of sales)	<b>1,019</b>	617
Provision for impairment of accounts receivable	<b>1,415</b>	2,314
Amortization of prepaid lease payments	<b>1,475</b>	1,591
Operating leases rental	<b>2,799</b>	2,738

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 9. Finance costs

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Interest expenses		
Bank borrowings wholly repayable within five years	<b>4,383</b>	3,627
Convertible notes wholly repayable within five years	<b>14,178</b>	12,487
	<b>18,561</b>	16,114
Fair value adjustment of accounts receivable	<b>369</b>	–
Amount capitalized into cemetery assets	<b>(7,750)</b>	(6,826)
	<b>11,180</b>	9,288

The above analysis shows the finance costs in accordance with the agreed scheduled repayment dates set out in the agreements. The capitalized effective rate for cemetery assets is 14.86% (2013: 14.86%) per annum.

## 10. Taxation credit

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Current income tax		
Hong Kong profits tax	–	9
PRC corporate income tax	–	139
Under-provision in prior years	<b>186</b>	–
Deferred taxation (note 28)	<b>(625)</b>	(636)
	<b>(439)</b>	(488)

## 10. Taxation credit (continued)

No provision for Hong Kong profits tax has been provided as the Group had sufficient tax losses to offset the estimated assessable profit for the year ended 31st March, 2014 (2013: Hong Kong profits tax was calculated at 16.5% of the estimated assessable profit for the year). 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 on the loss before taxation of the Group differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Loss before taxation	<b>(43,573)</b>	(48,184)
Tax credit at the rate of 16.5% (2013: 16.5%)	<b>(7,190)</b>	(7,950)
Expenses not deductible for taxation purpose	<b>1,772</b>	7,491
Income not subject to taxation	<b>(550)</b>	(945)
Tax losses not recognized	<b>7,360</b>	4,258
Utilization of previously unrecognized tax losses	<b>(272)</b>	(452)
Effect of different tax rates in other countries	<b>(1,745)</b>	(2,890)
Under-provision in prior years	<b>186</b>	–
Taxation credit for the year	<b>(439)</b>	(488)

## 11. Loss attributable to equity holders

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of loss of HK\$15,277,000 (2013: HK\$13,404,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 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 (2013: 7) Directors were as follows:

Name of Director	Fees HK\$'000	Salaries and other benefits HK\$'000	Bonuses HK\$'000	Retirement	Total emoluments HK\$'000
				benefit scheme contributions HK\$'000	
<b>For the year ended 31st March, 2014</b>					
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	-	24	644
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
	<b>390</b>	<b>2,400</b>	<b>150</b>	<b>48</b>	<b>2,988</b>
<b>For the year ended 31st March, 2013</b>					
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
	<b>390</b>	<b>2,400</b>	<b>150</b>	<b>45</b>	<b>2,985</b>

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



## 12. Directors' and employees' emoluments (continued)

### (b) Employees' emoluments

During the year ended 31st March, 2014, the five highest paid individuals included one (2013: one) Director, details of whose emoluments are set out in note 12(a).

The emoluments of the remaining four (2013: four) individuals were as follows:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Salaries and other benefits	<b>3,017</b>	2,751
Bonuses	<b>176</b>	225
Retirement benefit scheme contributions	<b>96</b>	96
	<b>3,289</b>	3,072

Their emoluments were within the following bands:

	<b>Number of employees</b>	
	<b>2014</b>	2013
HK\$1,000,000 or below	<b>4</b>	4

During the years ended 31st March, 2014 and 2013, 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 years ended 31st March, 2014 and 2013, no Director waived any emoluments.

### (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:

	<b>Number of employees</b>	
	<b>2014</b>	2013
HK\$1,000,000 or below	<b>2</b>	3

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 13. Dividends

No dividend was paid or declared for each of the years ended 31st March, 2014 and 2013.

The Board does not recommend the payment of a final dividend for the year ended 31st March, 2014 (2013: nil).

