MIDAS INTERNATIONAL HOLDINGS LIMITED

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

2016
ANNUAL REPORT

This Annual Report is printed by Midas International Holdings Limited

Contents

Chairman's Statement

Financial Results

The board of Directors (the "Board") announces that the audited profit attributable to ordinary shareholders of the Company for the year ended 31st March, 2016 amounted to HK$93.1 million (2015: loss of HK$16.6 million). Earnings per ordinary share was 2.8 HK cents (2015: loss per share of 0.6 HK cent).

Management Discussion on Results for the Year Ended 31st March, 2016

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

For the year ended 31st March, 2016, revenues of the Group amounted to HK$256.0 million (2015: HK$274.6 million), representing a slight decrease of 6.8% compared to that of the last year. This was mainly due to the decrease in the sales of printed products. Revenues of the Group comprised revenues from printing business of HK$225.2 million (2015: HK$262.1 million), revenues from cemetery business of HK$22.3 million (2015: HK$12.5 million), revenues from rental of investment property of HK$0.03 million (2015: nil) and revenues from securities investment and trading business of HK$8.5 million (2015: nil).

Despite the decrease in revenues of the printing segment, tighter cost control and improvement in printing production efficiency contributed to the increase in the Group's gross profit. Increase in income from sales of grave plots and bond investment also enhanced the Group's profit. As a result, gross profit during the year increased to HK$68.7 million (2015: HK$43.0 million), representing an increase of 59.8% compared to that of the last year. Gross profit margin improved to 26.8% (2015: 15.6%). Other income and net gain increased to HK$121.1 million (2015: HK$55.0 million) mainly due to a gain on disposal of a subsidiary, details of which were set out in the circular of the Company dated 13th May, 2015. A breakdown of other income and net gain is shown in note 7 to the consolidated financial statements of this report.

On the costs side, selling and marketing expenses increased to HK$28.1 million (2015: HK$25.2 million) as a result of launching of a new promotion campaign relating to the cemetery business. Administrative and other operating expenses decreased to HK$68.0 million (2015: HK$81.9 million) mainly due to effective cost control. In August 2014, the Group repaid all outstanding convertible notes upon maturity, therefore the finance costs during the year decreased to HK$2.4 million (2015: HK$6.4 million).

Taking all the above into account, profit attributable to equity holders of the Company amounted to HK$93.1 million (2015: loss of HK$16.6 million). Earnings per share amounted to 2.8 HK cents (2015: loss per share of 0.6 HK cent).

Dividend

The Board has decided not to recommend the payment of a final dividend for the year (2015: nil). No interim dividend was paid during the year (2015: nil).

Business Review

(A) Printing Business

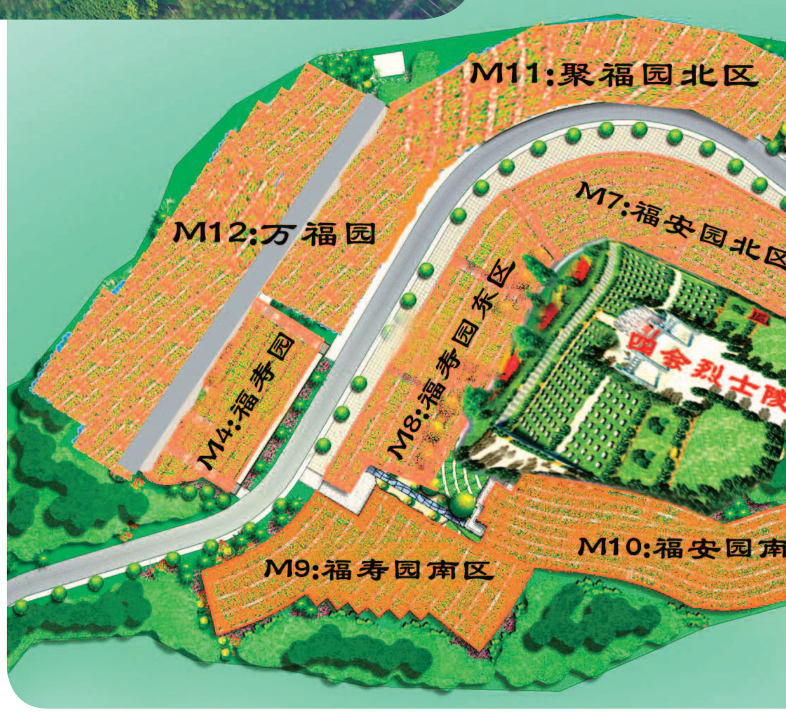
With the slowdown in recovery of the global economy, customers were still cautious in placing orders and, as a result, the Group recorded a lower than expected printing revenues. Revenues of the printing business of the Group during the year amounted to HK$225.2 million, representing a decrease of 14.1% compared to that of the last year. In order to cope with this adverse market condition, the Group will continue its effort to solidify existing customers and broaden its clientele through proactive promotion of creative product design to customers.

Hardcover books

Cosmetic boxes

In the cost aspects, the Group deployed various cost reduction measures to enhance profitability. In view of rising labour cost, the Group continued to invest in automated equipments so as to reduce reliance on labour force while maintaining the production capacity. Tight inventory control and effective cash flow management ensured proper allocation of financial resources to higher return sector. All these measures achieved savings in both production costs and administrative expenses, and despite reduction in revenues, the printing gross profit margin increased.

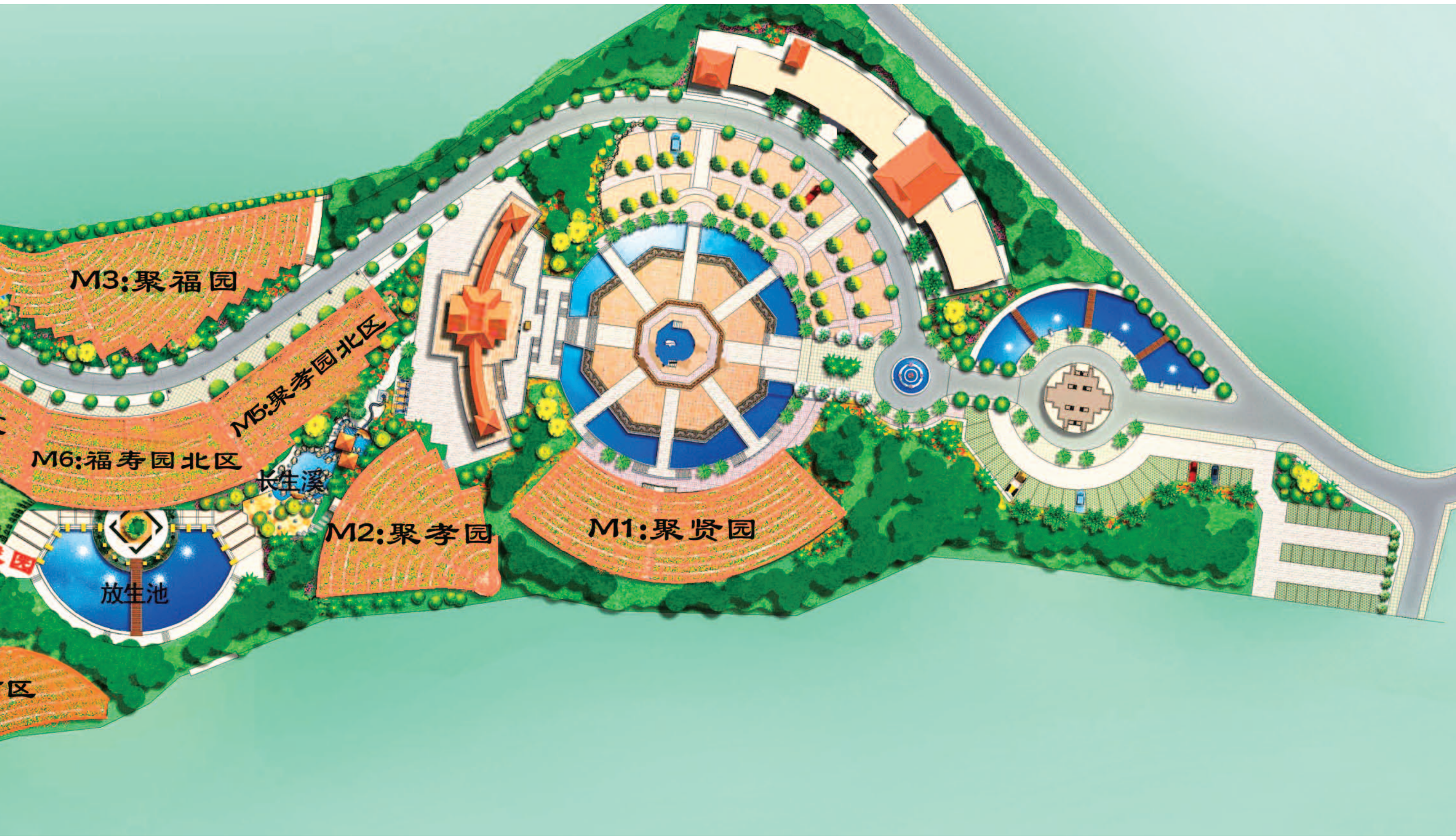
Taking into account the anticipated printing demand, the Group considered that the current production facilities at Boluo, Huizhou is sufficient for its requirement in the coming years. Accordingly, in April 2015, the Group entered into an agreement to dispose of the Group's factory premise at Changan, Dongguan for RMB101.6 million (equivalent to approximately HK$123.4 million). The transaction was completed on 21st August, 2015 and realized a gain on disposal of HK$108.7 million.


M11:聚福园北区
M12:万福园
M7:福安园北区
M4:福寿园
M8:福寿园东区
四会烈士陵
M9:福寿园南区
M10:福安园南

(B) Property for Sale – Cemetery Operation

The Group operates a cemetery – "Fortune Wealth Memorial Park" in Sihui, Guangdong which comprises a site of 518 mu, of which 100 mu are substantially completed and remaining 418 mu have commenced design work, and an adjacent site of 4,482 mu, which has been reserved, making up a total of 5,000 mu.

In the sales aspect, as the Guangzhou district was a major market for our cemetery, the Group concentrated its resources to develop this market. The Group has, during the year, set up two new sales offices in Guangzhou, making a total of six sales offices. In order to further expand its market presence, the Group has also, during the year, organized a large scale promotion campaign in Guangzhou. All these efforts boosted cemetery sales and as a result, sales during the year increased by 78.4% from HK$12.5 million in the last year to HK$22.3 million in this year.




四會聚福寶華僑陵園
聚福寶

In the development aspect, the Group has completed 12 graveyards (area M1 to M12) and a mausoleum which can accommodate niches on the 100 mu of land. As of to-date, there are 5,430 grave plots already built, of which 1,430 grave plots are sold, leaving 4,000 grave plots available for sales.

In anticipation of the growing demand of prestigious grave plots, the Group is now in final stage of negotiation with the local government with a view to expand the cemetery by phases within the 418 mu.

(C) Property for Investment

In order to diversify the income base of the Group and to generate a steady and recurrent income stream, the Group had during the year acquired a property located at Shop D, Ground Floor, Wuhu Residence, No.111 Wuhu Street, Hunghom, Kowloon. The property is for commercial use and has a total gross area of about 1,588 square feet. The property is now leased to a third party with the tenancy agreement expiring in August 2018. Annual rental of this property amounted to about HK$1.0 million. Details of the acquisition were set out in the announcement issued by the Company dated 2nd February, 2016. The Group may in future acquire more investment properties so as to generate additional recurrent income.

