THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in **Midas International Holdings Limited**, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

Qingda Developments Limited

MIDAS

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)

COMPOSITE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH OFFER BY SOUTHWEST SECURITIES (HK) CAPITAL LIMITED FOR AND ON BEHALF OF QINGDA DEVELOPMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF MIDAS INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY QINGDA DEVELOPMENTS LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

Joint Financial Advisers to Qingda Developments Limited

長城環亞融資有限公司
GREAT WALL PAN ASIA CORPORATE FINANCE LIMITED

西證國際
SOUTHWEST SECURITIES

Financial Adviser to Kapok Wish Investment Limited

OPTIMA CAPITAL
Optima Capital Limited

Financial Adviser to Midas International Holdings Limited

SOMERLEY CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

紅日資本有限公司
RED SUN CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Southwest HK Capital containing, among other things, the terms of the Offer is set out on pages 7 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 22 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 23 to 24 of this Composite Document. A letter from Red Sun containing its advice on the Offer to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 51 of this Composite Document.

The procedures for acceptance and settlement of the Offer and related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event by no later than 4:00 p.m. on Friday, 26 January 2018 or such later time(s) and/or date(s) as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the section headed "Important Notice", sub-paragraph headed "Overseas Independent Shareholders" under the paragraph headed "The Offer" in the "Letter from Southwest HK Capital" on pages 10 to 11 of this Composite Document and the paragraph headed "7. Overseas Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.midasprinting.com) as long as the Offer remains open.

* *For identification purposes only*

Hong Kong, 5 January 2018

CONTENTS

The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise expressly stated, all time and date references contained in this Composite Document refer to Hong Kong time and dates.

Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer *(Note 1)*	Friday, 5 January 2018
Latest time and date for acceptance of the Offer *(Note 2)*	4:00 p.m. on Friday, 26 January 2018
Closing Date *(Note 2)*	Friday, 26 January 2018
Announcement of the results of the Offer (or its extension or revision, if any), to be posted on the website of the Stock Exchange and the Company *(Note 2)*	No later than 7:00 p.m. on Friday, 26 January 2018
Latest date for posting of remittances in respect of valid acceptances received under the Offer *(Note 3)*	Tuesday, 6 February 2018

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date.

2. The latest time and date for acceptance will be at 4:00 p.m. on Friday, 26 January 2018 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on Friday, 26 January 2018 stating whether the Offer has been extended, revised or has expired. In the event that the Offeror decides to revise or extend the Offer, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven Business Days after the date of receipt by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid), in accordance with the Takeovers Code. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to paragraph 5 headed "Right of withdrawal" in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.

NOTICE TO SHAREHOLDERS OUTSIDE HONG KONG

The making of the Offer to persons outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Overseas Shareholders should observe any applicable legal requirements and, where necessary, seek independent legal advice. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Offeror and parties acting in concert with it, the Company, Optima Capital, Great Wall Corporate Finance, Southwest HK Capital, the Investor, Southwest HK Brokerage, Somerley Capital Limited, the Registrar, and their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the sub-paragraph headed "Taxation advice" under the paragraph headed "The Offer" set out in the "Letter from Southwest HK Capital" in this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as "believe", "expect", "anticipate", "intend", "plan", "seek", "estimate", "will", "would" or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise.

"Acquisition"	the acquisition of the Sale Shares, representing approximately 60.82% of the issued share capital of the Company, by the Offeror from the Vendor under the Sale and Purchase Agreement
"acting in concert"	has the meaning ascribed thereto under the Takeovers Code
"associate(s)"	has the meaning ascribed thereto under the Takeovers Code
"Board"	the board of Directors
"Business Day(s)"	has the meaning ascribed thereto under the Takeovers Code
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCIL"	Chuang's Consortium International Limited, a company incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 367)
"CCIL Group"	CCIL and its subsidiaries
"Certain Funds Period"	from the date of the joint instruction letter signed by the Offeror and acknowledged by Great Wall Corporate Finance, Southwest HK Capital and Southwest HK Brokerage on 15 December 2017 until the earlier of (a) the date when consideration for the Offer required to be paid by the Offeror under the Offer is paid in full; and (b) the date when the Offer shall lapse or be terminated
"Closing Date"	26 January 2018, being the closing date of the Offer which is 21 days after the day of this Composite Document is posted or any subsequent closing date(s) as may be determined and announced by the Offeror in accordance with the Takeovers Code
"Company"	Midas International Holdings Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1172)
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement

"Completion Date"	the date on which Completion takes place
"Composite Document"	this composite offer and response document dated 5 January 2018 jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer and in accordance with the Takeovers Code
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the Sale Shares under the Sale and Purchase Agreement
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
"Form of Acceptance"	the form of acceptance and transfer of Share(s) in respect of the Offer accompanying this Composite Document
"Gold Throne" or "Vendor"	Gold Throne Finance Limited, a company incorporated in the BVI and a wholly-owned subsidiary of CCIL and the previous controlling shareholder of the Company before Completion
"Great Wall Corporate Finance"	Great Wall Pan Asia Corporate Finance Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities, being one of the joint financial advisers to the Offeror in respect of the Offer
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising all the non-executive Directors, namely Mr. Dominic Lai, Mr. Abraham Shek Lai Him, Dr. Eddy Li Sau Hung and Mr. Yau Chi Ming to advise the Independent Shareholders in respect of the Offer

"Independent Financial Adviser" or "Red Sun"	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders in relation to the Offer
"Independent Shareholders"	the Shareholders, other than the Offeror and parties acting in concert with it
"Integrity Fund"	Integrity Fund Limited Partnership, an exempted limited partnership registered in the Cayman Islands and an investment fund
"Investor"	Great Wall International Investment IX Limited, a company incorporated in the BVI with limited liability, the subscriber of the Notes, which is wholly-owned by China Great Wall AMC (International) Holdings Company Limited (中國長城資產(國際)控股有限公司), being a wholly-owned subsidiary of China Great Wall Asset Management Co., Ltd. (中國長城資產管理股份有限公司)
"Joint Announcement"	the announcement dated 15 December 2017 jointly issued by the Offeror, CCIL and the Company in relation to, among others, the Sale and Purchase Agreement and the Offer
"Kapok Wish"	Kapok Wish Investment Limited, an exempted company incorporated in the Cayman Islands with limited liability, and the general partner of Integrity Fund
"Last Trading Day"	15 December 2017, being the last trading day on which the Shares were traded on the Stock Exchange on the date of issue and publication of the Joint Announcement
"Latest Practicable Date"	3 January 2018, being the latest practicable date prior to printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MOU"	the memorandum of understanding (as amended and supplemented by the Supplemental MOU) dated 1 September 2017 entered into by Gold Throne and Integrity Fund regarding the Disposal

"MOU Announcement"	the joint announcement of CCIL and the Company dated 1 September 2017 in relation to, amongst others, the MOU
"NE Shareholder's Loan"	a shareholder's loan in the amount of HK$780,420,000 provided by New Element to the Offeror
"New Element"	New Element Investments Limited, an exempted company incorporated in the Cayman Islands with limited liability and the immediate holding company of the Offeror and a wholly-owned subsidiary of Integrity Fund
"Notes"	four tranches of notes issued by New Element to the Investor in an aggregate principal amount of HK$780,420,000 on 13 December 2017, which are secured by, amongst other things, (i) the Sale Shares acquired by the Offeror and (ii) the Offer Shares to be acquired by the Offeror under the Offer
"Offer"	the mandatory unconditional general cash offer being made by Southwest HK Capital for and on behalf of the Offeror to acquire all of the Offer Shares in accordance with the terms and conditions set out in this Composite Document and the accompanying Form of Acceptance
"Offer Period"	has the meaning ascribed thereto in the Takeovers Code, being the period commencing from the date of the MOU Announcement and ending on the Closing Date
"Offer Price"	the price at which the Offer is made, being HK$0.392 per Offer Share
"Offer Share(s)"	any and all of the issued Share(s) not already owned or agreed to be acquired by the Offeror and parties acting in concert with it
"Offer Shareholder(s)"	the registered holder(s) of the Offer Share(s)
"Offeror"	Qingda Developments Limited, a BVI business company incorporated in the BVI and an indirect wholly-owned subsidiary of Integrity Fund
"Optima Capital"	Optima Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, being the financial adviser to Kapok Wish

"Overseas Shareholder(s)"	Offer Shareholder(s) whose address(es) as shown on the register of members of the Company is(are) outside Hong Kong
"PRC"	the People's Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Registrar"	Tricor Investor Services Limited, being the Hong Kong branch share registrar and transfer office of the Company, whose address is at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
"Relevant Period"	the period commencing on the date falling six months preceding 1 September 2017, being the date of commencement of the Offer Period, and ending on the Latest Practicable Date
"Sale and Purchase Agreement"	the sale and purchase agreement dated 15 December 2017 entered into amongst the Offeror, Gold Throne, Integrity Fund and CCIL for the Acquisition
"Sale Shares"	2,013,573,887 Shares sold by Gold Throne to the Offeror pursuant to the Sale and Purchase Agreement
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SFund International"	SFund International Investment Fund Management Limited (廣州基金國際股權投資基金管理有限公司), a company incorporated in Hong Kong with limited liability
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Southwest HK Brokerage"	Southwest Securities (HK) Brokerage Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO

"Southwest HK Capital"	Southwest Securities (HK) Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Offeror in respect of the Offer
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental MOU"	the supplemental memorandum of understanding dated 1 November 2017 entered into by Gold Throne and Integrity Fund regarding the Disposal, details of which are set out in the joint announcement of the Company and CCIL dated 1 November 2017
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"%"	per cent.

西證國際
SOUTHWEST SECURITIES

To the Independent Shareholders

5 January 2018

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY SOUTHWEST SECURITIES (HK) CAPITAL LIMITED FOR AND ON BEHALF OF QINGDA DEVELOPMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF MIDAS INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY QINGDA DEVELOPMENTS LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

On 15 December 2017, the Offeror and the Company jointly announced that on 15 December 2017, the Vendor and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Offeror had conditionally agreed to acquire and the Vendor had conditionally agreed to sell and procure the sale of the Sales Share, being 2,013,573,887 Shares and representing approximately 60.82% of the total issued share capital of the Company as at the date of the Joint Announcement, for a total cash consideration of HK$789,320,963.70.

Immediately after Completion, which took place on 19 December 2017, and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in a total of 2,013,573,887 Shares, representing approximately 60.82% of the entire issued share capital of the Company. Accordingly, the Offeror was required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer in cash for all the issued Shares other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

This letter sets out, among other things, principal terms of the Offer, together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" to the Independent Shareholders and the "Letter from Red Sun" to the Independent Board Committee and the Independent Shareholders as contained in this Composite Document.

THE OFFER

Southwest HK Capital, on behalf of the Offeror, makes the Offer in compliance with the Takeovers Code and on the terms set out in this Composite Document.

For every Offer Share . . . . HK$0.392 in cash

The Offer is unconditional in all respects.

The Offer Price is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, right of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made.

Value of the Offer

Based on the Offer Price of HK$0.392 per Offer Share and 3,310,812,417 Shares in issue as at the Latest Practicable Date (including the Sale Shares), the entire issued share capital of the Company is valued at approximately HK$1,297.8 million. As at the Latest Practicable Date, there were no outstanding warrants, options, derivatives or other securities convertible into Shares and the Company had not entered into any agreement for the issue of such warrants, options, derivatives or other securities convertible into Shares.

As the Offeror and parties acting in concert with it have interest in 2,013,573,887 Shares and there are 1,297,238,530 Offer Shares, in the event the Share Offer is accepted in full, the maximum amount payable by the Offeror under the Offer will be approximately HK$508.5 million.

Comparisons of value

The Offer Price of HK$0.392 per Offer Share represents:

(i) a premium of approximately 26.5% over the closing price of HK$0.310 per Share as quoted on the Stock Exchange on 31 August 2017, being the last trading day for the Shares prior to the commencement of the Offer Period;

(ii) a premium of approximately 1.8% over the closing price of HK$0.385 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a premium of approximately 4.8% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of HK$0.374 per Share;

(iv) a premium of approximately 5.7% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of HK$0.371 per Share;

(v) a premium of approximately 5.1% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of HK$0.373 per Share;

(vi) a discount of approximately 4.4% to the closing price of HK$0.410 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(vii) a premium of approximately 102.1% over the audited consolidated net asset value attributable to shareholders per Share as at 31 March 2017 of approximately HK$0.194 per Share based on 3,310,812,417 Shares in issue as at the Latest Practicable Date; and

(viii) a premium of approximately 109.6% over the unaudited consolidated net asset value attributable to shareholders per Share as at 30 September 2017 of approximately HK$0.187 per Share based on 3,310,812,417 Shares in issue as at the Latest Practicable Date.

The Offer Price is equal to the price per Sale Share paid by the Offeror in the Acquisition.

Highest and lowest Share prices

The highest closing price per Share, based on the Share price as quoted on the Stock Exchange during the Relevant Period, was HK$0.435 on 19 December 2017.

The lowest closing price per Share, based on the Share price as quoted on the Stock Exchange during the Relevant Period, was HK$0.223 on 1 March 2017.

Financial resources available for the Offer

The total consideration payable under the Offer shall be payable in cash. The Offeror intends to finance the total consideration payable under the Offer by a combination of (i) its own internal resources; (ii) the NE Shareholder's Loan; and (iii) the loan facility of up to HK$250,000,000 granted to it solely for the purpose of the Offer by Southwest HK Brokerage.

The NE Shareholder's Loan was in turn financed by the issue of the Notes by New Element to the Investor. As security to the Notes, the Offeror, among others, entered into a deed of share charge upon Completion where all of the Sale Shares and the Offer Shares to be acquired pursuant to the Offer will be charged in favour of the Investor. As at the Latest Practicable Date, the Investor did not hold any Shares.

The NE Shareholder's Loan has been deposited in an Offeror's securities account. Any withdrawal of funds from such account is subject to the joint instruction of the Offeror, Great Wall Corporate Finance and Southwest HK Capital during the Certain Funds Period.

Great Wall Corporate Finance and Southwest HK Capital, the joint financial advisers to the Offeror in respect of the Offer, are satisfied that sufficient financial resources are available to the Offeror to satisfy its maximum payment obligations upon full acceptance of the Offer.

The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the NE Shareholder's Loan and the loan granted by Southwest HK Brokerage to be dependent on the business of the Group.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Offeror (or its agent) to render each such acceptance complete and valid.

Effect of accepting the Offer

The Offer is unconditional in all aspects.

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all Offer Shares sold by such person under the Offer are free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made.

The Offer will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and not capable of being withdrawn except in circumstances set out in Rule 19.2 of the Takeovers Code, details of which are set out in paragraph 5 headed "Right of Withdrawal" in Appendix I to this Composite Document.

Overseas Independent Shareholders

The Offeror intends to make the Offer available to all Independent Shareholders, including those who are not residents in Hong Kong. The availability of the Offer to persons who are not residents in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to the Independent Shareholders whose registered addresses are in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the individual Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any regulatory or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Hong Kong stamp duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and parties acting in concert with it, the Company, Optima Capital, Great Wall Corporate Finance, Southwest HK Capital, the Investor, Southwest HK Brokerage, Somerley Capital Limited, the Registrar, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

INFORMATION ON THE OFFEROR

The Offeror was incorporated in the BVI on 3 July 2017 with limited liability and is indirectly wholly-owned by Integrity Fund through New Element. Kapok Wish was established on 5 May 2017 and is the general partner of Integrity Fund which has the rights and powers to manage and administer the affairs of Integrity Fund and those of the Offeror. The ultimate beneficial owners of the general partner of Integrity Fund are Guangzhou Industry Investment Fund Management Co., Ltd* (廣州產業投資基金管理有限公司), a PRC state-owned enterprise, Ms. Li Li and Ms. Chen Liying. As at the Latest Practicable Date, Kapok Wish was owned as to 40% by Shining Orient Investment Limited ("**Shining Orient**"), 30% by Ally Cosmo Group Limited ("**Ally Cosmo**") and 30% by Juye Investments Limited ("**Juye Investments**"). Ally Cosmo and Juye Investments are wholly-owned by Ms. Li Li and Ms. Chen Liying, respectively. Ms. Li Li is a private investor with management experience in the wholesale and retail industry. Ms. Chen Liying is a private investor with investment experience in the construction and engineering industry. Shining Orient is owned as to 100% by Pioneer Fund Limited Partnership, whose general partner is Higher Cycle Investment Limited ("**Higher Cycle**"). Higher Cycle is wholly-owned by SFund International. SFund International is indirectly wholly-owned by Guangzhou Industry Investment Fund Management Co., Ltd.

