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勤達集團國際有限公司*
Midas International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1172)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST MARCH, 2014

RESULTS

The Board of Directors (the “Board”) of Midas International Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively as the “Group”) for the year ended 31st March, 2014 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2014

	Note	2014 HK\$'000	2013 HK\$'000
Revenues		309,846	277,668
Cost of sales		(242,218)	(224,065)
Gross profit		67,628	53,603
Other income and net gain	4	6,715	12,589
Selling and marketing expenses		(24,426)	(22,652)
Administrative and other operating expenses		(82,310)	(82,436)
Operating loss	5	(32,393)	(38,896)
Finance costs	6	(11,180)	(9,288)
Loss before taxation		(43,573)	(48,184)
Taxation credit	7	439	488
Loss for the year		(43,134)	(47,696)
Other comprehensive income:			
Item that may be reclassified subsequently to profit and loss			
Net exchange differences		(370)	6,988
Total comprehensive loss for the year		(43,504)	(40,708)
Loss for the year attributable to:			
Equity holders of the Company		(42,521)	(46,848)
Non-controlling interests		(613)	(848)
		(43,134)	(47,696)
Total comprehensive loss for the year attributable to:			
Equity holders of the Company		(42,835)	(40,802)
Non-controlling interests		(669)	94
Total comprehensive loss for the year		(43,504)	(40,708)
		HK cents	HK cents
Loss per share (basic and diluted)	9	(1.9)	(2.1)

* For identification purpose only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2014

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Prepaid lease payments		9,448	61,635
Property, plant and equipment		80,854	98,248
Cemetery assets		513,710	506,439
		604,012	666,322
Current assets			
Inventories	<i>10</i>	44,809	46,904
Cemetery assets		83,001	82,812
Accounts receivable	<i>11</i>	72,662	70,270
Deposits, prepayments and other receivables		12,374	12,847
Pledged bank balances		25,000	–
Cash and bank balances		60,823	117,252
		298,669	330,085
Assets of disposal group classified as held for sale	<i>12</i>	48,354	–
		347,023	330,085
Current liabilities			
Accounts payable	<i>13</i>	46,973	44,203
Accrued charges and other payables		42,176	42,512
Amount due to a non-controlling shareholder		1,366	1,366
Deferred income		–	51
Tax payable		7,340	21,689
Bank borrowings		44,995	40,017
Convertible notes		109,176	–
		252,026	149,838
Net current assets		94,997	180,247
Total assets less current liabilities		699,009	846,569
Equity			
Share capital		220,721	220,721
Reserves		244,362	287,197
Shareholders' funds		465,083	507,918
Non-controlling interests		69,346	70,015
Total equity		534,429	577,933
Non-current liabilities			
Bank borrowings		23,750	31,250
Convertible notes		–	96,129
Deferred income		1,791	1,459
Deferred taxation liabilities		139,039	139,798
		164,580	268,636
		699,009	846,569

Notes:

1. GENERAL INFORMATION

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

As at 31st March, 2014, the Company was a 60.8% owned subsidiary of Gold Throne Finance Limited, a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of Chuang’s Consortium International Limited (“CCIL”), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The Directors regard CCIL as the ultimate holding company.

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

2. BASIS OF PREPARATION

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

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.

Effect of adopting new standards and amendments to standards

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

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

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

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 operation and are mandatory for the Group's accounting periods beginning on or after 1st April, 2014, but have not yet been early adopted by the Group:

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

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

3. SEGMENT INFORMATION

(a) Segment information by business lines

The chief operating decision maker (the “CODM”) has been identified as the Executive Directors and senior management. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

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

The segment information by business lines is as follows:

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

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

(b) Geographical segment information

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

	Revenues		Capital expenditure	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	16,014	17,872	309	975
The People's Republic of China (the "PRC")	11,083	9,700	20,219	14,538
United States of America	110,087	92,726	–	–
United Kingdom	62,859	51,877	–	–
Germany	39,758	34,307	–	–
France	29,537	35,291	–	–
Other countries	40,508	35,895	–	–
	309,846	277,668	20,528	15,513
	Non-current assets	Total assets		
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	1,281	3,034	148,811	155,884
The PRC	602,731	663,288	802,224	840,523
	604,012	666,322	951,035	996,407

4. OTHER INCOME AND NET GAIN

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

5. OPERATING LOSS

	2014 HK\$'000	2013 HK\$'000
Operating loss is stated after charging:		
Cost of inventories sold	164,735	160,891
Depreciation	22,130	23,472
Amortization of prepaid lease payments	1,475	1,591
Provision for impairment of accounts receivable	1,415	2,314
Staff costs, including Directors' emoluments		
Wages and salaries	97,991	81,583
Retirement benefit costs	1,460	1,114

6. FINANCE COSTS

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

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

7. TAXATION CREDIT

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

No provision for Hong Kong profits tax has been provided as the Group had sufficient tax losses to offset the estimated assessable profit for the year ended 31st March, 2014 (2013: Hong Kong profits tax was calculated at 16.5% of the estimated assessable profit for the year). PRC corporate income tax has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC.