(D) Securities Investment and Trading

In order to provide the Group with an opportunity to enhance income for its surplus cash amidst the prevailing low interest rate environment, the Group has, since September 2015, commenced to invest in quoted bonds. Investment policies were formulated and adopted by the Board for regulating investment in this aspect. On 14th September, 2015, the Group acquired US$8.0 million face value of senior notes due 2022 issued by Shimao Property Holdings Limited and on 16th September, 2015, the Group acquired US$5.0 million face value of senior notes due 2018 issued by Evergrande Real Estate Group Limited. All these transactions were disclosed in the announcements of the Company on the respective dates. Since then, securities investment and trading business had become one of the principal activities of the Group with segment information relating thereto being included in the interim report of the Company for the six months ended 30th September, 2015.

In December of 2015, as part of the Group's principal activities, the Group disposed of its entire investment in the senior notes of Evergrande Real Estate Group Limited and realized a gain on disposal of HK$0.6 million. Interest income from this investment amounted to HK$1.7 million. Subsequent to the above disposal, the Group acquired US$5.0 million face value of senior notes due 2023 issued by Country Garden Holdings Company Limited. Accordingly, as at 31st March, 2016, investments of the Group, classified in accordance with Hong Kong Financial Reporting Standards under current assets as "financial assets at fair value through profit or loss", amounted to HK$109.5 million, with details as follows:

	Issuer of senior notes	
	Shimao Property Holdings Limited	**Country Garden Holdings Company Limited**
Principal activities	Property development, investment and hotel operation	Property development, construction, fitting and decoration, property management, property investment and hotel operation
Face value	US$8.0 million	US$5.0 million
Investment cost	HK$65.3 million	HK$41.8 million
Market value as at 31st March, 2016	HK$69.0 million	HK$40.5 million
Fair value gain/(loss) for the year	HK$3.7 million	(HK$1.3 million)
Interest income for the year	HK$2.6 million	HK$1.2 million
Percentage of market value to the net asset value as at 31st March, 2016	10.9%	6.4%

The Group may continue to make further investments of its surplus cash in the bond market as it considers appropriate. Profit generated from this business activity during the year amounted to about HK$8.5 million, comprised of interest income of HK$5.5 million, gain on disposal of investment of HK$0.6 million and fair value gain on mark-to-market valuation of HK$2.4 million.

(E) Information Technology Business

As disclosed in the 2015 annual report, leveraging on the Group's experience in the information technology business and the substantial growth potential in such business, the Group will continue to explore investment opportunities, in particular, in the e-commerce, e-publishing and e-auction businesses, in order to generate additional source of revenues to the Group.

Financial Position

Financial Resources

As at 31st March, 2016, cash and bank balances of the Group amounted to HK$43.1 million (2015: HK$114.4 million, including pledged bank balances) whereas bank borrowings as at the same date amounted to HK$10.5 million (2015: HK$55.5 million). The debt to equity ratio (calculated as a percentage of bank borrowings over net asset value attributable to equity holders of the Company) amounted to 1.7% (2015: 10.0%). Approximately 81.3% of the Group's cash and bank balances were denominated in Hong Kong dollar and United States dollar, 18.1% were in Renminbi and the balance of 0.6% were in other currencies. All of the Group's bank borrowings were denominated in Hong Kong dollar.

Foreign Exchange Risk

For the Group's printing business, the income is mainly denominated in United State dollar and thus the exchange exposure is minimal. The major cost items are denominated in Renminbi and thus the Group is exposed to Renminbi's exchange risk. For the Group's cemetery business, it is conducted in the PRC, with the income and the major cost items being denominated in Renminbi. Therefore, it is expected that any fluctuation of Renminbi's exchange rate would not have material effect on the cemetery operations of the Group. However, as the Group's consolidated financial statements are presented in Hong Kong dollar, the Group's financial position is subject to exchange exposure in Renminbi. The Group would closely monitor these risk exposures from time to time.

Net Asset Value

Net asset value attributable to equity holders of the Company as at 31st March, 2016 amounted to HK$634.5 million (2015: HK$556.0 million), equivalent to about HK$0.192 (2015: HK$0.168) per share.

Prospects

The Group believes that economic uncertainty and harsh operating environment will continue to confront the Group's printing business. Moving forward, the Group will continue to solidify its customer base, strengthen partnership with major customers while expanding domestic sales in the PRC. Internally, the Group will reinforce its cost saving measures to enhance cost efficiency. While fully cognizant of the challenge ahead, the Group is confident to achieve better result on its printing business on the strength of a professional service team and efficient production infrastructure.

The rapid growth of aged population in the PRC increases the demand of prestigious grave plots and niches. Coupled with improvements in infrastructure in the area nearby the cemetery, and our continuous investment in marketing, the Group is confident that this investment will provide solid and long term contributions.

In order to generate new sources of revenues to the Group, in addition to investing in the bond market and looking into new business opportunities in the property investment and information technology sector, the Group will continue to review the development strategies of its printing and cemetery businesses and such development strategies may include enticement of new investor, formation of strategic partnership, or disposing part or whole of such businesses in order to realize their intrinsic values.

Staff

As at 31st March, 2016, the Group, including its subcontracting processing plants, employed approximately 1,208 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

Hong Kong, 24th June, 2016

Corporate Information

Honorary Chairman

Mr. Alan Chuang Shaw Swee

Board of Directors

Executive Directors

Mr. Richard Hung Ting Ho
(Chairman)

Mrs. Candy Kotewall Chuang Ka Wai
(Vice Chairman)

Mr. Geoffrey Chuang Ka Kam
(Managing Director)

Mr. Wong Chi Sing

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*
Mrs. Candy Kotewall 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

* *Chairman of the relevant committee*

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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

Other Offices in the People's Republic of China (the "PRC")

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

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 and Directors

Honorary Chairman

Mr. Alan Chuang Shaw Swee, aged 64, 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 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, the Honorary President 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 62, the Chairman of the Group, is responsible for the overall strategic direction and management of the Group. He has more than 37 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. He is currently a non-executive director of CNT Group Limited, a company listed on the Stock Exchange.

Mrs. Candy Kotewall Chuang Ka Wai, aged 34, the Vice Chairman of the Group, is assisting the Chairman in the overall strategic planning and direction of the Group. She has over 12 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. Ms. Chuang is the daughter of Mr. Alan Chuang Shaw Swee. She is also the sister of Mr. Geoffrey Chuang Ka Kam, the Managing 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 28, the Managing Director of the Group, is responsible for the overall day-to-day business operations of the Group. He has 7 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 Mrs. Candy Kotewall Chuang Ka Wai, the Vice Chairman of the Company. He joined the Group in 2011.

Mr. Wong Chi Sing, aged 45, is responsible for the corporate finance, treasury and internal audit functions of the Group. He has over 22 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.

Non-Executive Director

Mr. Dominic Lai, aged 69, was an Independent Non-Executive Director of the Company from 20th March, 2000 until his re-designation as a Non-Executive Director of the Company on 5th August, 2004. He is a practising solicitor in Hong Kong and is admitted as a solicitor in England and Wales, the Republic of Singapore and the States of New South Wales and Victoria, Australia. Mr. Lai is currently a non-executive director of NWS Holdings Limited and Oriental Press Group Limited, both are listed on the Stock Exchange.

Independent Non-Executive Directors

Mr. Abraham Shek Lai Him, G.B.S., J.P., aged 71, 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 a non-executive director of the Mandatory Provident Fund Scheme Authority of Hong Kong. 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, ITC Properties Group Limited, China Resources Cement Holdings Limited, Lai Fung Holdings Limited, Cosmopolitan International Holdings Limited and TUS International Limited, all are listed on the Stock Exchange. 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 61, was appointed as an Independent Non-Executive Director of the Company in 2004. He has over 31 years of experience in the manufacturing business. He is a member of the National Committee of The Chinese People's Political Consultative Conference, the president of the Chinese Manufacturers' Association of Hong Kong 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 62, 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 31 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 Chartered Professional Accountants of British Columbia in Canada. Mr. Yau is an independent non-executive director of CCIL.

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

Name	Position
Mr. Richard Hung Ting Ho ("Mr. Richard Hung")	Chairman
Mrs. Candy Kotewall Chuang Ka Wai ("Ms. Candy Chuang")*	Vice Chairman
Mr. Geoffrey Chuang Ka Kam ("Mr. Geoffrey Chuang")*	Managing Director
Mr. Wong Chi Sing	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

* *Ms. 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 and Directors" of this annual report.

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

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

(iii) Nomination Committee

A Nomination Committee was established by the Company with clear terms of reference to 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 *(note)*	1/1
Dr. Eddy Li	1/1
Mr. Dominic Lai	1/1

note: Chairman of the Nomination Committee

(iv) Board meetings

The Board held five 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	5/5
Ms. Candy Chuang	Vice Chairman	5/5
Mr. Geoffrey Chuang	Managing Director	5/5
Mr. Wong Chi Sing	Executive Director	5/5
Mr. Dominic Lai	Non-Executive Director	5/5
Mr. Abraham Shek	Independent Non-Executive Director	5/5
Dr. Eddy Li	Independent Non-Executive Director	5/5
Mr. Yau Chi Ming	Independent Non-Executive Director	5/5

(v) Chairman and Chief Executive Officer

Mr. Richard Hung took up both roles as the Chairman and the Chief Executive Officer ("CEO"), being the Chairman and Managing Director of the Company during the period from 15th January, 2009 to 15th December, 2015. The roles of the chairman and the chief executive officer were not separated pursuant to code provision A.2.1 of the CG Code. On 15th December, 2015, Mr. Geoffrey Chuang took up the role as the CEO after his appointment as the Managing Director of the Company. Mr. Richard Hung remains his role as the Chairman of the Company.

(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 Director 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.

(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 seminar 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	✓	✓	✓
Ms. Candy Chuang	✓	✓	✓
Mr. Geoffrey Chuang	✓	✓	✓
Mr. Wong Chi Sing	✓	✓	✓
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:

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

note: Chairman of the Remuneration Committee

(C) Accountability and audit

(i) Financial reporting

The Board acknowledges that it is its responsibility to prepare the 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 50 to 51 of this annual report.

(ii) Risk management and internal control

The Board acknowledges that it is its responsibility to ensure that the Group maintains an effective risk management and internal control systems 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 by integrating them into various business processes. 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.

The Group has also established an internal audit department which reports to the Audit Committee on a regular basis. The Audit Committee has endorsed the internal audit plan prepared by the internal audit department in respect of the risk management and internal control systems. The audit plan is prepared under a risk based approach and covers the Group's significant areas of operations, which will be reviewed on an annual basis.

Upon the review of the effectiveness of the risk management and internal control systems of the Group during the year and based on the assessment made by senior management and the internal audit department of the Group, the Board, in conjunction with the Audit Committee, is satisfied that the existing risk management and internal control systems 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 risk management and internal control, and review the relationship with the auditor. By the end of March 2016, the Board had approved and adopted the revised terms of reference of the Audit Committee in light of the recent amendments of the CG Code in respect of the risk management, and the same has been published on the websites of the Company and the Stock Exchange. The Audit Committee held four 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 risk management and internal control and financial reporting process and the Group's consolidated financial statements for the year ended 31st March, 2016. The current members of the Audit Committee are three Independent Non-Executive Directors, Mr. Abraham Shek, Dr. Eddy Li and Mr. Yau Chi Ming and a Non-Executive Director, Mr. Dominic Lai.