* *For identification purposes only*

Xinsheng International Holding Limited and Grand Generation Belief Virtue Investment Limited are the limited partners of Integrity Fund. The ultimate beneficial owners of the limited partners of Integrity Fund are Mr. Zeng Dazhang and Mr. Wang Xiqiang. Xinsheng International Holding Limited was incorporated in the BVI and is wholly-owned by Mr. Zeng Dazhang. Grand Generation Belief Virtue Investment Limited was incorporated in the BVI and is wholly-owned by Mr. Wang Xiqiang. Mr. Zeng Dazhang is the executive director of Chengdu Shuguang Dazhi Yunwang Limited Company* (成都曙光大智雲網有限公司), Chengdu Shuguang Optic Fibre and Internet Limited Company* (成都曙光光纖網絡有限責任公司), Sichuan Lvkangyuan Smart Agricultural Development Limited Company* (四川綠康源智慧農業發展有限公司) and Chengdu Shuguang Smart Carpark Management Limited Company* (成都曙光智慧停車場管理有限公司). Mr. Wang Xiqiang is the executive director of Sichuan Xitai Transportation Group Limited* (四川熙泰運業集團有限公司).

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 1172). The Company was an indirect non-wholly-owned subsidiary of and owned as to approximately 60.82% by the CCIL Group as at the date of the Sale and Purchase Agreement.

The Group is principally engaged in manufacturing and trading of printed products, property business, securities investment and trading business and information technology business.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

As a result of the Acquisition and as at the Latest Practicable Date, the Offeror has become the controlling Shareholder. Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The existing principal businesses of the Group include manufacturing and trading of printed products, property business, securities investment and trading business and information technology business. The Directors to be nominated to the Board by the Offeror have extensive experience in management of business and investments in various industries. Please refer to the section headed "Proposed Change of the Composition of the Board" in this letter for details. The principal business of the Company will continue to be managed by the existing directors and senior management of the operating subsidiaries under the supervision of the Board.

Leveraging on the experience of the investment team of Kapok Wish in the property market and financial sectors, the Offeror will explore possible business opportunities such as the PRC and overseas investment opportunities in the real estate and financial service industry for the Group. The Offeror will also conduct a review of the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of

* *For identification purposes only*

the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

Save for the Offeror's intention regarding the Group as set out above, as at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Offeror had no intention to discontinue the employment of any employees of the Group (save for the proposed changes to the Board) or to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

PROPOSED CHANGE OF THE COMPOSITION OF THE BOARD

The Board is currently made up of nine Directors, comprising five executive Directors, being Mr. Richard Hung Ting Ho, Mrs. Candy Kotewall Chuang Ka Wai, Mr. Geoffrey Chuang Ka Kam, Mr. Neville Charles Kotewall and Mr. Wong Chi Sing, one non-executive Director, being Mr. Dominic Lai, and three independent non-executive Directors, being Mr. Abraham Shek Lai Him, Dr. Eddy Li Sau Hung and Mr. Yau Chi Ming. All the existing executive and non-executive Directors will resign as Directors pursuant to the terms of the Sale and Purchase Agreement with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code or such later date as agreed between the Vendor and the Offeror in writing.

The Offeror intends to nominate new Directors to the Board for appointment with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. Pursuant to the investment agreement in relation to the subscription of the Notes, following Completion, the Investor is entitled to request the Offeror to nominate a person designated by the Investor to be a non-executive Director, to the extent permitted by the Takeovers Code, the Listing Rules and the articles of association of the Company. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules.

The biographical information of the new Directors nominated by the Offeror is set out below:

Proposed executive Directors

Mr. Li Qing (李青)

Mr. Li Qing ("**Mr. Li**"), aged 41, is currently the chairman of the board of directors of SFund International. Prior to joining SFund International, he worked as a deputy general manager and general manager in Lianyun Gangshi Runbang Zhiye Company Limited* (連雲港市潤邦置業有限公司) from January 2008 to January 2013. He was then the general manager and chairman in Hunan Huiyin Tianxing Private Equity Investment Fund Co., Ltd* (湖南匯垠天星股權投資私募基金管理有限公司) from November 2014 to October 2016.

* *For identification purposes only*

Mr. Li graduated from the faculty of music in Minzu University of China (中央民族大學) in June 2001. He received a master's degree from the Musikakademie der Stadt Kassel in Germany in September 2004. Mr. Li has over 10 years of experience working in senior management roles in real estate investment and fund management.

Ms. Au Hoi Lee Janet (區凱莉)

Ms. Au Hoi Lee Janet ("**Ms. Au**"), aged 39, is the investment director in SFund International since June 2017. Prior to joining SFund International, Ms. Au had work experience in the financial services industry at The Goldman Sachs Group, Inc. from July 2000 to October 2002 and Morgan Stanley Asia Limited from August 2008 to April 2009 and from September 2009 to April 2013. Ms. Au then worked as the deputy general manager at WH Group Limited (Stock Exchange stock code: 288) from May 2013 to October 2014 and the chief financial officer and director of Eddingpharm International Holdings Limited from November 2014 to March 2016, and Ms. Au worked as a consultant at Baring Private Equity Asia Limited from October 2016 to May 2017.

Ms. Au obtained a bachelor of arts degree from the University of Rochester in May 2000. Ms. Au received a master of business administration degree from the Columbia University in May 2008. Ms. Au has over 15 years of experience in mergers & acquisitions and corporate management.

Ms. Zhang Feiyang (張菲洋)

Ms. Zhang Feiyang ("**Ms. Zhang**"), aged 36, worked in the finance department in New Hope Liuhe Company Limited* (新希望六和股份有限公司) (formerly known as Sichuan New Hope Agribusiness Co., Ltd.* (四川新希望農業股份有限公司) (a company listed on the Shenzhen stock exchange (stock code: 876)) from July 2002 to October 2009. She then worked in the finance department in Sichuan Languang Development Co., Ltd.* (四川藍光實業集團有限公司) (a company listed on the Shanghai stock exchange (stock code: 600466) from October 2009 to March 2013. Ms. Zhang worked as a finance manager in Chengdu Rural Commercial Bank Co., Ltd.* (成都農村商業銀行股份有限公司) from October 2014 to April 2017. During December 2016 to April 2017, she was seconded to Wudi Zhongcheng Village Bank Company Limited* (無棣中成村鎮銀行股份有限公司), an affiliate of Chengdu Rural Commercial Bank Co., Ltd., working as a general manager in the financial department.

Ms. Zhang graduated from Southwestern University of Finance and Economics (西南財經大學) with a bachelor of accounting degree in July 2002 and an executive master of business administration degree in December 2014. She has more than 10 years of experience in working in finance management in listed companies.

* *For identification purposes only*

Proposed independent non-executive Directors

Mr. Lam Chi Hung Louis (林志雄)

Mr. Lam Chi Hung Louis ("**Mr. Lam**"), aged 70, has been the managing director and founder of LR Construction Technologies Limited since August 2012 and the managing director and co-founder of LR Construction and Consultancy Limited since April 2012. He is also currently the managing director and co-founder of LR IOT Limited (formerly known as Alternative Turbine Technologies Limited) since May 2009. He is also currently an independent non-executive director of In Construction Holdings Limited (Stock Exchange stock code: 1500). From 1976 to 1977, and from 1986 to 1987, Mr. Lam was a lecturer in the Department of Civil and Structural Engineering of the University of Hong Kong. From November 1996 to August 2004, Mr. Lam was a principal lecturer of the Vocational Training Council.

Mr. Lam obtained a bachelor of science in engineering degree from the University of Hong Kong in November 1969. In November 1972, he received a PhD from the University of Hong Kong. Mr. Lam was admitted as a member of The Institution of Civil Engineers in July 1975 and he was also admitted as a member of The Hong Kong Institution of Engineers since November 1975 and is also a registered professional engineer of Engineers Registration Board. Mr. Lam has over 45 years of experience in engineering.

Mr. Hung Kin Man (熊健民)

Mr. Hung Kin Man ("**Mr. Hung**"), aged 52, has been practising as a barrister in Hong Kong since 1992. Mr. Hung was a Deputy District Court Judge in Hong Kong in March 2015.

Mr. Hung received his bachelor of law degree from the Wolverhampton Polytechnic in England in July 1990. He was called to the Bar in England and Wales and Bar of Hong Kong.

Mr. Ho Man (何敏)

Mr. Ho Man ("**Mr. Ho**"), aged 48, has been the independent non-executive director of Fu Shou Yuan International Group Limited (Stock Exchange stock code: 1448) since December 2013, an independent non-executive director of Shenzhen Form Syntron Information Company Limited (a company listed on the ChiNext of Shenzhen Stock Exchange (stock code: 300468) since February 2012, an independent non-executive director of China Fire Safety Enterprise Group Limited (Stock Exchange stock code: 445) since July 2015, a director of Shenzhen Daxiang United Space Construction Ltd (a company listed in the National Equities Exchange and Quotations (stock code: 836604) since October 2015, an independent non-executive director of Infinity Financial Group (Holdings) Limited (Stock Exchange stock code: 1152) since November 2016 and an independent non-executive director of Fantasia Holdings Group Co., Limited (Stock Exchange stock code: 1777) since November 2009. Mr. Ho was the Managing Director — Head of China Growth and Expansion Capital of CLSA Capital Partners (HK) Limited which he worked for during August 1997 to October 2009. Mr. Ho was the non-executive director of SCUD Group Limited (Stock Exchange stock code: 1399) and A.Plus

Group Holdings Limited (formerly known as Shanghai Tonva Petrochemical Co., Ltd.) (Stock Exchange stock code: 8251) from December 2006 to October 2009 and from September 2008 to October 2009 respectively.

Mr. Ho was awarded a master of science in finance degree from the London Business School in November 1997 and an executive master of business administration degree from Tsinghua University in July 2008. He was certified as a Chartered Financial Analyst by the CFA Institute, Virginia in September 1998 and a Certified Public Accountant of the State of Delaware in April 2004. Mr. Ho has over 18 years of working experience in private equity investment and finance.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror has no intention to privatise the Group and intends to maintain the listing of the Shares on the Stock Exchange. The directors of the Offeror and the new Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

Pursuant to the Listing Rules, if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to paragraph 1 headed "General Procedures for Acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any powers of compulsory acquisition of any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders to the Independent Shareholder whose name appears first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror and parties acting in concert with it, the Company, Optima Capital, Great Wall Corporate Finance, Southwest HK Capital, the Investor, Southwest HK Brokerage and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" and the letter of advice by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer as set out in the "Letter from Red Sun" contained in this Composite Document.

Yours faithfully,
For and on behalf of
Southwest Securities (HK) Capital Limited
Steven Lo
Managing Director and Co-Head of Corporate Finance

MIDAS

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)

Executive Directors:
Mr. Richard Hung Ting Ho *(Chairman)*
Mrs. Candy Kotewall Chuang Ka Wai *(Vice Chairman)*
Mr. Geoffrey Chuang Ka Kam *(Managing Director)*
Mr. Neville Charles Kotewall
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, G.B.S., J.P.
Mr. Yau Chi Ming

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

Head Office and Principal Place of Business:
25th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

5 January 2018

To the Independent Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY SOUTHWEST SECURITIES (HK) CAPITAL LIMITED FOR AND ON BEHALF OF QINGDA DEVELOPMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF MIDAS INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY QINGDA DEVELOPMENTS LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the announcements dated 15 December 2017 and 19 December 2017 jointly issued by the Offeror, CCIL and the Company in relation to, among other things, the Sale and Purchase Agreement and the Offer.

* *For identification purposes only*

The Offeror, CCIL and the Company jointly announced that on 15 December 2017 (after trading hours of the Stock Exchange), Gold Throne as seller and the Offeror as purchaser entered into the Sale and Purchase Agreement, pursuant to which the Offeror has conditionally agreed to acquire and Gold Throne has conditionally agreed to sell and procure the sale of the Sale Shares, being 2,013,573,887 Shares, representing approximately 60.82% of the entire issued share capital of the Company as at the date of the Joint Announcement. Completion of the Sale and Purchase Agreement took place on 19 December 2017.

Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in a total of 2,013,573,887 Shares, representing approximately 60.82% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror and the parties acting in concert with it will be required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

The purpose of this Composite Document is to provide you with, among other things, (i) the details of the Offer (including the expected timetable and terms of the Offer); (ii) the letter from the Board; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offer; and (v) information relating to the Group and the Offeror, together with the Form of Acceptance.

MANDATORY UNCONDITIONAL GENERAL OFFER

As at the Latest Practicable Date, there were 3,310,812,417 Shares in issue, of which 2,013,573,887 Shares (representing approximately 60.82% of the issued share capital of the Company) are held by the Offeror and parties acting in concert with it. There were no outstanding warrants, options, derivatives or other securities convertible into Shares and the Company has not entered into any agreement for the issue of such warrants, options, derivatives or other securities convertible into Shares as at the Latest Practicable Date.

Principal terms of the Offer

Southwest HK Capital, for and on behalf of the Offeror, hereby makes the Offer on the following terms in compliance with the Takeovers Code on the following basis:

For every Offer Share .... HK$0.392 in cash

The Offer Price is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of despatch of this Composite Document.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer are set out in the "Letter from Southwest HK Capital" as set out on pages 7 to 17 of this Composite Document and "Further Terms and Procedures for Acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 1172). The Company is an indirect non-wholly-owned subsidiary of and owned as to approximately 60.82% by the CCIL Group as at the date of the Sale and Purchase Agreement.

The Group is principally engaged in manufacturing and trading of printed products, property business, securities investment and trading business and information technology business.

Your attention is drawn to the "Financial Information of the Group" and "General Information of the Company" as set out in Appendices II and IV respectively, to this Composite Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date:

	As at the Latest Practicable Date	
	Number of Shares	*Approximate %*
The Offeror and parties acting in concert with it	2,013,573,887	60.82
Public Shareholders	1,297,238,530	39.18
Total	3,310,812,417	100.00

INFORMATION ON THE OFFEROR AND INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the sections headed "Information on the Offeror" and "Intentions of the Offeror regarding the Group" in the "Letter from Southwest HK Capital" as set out on pages 7 to 17 of this Composite Document. The Board is aware of the Offeror's intentions in respect of the Group and is willing to cooperate with the Offeror and acts in the best interests of the Company and the Independent Shareholders as a whole.

Maintaining the listing status of the Company

As disclosed in the "Letter from Southwest HK Capital" contained in this Composite Document, the Offeror has no intention to privatise the Group and intends to maintain the listing of the Shares on the Stock Exchange. The directors of the Offeror and the new Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

Pursuant to the Listing Rules, if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of the Shares; or

(ii) that there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealing in the Shares.

PROPOSED CHANGE OF THE COMPOSITION OF THE BOARD

Your attention is drawn to the section headed "Proposed Change of the Composition of the Board" in the "Letter from Southwest HK Capital" as set out on pages 7 to 17 of this Composite Document.

The Board is currently made up of nine Directors, comprising five executive Directors, being Mr. Richard Hung Ting Ho, Mrs. Candy Kotewall Chuang Ka Wai, Mr. Geoffrey Chuang Ka Kam, Mr. Neville Charles Kotewall and Mr. Wong Chi Sing, one non-executive Director, being Mr. Dominic Lai, and three independent non-executive Directors, being Mr. Abraham Shek Lai Him, Dr. Eddy Li Sau Hung and Mr. Yau Chi Ming. All the existing executive and non-executive Directors will resign as Directors pursuant to the terms of the Sale and Purchase Agreement with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code or such later date as agreed between the Vendor and the Offeror in writing.

The Offeror intends to nominate Directors to the Board for appointment with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. Pursuant to the investment agreement in relation to the subscription of the Notes, following Completion, the Investor is entitled to request the Offeror to nominate a person designated by the Investor to be a non-executive Director, to the extent permitted by the Takeovers Code, the Listing Rules and the articles of association of the Company. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made by the Company as and when appropriate. Please refer to the section headed "Proposed Change of the Composition of the Board" in the "Letter from Southwest HK Capital" for details of the biographical information of the new Directors.

INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising the non-executive Director namely Mr. Dominic Lai, and all independent non-executive Directors, namely, Mr. Abraham Shek Lai Him, Dr. Eddy Li Sau Hung and Mr. Yau Chi Ming, was established to make recommendations to the Independent Shareholders on whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Red Sun has been appointed as the Independent Financial Adviser to consider the terms of the Offer and to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer.

You are advised to read the "Letter from the Independent Board Committee" addressed to the Independent Shareholders as set out on pages 23 to 24 of this Composite Document, the "Letter from Red Sun" as set out on pages 25 to 51 of this Composite Document and the additional information contained in the appendices to this Composite Document before taking any action in respect of the Offer.