## 14. Loss per share

The calculation of the loss per share is based on the loss attributable to equity holders of HK\$42,521,000 (2013: HK\$46,848,000) and the weighted average number of 2,207,208,000 (2013: 2,207,208,000) 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 years ended 31st March, 2014 and 2013.

## 15. Prepaid lease payments

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
The Group's prepaid lease payments comprise:		
Land use rights in the PRC under medium-term leases	<b>9,448</b>	61,635

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

## 16. Property, plant and equipment

### Group

	Buildings in the PRC under medium- term lease HK\$'000	Leasehold improve- ments 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 April, 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
Changes in exchange rates	(28)	(2)	–	(4)	(2)	(1)	(37)
Additions	3,023	–	5,853	736	10	614	10,236
Reclass to assets of disposal group classified as held for sale	(5,481)	–	–	–	–	–	(5,481)
<b>At 31st March, 2014</b>	<b>63,727</b>	<b>3,226</b>	<b>335,097</b>	<b>41,064</b>	<b>4,713</b>	<b>998</b>	<b>448,825</b>
ACCUMULATED DEPRECIATION							
At 1st April, 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
Changes in exchange rates	(5)	(2)	–	(8)	(3)	–	(18)
Charge for the year	2,767	465	16,197	2,528	173	–	22,130
<b>At 31st March, 2014</b>	<b>31,287</b>	<b>2,555</b>	<b>290,914</b>	<b>38,879</b>	<b>4,336</b>	<b>–</b>	<b>367,971</b>
NET BOOK VALUE							
<b>At 31st March, 2014</b>	<b>32,440</b>	<b>671</b>	<b>44,183</b>	<b>2,185</b>	<b>377</b>	<b>998</b>	<b>80,854</b>
At 31st March, 2013	37,688	1,136	54,527	3,973	539	385	98,248

Buildings and plant and machinery of the Group with net book value of approximately HK\$31,421,000 (2013: HK\$11,346,000) have been pledged as securities for the banking facilities granted to the Group (note 26).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 17. Cemetery assets

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Total cemetery assets	<b>596,711</b>	589,251
Current portion included in current assets	<b>(83,001)</b>	(82,812)
	<b>513,710</b>	506,439

As at 31st March, 2014, 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\$79,937,000 (2013: HK\$79,728,000) that are expected to be realized after more than twelve months from the reporting date.

## 18. Interest in a subsidiary

	<b>Company</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Unlisted share, at cost	<b>92,963</b>	92,963
Receivable from a subsidiary	<b>442,701</b>	437,182
	<b>535,664</b>	530,145

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 set out in note 35.

## 19. Inventories

	Group	
	2014	2013
	HK\$'000	HK\$'000
Raw materials	21,142	23,919
Work in progress	12,840	14,397
Finished goods	10,827	8,588
	<b>44,809</b>	46,904

## 20. Accounts receivable

	Group	
	2014	2013
	HK\$'000	HK\$'000
Accounts receivable	86,345	83,606
Less: provision for doubtful debts	(13,683)	(13,336)
	<b>72,662</b>	70,270

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

As at 31st March 2014, sales proceeds receivable from the cemetery operation with the aggregate carrying amount of HK\$6,859,000 (2013: HK\$4,858,000) are expected to be recovered after more than twelve months from the reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 20. Accounts receivable (continued)

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

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Below 30 days	<b>27,702</b>	22,421
31 to 60 days	<b>7,706</b>	13,363
61 to 90 days	<b>18,891</b>	10,967
Over 90 days	<b>18,363</b>	23,519
	<b>72,662</b>	70,270

As at 31st March, 2014, accounts receivable of HK\$52,484,000 (2013: HK\$53,899,000) of the Group were neither past due nor impaired. As at 31st March, 2014, accounts receivable of HK\$20,178,000 (2013: HK\$16,371,000) 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 86 days (2013: 92 days).