The attendance record of each committee member is as follows:

Name	No. of meetings attended/held
Mr. Abraham Shek *(note)*	4/4
Dr. Eddy Li	4/4
Mr. Yau Chi Ming	4/4
Mr. Dominic Lai	4/4

note: Chairman of the Audit Committee

(iv) Auditor's remuneration

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

Services rendered	HK$'000
Audit and audit related services	**1,420**
Non-audit services	**950**
	2,370

(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, Ms. Candy Chuang and Mr. Geoffrey Chuang.

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

The attendance record of each committee member is as follows:

Name	**No. of meetings attended/held**
Mr. Richard Hung *(note)*	2/2
Ms. 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. All Directors (including the chairmen and members of the respective Board Committees) attended the annual general meeting of the Company held on 25th August, 2015 (the "2015 AGM") to answer questions raised by shareholders.

The attendance record of each Director in the 2015 AGM is as follows:

Name	Position	Attendance
Mr. Richard Hung	Chairman	Yes
Ms. Candy Chuang	Vice Chairman	Yes
Mr. Geoffrey Chuang	Managing Director	Yes
Mr. Wong Chi Sing	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	Yes
Mr. Yau Chi Ming	Independent Non-Executive Director	Yes

(ii) Significant issues

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

(iii) Voting by poll

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

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

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

(v) Shareholders' enquiries

Shareholders of the Company may direct their questions about their shareholdings to the Company's share registrar and all other questions to the Board. Details have been published in the website of the Company.

(G) Shareholders' rights

(i) Convening an extraordinary general meeting

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

(ii) Enquiries to the Board

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

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

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

(iii) Putting forward proposals at shareholders' meetings

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

◦ Pursuant to Article 120 of the Articles of Association of the Company, a shareholder or shareholders (not being the person to be proposed) who holds or collectively hold not less than 5% in nominal value of the issued shares of any class of the Company may propose a person for election as a Director at any general meeting of the Company by giving a notice in writing to the secretary of the Company:

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

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

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

  - Full name and age;

  - Positions held with the Company and other members of the Group (if any);

  - Experience including (i) other directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas, and (ii) other major appointments and professional qualifications;

  - Length or proposed length of service with the Company;

  - Relationships with any Directors, senior management or substantial or controlling shareholders of the Company;

  - His interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);

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

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

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

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

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

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

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

(H) Amendments to constitutional documents of the Company

No amendments had been made to the constitutional documents of the Company during the year ended 31st March, 2016.

The Board will seek approval of the shareholders at the forthcoming annual general meeting of the Company to amend the Memorandum of Association and the Articles of Association of the Company. Details are set out in the circular which is sent together with this annual report to the shareholders.

Conclusion

Except as mentioned above, the Company has complied with the code provisions of the CG Code for the year ended 31st March, 2016.

On behalf of the Board of
Midas International Holdings Limited

Richard Hung Ting Ho
Chairman

Hong Kong, 24th June, 2016

Report of the Directors

The board of Directors (the "Board") presents the report of the Directors together with the audited consolidated financial statements of the Company and its subsidiaries (collectively as the "Group") for the year ended 31st March, 2016.

Business Review

The review of the business of the Group during the year including discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the year ended 31st March, 2016, and an indication of likely future developments in the Group's business are provided in the Chairman's Statement as set out on pages 2 to 13 of this report. Financial risks of the Group are shown in note 3 to the consolidated financial statements. The key financial and business performance indicators of the Group included revenues, gross profit, profit attributable to equity holders of the Company, shareholders' funds, debt to equity ratio and segment information. Details of these indicators are provided in the Chairman's Statement and Financial Summary as set out on pages 2 to 13 and page 113 of this report respectively, and note 6 to the consolidated financial statements.

Principal Activities and Geographical Analysis of Operations

The Company is an investment holding company. The principal activities and other details of the principal subsidiaries are set out in note 36 to the consolidated financial statements.

Analysis of the performance of the Group for the year by business lines and geographical segments is set out in note 6 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31st March, 2016 are set out in the consolidated statement of comprehensive income on page 52.

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

Particulars of Investment Property

Particulars of investment property held by the Group as at 31st March, 2016 are set out on page 112.

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 113.

Major Suppliers and Customers

The aggregate purchases attributable to the largest supplier and the five largest suppliers of the Group accounted for approximately 17.7% and 53.3% of the total purchases of the Group for the year respectively.

The aggregate revenues attributable to the largest customer and the five largest customers of the Group accounted for approximately 9.7% and 30.0% of the total revenues 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) had any interest in these major suppliers or customers.

Relationship with Suppliers and Customers

The Group establishes long-term cooperation relationships with reputable suppliers within the industries. The Group implements a series of procurement management systems and control procedures so as to select suppliers in a prudent manner.

The Group keeps good relationship and maintains effective communication mechanisms with its customers. This is to ensure that the Group is well aware of all customers' requirements or feedbacks on a timely basis and provide high quality services to its customers.

Distributable Reserves

Subject to and to the extent permitted by the law and the Articles of Association of the Company, 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, 2016 amounted to approximately HK$267,579,000.

The Board will seek approval of the shareholders of the Company at the forthcoming annual general meeting to dispense with the requirement to obtain the shareholders' approval by way of special resolution for a reduction of share premium of the Company as currently stated in the Articles of Association, and to confer express authority on the Board to pay special dividends out of distributable reserves inclusive of share premium.

Purchase, Sale or Redemption of Securities

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

Directors

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

Executive Directors:
Mr. Richard Hung Ting Ho *(Chairman)*
Mrs. Candy Kotewall Chuang Ka Wai *(Vice Chairman)*
Mr. Geoffrey Chuang Ka Kam *(Managing Director)*
Mr. Wong Chi Sing

Non-Executive Director:
Mr. Dominic Lai

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

In accordance with Article 116 of the Company's Articles of Association and Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Dr. Eddy Li Sau Hung and Mr. Yau Chi Ming will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

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

Biographical Details of Directors

Biographical details of the Directors as at the date of this report are set out on pages 18 to 21 of this report.

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, 2016, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and the chief executive of the Company would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

Interests in the Company

Name of Director	Number of ordinary shares held	Capacity	Nature of interest	Approximate % of shareholding
Mr. Abraham Shek Lai Him	30,000	Beneficial owner	Personal interest	0.0009%

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
Mrs. Candy Kotewall Chuang Ka Wai ("Ms. Candy Chuang")	1,255,004	Beneficial owner	Personal interest	0.08%

Other than as disclosed herein, as at 31st March, 2016, 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, its specified undertaking or any of its associated corporations.

Arrangements to Purchase Shares or Debentures

Other than the share option scheme adopted by the Company as disclosed in the section headed "Share Option Scheme of the Company" below, the share option schemes adopted by Chuang's Consortium International Limited ("CCIL") and Chuang's China, and the rights issue of Chuang's China announced on 17th March, 2016, at no time during the year was the Company, any of its holding companies, its subsidiaries and fellow subsidiaries or its other associated corporations 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, its specified undertaking or any of its associated corporations.

Directors' Material Interests in Transactions, Arrangements and Contracts that are significant in relation to the Group's Business

Save as disclosed, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, any of its holding companies or its subsidiaries and fellow subsidiaries was a party and in which a Director of the Company and the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Business

Pursuant to Rule 8.10 of the Listing Rules, the Company discloses that Ms. Candy Chuang holds directorships in CCIL and certain private companies, Mr. Geoffrey Chuang Ka Kam holds directorships in certain private companies, and Mr. Richard Hung Ting Ho holds directorship in CNT Group Limited ("CNT"), a company whose shares are listed on the Stock Exchange. The principal activities of CCIL include property investment in Hong Kong and securities investment and trading, whereas the principal activities of the private companies and CNT include property investment in Hong Kong. As the properties owned by CCIL, the private companies and CNT are of different types and/or in different locations from that of the Group, and the composition of the boards of directors of CCIL, the private companies and CNT are different from that of the Group, the Group operates its businesses independent of, and at arm's length from, the businesses of CCIL, the private companies and CNT.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed 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, 2016, 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")	2,013,573,887	(note 1)	Beneficial owner
CCIL	2,013,573,887	(note 1)	(note 2)
Evergain Holdings Limited ("Evergain")	2,013,573,887	(note 1)	(note 2)
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	2,013,573,887	(note 1)	(note 2)
Mrs. Chong Ho Pik Yu	2,013,573,887	(note 1)	(note 3)

notes:

1. *Such interests represented 60.82% of the issued ordinary share capital owned by Gold Throne. Gold Throne is a wholly-owned subsidiary of CCIL.*

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

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

Save as disclosed above, as at 31st March, 2016, there was no other person who was recorded in the register of the Company as having interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

Controlling Shareholder's Interests in Contracts

Save as the transaction as disclosed in the section headed "Connected Transaction" below, there was no other 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 6.67% 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 is no provision 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 trade related facilities up to HK$14.4 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, 2016, no balance was outstanding. The banking facilities are subject to annual review.

2. The Group has entered into a facility letter, which still subsists as at the date of this report, with a bank for various trade related facilities up to HK$43.5 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, 2016, the balance outstanding was approximately HK$0.7 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 an overdraft facility and trade related facilities up to HK$97.9 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, 2016, the balance outstanding was approximately HK$9.8 million. The banking facilities are subject to annual review.

Connected Transaction

The following is the connected transaction of the Group conducted during the year and up to the date of this report and the Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules:

On 21st April, 2015, the Company and its wholly-owned subsidiary entered into a sale and purchase agreement with Chuang's China (a listed subsidiary of CCIL) and its wholly-owned subsidiary to sell the entire registered capital of a wholly-owned subsidiary of the Group in the People's Republic of China (the "PRC") (the major assets are the land and property in the PRC) at a consideration of RMB101.6 million (equivalent to approximately HK$123.4 million). The transaction was completed on 21st August, 2015 and the consideration was settled in full in cash at completion. Details of the transaction were set out in the announcements of the Company dated 21st April, 2015 and 21st August, 2015, and the circular of the Company dated 13th May, 2015 respectively.

Environmental Policies and Performance

The Group is committed to be an environmentally-friendly corporation. Green office practices such as double-sided printing and copying, promoting using recycled papers and reducing energy consumption by switching off idle lighting and electrical appliances are encouraged in the operation of the Group's businesses. The Group will review its environmental practices from time to time and will consider implementing further practicable measures and practices to enhance environmental sustainability.

Compliance with the Relevant Laws and Regulations

During the year under review, the Group had complied with all the relevant laws and regulations that have significant impacts on the businesses and operations of the Group. As far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

Key Relationship with Employees

The Group recognizes the employees as the most important and valuable assets of the Group. The objective of the Group's human resource management is to reward and to recognize performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, to promote career development and progression by appropriate training (if required) and to provide opportunities within the Group for career development.

Permitted Indemnity Provision

Under Article 179 of the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted. During the year under review, the Company had taken out and maintained an insurance in respect of the Directors' liabilities.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, 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, 2016 and up to the date of this report.