RECOMMENDATION

Your attention is drawn to the "Letter from the Independent Board Committee" as set out on pages 23 to 24 of this Composite Document and the "Letter from Red Sun" as set out on pages 25 to 51 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation.

The Independent Shareholders are urged to read those letters carefully before taking any action in respect of the Offer.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully "Further Terms and Procedures for Acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

In considering what action to take in connection with the Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully,
By order of the Board of
Midas International Holdings Limited
Richard Hung Ting Ho
Chairman

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer for inclusion in this Composite Document.

MIDAS

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)

5 January 2018

To the Independent Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY SOUTHWEST SECURITIES (HK) CAPITAL LIMITED FOR AND ON BEHALF OF QINGDA DEVELOPMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF MIDAS INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY QINGDA DEVELOPMENTS LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to the composite document jointly issued by Midas International Holdings Limited and Qingda Developments Limited dated 5 January 2018 (the ''Composite Document''), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to the acceptance of the Offer. Red Sun has been appointed as the Independent Financial Adviser to advise us in this respect. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the ''Letter from Red Sun'' on pages 25 to 51 of the Composite Document.

We also wish to draw your attention to the ''Letter from the Board'' as set out on pages 18 to 22 of the Composite Document, the ''Letter from Southwest HK Capital'' as set out on pages 7 to 17 of the Composite Document and the additional information as set out in the appendices to the Composite Document.

* *For identification purposes only*

RECOMMENDATION

Taking into account the terms of the Offer and the advice from the Independent Financial Adviser, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should closely monitor the market price and liquidity of the Shares during the period of the Offer. Should the market price of the Shares exceed the Offer Price during the period of the Offer, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer, the Independent Shareholders may wish to consider selling their Shares in the open market instead of accepting the Offer.

In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of the
Independent Board Committee of Midas International Holdings Limited

Dominic Lai	**Abraham Shek Lai Him**	**Eddy Li Sau Hung**	**Yau Chi Ming**
Non-Executive Director	*Independent Non-Executive Director*	*Independent Non-Executive Director*	*Independent Non-Executive Director*

Set out below is the text of a letter received from Red Sun, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer prepared for the purpose of inclusion in this Composite Document.

红日资本有限公司
RED SUN CAPITAL LIMITED

5 January 2018

To: The Independent Board Committee
and the Independent Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY SOUTHWEST SECURITIES (HK) CAPITAL LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF MIDAS INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect to the Offer, details of which are set out in Composite Document dated 5 January 2018 jointly issued by the Company and the Offeror to the Shareholders, of which this letter forms part. Unless otherwise stated, terms defined in the Composite Document have the same meanings in this letter.

As set out in the Composite Document, Gold Throne as seller and the Offeror as purchaser entered into the Sale and Purchase Agreement on 15 December 2017. Pursuant to the terms of the Sale and Purchase Agreement, the Offeror has conditionally agreed to acquire and Gold Throne has conditionally agreed to sell and procure the sale of the Sale Shares, being 2,013,573,887 Shares, representing approximately 60.82% of the entire issued share capital of the Company as at the date of the Joint Announcement and the Latest Practicable Date. The total consideration for the Sale Shares is HK$789,320,963.70, equivalent to approximately HK$0.392 per Sale Share. Completion took place on 19 December 2017.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Offer to acquire all the Offer Shares. Southwest HK Capital, on behalf of the Offeror, is making the Offer to acquire all the Offer Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) at the Offer Price of HK$0.392 in cash for each Offer Share.

As at the Latest Practicable Date, the Company has 3,310,812,417 Shares in issue, and as set out in the "Letter from Southwest HK Capital", 2,013,573,887 Shares of which were held by the Offeror and parties acting in concert with it. There were no outstanding warrants, options, derivatives or other securities convertible into the Shares and the Company has not entered into any agreement for the issue of such which may confer any rights to subscribe for, convert or exchange into of such warrants, options, derivatives or other securities convertible into Shares as at the Latest Practicable Date. Based on the Offer Price of HK$0.392 per Offer Share, the entire issued shares of the Company are valued at approximately HK$1,297.8 million.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising a non-executive Director, namely Mr. Dominic Lai, and the independent non-executive Directors, namely Mr. Abraham Shek Lai Him, Dr. Eddy Li Sau Hung and Mr. Yau Chi Ming, save for 30,000 Shares held by Mr. Abraham Shek Lai Him, none of whom has any direct or indirect interest in the Offer, has been established to advise to the Independent Shareholders as to whether the Offer are fair and reasonable and as to acceptance. Pursuant to Rule 2.1 of the Takeovers Code, our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. As the Independent Financial Adviser in relation to the Offer, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether the terms of the Offer are fair and reasonable as far as the Independent Shareholders and whether the Independent Shareholders should, or should not accept the Offer.

As at the Latest Practicable Date, we were independent from and not connected with the Group and the Offeror and any party acting in concert with the Offeror, and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Offer. Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions, beliefs and representations contained or referred to in the Composite Document and the information and representations as provided to us by the Group, its advisers, its management team (the "**Management**") and/or the Directors. We have assumed that such information and statements, and any representation made to us, which we have relied upon in formulating our opinion, are true, accurate and complete in all material respects as at the Latest Practicable Date and the Shareholders will be notified of any material changes (if any) as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Group, its advisers, the Management and/or the Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Group, its advisers, the Management and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/ arrangements or implied understanding with anyone concerning the Offer. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 2 of the Takeovers Code.

We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of the Offer to justify reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Group, its advisers, the Management and/or the Directors, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent investigation or audit into the business or affairs or future prospects of the Company, CCIL, the Offeror and their respective shareholder(s)/partners and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate. Our opinion is necessarily based on financial, economic, market and other conditions in effect and the information made available to us at the Latest Practicable Date. This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely for their consideration of the Offer.

UNCONDITIONAL MANDATORY CASH OFFER

As set out in the Composite Document, immediately following Completion, the Offeror and parties acting in concert with it were interested in a total of 2,013,573,887 Shares, representing approximately 60.82% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror and the parties acting in concert with it will be required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

PRINCIPAL TERMS OF THE OFFER

Pursuant to Composite Document, the Offer is being made by Southwest HK Capital, which is unconditional in all respects pursuant to Note 1 to Rule 26.2 of the Takeovers Code, for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For each Offer Share .... HK$0.392 in cash

The Offer Price of HK$0.392 per Share is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

As set out in the "Letter from Southwest HK Capital" to the Composite Document, the Offer Price of HK$0.392 per Offer Share paid by the Offeror represents:

(i) a discount of approximately 4.4% to the closing price of HK$0.410 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 1.8% over the closing price of HK$0.385 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a premium of approximately 4.8% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of HK$0.374 per Share;

(iv) a premium of approximately 5.7% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of HK$0.371 per Share;

(v) a premium of approximately 5.1% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of HK$0.373 per Share;

(vi) a premium of approximately 102.1% over the audited consolidated net asset value attributable to shareholders per Share as at 31 March 2017 of approximately HK$0.194 per Share based on 3,310,812,417 Shares in issue as at the Latest Practicable Date; and

(vii) a premium of approximately 109.6% over the unaudited consolidated net asset value attributable to shareholders per Share as at 30 September 2017 of approximately HK$0.187 per Share based on 3,310,812,417 Shares in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, the Company had 3,310,812,417 Shares in issue, of which 2,013,573,887 Shares (representing approximately 60.82% of the issued share capital of the Company) were held by the Offeror and parties acting in concert with it. There were no outstanding warrants, options, derivatives or other securities convertible into Shares and the Company has not entered into any agreement for the issue of such warrants, options, derivatives or other securities convertible into Shares as at the Latest Practicable Date.

On the basis of the Offer Price of HK$0.392 per Offer Share and 3,310,812,417 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company would be valued at approximately HK$1,297.8 million. On the assumption that the Offer is accepted in full by the holders of the Offer Shares and on the basis that there will be 1,297,238,530 Offer Shares, the value of the Offer is approximately HK$508.5 million.

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all Offer Shares sold by such person under the Offer are free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, subject to the provisions of the Takeovers Code.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Offer, we have taken into consideration the following principal factors:

1. Background information of the Group

1.1 Information of the Group

The Group is a company incorporated in the Cayman Islands with limited liability, the Shares have been listed on the Main Board of the Stock Exchange since June 1996. The principal activities of the Group were printing business, property business, securities investment and trading business, and information technology 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 property investment in Hong Kong and the PRC.

As set out in the Group's interim report for the six months ended 30 September 2017 (the "**2018 Interim Report**") and the Group's annual report for the year ended 31 March 2017 (the "**2017 Annual Report**"), the Group has four reportable operating segments, namely (i) printing; (ii) property investment; (iii) securities investment and trading; and (iv) others (including information technology business). The Group has derived its revenues primarily from its printing business, which contributed in excess of 90% of its revenues and net gain (excluding discontinued operation) for each of the six months ended 30 September 2017 and the year ended 31 March 2017, respectively.

For each of the six months ended 30 September 2017 and the year ended 31 March 2017, the largest segmental operating profit contributor was property investment business and securities investment and trading business of the Group, respectively.

As noted from the 2018 Interim Report, (i) for printing business, the Group continued to strive to increase its market share by exploring market opportunities in various printing segments and strengthening partnerships with major customers, as well as further streamlining its operations through the improvements in technology and automations; and (ii) for property business, the Group continued to acquire further investment properties with a view to strengthen its properties portfolio so as to further enhance its recurrent income.

1.2 Historical financial performance of the Group

Set out below is a summary of the consolidated financial results of the Group for the six months ended 30 September 2016 and 2017 as extracted from the 2018 Interim Report, as well as the two financial years ended 31 March 2016 and 31 March 2017 as extracted from the 2017 Annual Report.

	For the six months ended 30 September		**For the year ended 31 March**	
	2017	**2016**	**2017**	**2016**
HK$'000	(unaudited)	(unaudited)	(audited)	(audited)
Continuing operations				
Revenues and net gain	116,535	122,479	197,630	233,681
Cost of sales	(81,715)	(82,348)	(133,288)	(178,634)
Gross profit	34,820	40,131	64,342	55,047
Profit before taxation	3,257	9,153	8,545	95,254
Taxation	(106)	(78)	(114)	—
Profit for the period/year from continuing operations	3,151	9,075	8,431	95,254
Discontinued operation				
Profit/(loss) for the period/year from discontinued operation	—	428	41,976	(2,649)
Profit for the period/year	3,151	9,503	50,407	92,605
Profit for the period/year attributable to:				
Equity holders of the Company				
— Continuing operations	3,151	9,075	8,431	95,254
— Discontinued operation	—	390	42,006	(2,108)
	3,151	9,465	50,437	93,146
Non-controlling interests				
— Discontinued operation	—	38	(30)	(541)
	3,151	9,503	50,407	92,605

Financial performance for the six months ended 30 September 2017

As set out in the 2018 Interim Report, the Group recorded revenues and net gain of approximately HK$116.5 million for the six months ended 30 September 2017, representing a decrease of approximately 4.9% compared to approximately HK$122.5 million for the six months ended 30 September 2016. Over 90% of the revenues and net gain of the Group were attributable to the printing business of the Group. The aforesaid decrease in revenues and net gain were primarily attributable to (i) the net gain of financial assets at fair value through profit or loss, being approximately HK$4.2 million for the six months ended 30 September 2016, decreased to a net loss of approximately HK$1.3 million for the six months ended 30 September 2017; and (ii) the aggregated revenues of other segments remained largely stable and their respective fluctuations generally offset each other.

As set out in the 2018 Interim Report, for the six months ended 30 September 2017, (i) the property business was the largest operating profit contributor at approximately HK$5.6 million followed by the securities investment and trading business at approximately HK$2.8 million; (ii) despite a slight decrease in revenues of the printing business, throughout the period, the Group had deepened the Enterprise Resource Planning (ERP) System to further integrate its production, purchasing and financial functions, as well as further streamlined its operation for the printing business and was able to reduce its reliance on labour force, all of which contributed to enhancement of efficiency and reduction in production costs, and, as a result, the printing business recorded an operating profit for the period of approximately HK$1.2 million.

For the six months ended 30 September 2017, the Group recorded gross profit of approximately HK$34.8 million from continuing operations, representing a decrease of approximately 13.2% compared to approximately HK$40.1 million for the six months ended 30 September 2016. Such decrease in gross profit was primarily attributable to the period-on-period fluctuations in relation to the net loss/gain of financial assets at fair value through profit or loss as mentioned above while the cost of sales was stable at approximately HK$82.3 million and HK$81.7 million for the six months period ended 30 September 2016 and 2017, respectively.

The Group's administrative and other operating expenses, and selling and marketing expenses (in aggregate) decreased marginally from approximately HK$35.5 million to HK$35.0 million for the six months ended 30 September 2016 and 2017, respectively. Other income and net gain of the Group also decreased slightly from approximately HK$5.0 million to HK$4.4 million for the six months ended 30 September 2016 and 2017, respectively.

As a result, the profit before tax of the Group (from continuing operations) for the six months ended 30 September 2017 amounted to approximately HK$3.3 million, compared to approximately HK$9.2 million for the six months ended 30 September 2016, representing a decrease of approximately 64.1%.

The Group recorded profit attributable to equity holders of the Company from continuing operations of approximately HK$9.1 million and HK$3.2 million for the six months ended 30 September 2016 and 2017, respectively, representing a period-on-period decrease of approximately 64.8%. Based on the profit attributable to equity holders of the Company from continuing operations of approximately HK$3.2 million, the net margin of the Group is calculated to be approximately 2.7%, representing a notable decrease from a net margin of approximately 7.4% from the corresponding prior period. Such decrease was largely attributable to the net gain of financial assets at fair value through profit or loss, being approximately HK$4.2 million for the six months ended 30 September 2016, decreased to a net loss of approximately HK$1.3 million for the six months ended 30 September 2017.

While the Group recorded no profit or loss attributable to equity holders of the Company from discontinued operation for the six months ended 30 September 2017, it recorded approximately HK$0.4 million profit attributable to equity holders of the Company from discontinued operation for the six months ended 30 September 2016. In view of the above, although the Group's business has been profitable for each of the six months ended 30 September 2016 and 2017, if the net gain/loss of financial assets at fair value through profit or loss was excluded, the Group has been operating under relatively thin net margins.

Financial performance for the year ended 31 March 2017

As set out in the 2017 Annual Report, the Group recorded revenues and net gain of approximately HK$197.6 million for the year ended 31 March 2017, representing a decrease of approximately 15.4% compared to approximately HK$233.7 million for the year ended 31 March 2016. Such decrease in revenues and net gain was primarily attributable to the year-on-year decrease in revenues and net gain of the printing business, being the largest revenue contributor of the Group, from approximately HK$225.2 million for the year ended 31 March 2016 to approximately HK$186.0 million for the year ended 31 March 2017.

As set out in the 2017 Annual Report, for the year ended 31 March 2017, the securities investment and trading business was the largest operating profit contributor at approximately HK$10.5 million followed by the property business at approximately HK$4.9 million and the printing business at approximately HK$1.6 million.

For the year ended 31 March 2017, the Group recorded gross profit of approximately HK$64.3 million from continuing operations, representing an increase of approximately 16.9% compared to approximately HK$55.0 million for the year ended 31 March 2016. Such increase in gross profit was primarily attributable to the notable decrease in cost of sales from approximately HK$178.6 million for the year ended 31 March 2016 to approximately HK$133.3 million for the year ended 31 March 2017.

The Group's administrative and other operating expenses, and selling and marketing expenses (in aggregate) decreased from approximately HK$78.1 million for the year ended 31 March 2016 to HK$67.0 million for the year ended 31 March 2017. It was also noted that other income and net gain of the Group decreased significantly from approximately HK$121.1 million for the year ended 31 March 2016 to HK$8.3 million for the year ended 31 March 2017. Such decrease was mainly attributable to a one-off gain recorded in the year ended 31 March 2016 of approximately HK$108.7 million arising from the disposal of certain subsidiary, its major assets were land and property in the PRC at the relevant time (the "**Disposal Gain**"). As a result, profit before tax of the Group (from continuing operations) for the year ended 31 March 2017 amounted to approximately HK$8.5 million, compared to approximately HK$95.3 million for the year ended 31 March 2016.