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

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
31 to 60 days	<b>1,049</b>	182
61 to 90 days	<b>4,810</b>	1,463
Over 90 days	<b>14,319</b>	14,726
	<b>20,178</b>	16,371

As at 31st March, 2014, accounts receivable of HK\$13,683,000 (2013: HK\$13,336,000) were impaired. The amount of the provision was HK\$13,683,000 (2013: HK\$13,336,000).

## 20. Accounts receivable (continued)

The movement in provision for doubtful debts is as follows:

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Balance at beginning of the year	<b>13,336</b>	24,638
Provision for the year	<b>1,415</b>	2,314
Amounts written off as uncollectible	<b>(192)</b>	(12,202)
Reversal of provision	<b>(919)</b>	(1,414)
Changes in exchange rates	<b>43</b>	–
Balance at end of the year	<b>13,683</b>	13,336

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

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Hong Kong dollar	<b>8,949</b>	1,153
RMB	<b>9,108</b>	6,870
USD	<b>49,332</b>	55,297
EUR	<b>3,970</b>	4,956
AUD	<b>102</b>	192
GBP	<b>610</b>	1,114
NZD	<b>591</b>	688
	<b>72,662</b>	70,270

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 21. Pledged bank balances and cash and bank balances

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Pledged bank balances	<b>25,000</b>	–	<b>25,000</b>	–
Cash at bank and in hand	<b>20,636</b>	35,716	<b>414</b>	34
Short-term deposits	<b>48,281</b>	81,536	<b>48,281</b>	81,536
	<b>68,917</b>	117,252	<b>48,695</b>	81,570
Less: Cash and bank balances reclass to assets of disposal group classified as held for sale	<b>(8,094)</b>	–	<b>–</b>	–
Cash and bank balances	<b>60,823</b>	117,252	<b>48,695</b>	81,570

Pledged bank balances of HK\$25,000,000 (2013: nil) have been pledged as securities for the banking facilities (note 26) granted to the Group. The effective interest rates on short-term deposits range from 0.001% to 0.8% (2013: 0.01% to 0.6%) per annum and these deposits have maturities ranged from 1 day to 90 days (2013: 1 day to 90 days).

Cash and bank balances (including pledged bank balances and those in assets of disposal group classified as held for sale) are denominated in the following currencies:

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong dollar	<b>89,190</b>	99,014	<b>73,695</b>	81,570
RMB	<b>2,968</b>	11,755	–	–
USD	<b>1,757</b>	3,803	–	–
EUR	–	2,671	–	–
GBP	<b>2</b>	9	–	–
	<b>93,917</b>	117,252	<b>73,695</b>	81,570



## 22. Assets of disposal group classified as held for sale

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Prepaid lease payments	<b>34,779</b>	–
Property, plant and equipment	<b>5,481</b>	–
Cash and bank balances	<b>8,094</b>	–
	<b>48,354</b>	–

On 14th May, 2014, a wholly-owned subsidiary of the Group entered into an agreement with an independent third party to dispose of its investments in Success Gain Investment Limited and Dongguan Da Hua Printing Company Limited, wholly-owned subsidiaries of the Group, at a consideration of approximately HK\$78.2 million. All the related assets had been reclassified as “assets of disposal group classified as held for sale” as at 31st March, 2014. The whole consideration was received on 21st May, 2014 and a net gain is expected to be realized by the Group. Details of the transaction were set out in the announcement of the Company dated 14th May, 2014.