Auditor

The consolidated financial statements 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

Hong Kong, 24th June, 2016

Financial Information

羅兵咸永道

TO THE SHAREHOLDERS OF
MIDAS INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Midas International Holdings Limited (the "Company") and its subsidiaries set out on pages 52 to 111, which comprise the consolidated statement of financial position as at 31st March, 2016, 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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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 financial position of the Company and its subsidiaries as at 31st March, 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24th June, 2016

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2016

	Note	2016 HK$'000	2015 HK$'000
Revenues	5	**255,981**	274,582
Cost of sales		**(187,265)**	(231,627)
Gross profit		**68,716**	42,955
Other income and net gain	7	**121,135**	55,040
Selling and marketing expenses		**(28,106)**	(25,240)
Administrative and other operating expenses		**(68,011)**	(81,889)
Operating profit/(loss)	8	**93,734**	(9,134)
Finance costs	9	**(2,410)**	(6,395)
Profit/(loss) before taxation		**91,324**	(15,529)
Taxation credit/(charge)	10	**1,281**	(1,676)
Profit/(loss) for the year		**92,605**	(17,205)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss			
Net exchange differences		**(17,067)**	364
Realization of exchange reserve upon disposal of subsidiaries	31	**(113)**	(180)
Total comprehensive income/(loss) for the year		**75,425**	(17,021)
Profit/(loss) for the year attributable to:			
Equity holders of the Company		**93,146**	(16,649)
Non-controlling interests		**(541)**	(556)
		92,605	(17,205)
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		**78,447**	(16,522)
Non-controlling interests		**(3,022)**	(499)
Total comprehensive income/(loss) for the year		**75,425**	(17,021)
		HK cents	HK cent
Earnings/(loss) per share (basic and diluted)	13	**2.8**	(0.6)

The notes on pages 58 to 111 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31st March, 2016

	Note	2016 HK$'000	2015 HK$'000
Non-current assets			
Prepaid lease payments	14	**5,339**	8,816
Property, plant and equipment	15	**49,497**	66,102
Investment property	16	**38,000**	–
Cemetery assets	17	**501,280**	517,102
		594,116	592,020
Current assets			
Inventories	19	**32,002**	46,720
Cemetery assets	17	**78,552**	82,137
Accounts receivable	20	**53,581**	67,368
Deposits, prepayments and other receivables		**9,296**	12,183
Financial assets at fair value through profit or loss	21	**109,460**	–
Pledged bank balances	22	**–**	15,000
Cash and bank balances	22	**43,078**	99,442
		325,969	322,850
Current liabilities			
Accounts payable	23	**31,929**	46,256
Accrued charges and other payables	23	**31,278**	36,622
Amount due to a non-controlling shareholder	24	**1,366**	1,366
Tax payable		**9,443**	9,443
Bank borrowings	26	**10,515**	55,546
		84,531	149,233
Net current assets		**241,438**	173,617
Total assets less current liabilities		**835,554**	765,637

Consolidated Statement of Financial Position (Continued)

As at 31st March, 2016

	Note	2016 HK$'000	2015 HK$'000
Equity			
Share capital	28	**331,081**	331,081
Reserves	29	**303,377**	224,930
Shareholders' funds		**634,458**	556,011
Non-controlling interests		**65,825**	68,847
Total equity		**700,283**	624,858
Non-current liabilities			
Deferred income	25	**3,923**	2,391
Deferred taxation liabilities	27	**131,348**	138,388
		135,271	140,779
		835,554	765,637

Geoffrey Chuang Ka Kam
Director

Richard Hung Ting Ho
Director

The notes on pages 58 to 111 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31st March, 2016

	Note	2016 HK$'000	2015 HK$'000
Cash flows from operating activities			
Operating profit/(loss):		**93,734**	(9,134)
Adjustments for:			
Depreciation of property, plant and equipment		**15,410**	19,226
Amortization of prepaid lease payments		**236**	302
Provision for impairment of accounts receivable		**209**	1,763
(Reversal of provision)/provision for impairment of inventories		**(1,644)**	2,855
Reversal of provision for impairment of accounts receivable		**(269)**	(523)
Gain on disposal of property, plant and equipment		**(4,229)**	(11,231)
Loss on disposal of prepaid lease payment		**–**	333
Gain on disposal of subsidiaries		**(108,718)**	(29,368)
Write-back of provision for expenses undertaking		**–**	(10,224)
Interest income		**(406)**	(583)
Operating loss before working capital changes		**(5,677)**	(36,584)
Decrease/(increase) in inventories		**16,362**	(4,766)
(Increase)/decrease in cemetery assets		**(2,807)**	878
Decrease in accounts receivable		**12,813**	3,778
Decrease in deposits, prepayments and other receivables		**3,003**	174
Increase in financial assets at fair value through profit or loss		**(109,460)**	–
Decrease in accounts payable		**(14,327)**	(717)
(Decrease)/increase in accrued charges and other payables		**(5,282)**	4,662
Increase in deferred income		**1,646**	599
Cash used in operations		**(103,729)**	(31,976)
Income tax paid		**–**	(357)
Interest paid		**(2,895)**	(5,273)
Net cash used in operating activities		**(106,624)**	(37,606)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(8,760)**	(5,462)
Acquisition of a subsidiary	32	**(37,900)**	–
Proceeds from disposal of property, plant and equipment		**4,643**	12,242
Decrease in pledged bank balances		**15,000**	10,000
Interest income received		**434**	560
Proceeds from disposal of subsidiaries, net of cash and bank balances disposed of	31	**120,899**	69,304
Net cash generated from investing activities		**94,316**	86,644

Consolidated Statement of Cash Flows (Continued)

For the year ended 31st March, 2016

	Note	2016 HK$'000	2015 HK$'000
Cash flows from financing activities			
New bank borrowings		**146,473**	157,903
Repayment of bank borrowings		**(190,466)**	(170,868)
Redemption of convertible notes		**–**	(113,000)
Proceeds from issuance of ordinary shares		**–**	110,360
Payment for share issuance costs		**–**	(2,910)
Net cash used in financing activities		**(43,993)**	(18,515)
Net (decrease)/increase in cash and cash equivalents		**(56,301)**	30,523
Cash and cash equivalents at the beginning of the year (note)		**99,442**	68,917
Exchange difference on cash and cash equivalents		**(63)**	2
Cash and cash equivalents at the end of the year	22	**43,078**	99,442

note: The cash and cash equivalents as at 1st April, 2014 comprised of cash and bank balances of HK$60,823,000 and cash and bank balances included in "Assets of disposal group classified as held for sale" of HK$8,094,000.

The notes on pages 58 to 111 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2016

	Attributable to equity holders of the Company									
	Share capital	Share premium	Other reserve	Merger reserve	Translation reserve	Convertible notes equity reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
			(note i)	*(note ii)*						
At 1st April, 2014	220,721	293,692	4,000	24,000	63,467	43,532	(184,329)	465,083	69,346	534,429
Loss for the year	–	–	–	–	–	–	(16,649)	(16,649)	(556)	(17,205)
Other comprehensive income:										
Net exchange differences	–	–	–	–	307	–	–	307	57	364
Realization of exchange reserve upon disposal of subsidiaries	–	–	–	–	(180)	–	–	(180)	–	(180)
Total comprehensive income/(loss) for the year	–	–	–	–	127	–	(16,649)	(16,522)	(499)	(17,021)
Issue of shares	110,360	(2,910)	–	–	–	–	–	107,450	–	107,450
Expiration of conversion rights of convertible notes	–	–	–	–	–	(43,532)	43,532	–	–	–
At 31st March, 2015	331,081	290,782	4,000	24,000	63,594	–	(157,446)	556,011	68,847	624,858
Profit/(loss) for the year	–	–	–	–	–	–	93,146	93,146	(541)	92,605
Other comprehensive loss:										
Net exchange differences	–	–	–	–	(14,586)	–	–	(14,586)	(2,481)	(17,067)
Realization of exchange reserve upon disposal of a subsidiary	–	–	–	–	(113)	–	–	(113)	–	(113)
Total comprehensive (loss)/income for the year	–	–	–	–	(14,699)	–	93,146	78,447	(3,022)	75,425
At 31st March, 2016	**331,081**	**290,782**	**4,000**	**24,000**	**48,895**	**–**	**(64,300)**	**634,458**	**65,825**	**700,283**

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 58 to 111 are an integral part of these consolidated financial statements.

1. General information

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

As at 31st March, 2016, 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, development and operation of cemetery, information technology business, securities investment and trading and property investment.

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, as modified by the revaluation of investment property and financial assets at fair value through profit or loss at fair values, and in accordance with all applicable 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.

Effect of adopting amendments to standards

For the financial year ended 31st March, 2016, the Group adopted the following amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2015 and relevant to the operations of the Group:

HKAS 19 (2011) (Amendment)	Employee Benefits: Defined Benefit Plans – Employee Contributions
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Effect of adopting amendments to standards (continued)

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

New standards and amendments to standards that are not yet effective

The following new standards and amendments to standards have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1st April, 2016, but have not yet been early adopted by the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements – Disclosure Initiative (effective from 1st January, 2016)
HKAS 7 (Amendment)	Cash Flow Statements – Disclosure Initiative (effective from 1st January, 2017)
HKAS 12 (Amendment)	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses (effective from 1st January, 2017)
HKAS 16 and HKAS 38 (Amendments)	Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization (effective from 1st January, 2016)
HKAS 27 (Amendment)	Separate Financial Statements: Equity Method in Separate Financial Statements (effective from 1st January, 2016)
HKFRS 9	Financial Instruments (effective from 1st January, 2018)
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception (effective from 1st January, 2016)
HKFRS 14	Regulatory Deferral Accounts (effective from 1st January, 2016)
HKFRS 15	Revenue from Contracts with Customers (effective from 1st January, 2018)
HKFRS 16	Leases (effective from 1st January, 2019)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle (effective from 1st January, 2016)

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.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(b) Consolidation

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

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

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

(c) Subsidiaries

A subsidiary is an entity (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.

(i) Business combinations

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 to the former owners of the acquiree 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. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

2. Summary of significant accounting policies (continued)

(c) Subsidiaries (continued)

(i) Business combinations (continued)

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 in profit or loss. 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.

Inter-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity 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 entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognized in other comprehensive income are reclassified to the profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

2. Summary of significant accounting policies (continued)

(c) Subsidiaries (continued)

(iii) Separate financial statements

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 a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary 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 the acquisition of subsidiaries represents 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 identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGU's"), or groups of CGU's, 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.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the 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.

2. Summary of significant accounting policies (continued)

(f) Property, plant and equipment

Property, plant and equipment is stated at historical 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. The carrying amount of the replaced part is derecognized. 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.

2. Summary of significant accounting policies (continued)

(g) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease. Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalized as part of its cost. Borrowing costs are capitalized while acquisition or construction is actively underway and will be ceased once the asset is substantially completed, or suspended if the development of the asset is suspended. After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by professional valuer who holds recognized and relevant professional qualifications and has recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as liabilities, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognized in the consolidated financial statements. Subsequent expenditure is capitalized to the carrying amount of the property only when it is probable that future economic benefits associated with the property will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred. Changes in fair value of investment property are recognized in the consolidated statement of comprehensive income.

Investment property is derecognized either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use. The investment property is classified under non-current assets except for the property which is expected to be disposed of within one year and is classified under current assets.

2. Summary of significant accounting policies (continued)

(h) 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.

(i) 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.

(j) 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.

(k) Trade and other receivables

Trade and other receivables 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 receivables 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)

(l) Financial assets

The Group classifies its financial assets in the consolidated statement of financial position in the category of loans and receivables and financial assets at fair value through profit or loss. Management determines the classification of its financial assets at initial recognition according to the purpose for which the financial assets are acquired.

Financial assets at fair value through profit or loss are classified as current assets if they are either held for trading or are expected to be realized within twelve months from the reporting date. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated statement of comprehensive income, and subsequently carried at fair value.

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 the amount that are settled or expected to be settled more than twelve months after the reporting date. These 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.

Realized and unrealized gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss, including interest and dividend income, are included in the consolidated statement of comprehensive income in the financial period in which they arise.

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

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2. Summary of significant accounting policies (continued)

(m) 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 of disposed 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 (CGU's). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(n) Accounts payable and accruals

Accounts payable and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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.