The Group recorded profit attributable to equity holders of the Company from continuing operations of approximately HK$95.3 million and HK$8.4 million for the two years ended 31 March 2016 and 2017, respectively, representing a year-on-year decrease of approximately 91.2%. Such notable decrease was primarily attributable to the Disposal Gain of approximately HK$108.7 million recorded during the year ended 31 March 2016 but not in the year ended 31 March 2017. Based on the profit attributable to equity holders of the Company from continuing operations of approximately HK$8.4 million, the net margin of the Group for the year ended 31 March 2017 is calculated to be approximately 4.3%.

While the Group recorded a profit attributable to equity holders of the Company of approximately HK$42.0 million from discontinued operation for the year ended 31 March 2017, it recorded a loss attributable to equity holders of the Company of approximately HK$2.1 million from discontinued operation for the year ended 31 March 2016. A significant portion of the Group's profit attributable to equity holders of the Company for the year ended 31 March 2017 was attributable to profit from discontinued operations.

In view of the above, for the year ended 31 March 2016, if the Disposal Gain was excluded, the profit attributable to equity holders of the Company from continuing operations for the year ended 31 March 2016 would become a loss. For the year ended 31 March 2017, profit attributable to equity holders of the Company from continuing operations were under a thin net margin of approximately 4.3% as mentioned above.

1.3 Historical financial position of the Group

Set out below is a summary of the consolidated financial position of the Group as at 30 September 2017, 31 March 2016 and 2017 as extracted from the 2018 Interim Report and the 2017 Annual Report, respectively.

HK$'000	**As at 30 September 2017** (unaudited)	**As at 31 March 2017** (audited)	**As at 31 March 2016** (audited)
Non-current assets	697,489	350,864	594,116
— Investment properties	501,678	196,081	38,000
— Amount due from a fellow subsidiary	116,980	112,880	—
— Cemetery assets	—	—	501,280
Current assets	235,485	468,815	325,969
— Financial assets at fair value through profit or loss	110,905	112,095	109,460
— Cash and bank balances	21,052	279,754	43,078
Total Assets	932,974	819,679	920,085
Current liabilities	173,343	141,403	84,531
— Accrued charges and other payables	59,804	33,802	31,278
— Taxation payable	54,932	50,022	9,443
Non-current liabilities	141,996	36,018	135,271
— Deferred taxation liabilities	50,820	11,578	131,348
— Long-term bank borrowings	91,176	24,440	—
Total Liabilities	315,339	177,421	219,802
Total equity	617,635	642,258	700,283

Financial position as at the six months ended 30 September 2017

As at 30 September 2017, the Group's total assets amounted to approximately HK$933.0 million as compared to approximately HK$819.7 million as at 31 March 2017, representing an increase of approximately 13.8%.

The non-current assets of the Group as at 30 September 2017 amounted to approximately HK$697.5 million (as at 31 March 2017: approximately HK$350.9 million), approximately 71.9% of which was investment property, being the largest balance under non-current assets of the Group. Such amount represented significant increase from approximately HK$196.1 million as at 31 March 2017, which was primarily attributable to the acquisitions of a property business in Hong Kong and the equity interests in the companies that held investment properties in Hong Kong, which were completed in May 2017 and in August 2017, respectively, as per the 2018 Interim Report.

The current assets of the Group as at 30 September 2017 amounted to approximately HK$235.5 million (as at 31 March 2017: approximately HK$468.8 million), approximately 47.1% of which was attributable to financial assets at fair value through profit or loss, being the largest balance under the current assets of the Group. The financial assets at fair value through profit or loss balance remained largely stable at approximately HK$110.9 million as at 30 September 2017 compared to approximately HK$112.1 million as at 31 March 2017.

The Group's total liabilities amounted to approximately HK$315.3 million as at 30 September 2017 compared to approximately HK$177.4 million as at 31 March 2017, representing an increase of approximately 77.7%. The aforesaid movement was largely attributable to an increase in non-current liabilities which was made up of increases in (i) long-term bank borrowings of approximately HK$66.7 million; and (ii) deferred taxation liabilities of approximately HK$39.2 million.

The Group recorded current liabilities of approximately HK$173.3 million as at 30 September 2017, representing an increase of approximately 22.6% compared to approximately HK$141.4 million as at 31 March 2017. The abovementioned movement in the Group's current liabilities was primarily attributable to the increase in accrued charges and other payables of approximately HK$26.0 million.

As a result of the aforesaid, the Group's net asset value amounted to HK$617.6 million as at 30 September 2017, compared to approximately HK$642.3 million as at 31 March 2017, representing a decrease of approximately 3.8%.

Financial position as at the year ended 31 March 2017

The total assets of the Group amounted to approximately HK$819.7 million as at 31 March 2017 compared to approximately HK$920.1 million as at 31 March 2016, representing a year-on-year decrease of approximately 10.9%.

The non-current assets of the Group as at 31 March 2017 amounted to approximately HK$350.9 million (as at 31 March 2016: approximately HK$594.1 million), approximately 55.9% of which was investment property, being the largest balance under non-current assets of the Group. Such amount represented significant increase from approximately HK$38.0 million as at 31 March 2016 which was primarily attributable to the acquisition of entities which held investment properties during the year ended 31 March 2017.

The Group's current assets amounted to approximately HK$468.8 million as at 31 March 2017 (as at 31 March 2016: approximately HK$326.0 million), approximately 59.7% of which was attributable to cash and bank balances, being the largest balance under the current assets of the Group. The financial assets at fair value through profit or loss balance remained largely stable at approximately HK$112.1 million as at 31 March 2017 compared to approximately HK$109.5 million as at 31 March 2016.

The Group's total liabilities amounted to approximately HK$177.4 million as at 31 March 2017 compared to approximately HK$219.8 million as at 31 March 2016, representing the decrease of approximately 19.3%. The aforesaid movement was largely attributable to a decrease in deferred taxation liabilities of approximately HK$119.8 million.

The Group recorded current liabilities of approximately HK$141.4 million as at 31 March 2017, representing an increase of approximately 67.3% compared to approximately HK$84.5 million as at 31 March 2016. The abovementioned movement in the Group's current liabilities was primarily attributable to the year-on-year increase in taxation payables of approximately HK$40.6 million.

As a result of the aforesaid, the net asset value attributable to the owners of the Company amounted to HK$642.3 million as at 31 March 2017, compared to approximately HK$634.5 million as at 31 March 2016, representing a year-on-year increase of approximately 1.2%.

2. Overview of macro-economy and the printing industry

As over 90% of the Group's revenues for the six months ended 30 September 2017 and year ended 31 March 2017 was derived from its printing business which comprised of the manufacturing and sale of printed products including art books, packaging boxes and children's books as per the 2018 Interim Report, we have conducted background research on the overview of the macro-economy and the printing industry which may in turn affect the Group's business.

2.1 Overview of macro-economy and risks

Given the printing industry would be affected by the status and development of the macro-economy and that the revenues of the Group's printing business were derived from both Hong Kong and globally, we have set out a high-level overview of the macro-economy below.

Both the United States of America ("**U.S.**") and Hong Kong has experienced low interest rate environment in the recent years and there has been on-going speculation of more interest rate hikes by the Federal Reserve going forward, which may affect the global financial markets. Given the Hong Kong dollar is pegged to the U.S. dollar and its position as one of the leading international financial centres, any such changes could have an impact to the economy of Hong Kong.

In addition, notable events such as the anticipated withdrawal of the United Kingdom from the European Union, the potential implications of additional U.S. protectionist policies as well as the geopolitical risks around Asia driven by the ongoing situation in North Korea, are amongst the uncertainties faced by the global economy which could in turn affect investor sentiment and preference. According to the report titled "Global Economic Prospects: A Fragile Recovery" published by the World Bank Group in June 2017, global growth is estimated to be approximately 2.7% in 2017, which represented a slight increase as compared to that in 2016 of approximately 2.4%. Both the advanced global economies and the emerging market and developing economies are expected to contribute to the aforesaid growth. Nevertheless, there remain risks to the global economic outlook, including increased trade protectionism, elevated economic policy uncertainty, the possibility of financial market disruptions, and, over the longer term, weaker potential growth.

2.2 Overview of the printing industry

Based on our understanding from the Management as well as information set out in the 2018 Interim Report and 2017 Annual Report, a significant portion of the revenues generated by the Group's printing business was derived from the export of its products from the PRC and/or Hong Kong to other countries internationally. In view of the above, we have reviewed the data from the United Nations Commodity Trade Statistics Database (the "**UN Database**") *(website: comtrade.un.org)* by the Statistics Division of the Department of Economic and Social Affairs of the United Nations. As per the UN Database, we noted that the total export value of the printed books, newspapers, pictures and other products (the "**Printed Category**") by Hong Kong and the PRC for 2015 and 2016 are as follows:

Exporter	**Export trade value (Printed Category) to rest of the World**		**Year-on-year change**
	in 2015	**in 2016**	
	(US$' million)	*(US$' million)*	
PRC	3,899	3,613	(7.3%)
Hong Kong	1,905	1,819	(4.5%)

Source: website of the UN Database, comtrade.un.org

Based on the UN Database, for the PRC, the three largest countries of exported products under the Printed Category for 2016 were the U.S., Hong Kong and the United Kingdom, respectively, together they contributed approximately 63.3% of the total exported trade value (Printed Category) by the PRC in 2016. For Hong Kong, the three largest countries of exported products under the Printed Category for 2016 were the U.S., the PRC and the United Kingdom, respectively, together they contributed approximately 61.5% of the total exported trade value (Printed Category) by Hong Kong in 2016.

We also noted from a publication titled "Printing Industry in Hong Kong" by the Hong Kong Trade Development Council in October 2016, that the printing industry in Hong Kong is facing intense price competition from mainland printers. Major printers in Hong Kong are relocating production to the PRC with purpose built plants to improve efficiency and output quality, while maintaining Hong Kong to receive overseas orders. Furthermore, the industry is also continuously changing with the availability of new production techniques and more automation and mechanisation.

Based on the above, there are certain risks and uncertainties related to the macro-economy and the printing industry which could have an effect towards the performance and outlook of the printing business of the Group.

3. Information of the Offeror

As set out in the "Letter from Southwest HK Capital", the Offeror is incorporated in the BVI with limited liability and is indirectly wholly-owned by Integrity Fund through New Element. Kapok Wish is the general partner of Integrity Fund which has the rights and powers to manage and administer the affairs of Integrity Fund and those of the Offeror. Xinsheng International Holding Limited ("**Xinsheng International**") and Grand Generation Belief Virtue Investment Limited ("**Grand Generation**") are the limited partners of Integrity Fund. The ultimate beneficial owners of the general partner of Integrity Fund are Guangzhou Industry Investment Fund Management Co., Ltd* (廣州產業投資基金管理有限公司), a PRC state-owned enterprise, Ms. Li Li and Ms. Chen Liying. The ultimate beneficial owners of the limited partners of Integrity Fund are Mr. Zeng Dazhang and Mr. Wang Xiqiang. Xinsheng International was incorporated in the BVI and is wholly-owned by Mr. Zeng Dazhang. Grand Generation is incorporated in the BVI and was wholly-owned by Mr. Wang Xiqiang.

As set out in the Composite Document, the directors of the Offeror were Mr. Li Qing, Ms. Han Li, Ms. Chen Liying, Ms. Li Li and Ms. Au Hoi Lee Janet as at the Latest Practicable Date. The Offeror was indirectly wholly-owned by Integrity Fund. Integrity Fund was a partnership and does not have any directors. Kapok Wish was the general partner of Integrity Fund. As at the Latest Practicable Date, the directors of Kapok Wish are Mr. Li Qing, Ms. Han Li, Ms. Chen Liying, Ms. Li Li and Ms. Au Hoi Lee Janet.

As of the Latest Practicable Date, Kapok Wish was owned as to 40% by Shining Orient Investment Limited ("**Shining Orient**"), 30% by Ally Cosmo Group Limited ("**Ally Cosmo**") and 30% by Juye Investments Limited ("**Juye Investments**"). Ally Cosmo and Juye Investments were wholly-owned by Ms. Li Li and Ms. Chen Liying, respectively. Shining Orient was owned as to 100% by Pioneer Fund Limited Partnership, whose general partner was Higher Cycle Investment Limited ("**Higher Cycle**"). Higher Cycle was wholly-owned by SFund International.

SFund International was indirectly wholly-owned by Guangzhou Industry Investment Fund Management Co., Ltd* (廣州產業投資基金管理有限公司), a PRC state-owned enterprise.

For further information on the Offeror, please refer to the paragraph headed "Information on the Offeror" as set out in the "Letter from Southwest HK Capital".

4. Intentions of the Offeror regarding the Group and proposed change of Board composition

The following information of the intentions of the Offeror regarding the Group has been extracted from the "Letter from Southwest HK Capital". It is stated that as a result of the Acquisition and as at the Latest Practicable Date, the Offeror has become the controlling Shareholder. Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The existing principal businesses of the Group include manufacturing and trading of printed products, property business, securities investment and trading business and information technology business. The directors to be nominated to the Board by the Offeror have extensive experience in management of business and investments in various industries. Please refer to the section headed "Proposed Change of the Composition of the Board" from the "Letter from Southwest HK Capital" for details. The principal business of the Company will continue to be managed by the existing directors and senior management of the operating subsidiaries under the supervision of the Board.

Leveraging on the experience of the investment team of Kapok Wish in the property market and financial sectors, the Offeror will explore possible business opportunities such as the PRC and overseas investment opportunities in the real estate and financial service industry for the Group. The Offeror will also conduct a review of the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

Save for the Offeror's intention regarding the Group as set out above, as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Offeror has no intention to discontinue the employment of any employees of the Group (save for the proposed changes to the Board) or to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

The "Letter from Southwest HK Capital" also sets out that all the existing Directors will resign as Directors pursuant to the terms of the Sale and Purchase Agreement with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code or such other later date as agreed between the parties to the Sale and Purchase Agreement in writing.

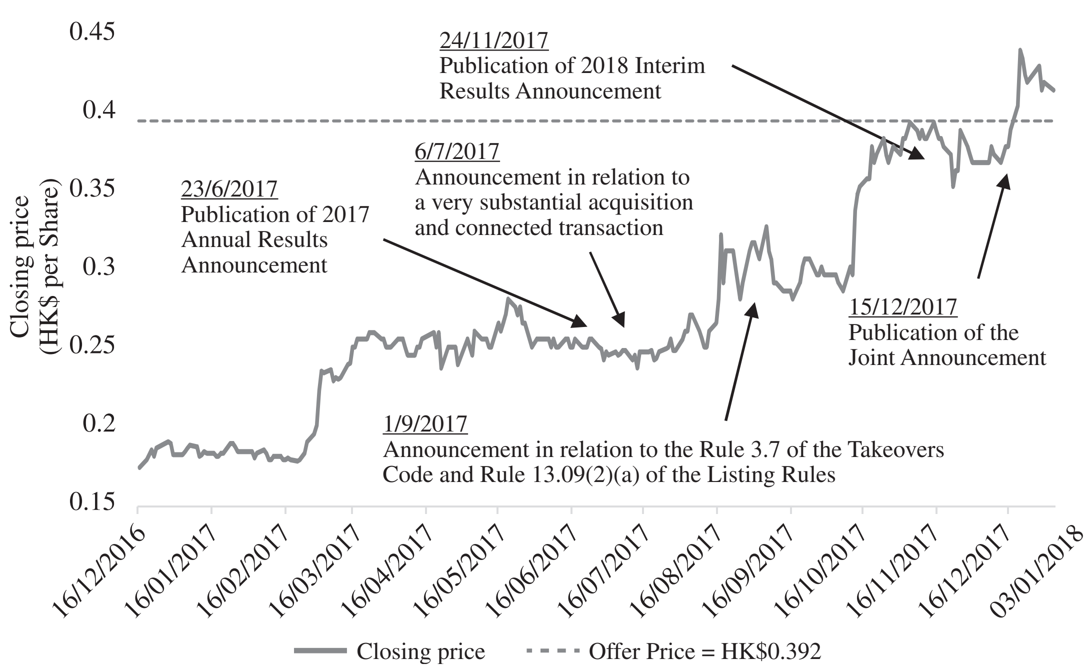
The Offeror intends to nominate new directors to the Board for appointment with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. Pursuant to the investment agreement in relation to the subscription of the Notes, following Completion, the Investor is entitled to request the Offeror to nominate a person designated by the Investor to be a non-executive director of the Company, to the extent permitted by the Takeovers Code, the Listing Rules and the articles of association of the Company.