8. DIVIDENDS

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

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

9. LOSS PER SHARE

The calculation of the loss per share is based on the loss attributable to equity holders of HK\$42,521,000 (2013: HK\$46,848,000) and the weighted average number of 2,207,208,000 (2013: 2,207,208,000) shares in issue during the year.

The potential ordinary shares attributable to the assumed conversion of convertible notes have anti-dilutive effect for each of the years ended 31st March, 2014 and 2013.

10. INVENTORIES

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

11. ACCOUNTS RECEIVABLE

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 cemetery operation are settled in accordance with the terms of respective contracts. The aging analysis of the accounts receivable based on date of invoices and net of provision for doubtful debt is as follows:

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

12. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

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

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

13. ACCOUNTS PAYABLE

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

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

14. COMMITMENTS

As at 31st March, 2014, the Group had capital expenditure commitments contracted but not provided for in respect of property, plant and equipment amounting to HK\$1,491,000 (2013: HK\$5,221,000).

15. PLEDGE OF ASSETS

As at 31st March, 2014, the Group had pledged certain property, plant and equipment and bank deposits with an aggregate carrying value of HK\$56,421,000 (2013: HK\$11,346,000) to secure general banking facilities granted to the Group.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st March, 2014 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

MANAGEMENT DISCUSSION ON RESULTS FOR THE YEAR ENDED 31ST MARCH, 2014

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

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

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

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

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

DIVIDENDS

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

BUSINESS REVIEW

(A) Printing Business

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

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

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

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

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

(B) Property Business – Cemetery Operations

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

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

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

PROSPECTS

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

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

LIQUIDITY AND FINANCIAL POSITION

As at 31st March, 2014, the Group’s cash and bank balances (including pledged bank balances) amounted to HK\$85.8 million (2013: HK\$117.3 million) whereas bank borrowings as at the same date amounted to HK\$68.7 million (2013: HK\$71.3 million). The debt to equity ratio (calculated as a percentage of bank borrowings over net asset value attributable to equity holders of the Group) amounted to 14.8% (2013: 14.0%). Most of the Group’s cash, bank balances and bank borrowings were denominated in Hong Kong dollars and Renminbi. Interest on bank borrowings was charged at variable commercial rates prevailing in Hong Kong and the PRC.

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

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

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

CORPORATE GOVERNANCE

As Mr. Richard Hung Ting Ho took up both roles as the Chairman and the Chief Executive Officer, being the Chairman and Managing Director of the Company, the roles of the chairman and the chief executive officer are not separated pursuant to Code A.2.1 of the code provisions set out in Appendix 14 – Corporate Governance Code (the “CG Code”) of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Board considers that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions efficiently and consistently. Due to other commitments, an Independent Non-Executive Director had not attended the 2013 annual general meeting of the Company (the “2013 AGM”) pursuant to Code A.6.7 of the CG Code. All other Executive Directors, Non-Executive Director and Independent Non-Executive Directors had attended the 2013 AGM.

Except as mentioned above, the Company has complied throughout the year ended 31st March, 2014 with the code provisions set out in the CG Code.

The Audit Committee has been established by the Company to review and supervise the Company’s financial reporting process, internal controls and review the relationship with the auditor. The Audit Committee has held meetings in accordance with the relevant requirements and has reviewed with the Directors and the auditor the accounting principles and practices adopted by the Group, the internal control and financial reporting process and the Company’s consolidated financial statements for the year ended 31st March, 2014. The current members of the Audit Committee are three Independent Non-Executive Directors, Mr. Abraham Shek Lai Him, Dr. Eddy Li Sau Hung and Mr. Yau Chi Ming and a Non-Executive Director, Mr. Dominic Lai.

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

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

During the year ended 31st March, 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

STAFF

As at 31st March, 2014, the Group, including its subcontracting processing plants, employed approximately 1,913 staff and workers, with their remuneration normally reviewed annually. The Group also provides its staff with other benefits including year-end double-pay, discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The annual report of the Company for the year ended 31st March, 2014 containing all applicable information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

By order of the Board of
Midas International Holdings Limited
Richard Hung Ting Ho
Chairman and Managing Director

Hong Kong, 24th June, 2014

As at the date of this announcement, Mr. Richard Hung Ting Ho, Miss Candy Chuang Ka Wai and Mr. Geoffrey Chuang Ka Kam are Executive Directors, Mr. Dominic Lai is a Non-Executive Director, Mr. Abraham Shek Lai Him, Dr. Eddy Li Sau Hung and Mr. Yau Chi Ming are Independent Non-Executive Directors of the Company.