Accounts payable and accruals are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(o) 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. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

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.

2. Summary of significant accounting policies (continued)

(p) 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.

(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.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

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) Current and deferred taxation

The taxation charge/credit for the year comprises current and deferred tax. 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 paid to the tax authorities.

2. Summary of significant accounting policies (continued)

(r) Current and deferred taxation (continued)

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 consolidated 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.

Deferred taxation assets are recognized only 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.

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.

(s) Operating leases

Leases in which 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.

2. Summary of significant accounting policies (continued)

(t) 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 measured at the fair value of the consideration received or receivable, and represents amount receivable for goods supplied, stated 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 significant risks and rewards of the cemetery assets have been passed to the customer, which is when the construction of the relevant cemetery assets has been completed and the collectability of related receivables pursuant to the sales agreement is reasonably assured.

Management fee income is recognized when services are rendered.

Gain or loss from securities trading is recognized on the transaction date when the relevant sale and purchase contracts are entered into.

Rental income, net of incentives given to lessees, is recognized on a straight-line basis over the period of the respective leases.

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.

(u) Borrowing costs

Interest and related costs on borrowings attributable to the construction or acquisition of an asset that necessarily takes a substantial period of time to complete and prepare for its intended use or sale are 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)

(v) Employee benefits

Contributions to defined contribution retirement schemes such as the Mandatory Provident Fund Scheme in Hong Kong and the respective government employee retirement benefit schemes 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. The Group has no further payment obligations once the contributions have been paid. 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.

(w) Cash and cash equivalents

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

(x) Translation of foreign currencies

Transactions included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK$"), 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 or valuation where items are remeasured. 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.

Translation differences on non-monetary financial assets and liabilities such as financial assets at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss.

2. Summary of significant accounting policies (continued)

(x) Translation of foreign currencies (continued)

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

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

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

(iii) all resulting exchange differences are 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. Exchange differences arising are recognized in other comprehensive income.

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.

(y) Segment reporting

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

(z) 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, foreign exchange risk and price 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 (other than financial assets at fair value through profit or loss) after deducting any impairment provision in the consolidated 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, as well as credit exposures to customers and other debtors. The Group has credit policies in place and exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks by monitoring credit ratings and only places deposits with banks with no history of defaults. As at 31st March, 2016, the monies (including pledged bank balances as at 31st March, 2015) placed with Hong Kong and the PRC banks amounted to approximately HK$35.3 million (2015: HK$109.1 million) and HK$7.8 million (2015: HK$4.5 million) respectively.

In respect of credit exposures to customers, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, 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.

3. Financial risk management (continued)

(a) Financial risk factors (continued)

(i) Credit risk (continued)

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, 2016, the Group had standby banking facilities to provide contingency liquidity support which amounted to approximately HK$110.2 million (2015: HK$211.8 million). Details of the bank borrowings are disclosed in note 26.

The table below analyzes the Group'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 including interest payment.

	Within the first year HK$'000	**Total** HK$'000
2016		
Accounts payable	**31,929**	**31,929**
Accrued charges and other payables	**31,278**	**31,278**
Amount due to a non-controlling shareholder	**1,366**	**1,366**
Bank borrowings	**10,616**	**10,616**
	75,189	**75,189**
2015		
Accounts payable	46,256	46,256
Accrued charges and other payables	36,622	36,622
Amount due to a non-controlling shareholder	1,366	1,366
Bank borrowings	57,945	57,945
	142,189	142,189

3. Financial risk management (continued)

(a) Financial risk factors (continued)

(iii) Cash flow and fair value interest rate risk

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

The interest rate risk of the Group mainly arises from interest-bearing bank deposits, bank borrowings and the bond investments at financial assets at fair value through profit or loss. Bank deposits and bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. The bond investments at fixed rates exposed 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.

As at 31st March, 2016, if interest rates had been 1% (2015: 1%) higher/lower with all other variables held constant, the profit before taxation of the Group would have increased/decreased by approximately HK$185,000 (2015: loss before taxation of the Group would have decreased/increased by approximately HK$355,000).

(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, accounts 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.

3. Financial risk management (continued)

(a) Financial risk factors (continued)

(iv) Foreign exchange risk (continued)

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:

	2016 HK$'000	2015 HK$'000
USD	**39,115**	41,902
EUR	**940**	2,102
RMB	**5,780**	13,060
GBP	**807**	63
NZD	**676**	264
AUD	**159**	304

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 a decrease or increase in profit before taxation and the impact is shown in the following table.

	(Decrease)/ increase in profit before taxation for 2016 HK$'000	Increase/ (decrease) in loss before taxation for 2015 HK$'000
USD	**(337)**	417
EUR	**(47)**	213
RMB	**1,066**	(3,978)
AUD	**(16)**	30
GBP	**(40)**	3
NZD	**(68)**	26

3. Financial risk management (continued)

(a) Financial risk factors (continued)

(v) Price risk

The Group is exposed to securities price risk because investments held by the Group are classified as financial assets at fair value through profit or loss. Unrealized gains and losses arising from the change in the fair value of financial assets at fair value through profit or loss are recognized in the consolidated statement of comprehensive income. To manage its price risk arising from investments in financial assets at fair value through profit or loss, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

As at 31st March, 2016, if market price of the Group's publicly-traded investments increased/ decreased by 5% with all other variables held constant, the profit before taxation of the Group would have increased/decreased by approximately HK$5,473,000 (2015: nil).

(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, 2016, the debt to equity ratio is 1.7% (2015: 10.0%).

(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)

3. Financial risk management (continued)

(c) Fair value estimation (continued)

See note 16 for disclosure of the investment property that is measured at fair value.

The Group had no level 2 and level 3 financial instruments as at 31st March, 2016 and 2015. The only level 1 financial instrument as at 31st March, 2016 represented financial assets at fair value through profit or loss (note 21) (2015: nil). There was no transfer of financial instruments between level 1 and level 2 for the years ended 31st March, 2016 and 2015.

The fair values of financial instruments traded in active markets are based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current price within the bid-ask spread which is the most representative of the fair value in the given circumstances. The fair values of other financial assets and financial liabilities are determined in accordance with the generally accepted pricing models based on discounted cash flow analysis.

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, pledged bank balances, cash and bank balances, accounts payable, accrued charges and other payables, amount due to a non-controlling shareholder and current bank borrowings approximate their fair values.

Except for the financial assets at fair value through profit or loss, the other financial assets and liabilities of the Group are classified as loans and receivables and financial liabilities at amortized cost respectively as at 31st March, 2016 and 2015.

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 value in use model. This calculation takes into account the cash flow projections during the estimated useful lives of the property, plant and equipment and their disposal values at end of their estimated useful lives. The cash flow projections is based on the detailed financial budgets approved by the management covering a 5-year period with a pre-tax discount rate of 16.2% and annual growth rates increasing from 0% to 3.5% and by extrapolating the cash flow projection based on these financial budgets using a steady growth rate of 3.5% for year 6 to year 12. Management estimates the cash flow projections 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. Estimates and judgments are applied in determining these assumptions, the disposal values of the property, plant and equipment and the pre-tax discount rate. The management determined that there was no impairment of the Group's printing business as at 31st March, 2016.

If the annual growth rates had been decreased by 1% with all other variables held constant, the Group would have recognized an impairment loss of approximately HK$3,588,000 and would need to reduce the carrying value of the respective property, plant and equipment by approximately HK$3,588,000 accordingly.

(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 based on its fair value less costs of disposal. This calculation is based on the valuation report from an 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 5-year period with a post-tax discount rate of 15.9% and annual volume and price growth rates for various types of products ranging from 15% to 40% and 3% to 13% respectively and by extrapolating the cash flow projections based on this financial budget using steady volume and price growth rates of 33% and 6% respectively over another 30-year period. Management estimates the cash flow projections based on certain assumptions, such as sales volume, 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. Estimates and judgments are applied in determining these assumptions and the post-tax discount rate. The management determined that there was no impairment of the Group's cemetery business as at 31st March, 2016.

4. Critical accounting estimates and judgments (continued)

(c) Impairment of inventories of printing business

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

(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) Estimate of fair value of investment property

The valuation of investment property is performed in accordance with "The HKIS Valuation Standards 2012 Edition" published by the Hong Kong Institute of Surveyors. The valuation is reviewed annually by qualified valuer by considering the information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) rental income derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using capitalization rates that reflect current market assessments of the uncertainty in the amount and timing of the rental income.

4. Critical accounting estimates and judgments (continued)

(f) Estimate of fair value of investment property (continued)

If the information on current or recent prices of investment property is not available, the fair value of investment property is mainly determined using income capitalization valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

5. Revenues

Revenues recognized during the year are as follows:

	2016 **HK$'000**	2015 HK$'000
Sales of printed products	**225,177**	262,110
Sales of cemetery assets	**22,300**	12,472
Interest income from financial assets at fair value through profit or loss	**5,461**	–
Fair value gain of financial assets at fair value through profit or loss	**2,392**	–
Net realized gain of financial assets at fair value through profit or loss	**616**	–
Rental income	**35**	–
	255,981	274,582

6. Segment information

(a) Segment information by business lines

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

The CODM considers the business from a business perspective. For the year ended 31st March, 2016, the CODM considers the investments in the financial assets at fair value through profit or loss and property investment as new business segments. Accordingly, business segments include printing, cemetery, securities investment and trading, property investment and others (including information technology business). The CODM assesses the performance of the operating segments based on a measure of segment result.

6. Segment information (continued)

(a) Segment information by business lines (continued)

The segment information by business lines is as follows:

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

6. Segment information (continued)

(a) Segment information by business lines (continued)

	Printing HK$'000	Cemetery HK$'000	Others and corporate HK$'000	Total HK$'000
For the year ended 31st March, 2015				
Revenues	262,110	12,472	–	274,582
Other income and net gain	44,064	10,393	583	55,040
Operating (loss)/profit	(10,498)	6,680	(5,316)	(9,134)
Finance (costs)/income	(4,146)	21	(2,270)	(6,395)
(Loss)/profit before taxation	(14,644)	6,701	(7,586)	(15,529)
Taxation (charge)/credit	(6,012)	4,336	–	(1,676)
(Loss)/profit for the year	(20,656)	11,037	(7,586)	(17,205)
As at 31st March, 2015				
Total assets	181,597	618,831	114,442	914,870
Total liabilities	87,187	147,279	55,546	290,012
2015				
Other segment items are as follows:				
Capital expenditure	5,153	5,490	–	10,643
Gain on disposal of subsidiaries	29,368	–	–	29,368
Write-back of provision for expenses undertaking	–	10,224	–	10,224
Depreciation	18,582	644	–	19,226
Amortization of prepaid lease payments	228	74	–	302
Provision for impairment of accounts receivable	697	1,066	–	1,763
Reversal of provision for impairment of accounts receivable	523	–	–	523
Provision for impairment of inventories	2,855	–	–	2,855

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	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**20,410**	19,787	**38,796**	580
The PRC	**21,575**	14,263	**10,043**	10,063
United States of America	**82,897**	92,600	**–**	–
United Kingdom	**48,689**	50,030	**–**	–
Germany	**33,354**	41,314	**–**	–
France	**30,782**	25,946	**–**	–
Other countries	**18,274**	30,642	**–**	–
	255,981	274,582	**48,839**	10,643

	Non-current assets		Total assets	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**39,521**	1,301	**228,560**	171,429
The PRC	**554,595**	590,719	**691,525**	743,441
	594,116	592,020	**920,085**	914,870

7. Other income and net gain

	2016	2015
	HK$'000	HK$'000
Interest income from bank deposits	**406**	583
Sales of scraped materials	**4,171**	3,237
Reversal of provision for impairment of accounts receivable	**269**	523
Gain on disposal of property, plant and equipment	**4,229**	11,231
Loss on disposal of prepaid lease payment	**–**	(333)
Gain on disposal of subsidiaries (notes i and 31)	**108,718**	29,368
Net exchange gain/(loss)	**1,163**	(2,129)
Write-back of provision for expenses undertaking (note ii)	**–**	10,224
Sundries	**2,179**	2,336
	121,135	55,040

Notes:

(i) 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. The transaction was completed during the year ended 31st March, 2015. A gain on disposal of subsidiaries and the related PRC withholding corporate income tax were recorded in this note and "Taxation credit/(charge)" (note 10) respectively. Details of the transaction were set out in the announcement of the Company on 14th May, 2014 and note 31.