5. Analysis on Offer Price

5.1 Historical price performance of the Shares

We have reviewed and analysed the closing prices of the Shares over the 12 months period immediately prior to the Joint Announcement dated 15 December 2017. Such review period commenced on 16 December 2016 and ended on the Latest Practicable Date (the "**Review Period**"). The Review Period is further divided into two periods, (i) the first period commenced from 16 December 2016 and ended on 1 September 2017 (inclusive of both dates), being the date of the initial announcement (the "**Initial Announcement**") issued by the Company in relation to the possible offer (the "**First Review Period**"); and (ii) the second period commenced from 4 September 2017, being the trading day immediately after the date of the Initial Announcement and ended on the Latest Practicable Date (inclusive of both dates) (the "**Second Review Period**"). Details of our analysis are set out below:

Chart A: Closing Share price during the Review Period



Source: the Stock Exchange

During the First Review Period, the closing price of the Shares fluctuated between the range from HK$0.175 (December 2016) to HK$0.32 (August 2017). The average closing price of the Shares during the First Review Period was approximately HK$0.237 (the "**First Review Period Average Closing Price**"). From the commencement of the First Review Period up to the date of publication of the 2017 annual results announcement on 23 June 2017 (after trading hours) (the "**2017 Annual Results Announcement**"), the closing price of the Shares fluctuated between the range from HK$0.175 to HK$0.28. The Group's annual results for the year ended 31 March 2017 recorded a profit attributable to owners of the Company of approximately HK$50.4 million compared to approximately HK$93.1 million recorded during the prior corresponding year. The closing price per Share was HK$0.175 on 16 December 2016 (i.e. the commencement of the First Review Period) and HK$0.25 on 26 June 2017, being the trading day after the publication of the 2017 Annual Results Announcement, representing an increase of approximately 42.9%.

Subsequently on 6 July 2017, the Company issued an announcement on the very substantial acquisition and connected transaction in relation to the sale and purchase of an entity which held three properties for commercial use. Such acquisition was completed on 24 August 2017 and the closing price of the Shares on that day was HK$0.29.

On 1 September 2017, the Company published the Initial Announcement pursuant to, among others, Rule 13.09(2)(a) of the Listing Rules and Rule 3.7 of the Takeovers Code, the Company was informed by its controlling shareholder, namely Gold Throne, that Gold Throne had entered into a memorandum of understanding (i.e. the MOU) with an independent third party as the offeror in respect of a possible disposal of the 2,013,573,887 Shares held by Gold Throne (the "**Possible Disposal**") (representing approximately 60.82% of the total issued share capital of the Company as at the date of the Initial Announcement), which, if materialised, may lead to a change in control of the Company and a mandatory general offer under the Takeovers Code for all the issued shares of the Company by the Offeror. Pursuant to the MOU, there is an exclusivity period from the date of the MOU up to 1 November 2017 during which Gold Throne can only discuss the Possible Disposal with the potential purchaser. The closing price per Share on (i) the last trading day immediately prior to the publication of the Initial Announcement was HK$0.305; and (ii) the trading day immediately after the publication of the Initial Announcement was HK$0.325.

As set out in the announcement of the Company on 3 October 2017 (the "**October Announcement**"), the Company announced that, among others, the discussion and negotiation between Gold Throne and the potential purchaser in respect of the Possible Disposal remain ongoing. The closing price per Share was HK$0.295 on 3 October 2017 and it subsequently increased to HK$0.35 on 13 October 2017 and further closed at HK$0.38 per Share on 31 October 2017. Save for the information as set out in the Initial Announcement, the October Announcement as well as other published information at the relevant time, the

Management advised that they were not aware of any matters which may have a material impact on the Share price. On this basis, the aforesaid notable movement in the price of the Shares may be attributable to the ongoing market reaction to the Initial Announcement, the October Announcement as well as the Possible Disposal.

From the commencement of the Second Review Period up to the date of publication of the interim results announcement on 24 November 2017 (after trading hours) (the "**2018 Interim Results Announcement**"), the closing price of the Shares fluctuated between the range of HK$0.28 to HK$0.39. Although the Group's interim results for the six months ended 30 September 2017 recorded a profit attributable to owners of the Company of approximately HK$3.2 million compared to approximately HK$9.1 million recorded in the corresponding six months ended 30 September 2016, the closing price per Share increased from HK$0.325 on 4 September 2017 (i.e. the commencement of the Second Review Period) to HK$0.375 on the trading day after the publication of the 2018 Interim Results Announcement, representing an increase of approximately 15.4%.

We have enquired about possible reasons for the fluctuations in the Share price during the Second Review Period and the Management advised that save for the information as set out in the Initial Announcement and other subsequent publications of the Company pursuant to the relevant Listing Rules and/or Takeovers Code, the Management was not aware of any matters which may have a material impact on the Share price. On this basis, the notable movement in the price of the Shares may be attributable to the market reaction to the Initial Announcement.

As set out in the Joint Announcement dated 15 December 2017, the Company, the Offeror and CCIL entered into Sale and Purchase Agreement in respect of the Sale and Purchase. The consideration for the Sale Shares is HK$789,320,963.70, equivalent to approximately HK$0.392 per Sale Share. The closing price per Share on (i) the last trading day immediately prior to the publication of the Joint Announcement was HK$0.385; and (ii) the trading day immediately after the publication of the Joint Announcement was HK$0.40.

During the Second Review Period, the closing price per Share ranged from HK$0.28 to HK$0.435. The closing price per Share as at the Latest Practicable Date was HK$0.41. The average closing price per Share during the Second Review Period was approximately HK$0.354 (the "**Second Review Period Average Closing Price**"). In this connection, the Offer Price of HK$0.392 per Offer Share represents (i) a premium of approximately 10.7% over the Second Review Period Average Closing Price; and (ii) a discount of approximately 4.4% to the closing price as at the Latest Practicable Date.

The Second Review Period Average Closing Price of approximately HK$0.354 is significantly higher than that of the First Review Period Average Closing Price of approximately HK$0.237, representing an increase of approximately 49.4%. Such notable increase may be attributable to the market reaction to the publication of the Initial Announcement and the Joint Announcement and therefore, the sustainability of the current price level of the Shares is subject to uncertainties. As shown in the Chart A above, the closing prices of the Shares during the First Review Period had always been notably below the Offer Price of HK$0.392.

The Offer Price represents:

(i) a premium of approximately 22.5% over the highest closing price of the Shares of HK$0.32 during the First Review Period and a discount of approximately 9.9% over the highest closing price of the Shares of HK$0.435 during the Second Review Period, respectively;

(ii) a premium of approximately 124.0% over the lowest closing price of the Shares of HK$0.175 during the First Review Period and a premium of approximately 40.0% over the lowest closing price of the Shares of HK$0.28 during the Second Review Period, respectively;

(iii) a premium of approximately 65.4% over the First Review Period Average Closing Price of approximately HK$0.237 and a premium of approximately 10.7% over the Second Review Period Average Closing Price of approximately HK$0.354, respectively; and

(iv) a discount of approximately 4.4% to the closing price of the Share price of HK$0.410 as at the Latest Practicable Date.

Based on the aforesaid analysis, in particular, the Offer Price represents (i) a notable premium over the closing Share price throughout the First Review Period; and (ii) a premium over the Second Review Period Average Closing Price. On this basis, we are of the view that the Offer Price is fair and reasonable. **Shareholders should note that the information set out above is not an indicator of the future performance of the Shares and that the price of the Shares may increase or decrease from its closing price as at the Latest Practicable Date.**

5.2 *Historical liquidity of the Shares*

The following table sets out the average daily and monthly trading volume, the number of trading days in each month, as well as the percentage of average daily trading volume of the Shares as compared to (i) the total number of the Shares in issue at the relevant time; and (ii) total number of Shares held by the public as at the Latest Practicable Date, during the Review Period:

Month	**Number of trading days**	**Total trading volume**	**Average daily trading volume**	**Approximate percentage of average daily trading volume to total number of Shares in issue**	**Approximate percentage of average daily trading volume to total number of Shares held by the public as at the Latest Practicable Date**
		(number of Shares)	*(number of Shares)*	*(%)* *(Note 1)*	*(%)* *(Note 2)*
2016					
December *(Note 3)*	9	11,009,000	1,233,222	0.04%	0.10%
2017					
January	19	49,762,168	2,619,061	0.08%	0.20%
February	20	84,552,283	4,227,614	0.13%	0.33%
March	23	275,079,181	11,959,964	0.36%	0.92%
April	17	137,783,332	8,104,902	0.24%	0.63%
May	20	109,178,194	5,458,910	0.16%	0.42%
June	22	116,207,357	5,282,153	0.16%	0.41%
July	21	70,220,825	3,343,849	0.10%	0.26%
August	22	328,222,177	14,919,190	0.45%	1.15%
September *(Note 4)*	1	9,450,000	9,450,000	0.29%	0.73%
September *(Note 5)*	20	189,072,532	9,453,627	0.29%	0.73%
October	20	475,997,500	23,799,875	0.72%	1.84%
November	22	206,352,686	9,379,668	0.28%	0.72%
December	19	317,134,960	16,691,314	0.50%	1.29%
2018					
January *(up to and including the Latest Practicable Date)*	2	28,485,000	14,242,500	0.43%	1.10%
First Review Period	174	1,191,554,517	6,848,014	0.21%	0.53%
Second Review Period	83	1,217,042,678	14,663,165	0.44%	1.13%

Source: Stock Exchange's website

Notes:

(1) Based on issued Shares as disclosed in the monthly return of movements in securities of the Group.

(2) Shares held by the public Shareholders are based on information as set out under paragraph headed "Shareholding structure of the Company" in the Letter from the Board of this Composite Document.

(3) Commencing on 16 December 2016.

(4) Up to and including 1 September 2017, being the end of the First Review Period.

(5) Commencing from 4 September 2017, being the commencement of the Second Review Period.

The above table demonstrates that during the First Review Period, (i) the average daily trading volume of the Shares as a percentage of the total number of the Shares in issue ranged from approximately 0.04% (December 2016) to 0.45% (August 2017) with an average of approximately 0.20%; and (ii) the average daily trading volume of the Shares as a percentage of the total number of Shares held by the public as at the Latest Practicable Date ranged from approximately 0.10% (December 2016) to 1.15% (August 2017) with an average of approximately 0.52%. During the Second Review Period, (i) the average daily trading volume of the Shares by month as a percentage of the total number of the Shares in issue ranged from approximately 0.28% (November 2017) to 0.72% (October 2017), with an average of approximately 0.44%; and (ii) the average daily trading volume of the Shares as a percentage of the total number of Shares held by the public as at the Latest Practicable Date ranged from approximately 0.72% (November 2017) to 1.84% (October 2017), with an average of approximately 1.13%. The above statistics revealed that trading volume of the Shares was relatively thin during the First Review Period and the Second Review Period, and thus the Shares were generally illiquid in the open market during the Review Period. The Offer presents an opportunity for those Independent Shareholders who consider disposing their significant number of Shares in the open market, as they can dispose their Shares without exerting the downward pressure on the market price of the Shares as a result of the disposal.

5.3 Comparison with comparable companies

With a view to assess the fairness and reasonableness of the Offer Price, we have set out below our analysis on the price-to-earnings ratio (the "**P/E ratio(s)**") and the price-to-book ratios (the "**P/B ratio(s)**") of companies which are listed on the Main Board of the Stock Exchange and derived most of its revenues from its printing business for its most recent completed financial year. As set out in the 2018 Interim Report and the 2017 Annual Report, for each of the six months ended 30 September 2017 and the year ended 31 March 2017, the Group derived its revenues primarily from its printing business, which contributed in excess of 90% of its revenues and net gain (excluding discontinued operation) and for each of the six months ended 30 September 2017 and the year ended 31 March 2017, respectively.

Based on the Offer Price and 3,310,812,417 Shares in issue as at the Latest Practicable Date, the size of the Offer and the implied market capitalisation of the Company under the Offer would be approximately HK$1,297.8 million. Based on the profit attributable to equity holders of the Company approximately HK$50.4 million for the year ended 31 March 2017, the implied P/E ratio under the Offer would be approximately 25.7 times. As per the unaudited condensed consolidated statement of financial position set out in the 2018 Interim Report, the total equity of the Company amounted to approximately HK$617.6 million as at 30 September 2017. Based on the aforesaid, the implied P/B ratio under the Offer would be approximately 2.1 times. Having considered the financial performance and position of the Group for the six months ended 30 September 2017 and the year ended 31 March 2017 as set out above, we have set forth the following criteria for the purpose of identifying comparable companies, (i) the shares of which are listed on the Main Board of the Stock Exchange; (ii) revenues generated from their printing business including ancillary products/services represent over 90% of its total revenues for the latest completed financial year, the financial results of which have been published; (iii) excluding listed companies with a primary focus on the manufacturing and/or printing of cigarette package given the differences in the nature of the business; and (iv) a market capitalisation of not less than HK$600 million and not more than HK$1,800 million as at the date of the Joint Announcement (together the "**Criteria**"). Based on the Criteria, we identified five comparable companies, being an exhaustive list (the "**Comparable Companies**").

Set out in the table below is the analysis on the Comparable Companies:

Company name (Stock code)	Principal business(es)	Share price *(Note 1)* *HK$*	Market Capitalisation *(Note 1)* *HK$' million*	P/B ratio (approximately) *(Note 2)* *times*	P/E ratio (approximately) *(Note 3)* *times*
eprint Group Ltd ("**Eprint**") (1884)	Provision of printing services and solutions on advertisement, bound book and stationery	2.51	1,380.5	6.5 *(Note 4)*	79.7 *(Note 4)*
Hung Hing Printing Group Limited ("**Hung Hing**") (450)	Engaged in book and package printing, consumer product packaging, corrugated box, and trading of paper	1.65	1,498.0	0.6	39.6
HJ Capital (International) Holdings Company Ltd ("**HJ Capital**") *(previously known as iOne Holdings Ltd ("**iOne**"))* (982)	Provision of financial printing services and financial advisory services	0.174	1,750.6	18.4 *(Note 5)*	548.8 *(Note 5)*
Lion Rock Group Ltd ("**Lion Rock**") (1127)	Provision of printing services	1.54	1,185.8	1.3	8.1
Zhengye International Holdings Ltd ("**Zhengye**") (3363)	Manufacture and sale of paper, paperboard and paper-based packaging products	2.0	1,000.0	1.1	9.5
			Minimum *(Note 6)*	0.6	8.1
			Maximum *(Note 6)*	1.3	39.6
			Average *(Note 6)*	1.0	19.1
The Company (1172)	Printing business, property business, securities investment and trading business, and information technology business	0.392 *(Note 7)*	1,297.8 *(Note 8)*	2.1 *(Note 9)*	25.7

Source: the website of the Stock Exchange and the respective interim/annual report of the subject listed company (where applicable)

Notes:

(1) The closing share price and market capitalisation of the Comparable Companies as at date of the Joint Announcement (i.e. 15 December 2017) are based on information extracted from the website of Stock Exchange. The market capitalisation of the Comparable Companies is calculated based on their respective closing share prices and number of issued shares as per the website of the Stock Exchange.

(2) The P/B Ratios of the Comparable Companies are calculated based on their market capitalisation as at the date of the Joint Announcement and their latest published consolidated net asset value attributable to equity holders.

(3) The P/E Ratios of the Comparable Companies are calculated based on their market capitalisation as at the date of the Joint Announcement and their latest published net profit attributable to equity holders for its completed financial year.

(4) Save for HJ Capital, which we considered to be an outliner as further explained under note (5) below, amongst the other Comparable Companies, Eprint has the smallest net asset value attributable to its equity holders at approximately HK$212.0 million as at 30 September 2017, compared to the closest Comparable Companies, of which had a net asset value attributable to its equity holders at approximately HK$882.3 million as at 30 June 2017, being over four times the size of Eprint's net asset value. Eprint also has the smallest net profit attributable to its equity holders of approximately HK$17.3 million for the year ended 31 March 2017, being its latest completed financial year, compared to the closest Comparable Companies, of which had a net profit attributable to its equity holders of approximately HK$37.8 million for the year ended 31 December 2016, being over two times the size of Eprint's net profit attributable to its equity holders. Based on the foregoing, Eprint is considered to be an outliner to other Comparable Companies.

(5) As set out in its annual report for the year ended 31 December 2016, iOne is principally engaged in the provision of financial printing services and financial advisory services (after the completion of certain acquisition in 2016). Notwithstanding that over 90% of its revenue was derived from the provision of financial printing services during the year ended 31 December 2016, in September 2017, it has further completed the acquisition of Huajin Financial (International) Holdings Limited and as per the relevant announcement, it shall further expand its financial services business including securities underwriting and consultancy, securities and futures brokerage and equity research businesses as well as money lending business. Furthermore, we note that iOne has changed its name to HJ Capital (International) Holdings Company Limited 華金國際資本控股有限公司 (with effect from 21 December 2017). Given the above and that its P/E ratio and P/B ratio are significantly higher than the rest of the Comparable Companies, the prevailing market price of the shares of HJ Capital may or may not be affected by the anticipated shift in focus of the overall corporate direction of the group by its controlling shareholder, namely Zhuhai Huafa (a state-owned enterprise), going forward, as such, we consider HJ Capital to be an outliner to other Comparable Companies.