## 23. Accounts payable/accrued charges and other payables

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

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Below 30 days	<b>14,854</b>	29,754
31 to 60 days	<b>13,052</b>	6,407
Over 60 days	<b>19,067</b>	8,042
	<b>46,973</b>	44,203

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 23. Accounts payable/accrued charges and other payables (continued)

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

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Accrued staff costs and other accruals	<b>30,668</b>	28,859	<b>645</b>	765
Receipt in advance from customers	<b>8,537</b>	7,308	–	–
Value-added-tax payable	–	2,275	–	–
Others	<b>2,971</b>	4,070	–	–
	<b>42,176</b>	42,512	<b>645</b>	765

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

## 24. Amount due to a non-controlling shareholder

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

## 25. 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	
	2014 HK\$'000	2013 HK\$'000
Balance at beginning of the year	<b>1,510</b>	1,038
Changes in exchange rates	<b>(1)</b>	11
Additions	<b>338</b>	504
Recognized in consolidated statement of comprehensive income during the year	<b>(56)</b>	(43)
Balance at end of the year	<b>1,791</b>	1,510
Less: Portion included in current liabilities	–	(51)
	<b>1,791</b>	1,459

## 26. Bank borrowings

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Secured bank borrowings		
Short-term bank borrowings	<b>12,659</b>	–
Long-term bank borrowings	<b>31,250</b>	31,250
	<b>43,909</b>	31,250
Unsecured bank borrowings		
Short-term bank borrowings	<b>16,676</b>	26,577
Long-term bank borrowings	<b>8,160</b>	13,440
	<b>24,836</b>	40,017
Total bank borrowings	<b>68,745</b>	71,267
The long-term bank borrowings are analysed as follows:		
Long-term bank borrowings wholly repayable within five years*	<b>39,410</b>	44,690
Current portion included in current liabilities		
Portion due within one year	<b>(12,780)</b>	(5,280)
Portion due after one year which contains a repayment on demand clause	<b>(2,880)</b>	(8,160)
	<b>23,750</b>	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 and bank deposits with an aggregate carrying amount of HK\$56,421,000 (2013: HK\$11,346,000) and guaranteed by the Company.

The effective interest rates of the Group's bank borrowings range from 1.62% to 7.56% (2013: 1.57% to 7.56%) per annum. The fair values of bank borrowings, based on cash flows discounted at the borrowing rates of 1.62% to 7.56% (2013: 1.57% to 7.56%) per annum, approximate their carrying amounts and are within level 2 of the fair value hierarchy.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 26. 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):

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Within the first year	<b>42,115</b>	31,857
Within the second year	<b>26,630</b>	12,780
Within the third to fifth years	–	26,630
	<b>68,745</b>	71,267

Bank borrowings amounted to HK\$10,730,000 as at 31st March, 2014 included covenants that require the maintenance of certain financial covenants. As at 31st March, 2014, certain of these financial covenants were not met by the Group. These bank borrowings become repayable on demand as at 31st March, 2014 and are classified as current liabilities. Subsequent to 31st March, 2014, the Group had 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:

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Hong Kong dollar	<b>28,834</b>	40,017
RMB	<b>39,911</b>	31,250
	<b>68,745</b>	71,267

## 26. Bank borrowings (continued)

The exposure of the bank borrowings to interest rate changes and the contractual repricing dates are as follows:

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
6 months or less	<b>37,495</b>	40,017
7 to 12 months	<b>31,250</b>	31,250
	<b>68,745</b>	71,267

## 27. Convertible notes

The Company issued (i) a convertible note with a principal sum of HK\$130,000,000 on 19th September, 2007 (the "CN Sept 2007") and (ii) a convertible note with a principal sum of HK\$60,000,000 on 3rd August, 2009 (the "CN Aug 2009"). CN Aug 2009 was 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 dollar. The effective interest rates of the liability component and the other major terms of the convertible notes are as follows:

### Group and Company

	<b>Principal amount of convertible notes HK\$'000</b>	<b>Maturity dates</b>	<b>Conversion price</b>	<b>Effective interest rate on date of issue</b>	<b>Contractual coupon rate during the year</b>	<b>Effective interest rate during the year</b>
CN Sept 2007	130,000	3rd August, 2014	HK\$0.223 per share (note i)	7.48%	1% (2013: 1%)	14.86%
CN Aug 2009	60,000	3rd August, 2014	HK\$0.223 per share (note ii)	14.86%	1% (2013: 1%)	14.86%

notes:

- (i) 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").
- (ii) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 27. 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 Sept 2007 and CN Aug 2009 on the respective dates of issue are as follows.