On 21st April, 2015, the Company and its wholly-owned subsidiary entered into a sale and purchase agreement with Chuang's China Investments Limited (a listed subsidiary of CCIL) and its wholly-owned subsidiary to dispose of its entire equity interest in Dongguan Midas Printing Company Limited, a wholly-owned subsidiary of the Group (the major assets were the land and property in the PRC), at a consideration of RMB101.6 million (equivalent to approximately HK$123.4 million). The transaction was completed on 21st August, 2015 and the consideration was settled in full in cash at completion. A gain on disposal of the subsidiary was recorded in this note. Details of the transaction were set out in the announcements of the Company dated 21st April, 2015 and 21st August, 2015, the circular of the Company dated 13th May, 2015 and note 31.

(ii) The write-back of provision for expenses undertaking was related to the disposal of certain subsidiaries of the Group in September 2007 as the respective undertaking expired in September 2014.

8. Operating profit/(loss)

	2016 HK$'000	2015 HK$'000
Operating profit/(loss) is stated after charging/(crediting):		
Staff costs, including Directors' emoluments		
Wages and salaries	**89,606**	99,288
Retirement benefit costs (note 34)	**994**	1,265
Total staff costs	**90,600**	100,553
Less: Amount capitalized and included in cost of sales for printing business	**(48,009)**	(57,701)
Less: Amount included in cost of sales for cemetery business	**(656)**	(521)
Staff costs included in selling and marketing expenses and administrative and other operating expenses	**41,935**	42,331
Auditors' remuneration		
Audit and audit related services	**1,420**	1,450
Non-audit services (excluded amount of HK$556,000 charged to share premium for the year ended 31st March, 2015)	**950**	762
Cost of inventories sold		
Printing business	**112,151**	151,198
Cemetery business	**7,903**	4,340
	120,054	155,538
Depreciation	**15,410**	19,226
Less: Amount capitalized and included in cost of sales for printing business	**(11,873)**	(14,938)
Depreciation included in selling and marketing expenses and administrative and other operating expenses	**3,537**	4,288
(Reversal of provision)/provision for impairment of inventories (included in cost of sales)	**(1,644)**	2,855
Provision for impairment of accounts receivable	**209**	1,763
Amortization of prepaid lease payments	**236**	302
Operating lease rental	**2,718**	3,140

9. Finance costs

	2016 **HK$'000**	2015 HK$'000
Interest expenses		
Bank borrowings	**2,824**	4,146
Convertible notes	**–**	4,958
	2,824	9,104
Fair value adjustment of accounts receivable	**(414)**	(21)
Amount capitalized into cemetery assets	**–**	(2,688)
	2,410	6,395

The capitalized effective rate for cemetery assets in 2015 was 14.86% per annum.

10. Taxation credit/(charge)

	2016 **HK$'000**	2015 HK$'000
Current income tax		
PRC withholding corporate income tax (notes 7(i) and 31)	**–**	(6,300)
Over-provision in prior years	**–**	288
Write-back of provision in prior years	**–**	3,552
Deferred taxation (note 27)	**1,281**	784
	1,281	(1,676)

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, 2016 (2015: nil). No provision for PRC corporate income tax has been provided as the Group has sufficient tax losses to offset the estimated assessable profit for the year ended 31st March, 2016 (2015: PRC corporate income tax had been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC).

The write-back of provision for the year ended 31st March, 2015 represented a write-back of provision for a PRC withholding corporate income tax undertaking in relation to the disposal of certain subsidiaries by the Group in September 2007 as the respective undertaking expired in September 2014.

10. Taxation credit/(charge) (continued)

The taxation credit/(charge) on the profit/(loss) before taxation of the Group differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2016 HK$'000	2015 HK$'000
Profit/(loss) before taxation	**91,324**	(15,529)
Taxation at the rate of 16.5% (2015: 16.5%)	**(15,069)**	2,562
Effect of different tax rates in other country	**(826)**	(1,277)
Expenses not deductible for taxation purpose	**(2,262)**	(1,968)
Income not subject to taxation	**19,538**	3,940
Tax losses and other temporary differences not recognized	**(4,752)**	(8,782)
Utilization of previously unrecognized tax losses	**4,652**	9
Over-provision in prior years	**–**	288
Write-back of provision for taxation undertaking	**–**	3,552
Taxation credit/(charge) for the year	**1,281**	(1,676)

11. Benefits and interests of Directors and five highest paid individuals

Particulars of the emoluments of Directors and the five highest paid individuals are as follows:

(a) Directors' emoluments

The emoluments paid or payable to each of the 8 (2015: 8) Directors were as follows:

	(note i)	(note ii)			
Name of Director	Fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31st March, 2016					
Mr. Richard Hung Ting Ho (note iii)	30	1,800	150	24	2,004
Mrs. Candy Kotewall Chuang Ka Wai	20	–	–	–	20
Mr. Geoffrey Chuang Ka Kam (note iii)	20	1,200	–	24	1,244
Mr. Wong Chi Sing	20	840	65	24	949
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
	410	3,840	215	72	4,537

11. Benefits and interests of Directors and five highest paid individuals (continued)

(a) Directors' emoluments (continued)

Name of Director	(note i) Fees HK$'000	(note ii) Salaries HK$'000	Discretionary bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31st March, 2015					
Mr. Richard Hung Ting Ho	30	1,800	150	24	2,004
Mrs. Candy Kotewall Chuang Ka Wai	20	–	–	–	20
Mr. Geoffrey Chuang Ka Kam	20	1,200	–	24	1,244
Mr. Wong Chi Sing (note iv)	7	280	22	8	317
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
	397	3,280	172	56	3,905

(i) The amounts represented emoluments paid or receivable in respect of a person's services as a Director, whether of the Company or its subsidiary undertakings.

(ii) The amounts represented emoluments paid or receivable in respect of Director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings. The discretionary bonuses paid in 2016 were in relation to performance and services for 2015.

(iii) Mr. Richard Hung Ting Ho ceased to act as the Chief Executive Officer of the Company and Mr. Geoffrey Chuang Ka Kam was appointed as the Chief Executive Officer of the Company, both with effect from 15th December, 2015.

(iv) Mr. Wong Chi Sing was appointed as an Executive Director of the Company with effect from 1st December, 2014.

(v) There was no arrangement under which a Director waived or agreed to waive any emoluments during the years ended 31st March, 2016 and 2015.

(vi) During the year, no emoluments, retirement benefits, payments or benefits in respect of termination of Directors' services were paid or made, directly or indirectly, to the Directors, nor are any payable (2015: nil). No consideration was provided to or receivable by third parties for making available Directors' services (2015: nil).

(vii) There are no loans, quasi-loans or other dealings in favour of Directors, their controlled bodies corporate and connected entities (2015: None).

11. Benefits and interests of Directors and five highest paid individuals (continued)

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(c) Five highest paid individuals

During the year ended 31st March, 2016, the five highest paid individuals included three (2015: two) Directors, details of whose emoluments are set out in note 11(a).

The emoluments of the remaining two (2015: three) individuals were as follows:

	2016	2015
	HK$'000	HK$'000
Salaries	**1,623**	2,485
Discretionary bonuses	**67**	67
Retirement benefit scheme contributions	**48**	48
	1,738	2,600

Their emoluments were within the following bands:

	Number of employee	
	2016	2015
HK$1,000,000 or below	**2**	3

12. Dividends

No dividend was paid or declared for each of the years ended 31st March, 2016 and 2015.

The Board does not recommend the payment of a final dividend for the year ended 31st March, 2016 (2015: nil).

13. Earnings/loss per share

The calculation of the earnings/loss per share is based on the profit attributable to equity holders of HK$93,146,000 (2015: loss attributable to equity holders of HK$16,649,000) and the weighted average number of 3,310,812,000 (2015: 2,815,605,000) shares in issue during the year. The weighted average numbers of shares used in the calculation of loss per share for the year ended 31st March, 2015 had been adjusted for the bonus element of the rights issue following the completion of the rights issue on 6th November, 2014.

The potential ordinary shares attributable to the assumed conversion of convertible notes had anti-dilutive effect for the year ended 31st March, 2015. The convertible notes were redeemed on their maturity date on 3rd August, 2014 at par.

14. Prepaid lease payments

	2016 **HK$'000**	2015 HK$'000
The Group's prepaid lease payments comprise:		
Land use rights in the PRC	**5,339**	8,816

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

In 2015, prepaid lease payments of the Group with net book value of approximately HK$6,707,000 had been pledged as securities for the bank borrowings of the Group (note 26).

15. Property, plant and equipment

	Buildings in the PRC HK$'000	Leasehold Improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1st April, 2014	63,727	3,226	335,097	41,064	4,713	998	448,825
Changes in exchange rates	29	2	–	2	–	–	33
Additions	228	–	4,100	726	408	–	5,462
Disposals	–	–	(50,211)	(3,464)	–	–	(53,675)
Transfers	419	–	300	–	–	(719)	–
At 31st March, 2015	64,403	3,228	289,286	38,328	5,121	279	400,645
Changes in exchange rates	(359)	(51)	–	(101)	(47)	(13)	(571)
Additions	702	1,148	4,817	938	616	539	8,760
Disposals	(28,984)	(1,459)	(33,569)	(9,780)	(968)	–	(74,760)
Transfers	–	326	–	–	–	(326)	–
At 31st March, 2016	**35,762**	**3,192**	**260,534**	**29,385**	**4,722**	**479**	**334,074**
ACCUMULATED DEPRECIATION							
At 1st April, 2014	31,287	2,555	290,914	38,879	4,336	–	367,971
Changes in exchange rates	5	2	–	2	1	–	10
Charge for the year	2,832	461	14,938	751	244	–	19,226
Disposals	–	–	(49,266)	(3,398)	–	–	(52,664)
At 31st March, 2015	34,124	3,018	256,586	36,234	4,581	–	334,543
Changes in exchange rates	(86)	(29)	–	(68)	(38)	–	(221)
Charge for the year	2,017	329	11,873	805	386	–	15,410
Disposals	(19,793)	(1,459)	(33,169)	(9,771)	(963)	–	(65,155)
At 31st March, 2016	**16,262**	**1,859**	**235,290**	**27,200**	**3,966**	**–**	**284,577**
NET BOOK VALUE							
At 31st March, 2016	**19,500**	**1,333**	**25,244**	**2,185**	**756**	**479**	**49,497**
At 31st March, 2015	30,279	210	32,700	2,094	540	279	66,102

In 2015, buildings and plant and machinery of the Group with net book value of approximately HK$31,868,000 had been pledged as securities for the bank borrowings to the Group (note 26).