(6) Based on the Comparable Companies and excluding the outliners as discussed under note (4) and (5) above.

(7) The Offer Price of HK$0.392 per Share.

(8) We have taken the Offer Price and the issued share capital of the Group of 3,310,812,417 Shares as at the Latest Practicable Date for the purpose of determining the implied market capitalisation of the Group.

(9) Based on the unaudited consolidated net asset value attributable to Shareholders of approximately HK$617.6 million as at 30 September 2017 as set out in the 2018 Interim Report.

As shown in the above table, the historical P/B ratio of the Comparable Companies[1] ranged from approximately 0.6 times to 1.3 times, with an average of approximately 1.0 time. The implied P/B ratio under the Offer of approximately 2.1 times is above the maximum P/B ratios of the Comparable Companies. The Group's unaudited net asset attributable to its equity owners of approximately HK$617.6 million as at 30 September 2017 is closest to that of Zhengye's net asset attributable to its equity owners of approximately HK$882.3 million out of the Comparable Companies. The Group's implied P/B ratio of approximately 2.1 times is higher than that of Zhengye's P/B ratio of approximately 1.1 times.

Given the size of the net asset value of the Comparable Companies may fluctuate and be influenced by their respective business models and corporate strategies, the size of their assets related to the scale of its operations and/or adopted capital structure, such may lead to possible distortions on the results of a P/B ratio analysis. In this connection, we have also conducted P/E ratio analysis, being another commonly used approach for comparison purposes.

As shown in the above table, the historical P/E ratio of the Comparable Companies ranged from approximately 8.1 times to 39.6 times, with an average of approximately 19.1 times. The implied P/E ratio under the Offer of approximately 25.7 times is within the range of the P/E ratios and above the average P/E ratios of the Comparable Companies.

The Group's net profit attributable to its equity owners of approximately HK$50.4 million is closest to that of Hung Hing's net profit attributable to its equity owners of approximately HK$37.8 million out of the Comparable Companies. Hung Hing's P/E ratio is approximately 39.4 times which is higher than the implied P/E ratio of approximately 25.7 times under the Offer. Nonetheless, Hung Hing's net asset attributable to its equity owners amounted to approximately HK$2,613.3 million, which is approximately over four times the size of the net asset attributable to the equity owners of the Company. Furthermore, Hung Hing's P/B ratio of approximately 0.6 times is notably lower than that of the implied P/B ratio of approximately 2.1 times under the Offer.

Despite that, similar to the Group, the Comparable Companies also derived not less than 90% of their revenues from their printing business including ancillary products/services for the latest completed financial year, the financial results of which have been published, having considered the size of their net assets and financial results attributable to their shareholders, no single Comparable Company is considered to be more identical to the Group than the other Comparable Companies. On this basis, we are of the view that the implied P/E ratio and P/B ratio under the Offer should be compared to that of the Comparable Companies' as a whole.

[1] *For the avoidance of doubt, Comparable Companies hereafter are referring to Comparable Companies excluding the outlier comparable companies, namely, Eprint and HJ Capital.*

Having considered the above, in particular, the implied P/E ratio under the Offer is within range of the Comparable Companies and that the implied P/B ratio under the Offer is above the maximum P/B ratio of the Comparable Companies, we are of the view that the Offer is fair and reasonable**.**

RECOMMENDATION

Having considered the factors and reasons set out in this letter, in particular,

(i) the information related to the macro-economy and the printing industry as set out under section headed "2. Overview of macro-economy and the printing industry";

(ii) the Offer Price represents a notable premium over the First Review Period Average Closing Price and a premium over the Second Review Period Average Closing Price;

(iii) in general, the trading volume of the Shares has been thin historically as evidenced by the average daily trading volume of the Shares during the Review Period as analysed under paragraph headed "5.2 Historical liquidity of the Shares" above, and that the Independent Shareholders may find it difficult to dispose of a significant number of Shares in the open market without causing an adverse impact on the Share price level at the relevant time. On this basis, the Offer represents an opportunity for the Independent Shareholders to dispose of their shareholdings at the Offer Price of HK$0.392 each; and

(iv) the Offer Price represents an implied P/E ratio of approximately 25.7 times and an implied P/B ratio of approximately 2.1 times. Based on the analysis as set out under paragraph headed "5.3 Comparison with comparable companies" above, the implied P/B ratio under the Offer is above the maximum of the Comparable Companies and the implied P/E ratio under the Offer is within range and above the average of the Comparable Companies,

we consider the terms of the Offer to be fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

Independent Shareholders, in particular those who intend to accept the Offer, are reminded that market price of the Shares have been traded above the Offer Price during certain periods since the publication of the Joint Announcement and that Independent Shareholders should continue to monitor the fluctuations in the price of the Shares. There is no guarantee that the Share price will or will not sustain and will or will not be higher than the Offer Price during and after the period for the acceptance of the Offer. The Independent Shareholders who intend to accept the Offer are also reminded to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Offer and shall, having regard to their own circumstances, investment objectives and risk preference, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer.

The Independent Shareholders should read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the Form of Acceptance, if they wish to accept the Offer.

Yours faithfully
For and on behalf of
Red Sun Capital Limited
Lewis Lai
Managing Director

Mr. Lewis Lai is a Responsible Officer of Red Sun Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has been active in the field of corporate finance advisory for over 10 years, and has been involved in and completed various corporate finance advisory transactions.

* *For identification purposes only*

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER

THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar at Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in an envelope marked "**Midas International Holdings Limited — General Offer**" to be received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares, you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one Business

Day before the latest date on which acceptances of the Offer must be received by the Registrar). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received by the Registrar).

(c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Southwest HK Capital and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance.

(e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

(f) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

(g) Seller's ad valorem stamp duty for transfer of Shares registered in the seller's name by the Company through the Registrar arising in connection with acceptance of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to such Independent Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

(h) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Offer has previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Form of Acceptance must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance, and the Offer will be closed on the Closing Date.

(b) The Offeror and the Company will jointly issue an announcement in accordance with the Takeovers Code through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired.

(c) In the event that the Offeror decides to extend the Offer, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Independent Shareholders who have not accepted the Offer.

(d) If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer will be entitled to the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.

(e) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer so extended.

3. ANNOUNCEMENT

(a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the requirements of the Takeovers Code by 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired.

Such announcement must state the following:

(i) the total number of Shares for which acceptances of the Offer have been received;

(ii) the total number of Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period;

(iii) the total number of Shares acquired or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period;

(iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and parties acting in concert with it have borrowed or lent, save for any borrowed securities which have been either on-lent or sold; and

(v) the percentages of the relevant classes of issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

(b) In computing the total number of Shares represented by acceptances, only valid acceptances in complete and good order and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.

(c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (http://www.midasprinting.com).

4. NOMINEE REGISTRATION

To ensure equality of treatment to all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below.

(b) If the Offeror is unable to comply with the requirements set out in paragraph 3 of this appendix headed "Announcement" above, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Independent Shareholders who have tendered acceptance of the Offer, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent Shareholder(s).

6. SETTLEMENT OF THE OFFER

Provided that the accompanying Form of Acceptance for the Shares, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Independent Shareholders in respect of the Shares tendered under the Offer (less seller's ad valorem stamp duty payable by him/her/it) will be despatched to the accepting Independent Shareholders by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days from the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save in respect of the payment of seller's ad valorem stamp duty, as the case may be) set out in this Composite Document (including this appendix) and the accompanying Form of Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

7. OVERSEAS SHAREHOLDERS

The availability of the Offer to persons who are not residents in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to the Independent Shareholders whose registered addresses are in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the individual Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any regulatory or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

8. HONG KONG STAMP DUTY AND TAX IMPLICATIONS

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and parties acting in concert with it, the Company, Optima Capital, Great Wall Corporate Finance, Southwest HK Capital, the Investor, Southwest HK Brokerage and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

(a) All communications, notices, Form of Acceptance, certificates, transfer receipts and other documents of title and/or of indemnity and/or of any other nature to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror and parties acting in concert with it, the Company, Optima Capital, Great Wall Corporate Finance, Southwest HK Capital, the Investor, Southwest HK Brokerage and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result thereof.

(b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and Southwest HK Capital that the Shares tendered under the Offer (together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid by the Company on or after the date on which the Offer is made, i.e., the date of this Composite Document), are sold by such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature.

(c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.

(d) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.

(e) The accidental omission to despatch this Composite Document and/or the accompanying Form of Acceptance or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.

(f) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(g) Due execution of the Form of Acceptance will constitute an authority to the Offeror and/or Southwest HK Capital and/or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.

(h) The Offer is made in accordance with the Takeovers Code.

(i) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.

(j) The English text of this Composite Document and of the accompanying Form of Acceptance shall prevail over the Chinese text.

I. SUMMARY OF FINANCIAL INFORMATION

Set out below is a summary of certain consolidated financial results of the Group for the years ended 31 March 2015, 2016 and 2017 extracted from the 2016 and 2017 annual reports of the Company and for the six months ended 30 September 2017 extracted from the 2018 interim report of the Company:

	For the six months ended 30 September	For the year ended 31 March		
	2017	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(audited)	(audited)	(audited)
Continuing operations				
Revenues and net gain	116,535	197,630	233,681	274,582
Profit/(loss) before taxation	3,257	8,545	95,254	(15,529)
Taxation	(106)	(114)	—	(1,676)
Profit/(loss) for the period/year from continuing operations	3,151	8,431	95,254	(17,205)
Discontinued operation				
Profit/(loss) for the period/year from discontinued operation	—	41,976	(2,649)	—
Profit/(loss) for the period/year attributable to:				
Equity holders of the Company				
Continuing operations	3,151	8,431	95,254	(16,649)
Discontinued operation	—	42,006	(2,108)	—
	3,151	50,437	93,146	(16,649)
Non-controlling interests				
Discontinued operation	—	(30)	(541)	(556)
Profit/(loss) for the period/year	3,151	50,407	92,605	(17,205)
Earnings/(loss) per share (basic and diluted)				
Continuing operations *(HK cents)*	0.10	0.25	2.88	(0.6)
Discontinued operation *(HK cents)*	—	1.27	(0.06)	—
	0.10	1.52	2.82	(0.6)
Dividend per share *(HK cent)*	1.0	—	—	—
Dividend *(HK$ million)*	33.1	—	—	—

The Group's financial statements as at and for each of the three years ended 31 March 2015, 2016 and 2017 have been audited by the Company's independent auditor, PricewaterhouseCoopers with unqualified and unmodified opinions issued. In addition, the Group's unaudited interim results for the period ended 30 September 2017 have been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants with an unqualified conclusion issued. The Group had no items which were exceptional because of size, nature or incidence for the respective financial years and financial period.

II. AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2017

Set out below is the reproduction of the text of the audited consolidated financial statements of the Group for the year ended 31 March 2017 together with the accompanying notes contained in the annual report of the Company for the year ended 31 March 2017 (the "**Annual Report**"). Capitalised terms used in this section have the same meanings as those defined in the Annual Report.

Consolidated Statement of Comprehensive Income
For the year ended 31st March, 2017

	Note	**2017** *HK$'000*	**2016** *HK$'000* (Restated)
Continuing operations			
Revenues and net gain	5	197,630	233,681
Revenues		195,137	230,673
Net gain of financial assets at fair value through profit or loss		2,493	3,008
Cost of sales		(133,288)	(178,634)
Gross profit		64,342	55,047
Other income and net gain	7	8,257	121,095
Selling and marketing expenses		(13,131)	(14,953)
Administrative and other operating expenses		(53,825)	(63,111)
Change in fair value of investment properties	16	4,000	–
Operating profit	8	9,643	98,078
Finance costs	9	(1,098)	(2,824)
Profit before taxation		8,545	95,254
Taxation	10	(114)	—
Profit for the year from continuing operations		8,431	95,254
Discontinued operation			
Profit/(loss) for the year from discontinued operation	31(a)	41,976	(2,649)
Profit for the year		50,407	92,605

	Note	2017 *HK$'000*	2016 *HK$'000* (Restated)
Profit/(loss) for the year attributable to:			
Equity holders of the Company			
Continuing operations		8,431	95,254
Discontinued operation		42,006	(2,108)
		50,437	93,146
Non-controlling interests			
Discontinued operation		(30)	(541)
		50,407	92,605
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Net exchange differences		(22,240)	(17,067)
Realization of exchange reserve upon disposal of subsidiaries	*31(e)*	(29,544)	(113)
Total other comprehensive loss that may be reclassified subsequently to profit and loss		(51,784)	(17,180)
Total comprehensive (loss)/income for the year		(1,377)	75,425
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the Company			
Continuing operations		8,431	95,141
Discontinued operation		(6,889)	(16,694)
		1,542	78,447
Non-controlling interests			
Discontinued operation		(2,919)	(3,022)
Total comprehensive (loss)/income for the year		(1,377)	75,425
		HK cents	*HK cents* (Restated)
Earnings/(loss) per share (basic and diluted)	*13*		
Continuing operations		0.25	2.88
Discontinued operation		1.27	(0.06)
		1.52	2.82

The notes on pages II-9 to II-54 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position
As at 31st March, 2017

	Note	**2017** *HK$'000*	**2016** *HK$'000*
Non-current assets			
Prepaid lease payments	*14*	3,287	5,339
Property, plant and equipment	*15*	38,616	49,497
Investment properties	*16*	196,081	38,000
Cemetery assets	*17*	—	501,280
Amount due from a fellow subsidiary	*18*	112,880	—
		350,864	594,116
Current assets			
Inventories	*20*	29,150	32,002
Cemetery assets	*17*	—	78,552
Accounts receivable	*21*	35,002	53,581
Deposits, prepayments and other receivables		12,814	9,296
Financial assets at fair value through profit or loss	*22*	112,095	109,460
Cash and bank balances	*23*	279,754	43,078
		468,815	325,969
Current liabilities			
Accounts payable	*24*	21,539	31,929
Accrued charges and other payables	*24*	33,802	31,278
Amount due to a non-controlling shareholder	*25*	—	1,366
Taxation payable		50,022	9,443
Short-term bank borrowings	*26*	34,480	10,515
Current portion of long-term bank borrowings	*26*	1,560	—
		141,403	84,531
Net current assets		327,412	241,438
Total assets less current liabilities		678,276	835,554

	Note	2017 HK$'000	2016 HK$'000
Equity			
Share capital	*29*	331,081	331,081
Reserves	*30*	311,177	303,377
Shareholders' funds		642,258	634,458
Non-controlling interests		—	65,825
Total equity		642,258	700,283
Non-current liabilities			
Deferred income	*27*	—	3,923
Deferred taxation liabilities	*28*	11,578	131,348
Long-term bank borrowings	*26*	24,440	—
		36,018	135,271
		678,276	835,554

Geoffrey Chuang Ka Kam
Director

Richard Hung Ting Ho
Director

The notes on pages II-9 to II-54 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the year ended 31st March, 2017

	2017	2016
	HK$'000	*HK$'000*
Cash flows from operating activities		
Operating profit from continuing and discontinued operations	8,560	93,734
Adjustments for:		
Depreciation of property, plant and equipment	14,396	15,410
Amortization of prepaid lease payments	177	236
Provision for impairment of accounts receivable	—	209
Reversal of provision for impairment of inventories	(1,420)	(1,644)
Reversal of provision for impairment of accounts receivable	—	(269)
Gain on disposal of property, plant and equipment	(4,476)	(4,229)
Gain on disposal of subsidiaries	—	(108,718)
Change in fair value of investment properties	(4,000)	—
Interest income	(33)	(406)
Operating profit/(loss) before working capital changes	13,204	(5,677)
Decrease in inventories	4,251	16,362
Increase in cemetery assets	(11,737)	(2,807)
Decrease in accounts receivable	9,831	12,813
(Increase)/decrease in deposits, prepayments and other receivables	(3,563)	3,003
Increase in financial assets at fair value through profit or loss	(2,635)	(109,460)
Decrease in accounts payable	(9,398)	(14,327)
Increase/(decrease) in accrued charges and other payables	4,528	(5,282)
Increase in deferred income	1,059	1,646
Cash generated from/(used in) operations	5,540	(103,729)
Interest paid	(1,119)	(2,895)
Net cash generated from/(used in) operating activities	4,421	(106,624)

	Note	2017 HK$'000	2016 HK$'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(12,371)	(8,760)
Acquisition of a subsidiary	33	—	(37,900)
Proceeds from disposal of property, plant and equipment		5,403	4,643
Decrease in pledged bank balances		—	15,000
Proceeds from disposal of the cemetery operation, net of cash and bank balances disposed of/acquired	31(f)	189,260	—
Interest income received		33	434
Proceeds from disposal of subsidiaries, net of cash and bank balances disposed of	32	—	120,899
Net cash generated from investing activities		182,325	94,316
Cash flows from financing activities			
New bank borrowings		140,811	146,473
Repayment of bank borrowings		(90,817)	(190,466)
Net cash generated from/(used in) financing activities		49,994	(43,993)
Net increase/(decrease) in cash and cash equivalents		236,740	(56,301)
Cash and cash equivalents at the beginning of the year		43,078	99,442
Exchange difference on cash and cash equivalents		(64)	(63)
Cash and cash equivalents at the end of the year	23	279,754	43,078

The notes on pages II-9 to II-54 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2017

	Attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (note i)	Merger reserve HK$'000 (note ii)	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st April, 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
Profit/(loss) for the year	—	—	—	—	—	50,437	50,437	(30)	50,407
Other comprehensive loss:									
Net exchange differences	—	—	—	—	(19,351)	—	(19,351)	(2,889)	(22,240)
Realization of exchange reserve upon disposal of subsidiaries	—	—	—	—	(29,544)	—	(29,544)	—	(29,544)
Total comprehensive (loss)/income for the year	—	—	—	—	(48,895)	50,437	1,542	(2,919)	(1,377)
Increase of interest in a subsidiary	—	—	—	—	—	6,258	6,258	(6,258)	—
Disposal of subsidiaries	—	—	—	—	—	—	—	(56,648)	(56,648)
At 31st March, 2017	**331,081**	**290,782**	**4,000**	**24,000**	**—**	**(7,605)**	**642,258**	**—**	**642,258**

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 II-9 to II-54 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

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, 2017, 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, property business, securities investment and trading business and information technology business. During the year, the Group disposed of the cemetery operation and the results of such operation together with the related net gain on disposal have been presented as discontinued operation in the consolidated statement of comprehensive income for the year (note 31). The comparative figures have been restated to conform presentation.