### Group and Company

	<b>CN Sept 2007</b>	<b>CN Aug 2009</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
Liability portion	109,776	32,027	141,803
Equity portion	46,242	27,973	74,215
	<hr/>	<hr/>	<hr/>
	156,018	60,000	216,018

## 27. Convertible notes (continued)

The movement of the liability component of the convertible notes for the years ended 31st March, 2014 and 2013 is set out below:

### Group and Company

	<b>CN Sept 2007</b>	<b>CN Aug 2009</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
Carrying amount at 1st April, 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
Interest charge (note 9)	7,750	6,428	14,178
Interest paid	(618)	(513)	(1,131)
<b>Carrying amount at 31st March, 2014</b>	<b>59,682</b>	<b>49,494</b>	<b>109,176</b>
Principal amount at 31st March, 2013 and 2014	61,750	51,250	113,000

Classified as:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Non-current liabilities	–	96,129
Current liabilities	<b>109,176</b>	–
	<b>109,176</b>	96,129

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 28. 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 are as follows:

### Group

	<b>Fair value adjustments of assets on business combination</b>
	HK\$'000
At 1st April, 2012	138,197
Credited to consolidated statement of comprehensive income (note 10)	(636)
Changes in exchange rates	2,237
	<hr/>
At 31st March, 2013	139,798
Credited to consolidated statement of comprehensive income (note 10)	(625)
Changes in exchange rates	(134)
	<hr/>
<b>At 31st March, 2014</b>	<b>139,039</b>

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\$47.7 million (2013: HK\$47.4 million) arising from unused tax losses of HK\$222.6 million (2013: HK\$226.2 million) have not been recognized in the consolidated financial statements. The tax losses either have no expiry dates or will expire within five years for those from the PRC.



## 29. Share capital

	<b>Number of shares '000</b>	<b>Amount HK\$'000</b>
Authorized:		
Ordinary shares of HK\$0.10 each		
At 1st April, 2012, 31st March, 2013 and 31st March, 2014	4,000,000	400,000
Preference shares of HK\$0.01 each (note i)		
Series A Preference Shares		
At 1st April, 2012, 31st March, 2013 and 31st March, 2014	1,000,000	10,000
Series B Preference Shares		
At 1st April, 2012, 31st March, 2013 and 31st March, 2014	1,000,000	10,000
	<u>2,000,000</u>	<u>20,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each		
At 1st April, 2012, 31st March, 2013 and 31st March, 2014	<u>2,207,208</u>	<u>220,721</u>

note:

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

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 30. Reserves

### Group

	Share premium	Other reserve	Merger reserve	Translation reserve	Convertible notes equity reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2012	293,692	4,000	24,000	57,735	43,532	(94,960)	327,999
Loss for the year	-	-	-	-	-	(46,848)	(46,848)
Other comprehensive income:							
Net exchange differences	-	-	-	6,046	-	-	6,046
At 31st March, 2013	293,692	4,000	24,000	63,781	43,532	(141,808)	287,197
Loss for the year	-	-	-	-	-	(42,521)	(42,521)
Other comprehensive income:							
Net exchange differences	-	-	-	(314)	-	-	(314)
<b>At 31st March, 2014</b>	<b>293,692</b>	<b>4,000</b>	<b>24,000</b>	<b>63,467</b>	<b>43,532</b>	<b>(184,329)</b>	<b>244,362</b>

### Company

	Share premium	Other reserve	Convertible notes equity reserve	Contributed surplus	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 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
Loss for the year	-	-	-	-	(15,277)	(15,277)
<b>At 31st March, 2014</b>	<b>293,692</b>	<b>4,000</b>	<b>43,532</b>	<b>77,963</b>	<b>(140,084)</b>	<b>279,103</b>