16. Investment property

	Completed commercial property in Hong Kong HK$'000
At 1st April, 2014 and 31st March, 2015	–
Acquisition (note 32)	38,000
At 31st March, 2016	**38,000**

(a) Investment property was valued at 31st March, 2016 on an open market value basis by Colliers International (Hong Kong) Limited, an independent professional valuer.

(b) Valuation processes of the Group

The Group's investment property was valued at 31st March, 2016 by an independent professional valuer who holds a recognized relevant professional qualification and has recent experience in the location and segment of the investment property valued. For the investment property, its current use equates to the highest and best use.

The Group's finance department reviews the valuation performed by the independent valuer for financial reporting purposes and reports directly to the Directors of the Group. Discussions of the valuation processes and results would be held between the Directors and the valuer at least once every six months, in line with the Group's interim and annual reporting processes. The finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior period valuation report; and
- holds discussions with the independent valuer.

16. Investment property (continued)

(c) Valuation techniques

Fair value of completed commercial property in Hong Kong is derived using the income capitalization method. Income capitalization method is based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

There were no changes to the valuation techniques during the year.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

(d) Significant unobservable inputs used to determine fair value

The following rental value and capitalization rate are used in the income capitalization method for the completed commercial property:

	2016
Rental value (HK$/square foot/month)	**87**
Capitalization rate	**2.5%**

Prevailing market rent is estimated based on the valuer's view of recent lettings, within the subject properties and other comparable properties. The lower the rent, the lower the fair value.

Capitalization rate is estimated by the valuer based on the risk profile of the investment property being valued. The higher the rate, the lower the fair value.

17. Cemetery assets

	2016 **HK$'000**	2015 HK$'000
Total cemetery assets	**579,832**	599,239
Current portion included in current assets	**(78,552)**	(82,137)
	501,280	517,102

As at 31st March, 2016, 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$68,859,000 (2015: HK$78,023,000) that are expected to be realized after more than twelve months from the reporting date.

18. Subsidiaries

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 36.

19. Inventories

	2016	2015
	HK$'000	HK$'000
Raw materials	**14,339**	19,440
Work in progress	**9,881**	14,457
Finished goods	**7,782**	12,823
	32,002	46,720

20. Accounts receivable

	2016	2015
	HK$'000	HK$'000
Accounts receivable	**64,240**	81,992
Less: provision for doubtful debts	**(10,659)**	(14,624)
	53,581	67,368

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, 2016, sales proceeds receivable from the cemetery operation with the aggregate carrying amount of HK$1,548,000 (2015: HK$2,644,000) are expected to be recovered after more than twelve months from the reporting date.

20. Accounts receivable (continued)

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

	2016	2015
	HK$'000	HK$'000
Below 30 days	**15,324**	20,613
31 to 60 days	**7,500**	18,884
61 to 90 days	**8,770**	11,627
Over 90 days	**21,987**	16,244
	53,581	67,368

As at 31st March, 2016, accounts receivable of HK$35,720,000 (2015: HK$51,119,000) of the Group were neither past due nor impaired. As at 31st March, 2016, accounts receivable of HK$17,861,000 (2015: HK$16,249,000) 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 100 days (2015: 93 days).

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

	2016	2015
	HK$'000	HK$'000
Below 60 days	**5,252**	2,672
61 to 90 days	**1,618**	963
Over 90 days	**10,991**	12,614
	17,861	16,249

As at 31st March, 2016, accounts receivable of HK$10,659,000 (2015: HK$14,624,000) were impaired. The amount of the provision was HK$10,659,000 (2015: HK$14,624,000). The aging analysis of these receivables is as follows:

	2016	2015
	HK$'000	HK$'000
Over 90 days	**10,659**	14,624

20. Accounts receivable (continued)

The movement in provision for doubtful debts is as follows:

	2016 **HK$'000**	2015 HK$'000
Balance at the beginning of the year	**14,624**	13,683
Provision for the year	**209**	1,763
Amounts written off as uncollectible	**(3,848)**	(208)
Reversal of provision	**(269)**	(523)
Changes in exchange rates	**(57)**	(91)
Balance at the end of the year	**10,659**	14,624

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

	2016 **HK$'000**	2015 HK$'000
Hong Kong dollar	**8,074**	15,618
RMB	**11,276**	8,701
USD	**31,930**	40,385
EUR	**793**	2,079
AUD	**159**	260
GBP	**761**	61
NZD	**588**	264
	53,581	67,368

The Group's receivables in the amount of HK$6,284,000 (2015: nil) are held as collateral for short-term bank borrowings obtained to the Group (note 26).

21. Financial assets at fair value through profit or loss

	2016 **HK$'000**	2015 HK$'000
Listed bonds	**109,460**	–

The balances are denominated in USD.

22. Pledged bank balances and cash and bank balances

	2016	2015
	HK$'000	HK$'000
Pledged bank balances	**–**	15,000
Cash at bank and in hand	**14,030**	8,432
Short-term deposits	**29,048**	91,010
Cash and bank balances	**43,078**	99,442

In 2015, pledged bank balances of HK$15,000,000 had been pledged as securities for the bank borrowings of the Group (note 26). The effective interest rate on short-term deposits is 0.1% (2015: ranged from 0.4% to 0.7%) per annum and these deposits have maturities of 1 day (2015: ranged from 14 days to 30 days).

Cash and bank balances (including pledged bank balances as at 31st March, 2015) are denominated in the following currencies:

	2016	2015
	HK$'000	HK$'000
Hong Kong dollar	**27,836**	107,641
RMB	**7,776**	5,216
USD	**7,185**	1,517
EUR	**147**	22
AUD	**–**	44
GBP	**46**	2
NZD	**88**	–
	43,078	114,442

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.

	2016	2015
	HK$'000	HK$'000
Below 30 days	**19,223**	19,493
31 to 60 days	**2,804**	8,119
Over 60 days	**9,902**	18,644
	31,929	46,256

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

	2016	2015
	HK$'000	HK$'000
Accrued staff costs and other accruals	**17,830**	23,830
Receipt in advance from customers	**6,658**	9,969
Others	**6,790**	2,823
	31,278	36,622

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.

	2016 HK$'000	2015 HK$'000
Balance at the beginning of the year	2,391	1,791
Changes in exchange rates	(114)	1
Additions	1,751	669
Recognized in consolidated statement of comprehensive income during the year	(105)	(70)
Balance at the end of the year	3,923	2,391

26. Bank borrowings

	2016 HK$'000	2015 HK$'000
Secured bank borrowings		
Short-term bank borrowings	4,218	24,871
Long-term bank borrowings	–	23,750
	4,218	48,621
Unsecured bank borrowings		
Short-term bank borrowings	6,297	4,045
Long-term bank borrowings	–	2,880
	6,297	6,925
Total bank borrowings	10,515	55,546

The long-term bank borrowings are analysed as follows:

	2016 HK$'000	2015 HK$'000
Long-term bank borrowings wholly repayable within five years*	–	26,630
Current portion included in current liabilities		
Portion due within one year	–	(26,630)
	–	–

* *Ignoring the effect of any repayment on demand clause*

26. Bank borrowings (continued)

Secured short-term bank borrowings of the Group of HK$4,218,000 (2015: nil) are collateralized by accounts receivable amounting to HK$6,284,000 (2015: nil) and guaranteed by the Company as at 31st March, 2016. In 2015, the bank borrowings of the Group were secured by certain prepaid lease payments, property, plant and equipment and bank deposits with an aggregate carrying amount of HK$53,575,000 and guaranteed by the Company.

The effective interest rates of the Group's bank borrowings range from 2.51% to 7.25% (2015: 1.64% to 7.80%) per annum. The fair values of bank borrowings, based on cash flows discounted at the borrowing rates of 2.51% to 7.25% (2015: 1.64% to 7.80%) per annum, approximate their carrying amounts and are within level 2 of the fair value hierarchy.

The bank borrowings are repayable in the following period (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):

	2016 **HK$'000**	2015 HK$'000
Within the first year	**10,515**	55,546

The bank borrowings are denominated in the following currencies:

	2016 **HK$'000**	2015 HK$'000
Hong Kong dollar	**10,515**	14,531
RMB	**–**	41,015
	10,515	55,546

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

	2016 **HK$'000**	2015 HK$'000
6 months or less	**10,515**	31,796
7 to 12 months	**–**	23,750
	10,515	55,546

27. Deferred taxation liabilities

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset taxation assets against taxation liabilities and when the deferred tax relates to the same fiscal authority.

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

	Tax losses	Fair value adjustments of assets on business combination	Accelerated tax depreciation	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1st April, 2014	–	139,039	–	139,039
Credited to consolidated statement of comprehensive income (note 10)	–	(784)	–	(784)
Changes in exchange rates	–	133	–	133
At 31st March, 2015	–	138,388	–	138,388
Acquisition (note 32)	(16)	–	152	136
Credited to consolidated statement of comprehensive income (note 10)	–	(1,281)	–	(1,281)
Changes in exchange rates	–	(5,895)	–	(5,895)
At 31st March, 2016	**(16)**	**131,212**	**152**	**131,348**

Deferred taxation liabilities, which are expected to be settled after more than twelve months from the reporting date, 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$26.1 million (2015: HK$47.0 million) arising from unused tax losses and temporary differences in respect of accelerated tax depreciation in the aggregate amount of HK$147.3 million (2015: HK$233.3 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.

28. Share capital

	Number of shares '000	Amount HK$'000
Authorized:		
Ordinary shares of HK$0.10 each		
At 1st April, 2014 and 31st March, 2015	4,000,000	400,000
At 31st March, 2016	**8,000,000**	**800,000**
Preference shares of HK$0.01 each (note i)		
Series A Preference Shares		
At 1st April, 2014, 31st March, 2015 and 31st March, 2016	**1,000,000**	**10,000**
Series B Preference Shares		
At 1st April, 2014, 31st March, 2015 and 31st March, 2016	**1,000,000**	**10,000**
	2,000,000	**20,000**
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
At 1st April, 2014	2,207,208	220,721
Issue of shares under rights issue (note ii)	1,103,604	110,360
At 31st March, 2015 and 31st March, 2016	**3,310,812**	**331,081**

note:

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

(ii) On 6th November, 2014, a rights issue on the basis of one rights share for every two existing ordinary shares held was completed at a subscription price of HK$0.10 per rights share. A total of 1,103,604,139 rights shares were issued resulting in gross proceeds of approximately HK$110 million to the Company. The new shares ranked pari passu with the then existing shares in all aspects.