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 properties and financial assets at fair value through profit or loss at fair value, 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 new standard and amendments to standards

For the financial year ended 31st March, 2017, the Group adopted the following new standard and amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2016 and relevant to the operations of the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements — Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Property, Plant and Equipment and Intangible Assets — Clarification of Acceptable Methods of Depreciation and Amortization
HKAS 27 (Amendment)	Separate Financial Statements: Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities — Applying the Consolidation Exception
HKFRS 14	Regulatory Deferral Accounts
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle

The Group has assessed the impact of the adoption of these new standard and 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, 2017, but have not yet been early adopted by the Group:

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)
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions (effective from 1st January, 2018)
HKFRS 9	Financial Instruments (effective from 1st January, 2018)
HKFRS 15	Revenue from Contracts with Customers (effective from 1st January, 2018)
HKFRS 15 (Amendment)	Clarifications to HKFRS 15 (effective from 1st January, 2018)
HKFRS 16	Leases (effective from 1st January, 2019)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle (effective from 1st January, 2017 or 1st January, 2018, as appropriate)

Key developments of these new standards and amendments to standards which may have an impact to the Group's accounting policies and presentation of the consolidated financial statements are described below:

HKFRS 9 introduces a new model for the recognition of impairment losses — the expected credit losses ("**ECL**") model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method.

HKFRS 9 is effective for annual periods beginning on or after 1st January, 2018 and earlier application is permitted. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

HKFRS 15 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. HKFRS 15 is based on the principle that revenue is recognized when control of a good or service transfers to a customer. Management is currently assessing the effects of adoption of HKFRS 15 on the Group's consolidated financial statements and has initially identified areas which are likely to be affected including identification of separate performance obligations, the determination of stand-alone selling price and its relative allocation. At this stage, the Group is not yet able to estimate the impact of the adoption of HKFRS 15 on the Group's consolidated financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

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

(b) Consolidation

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

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

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

(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 recognizes 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.

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 specific/permitted by applicable HKFRSs.

(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.

(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.

(g) Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. Investment properties comprise 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 valuers who hold recognized and relevant professional qualifications and have 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 the 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 values of investment properties 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 properties are classified under non-current assets except for those properties which are expected to be disposed of within one year and are classified under current assets.

(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.

(l) Financial assets

The Group classifies its financial assets in the consolidated statement of financial position in the category of loans and receivables and 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 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.

(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.

(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 prepayment 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 in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity respectively.

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.

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.

(t) Revenue and income recognition

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. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

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.

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

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

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.

(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.

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 21.

Credit risk of the Group is primarily attributable to deposits with banks, credit exposures to customers and other debtors and amount due from a fellow subsidiary. 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, 2017, the monies placed with Hong Kong and the PRC banks amounted to approximately HK$271.6 million (2016: HK$35.3 million) and HK$8.0 million (2016: HK$7.8 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. Rentals in respect of investment properties are payable in advance by tenants in accordance with the lease agreements. The Group has policies in place to ensure that rental deposits are required from tenants prior to commencement of leases. The Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced and there is no significant concentration of risk on the accounts receivable which consist of a large number of customers, spread across diverse geographical areas.

In respect of the other receivables and amount due from a fellow subsidiary, 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, 2017, the Group had standby banking facilities to provide contingency liquidity support which amounted to approximately HK$107.2 million (2016: HK$110.2 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$'000*	Within the second year *HK$'000*	Within the third to fifth years *HK$'000*	Total *HK$'000*
2017				
Accounts payable	21,539	—	—	21,539
Accrued charges and other payables	33,802	—	—	33,802
Bank borrowings	36,845	2,043	23,297	62,185
	92,186	2,043	23,297	117,526
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

(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, amount due from a fellow subsidiary and the bond investments in 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. Amount due from a fellow subsidiary and the bond investments at fixed rates expose the Group to fair value interest rate risk. The Group currently does not have any interest rate hedging policy in relation to interest rate risks. The Directors monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risks should the need arise.

As at 31st March, 2017, if interest rates had been 1% (2016: 1%) higher/lower with all other variables held constant, the profit before taxation of the Group would have decreased/increased by approximately HK$423,000 (2016: profit before taxation of the Group would have increased/decreased by approximately HK$185,000).

(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.

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

	2017	**2016**
	HK$'000	*HK$'000*
USD	36,815	39,115
EUR	3,853	940
RMB	127,783	5,780
GBP	219	807
NZD	615	676
AUD	35	159

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	
	2017	**2016**
	HK$'000	*HK$'000*
USD	(128)	(337)
EUR	(259)	(47)
RMB	(2,845)	1,066
GBP	(11)	(40)
NZD	(61)	(68)
AUD	(3)	(16)

(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, 2017, 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$5,605,000 (2016: HK$5,473,000).

(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, 2017, the debt to equity ratio is 9.4% (2016: 1.7%).

(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)

See note 16 for disclosure of the investment properties that are measured at fair value.

The Group had no level 2 and level 3 financial instruments as at 31st March, 2017 and 2016. The only level 1 financial instrument as at 31st March, 2017 and 2016 represented financial assets at fair value through profit or loss (note 22). There was no transfer of financial instruments between level 1 and level 2 for the years ended 31st March, 2017 and 2016.

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

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

Except for 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, 2017 and 2016.

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 CGU 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 17.1% and annual revenue growth rates ranging from 3.5% to 4% and by extrapolating the cash flow projection based on these financial budgets using a steady revenue growth rate of 3.5% for year 6 to year 11. Management estimates the cash flow projections based on certain assumptions, such as estimated revenue and estimated margin on earnings before interest, tax, depreciation and amortization. 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, 2017.

If the annual growth rates had been decreased by 1.5% with all other variables held constant, the Group would have recognized an impairment loss of approximately HK$6,195,000 and would need to reduce the carrying value of the respective property, plant and equipment by approximately HK$6,195,000 accordingly.

(b) Impairment of inventories of printing business

The Group assesses the carrying values 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.

(c) 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 doubtful debts 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.

(d) 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.

The Group has rebutted the presumption that the carrying amount of the investment properties measured at fair value will be recovered entirely through sale. The investment properties are held within a business model whose objective is to consume its economic benefit over time.

(e) Estimate of fair value of investment properties

The valuation of investment properties is performed in accordance with "The HKIS Valuation Standards 2012 Edition" published by the Hong Kong Institute of Surveyors. Details of the judgment and assumptions have been disclosed in note 16.

(f) Critical judgment for business combination

The Group completed a transaction during the year ended 31st March, 2017 (see note 31). The Group assessed the acquisition in accordance with HKFRS and concluded that the acquisition constitutes a business combination. To account for the assets acquired and liabilities assumed, significant judgment was required in determining the fair values of the identifiable assets and liabilities.

5. REVENUES AND NET GAIN

Revenues and net gain recognized during the year are as follows:

	2017	**2016**
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Revenues		
Sales of printed products	186,034	225,177
Rental income	993	35
Interest income from financial assets at fair value through profit or loss	8,110	5,461
	195,137	230,673
Net gain		
Net fair value gain of financial assets at fair value through profit or loss	2,493	2,392
Net realized gain of financial assets at fair value through profit or loss	—	616
	2,493	3,008
Revenues and net gain	197,630	233,681

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, including printing, property (property investment and cemetery), securities investment and trading and others (including information technology business). The CODM assesses the performance of the operating segments based on a measure of segment result. During the year, the Group disposed of the cemetery operation and the results of such operation together with the related net gain on disposal have been presented as discontinued operation in segment information. The comparative figures have been restated to conform presentation.

The segment information by business lines is as follows:

	Continuing operations					Discontinued operation	
	Printing business HK$'000	Property business-property investment HK$'000 (note i)	Securities investment and trading business HK$'000	Others and corporate HK$'000 (note i)	Total HK$'000	Property business-cemetery HK$'000	Total HK$'000
For the year ended 31st March, 2017							
Revenues and net gain	186,034	993	10,603	—	197,630	17,574	215,204
Other income and net gain	8,232	—	—	25	8,257	564	8,821
Operating profit/(loss)	1,575	4,917	10,499	(7,348)	9,643	(1,083)	8,560
Finance (costs)/income	(1,098)	—	—	—	(1,098)	127	(971)
Profit/(loss) before taxation	477	4,917	10,499	(7,348)	8,545	(956)	7,589
Taxation (charge)/credit	—	(114)	—	—	(114)	749	635
Profit/(loss) after taxation	477	4,803	10,499	(7,348)	8,431	(207)	8,224
Net gain on transaction after taxation *(note 31(e))*	—	—	—	—	—	42,183	42,183
Profit/(loss) for the year	477	4,803	10,499	(7,348)	8,431	41,976	50,407
As at 31st March, 2017							
Total assets	118,592	309,238	112,095	279,754	819,679	—	819,679
Total liabilities	61,553	17,048	34	98,786	177,421	—	177,421
2017							
Other segment items are as follows:							
Capital expenditure *(note ii)*	11,292	—	—	—	11,292	13,418	24,710
Depreciation	13,682	—	—	—	13,682	714	14,396
Amortization of prepaid lease payments	118	—	—	—	118	59	177
Reversal of provision for impairment of inventories	1,420	—	—	—	1,420	—	1,420

Notes:

(i) Total assets of ''property business — property investment'' segment and total liabilities of ''others and corporate'' segment comprise of deferred consideration receivable (recorded as ''Amount due from a fellow subsidiary'') of HK$112,880,000 (note 18) and taxation payable of HK$37,836,000 in relation to the disposal of cemetery operation respectively (note 31(e)).

(ii) In regard to ''property business — property investment''segment, the equity interests in Chuang's Development (Chengdu) Limited and Sino Success Limited and its subsidiary were acquired on 31st March, 2017 and accordingly, investment properties of the Group were increased by HK$154,081,000 (note 31(d)).

	Continuing operations					Discontinued operation	
	Printing business	**Property business-property investment**	**Securities investment and trading business**	**Others and corporate**	**Total**	**Property business-cemetery**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31st March, 2016							
Revenues and net gain	225,177	35	8,469	—	233,681	22,300	255,981
Other income and net gain	120,689	—	—	406	121,095	40	121,135
Operating profit/(loss)	96,052	34	8,469	(6,477)	98,078	(4,344)	93,734
Finance (costs)/income	(2,824)	—	—	—	(2,824)	414	(2,410)
Profit/(loss) before taxation	93,228	34	8,469	(6,477)	95,254	(3,930)	91,324
Taxation credit	—	—	—	—	—	1,281	1,281
Profit/(loss) for the year	93,228	34	8,469	(6,477)	95,254	(2,649)	92,605
As at 31st March, 2016							
Total assets	128,742	38,014	109,460	43,078	319,294	600,791	920,085
Total liabilities	65,253	229	—	10,515	75,997	143,805	219,802
2016							
Other segment items are as follows:							
Capital expenditure	6,958	38,000	—	—	44,958	3,881	48,839
Gain on disposal of a subsidiary	108,718	—	—	—	108,718	—	108,718
Depreciation	14,635	—	—	—	14,635	775	15,410
Amortization of prepaid lease payments	164	—	—	—	164	72	236
Provision for impairment of accounts receivable	—	—	—	—	—	209	209
Reversal of provision for impairment of accounts receivable	269	—	—	—	269	—	269
Reversal of provision for impairment of inventories	1,644	—	—	—	1,644	—	1,644

(b) Geographical segment information

The business of the Group operates in different geographical areas. Revenues and net gain 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 and net gain		Capital expenditure	
	2017	**2016**	**2017**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)		(Restated)
Continuing operations				
Hong Kong	22,430	19,326	1,877	38,796
The PRC	4,065	359	9,415	6,162
United States of America	76,894	82,897	—	—
United Kingdom	28,569	48,689	—	—
Germany	18,971	33,354	—	—
France	25,742	30,782	—	—
Other countries	20,959	18,274	—	—
	197,630	233,681	11,292	44,958
Discontinued operation	17,574	22,300	13,418	3,881
	215,204	255,981	24,710	48,839

	Non-current assets		Total assets	
	2017	**2016**	**2017**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)		(Restated)
Continuing operations				
Hong Kong	43,813	39,520	469,939	228,022
The PRC *(note i)*	307,051	42,992	349,740	91,272
	350,864	82,512	819,679	319,294
Discontinued operation	—	511,604	—	600,791
	350,864	594,116	819,679	920,085

Note:

(i) Non-current assets and total assets of the continuing operations in the PRC comprise of deferred consideration receivable (recorded as "Amount due from a fellow subsidiary") of HK$112,880,000 (note 18).

7. OTHER INCOME AND NET GAIN

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest income from bank deposits	25	400
Sales of scraped materials	2,977	4,171
Reversal of provision for impairment of accounts receivable	—	269
Gain on disposal of property, plant and equipment	4,476	4,229
Gain on disposal of subsidiaries *(notes i and 32)*	—	108,718
Net exchange gain	314	1,150
Sundries	465	2,158
	8,257	121,095

Note:

(i) *On 21st April, 2015, the Company and its wholly-owned subsidiary entered into a sale and purchase agreement with Chuang's China Investments Limited ("**Chuang's China**") (a listed subsidiary of CCIL and a fellow subsidiary of the Group) and its wholly-owned subsidiary to dispose of its equity interest in Dongguan Midas Printing Company Limited, a wholly-owned subsidiary of the Group (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. A gain on disposal of the subsidiary was recorded in this note. The transaction was announced by the Company on 21st April, 2015 and 21st August, 2015, and published in the circular on 13th May, 2015 respectively.*

8. OPERATING PROFIT

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Operating profit is stated after charging/(crediting):		
Staff costs, including Directors' emoluments		
Wages and salaries	61,042	79,088
Retirement benefit costs *(note 35)*	768	949
Total staff costs	61,810	80,037
Less: Amount capitalized and included in cost of sales for printing business	(35,568)	(48,009)
Staff costs included in selling and marketing expenses and administrative and other operating expenses	26,242	32,028
Auditors' remuneration		
Audit and audit related services	1,650	1,420
Non-audit services	2,620	950
Cost of inventories sold	87,826	112,151
Outgoings in respect of investment properties	76	—
Depreciation	13,682	14,635
Less: Amount capitalized and included in cost of sales for printing business	(11,281)	(11,873)
Depreciation included in selling and marketing expenses and administrative and other operating expenses	2,401	2,762
Reversal of provision for impairment of inventories (included in cost of sales)	(1,420)	(1,644)
Amortization of prepaid lease payments	118	164
Operating lease rental	1,332	2,093

9. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest expenses on bank borrowings	1,098	2,824

10. TAXATION

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Deferred taxation *(note 28)*	114	—

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, 2017 (2016: 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, 2017 (2016: nil).