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

## 31. Commitments

### (a) Capital commitments

	Group	
	2014	2013
	HK\$'000	HK\$'000
Contracted but not provided for Property, plant and equipment	<b>1,491</b>	5,221

### (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	
	2014	2013
	HK\$'000	HK\$'000
Within the first year	<b>2,067</b>	1,941
Within the second to fifth years	<b>2,765</b>	860
	<b>4,832</b>	2,801

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 32. Financial guarantees

	Company	
	2014	2013
	HK\$'000	HK\$'000
Guarantees for outstanding bank borrowings of subsidiaries as at the reporting date (note 26)	<b>28,834</b>	40,017

## 33. 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.

## 34. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board on 24th June, 2014.

## 35. Principal subsidiaries

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group		Principal activities (note i)
			2014	2013	
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	<b>100%</b>	100%	Book printing and binding
Midas Printing International Limited	Hong Kong	HK\$7,000	<b>100%</b>	100%	Trading of printed products
Success Gain Investment Limited (note 22)	Hong Kong	HK\$2	<b>100%</b>	100%	Investment holding
Fortune Wealth Memorial Park Limited	Hong Kong	HK\$10,000	<b>87.5%</b>	87.5%	Investment holding
四會聚福寶華僑陵園有限公司 Fortune Wealth Memorial Park (Si Hui) Limited	The PRC	HK\$36,380,000	<b>83.4%</b>	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.

# FINANCIAL SUMMARY

## RESULTS

	For the year ended 31st March,		For the fifteen months ended 31st March,	For the year ended 31st December,	
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2010 HK\$'000	2009 HK\$'000
REVENUES	<b>309,846</b>	277,668	369,549	293,584	299,573
LOSS BEFORE TAXATION	<b>(43,573)</b>	(48,184)	(92,975)	(76,100)	(48,203)
TAXATION CREDIT	<b>439</b>	488	6,394	499	2,948
LOSS FOR THE YEAR/PERIOD	<b>(43,134)</b>	(47,696)	(86,581)	(75,601)	(45,255)
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY	<b>(42,521)</b>	(46,848)	(83,502)	(73,896)	(43,394)
NON-CONTROLLING INTERESTS	<b>(613)</b>	(848)	(3,079)	(1,705)	(1,861)
LOSS FOR THE YEAR/PERIOD	<b>(43,134)</b>	(47,696)	(86,581)	(75,601)	(45,255)

## ASSETS AND LIABILITIES

	At 31st March,			At 31st December,	
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2010 HK\$'000 (restated)	2009 HK\$'000 (restated)
TOTAL ASSETS	<b>951,035</b>	996,407	1,012,315	991,908	1,010,403
TOTAL LIABILITIES	<b>(416,606)</b>	(418,474)	(393,674)	(411,168)	(380,018)
NET ASSETS	<b>534,429</b>	577,933	618,641	580,740	630,385
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY	<b>465,083</b>	507,918	548,720	510,510	561,022
NON-CONTROLLING INTERESTS	<b>69,346</b>	70,015	69,921	70,230	69,363
TOTAL EQUITY	<b>534,429</b>	577,933	618,641	580,740	630,385

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong on Monday, 25th August, 2014 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, 2014.
2.
  - (a) To re-elect Miss Candy Chuang Ka Wai as an Executive Director.
  - (b) To re-elect Mr. Dominic Lai as a Non-Executive Director.
  - (c) To authorize the Board to fix the remuneration of the Directors.
3. To re-appoint PricewaterhouseCoopers as the auditor of the Company and to authorize the Board 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 recognized 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

# NOTICE OF ANNUAL GENERAL MEETING (continued)

- (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 authorize 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 recognized 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, 2014

# NOTICE OF ANNUAL GENERAL MEETING (continued)

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, 2014.