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

29. Reserves

	Share premium HK$'000	Other reserve HK$'000	Merger reserve HK$'000	Translation reserve HK$'000	Convertible notes equity reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1st April, 2014	293,692	4,000	24,000	63,467	43,532	(184,329)	244,362
Loss for the year	–	–	–	–	–	(16,649)	(16,649)
Other comprehensive income/(loss):							
Net exchange differences	–	–	–	307	–	–	307
Realization of exchange reserve upon disposal of subsidiaries	–	–	–	(180)	–	–	(180)
Issue of shares	(2,910)	–	–	–	–	–	(2,910)
Expiration of conversion rights of convertible notes	–	–	–	–	(43,532)	43,532	–
At 31st March, 2015	290,782	4,000	24,000	63,594	–	(157,446)	224,930
Profit for the year	–	–	–	–	–	93,146	93,146
Other comprehensive loss:							
Net exchange differences	–	–	–	(14,586)	–	–	(14,586)
Realization of exchange reserve upon disposal of a subsidiary	–	–	–	(113)	–	–	(113)
At 31st March, 2016	**290,782**	**4,000**	**24,000**	**48,895**	**–**	**(64,300)**	**303,377**

30. Statement of Financial Position and Reserves Movement of the Company

Statement of Financial Position of the Company

As at 31st March, 2016

	2016 HK$'000	2015 HK$'000
Non-current asset		
Interest in a subsidiary	**569,978**	502,611
Current assets		
Other receivables	**333**	338
Pledged bank balances	**–**	15,000
Cash and bank balances	**29,155**	84,070
	29,488	99,408
Current liability		
Other payables	**806**	805
Net current assets	**28,682**	98,603
Net assets	**598,660**	601,214
Equity		
Share capital	**331,081**	331,081
Reserves (note a)	**267,579**	270,133
	598,660	601,214

The statement of financial position of the Company was approved by the Board on 24th June, 2016 and was signed on its behalf by:

Geoffrey Chuang Ka Kam
Director

Richard Hung Ting Ho
Director

30. Statement of Financial Position and Reserves Movement of the Company (continued)

(a) Reserves movement of the Company

	Share premium HK$'000	Other reserve HK$'000	Convertible notes equity reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1st April, 2014	293,692	4,000	43,532	77,963	(140,084)	279,103
Loss for the year	–	–	–	–	(6,060)	(6,060)
Issue of shares	(2,910)	–	–	–	–	(2,910)
Expiration of conversion rights of convertible notes	–	–	(43,532)	–	43,532	–
At 31st March, 2015	290,782	4,000	–	77,963	(102,612)	270,133
Loss for the year	–	–	–	–	(2,554)	(2,554)
At 31st March, 2016	**290,782**	**4,000**	**–**	**77,963**	**(105,166)**	**267,579**

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. Disposal of subsidiaries

	2016 HK$'000	2015 HK$'000
Consideration	**123,406**	78,219
Less: Transaction costs	**(2,507)**	(821)
Net proceeds	**120,899**	77,398
Net assets disposed of		
Prepaid lease payments	**3,139**	34,779
Property, plant and equipment	**9,191**	5,931
Deposits	**–**	40
Cash and bank balances	**–**	8,094
Accrued charges and other payables	**(36)**	(634)
Net assets disposed of	**12,294**	48,210
Realization of exchange reserve upon disposal of subsidiaries	**(113)**	(180)
	12,181	48,030
Gain on disposal of subsidiaries before taxation (note 7(i))	**108,718**	29,368
Less: PRC withholding corporate income tax (note 10)	**–**	(6,300)
Gain on disposal of subsidiaries after taxation	**108,718**	23,068
Analysis of net cash flow in respect of the disposal of subsidiaries is as follows:		
Net cash consideration received	**120,899**	77,398
Cash and bank balances disposed of	**–**	(8,094)
Net cash flow from disposal of subsidiaries	**120,899**	69,304

32. Business combination

On 2nd February, 2016, a wholly-owned subsidiary of the Group entered into an agreement with an independent third party to acquire 100% equity interest in Perfect Outlook Limited ("Perfect Outlook") at a consideration of HK$37.9 million. The transaction was completed during the year ended 31st March, 2016 and no goodwill was recognized at acquisition.

The following table summarises the consideration, the fair value of the assets acquired and liabilities assumed at the acquisition date, the acquisition-related costs and the analysis of cash flows from business combination:

	2016 HK$'000
Consideration:	
Cash paid	**37,900**
Recognized amounts of identifiable assets acquired and liabilities assumed at fair value:	
Investment property	**38,000**
Deposits	**129**
Accrued charges and other payables	**(93)**
Deferred taxation liabilities	**(136)**
Total identifiable net assets	**37,900**
Net cash outflow from business combination	**37,900**

Acquisition-related costs of HK$30,000 have been charged to administrative and other operating expenses in the consolidated statement of comprehensive income for the year ended 31st March, 2016.

No contingent consideration arrangements or contingent liabilities were identified at acquisition.

Perfect Outlook contributed revenues of HK$35,000 and profit after tax of HK$34,000 to the Group for the period from the acquisition date to 31st March, 2016. Had the acquisition occurred on 1st April, 2015, the consolidated revenues and consolidated profit after tax of the Group for the year ended 31st March, 2016 would have been approximately HK$256,939,000 and approximately HK$93,364,000, respectively.

33. Commitments

(a) Capital commitments

	2016 HK$'000	2015 HK$'000
Contracted but not provided for property, plant and equipment	**1,023**	974

(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:

	2016 HK$'000	2015 HK$'000
Within the first year	**1,992**	2,150
Within the second to fifth years	**375**	1,257
	2,367	3,407

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.

(c) Operating leases rental receivable

The future minimum lease rental income receivable under non-cancellable operating leases is as follows:

	2016 HK$'000	2015 HK$'000
Within the first year	**993**	–
Within the second to fifth years	**1,407**	–
	2,400	–

The Group leases a property under an agreement which will be terminated in 2018 (2015: nil).

34. 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.

35. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board on 24th June, 2016.

36. Principal subsidiaries

Name	Place of incorporation/ operation	Issued capital	Effective interest held by the Group 2016	2015	Principal activities
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)	US$12,500,000	**100%**	100%	Book printing and binding
Midas Printing International Limited	Hong Kong	HK$7,000	**100%**	100%	Trading of printed products
東莞勤達印刷有限公司 Dongguan Midas Printing Company Limited (note 31)	The PRC (note)	HK$160,000,000	**–**	100%	Book printing and binding and property investment
Fortune Wealth Memorial Park Limited	Hong Kong	HK$10,000	**87.5%**	87.5%	Investment holding
四會聚福寶華僑陵園有限公司 Fortune Wealth Memorial Park (Si Hui) Limited	The PRC	HK$45,700,000	**83.4%**	83.4%	Development and construction of cemetery and provision of related management services in the PRC
Midas Solution and Consulting Limited	Hong Kong	HK$2	**100%**	100%	Provision of information technology service
Lever Printing Factory Limited	Hong Kong	HK$500,000	**100%**	100%	Securities trading
Perfect Outlook Limited (note 32)	British Virgin Islands/Hong Kong	US$1	**100%**	–	Property investment

note: These companies are registered in the form of wholly-owned foreign investment enterprises.

Particulars of Investment Property

Location	Term	Usage	Group's interest
Shop D, Ground Floor, Wuhu Residence, No. 111 Wuhu Street, Hunghom, Kowloon, Hong Kong	Medium lease	Commercial	100.0%

Results

	2016 HK$'000	For the year ended 31st March, 2015 HK$'000	2014 HK$'000	2013 HK$'000	For the fifteen months ended 31st March, 2012 HK$'000
REVENUES	**255,981**	274,582	309,846	277,668	369,549
PROFIT/(LOSS) BEFORE TAXATION	**91,324**	(15,529)	(43,573)	(48,184)	(92,975)
TAXATION CREDIT/(CHARGE)	**1,281**	(1,676)	439	488	6,394
PROFIT/(LOSS) FOR THE YEAR/PERIOD	**92,605**	(17,205)	(43,134)	(47,696)	(86,581)
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY	**93,146**	(16,649)	(42,521)	(46,848)	(83,502)
NON-CONTROLLING INTERESTS	**(541)**	(556)	(613)	(848)	(3,079)
PROFIT/(LOSS) FOR THE YEAR/PERIOD	**92,605**	(17,205)	(43,134)	(47,696)	(86,581)

Assets and Liabilities

	At 31st March, 2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000
TOTAL ASSETS	**920,085**	914,870	951,035	996,407	1,012,315
TOTAL LIABILITIES	**(219,802)**	(290,012)	(416,606)	(418,474)	(393,674)
NET ASSETS	**700,283**	624,858	534,429	577,933	618,641
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY	**634,458**	556,011	465,083	507,918	548,720
NON-CONTROLLING INTERESTS	**65,825**	68,847	69,346	70,015	69,921
TOTAL EQUITY	**700,283**	624,858	534,429	577,933	618,641

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 Thursday, 25th August, 2016 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, 2016.

2. (a) To re-elect Dr. Eddy Li Sau Hung (who has served more than nine years) as an Independent Non-Executive Director.

   (b) To re-elect Mr. Yau Chi Ming (who has served more than nine years) as an Independent 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 to be proposed as ordinary resolutions, with or without amendments:

   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 its own ordinary shares ("Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange 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 number 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 number of issued Shares of the Company at the date of passing of this Resolution, and the said approval shall be limited accordingly; and

(c) for the purpose of this Resolution,

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

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

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

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

B. "**THAT**:

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

(b) the approval in paragraph (a) above shall 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 number of 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 number of issued Shares of the Company 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 number of Shares 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 number of issued Shares of the Company at the date of passing of this Resolution) shall be added to the aggregate number of Shares 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."

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

A. "**THAT**:

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

(a) Memorandum

(i) By deleting the words "HK$420,000,000 divided into 4,000,000,000 ordinary shares of HK$0.10 each, 1,000,000,000 Series A Preference Shares of HK$0.01 each and 1,000,000,000 Series B Preference Shares of HK$0.01 each" in clause 6 of the Memorandum and replacing therewith "HK$820,000,000 divided into 8,000,000,000 ordinary shares of HK$0.10 each, 1,000,000,000 Series A Preference Shares of HK$0.01 each and 1,000,000,000 Series B Preference Shares of HK$0.01 each";

(ii) By adding a note at the end of the Memorandum "*3. The authorised share capital of the Company increased from HK$420,000,000 (comprising 4,000,000,000 ordinary shares of HK$0.10 each and 2,000,000,000 preference shares of HK$0.01 each) to HK$820,000,000 (comprising 8,000,000,000 ordinary shares of HK$0.10 each and 2,000,000,000 preference shares of HK$0.01 each) by Ordinary Resolution passed on 25th August, 2015.*

(b) Articles

(i) Article 3

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

"3. The capital of the Company at the date of the adoption of these Articles is HK$820,000,000 divided into 8,000,000,000 Ordinary Shares, 1,000,000,000 Series A Preference Shares and 1,000,000,000 Series B Preference Shares.";

(ii) Article 63

By deleting the words "any share premium account" in the existing Article 63(b) and replacing therewith "other undistributable reserve".

(iii) Article 145

By deleting the existing Article 145(c) in its entirety and replacing therewith the following new Article 145(c):

"(c) Without prejudice to the full force and effect of the provisions of paragraphs (a) and (b) above, the Board may in addition from time to time declare and pay special dividends on shares of the Company of any class of such amounts and on such dates as they think fit. The Board may apply any part of the profits or the Company's reserve accounts (including any share premium account or special account), profit and loss account or amounts otherwise available for distribution as the Board may determine in any declaration and payment of any special dividends in accordance with the Law, and for such purpose, the provisions of paragraph (a) as regards the powers and the exemption from liability of the Board as relate to declaration and payment of interim dividends shall apply, mutatis mutandis, to the declaration and payment of any such special dividends."

B. "**THAT**:

conditional upon the passing of the special resolution set out in paragraph A above, the third amended and restated memorandum and articles of association in the form of the document marked "A" and produced to this meeting and for the purpose of identification signed by the chairman of this meeting, which consolidates all of the proposed amendments referred to in the special resolution set out in paragraph A above be approved and adopted as the new memorandum and articles of association of the Company in substitution for and to the exclusion of the existing Memorandum and Articles and that Codan Trust Company (Cayman) Limited be authorised to attend to the necessary filing with the Registrar of Companies in the Cayman Islands in relation to this Resolution 5."

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

Hong Kong, 22nd July, 2016

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 Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, 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 5 will be sent to shareholders together with the annual report for the year ended 31st March, 2016.