	2017	2016
	HK$'000	*HK$'000*
Profit before taxation from continuing and discontinued operations	7,589	91,324
Net gain on transaction before taxation	80,019	—
	87,608	91,324
Taxation at the rate of 16.5% (2016: 16.5%)	(14,455)	(15,069)
Effect of different tax rates in other country	(25,365)	(826)
Expenses not deductible for taxation purpose	(1,821)	(2,262)
Income not subject to taxation	4,389	19,538
Tax losses and other temporary differences not recognized	(1,869)	(4,752)
Utilization of previously unrecognized tax losses	1,920	4,652
Taxation (charge)/credit for the year	(37,201)	1,281

Represented by:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Taxation for continuing operations	(114)	—
Taxation for discontinued operation *(note 31(a)(v))*	749	1,281
PRC withholding corporate income tax *(note 31(e))*	(37,836)	—
	(37,201)	1,281

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 (2016: 8) Directors who were in office for the year ended 31st March, 2017 were as follows:

	(note i)	(note ii)				
Name of Director	**Fees**	**Salaries**	**Discretionary bonuses**	**Other benefits**	**Retirement benefit scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31st March, 2017						
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	—	400	24	1,644
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	400	72	4,937
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

(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 undertaking. The discretionary bonus paid in 2017 were in relation to performance and services for 2016.

(iii) Mr. Richard Hung Ting Ho is the Chairman of the Company. He 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) There was no arrangement under which a Director waived or agreed to waive any emoluments during the years ended 31st March, 2017 and 2016.

(v) 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 (2016: nil). No consideration was provided to or receivable by third parties for making available Directors' services (2016: nil).

(vi) There are no loans, quasi-loans or other dealings in favour of Directors, their controlled bodies corporate and connected entities (2016: none).

(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 had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2016: none).

(c) Five highest paid individuals

During the year ended 31st March, 2017, the five highest paid individuals included three (2016: three) Directors as at 31st March, 2017, details of whose emoluments are set out in note 11(a).

The emoluments of the remaining two (2016: two) individuals were as follows:

	2017	**2016**
	HK$'000	*HK$'000*
Salaries	1,637	1,623
Discretionary bonuses	—	67
Retirement benefit scheme contributions	38	48
	1,675	1,738

Their emoluments were within the following band:

	Number of employee	
	2017	**2016**
HK$1,000,000 or below	2	2

12. DIVIDENDS

On 19th April, 2017, the Board declared a special dividend of 1.0 HK cent per share amounting to HK$33.1 million and was paid on 26th May, 2017. This special dividend is not reflected as a dividend payable in the consolidated financial statements, but will be reflected and accounted for as an appropriation of reserves in the year ending 31st March, 2018. No dividend was paid or declared for the year ended 31st March, 2016.

The Board does not recommend the payment of a final dividend for the year ended 31st March, 2017 (2016: nil). No interim dividend was paid during the year (2016: nil).

13. EARNINGS/(LOSS) PER SHARE

The calculation of the earnings/(loss) per share is based on the following profit/(loss) attributable to equity holders and the weighted average number of shares in issue during the year:

	2017			2016		
	Continuing operations	**Discontinued operation**	**Total**	**Continuing operations**	**Discontinued operation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Restated)	(Restated)	(Restated)
Profit/(loss) attributable to equity holders	8,431	42,006	50,437	95,254	(2,108)	93,146

	Number of shares	
	2017	**2016**
Weighted average number of shares	3,310,812,417	3,310,812,417

The dilute earnings/(loss) per share is equal to the basic earnings/(loss) per share since there are no dilutive potential shares in issue during the years.

14. PREPAID LEASE PAYMENTS

	2017	**2016**
	HK$'000	*HK$'000*
The Group's prepaid lease payments comprise:		
Land use rights in the PRC	3,287	5,339

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

Prepaid lease payments of HK$1,746,000 (2016: nil) were disposed of as at 31st March, 2017 (note 31(c)).

Prepaid lease payments of the Group with net book value HK$3,287,000 (2016: nil) have been pledged as securities for the bank borrowings of the Group (note 26).

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings in the PRC HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1st April, 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
Changes in exchange rates	(402)	(92)	—	(105)	(53)	—	(652)
Additions	1,745	—	7,917	480	1,120	1,109	12,371
Disposals	—	—	(33,114)	(976)	(549)	—	(34,639)
Disposal of subsidiaries *(note 31(c))*	(8,660)	(1,866)	—	(1,693)	(1,089)	—	(13,308)
Transfers	595	—	195	—	—	(790)	—
At 31st March, 2017	**29,040**	**1,234**	**235,532**	**27,091**	**4,151**	**798**	**297,846**
ACCUMULATED DEPRECIATION							
At 1st April, 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
Changes in exchange rates	(157)	(51)	—	(109)	(62)	—	(379)
Charge for the year	1,668	185	11,254	764	525	—	14,396
Disposals	—	—	(33,013)	(150)	(549)	—	(33,712)
Disposal of subsidiaries *(note 31(c))*	(2,529)	(786)	—	(1,470)	(867)	—	(5,652)
At 31st March, 2017	**15,244**	**1,207**	**213,531**	**26,235**	**3,013**	**—**	**259,230**
NET BOOK VALUE							
At 31st March, 2017	**13,796**	**27**	**22,001**	**856**	**1,138**	**798**	**38,616**
At 31st March, 2016	19,500	1,333	25,244	2,185	756	479	49,497

Buildings of the Group with net book value of approximately HK$13,796,000 (2016: nil) have been pledged as securities for the bank borrowings of the Group (note 26).

16. INVESTMENT PROPERTIES

	2017	2016
	HK$'000	*HK$'000*
Completed commercial properties		
At the beginning of the year	38,000	—
Acquisition of subsidiaries *(notes 31(d) and 33)*	154,081	38,000
Change in fair value	4,000	—
At the end of the year	196,081	38,000

(a) Investment properties of the Group are located in Hong Kong and the PRC, and were revalued at 31st March, 2017 on an open market value basis by Colliers International (Hong Kong) Limited and Grant Sherman Appraisal Limited, independent professional valuers.

(b) Investment properties of HK$42,000,000 (2016: nil) have been pledged as securities for the bank borrowings of the Group (note 26).

(c) Valuation processes of the Group

The Group's investment properties were revalued at 31st March, 2017 by independent professional valuers who hold recognized relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department reviews the valuations performed by the independent valuers for financial reporting purposes and report directly to the Directors of the Group. Discussions of the valuation processes and results are held between the Directors and valuers 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 reports;

— assesses property valuation movements when compared to the prior period valuation report; and

— holds discussions with the independent valuers.

(d) Valuation techniques

Fair value of completed commercial properties in Hong Kong and the PRC is generally derived using the income capitalization method and direct comparison method, wherever appropriate. Income capitalization method is based on the capitalization of the net income and reversionary 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. Direct comparison method is comparing the property to be valued directly with other comparable properties, which have recently been transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

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.

(e) Significant unobservable inputs used to determine fair value

Capitalization rates are estimated by valuers based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value. At 31st March, 2017, capitalization rates of 2.5% (2016: 2.5%) and 3.3% to 5.3% (2016: N/A) are used in the income capitalization method for the completed commercial properties in Hong Kong and the PRC respectively.

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

17. CEMETERY ASSETS

	2017	**2016**
	HK$'000	*HK$'000*
Total cemetery assets	—	579,832
Current portion included in current assets	—	(78,552)
	—	501,280

The cemetery assets were disposed of as at 31st March, 2017 (note 31).

As at 31st March, 2016, included in the cemetery assets which were classified as current assets were grave plots and niches for cremation urns of cemetery operation with the aggregate carrying amounts of HK$68,859,000 that were expected to be realized after more than twelve months from the reporting date.

18. AMOUNT DUE FROM A FELLOW SUBSIDIARY

Amount due from a fellow subsidiary represents the deferred consideration receivable from Chuang's China for the disposal of the cemetery operation (note 31). It will be settled through acquisition of entire equity interests in subsidiaries which hold certain residential villas in the PRC with its valuation close to RMB100.0 million (equivalent to approximately HK$112.9 million) at the settlement date and any shortfall with the valuation will be topped up in cash by Chuang's China. The exact value of residential villas to be delivered and the cash top-up, if applicable, cannot be determined until the settlement date, but in any case it will not exceed RMB100.0 million.

The amount is unsecured, interest bearing at 2% per annum and receivable on or before 31st March, 2020. The amount approximates its fair value and is within level 2 of the fair value hierarchy. The amount is denominated in RMB.

19. 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 39.

20. INVENTORIES

	2017	**2016**
	HK$'000	*HK$'000*
Raw materials	14,771	14,339
Work in progress	6,063	9,881
Finished goods	8,316	7,782
	29,150	32,002

21. ACCOUNTS RECEIVABLE

	2017	2016
	HK$'000	*HK$'000*
Accounts receivable	43,778	64,240
Less: provision for doubtful debts	(8,776)	(10,659)
	35,002	53,581

The Group allows a credit period ranging from 30 days to 180 days to its trade customers of the printing business. Rental income is received in advance while sales proceeds receivable from the cemetery operation in 2016 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 were expected to be recovered after more than twelve months from the reporting date.

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

	2017	2016
	HK$'000	*HK$'000*
Below 30 days	8,511	15,324
31 to 60 days	6,483	7,500
61 to 90 days	6,869	8,770
Over 90 days	13,139	21,987
	35,002	53,581

As at 31st March, 2017, accounts receivable of HK$21,064,000 (2016: HK$35,720,000) of the Group were neither past due nor impaired. As at 31st March, 2017, accounts receivable of HK$13,938,000 (2016: HK$17,861,000) were past due but not impaired. Management has assessed the credit quality, such as receipt in advance (note 24) and respective credit insurance in receivables, and the repayment ability of the relevant customers. The average age of these receivables is 93 days (2016: 100 days).

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

	2017	2016
	HK$'000	*HK$'000*
Below 60 days	635	5,252
61 to 90 days	258	1,618
Over 90 days	13,045	10,991
	13,938	17,861

As at 31st March, 2017, accounts receivable of HK$8,776,000 (2016: HK$10,659,000) were impaired. The amount of the provision was HK$8,776,000 (2016: HK$10,659,000). The aging analysis of these receivables is as follows:

	2017	**2016**
	HK$'000	*HK$'000*
Over 90 days	8,776	10,659

The movement in provision for doubtful debts is as follows:

	2017	**2016**
	HK$'000	*HK$'000*
At the beginning of the year	10,659	14,624
Provision for the year	—	209
Amounts written off as uncollectible	—	(3,848)
Reversal of provision	—	(269)
Changes in exchange rates	—	(57)
Disposal of subsidiaries	(1,883)	—
At the end of the year	8,776	10,659

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

	2017	**2016**
	HK$'000	*HK$'000*
Hong Kong dollar	6,214	8,074
RMB	975	11,276
USD	23,198	31,930
EUR	3,799	793
AUD	35	159
GBP	219	761
NZD	562	588
	35,002	53,581

The Group's receivables in the amount of HK$7,867,000 (2016: HK$6,284,000) are held as collateral for bank borrowings of the Group (note 26).

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	**2016**
	HK$'000	*HK$'000*
Listed bonds	112,095	109,460

The balances are denominated in USD.

23. CASH AND BANK BALANCES

	2017	2016
	HK$'000	*HK$'000*
Cash at bank and in hand	262,653	14,030
Short-term deposits	17,101	29,048
Cash and bank balances	279,754	43,078

The effective interest rates on short-term deposits range from 0.01% to 0.8% (2016: 0.1%) per annum and these deposits have maturities ranged from 4 to 7 days (2016: 1 day).

Cash and bank balances are denominated in the following currencies:

	2017	2016
	HK$'000	*HK$'000*
Hong Kong dollar	257,958	27,836
RMB	8,142	7,776
USD	13,548	7,185
EUR	53	147
GBP	—	46
NZD	53	88
	279,754	43,078

Majority of cash and bank balances denominated in RMB are held in the PRC and subject to local exchange control regulations. These local exchange control regulations restrict capital remittance from the country, other than through normal dividend distribution.

24. ACCOUNTS PAYABLE/ACCRUED CHARGES AND OTHER PAYABLES

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

	2017	2016
	HK$'000	*HK$'000*
Below 30 days	13,769	19,223
31 to 60 days	4,073	2,804
61 to 90 days	891	3,738
Over 90 days	2,806	6,164
	21,539	31,929

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

	2017	2016
	HK$'000	*HK$'000*
Accrued staff costs and other accruals	13,495	17,830
Receipt in advance from customers	11,493	6,658
Tenant and other deposits	2,115	—
Others	6,699	6,790
	33,802	31,278

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

25. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER

The amount as at 31st March, 2016 was denominated in Hong Kong dollar, unsecured, interest-free and repayable on demand. The amount was disposed of as at 31st March, 2017 (note 31(c)).

26. BANK BORROWINGS

	2017	**2016**
	HK$'000	*HK$'000*
Secured bank borrowings		
Short-term bank borrowings	21,476	4,218
Long-term bank borrowings	26,000	—
	47,476	4,218
Unsecured bank borrowings		
Short-term bank borrowings	13,004	6,297
Total bank borrowings	60,480	10,515

The total bank borrowings are analyzed as follows:

	2017	**2016**
	HK$'000	*HK$'000*
Short-term bank borrowings	34,480	10,515
Long-term bank borrowings	26,000	—
	60,480	10,515

The long-term bank borrowings are analyzed as follows:

	2017	**2016**
	HK$'000	*HK$'000*
Long-term bank borrowings	26,000	—
Current portion included in current liabilities		
Portion due within one year	(1,560)	—
	24,440	—

The bank borrowings of the Group are secured by certain assets including prepaid lease payments, property, plant and equipment, investment properties and accounts receivable with an aggregate carrying value of HK$66,950,000 (2016: including accounts receivable with an aggregate carrying value of HK$6,284,000) and guaranteed by the Company. Bank borrowings of HK$26,000,000 (2016: nil) are also secured by the assignment of rental income.

The effective interest rates of the Group's bank borrowings range from 1.68% to 7.25% (2016: 2.51% to 7.25%) per annum. The fair values of bank borrowings, based on cash flows discounted at the borrowing rates of 1.68% to 7.25% (2016: 2.51% to 7.25%) per annum, approximate their carrying amounts and are within level 2 of the fair value hierarchy.

The bank borrowings are repayable in the following periods based on the agreed scheduled repayment dates set out in the loan agreements:

	2017	2016
	HK$'000	*HK$'000*
Within the first year	36,040	10,515
Within the second year	1,560	—
Within the third to fifth years	22,880	—
Total	60,480	10,515

The bank borrowings are denominated in the following currencies:

	2017	2016
	HK$'000	*HK$'000*
Hong Kong dollar	52,926	10,515
USD	7,090	—
EUR	464	—
	60,480	10,515

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

	2017	2016
	HK$'000	*HK$'000*
6 months or less	60,480	10,515

27. 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.

	2017	2016
	HK$'000	*HK$'000*
At the beginning of the year	3,923	2,391
Changes in exchange rates	(223)	(114)
Additions	1,210	1,751
Recognized in consolidated statement of comprehensive income during the year	(151)	(105)
Disposal of subsidiaries *(note 31(c))*	(4,759)	—
At the end of the year	—	3,923

28. DEFERRED TAXATION LIABILITIES

The net movements of the deferred taxation liabilities of the Group are as follows:

	2017	2016
	HK$'000	*HK$'000*
At the beginning of the year	131,348	138,388
Acquisition of subsidiaries *(notes 31(d) and 33)*	11,328	136
Credited to consolidated statement of comprehensive income	(635)	(1,281)
Changes in exchange rates	(7,177)	(5,895)
Disposal of subsidiaries *(note 31(c))*	(123,286)	—
At the end of the year	11,578	131,348

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 relate 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:

	Deferred taxation liabilities				Deferred taxation assets
	Fair value adjustments of assets on business combination	Accelerated tax depreciation	Fair value gains	Total	Tax losses
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2015	138,388	—	—	138,388	—
Acquisition of a subsidiary *(note 33)*	—	152	—	152	(16)
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	131,212	152	—	131,364	(16)
Acquisition of subsidiaries *(note 31(d))*	—	—	11,328	11,328	—
(Credited)/charged to consolidated statement of comprehensive income *(notes 10 and 31(a)(v))*	(749)	265	—	(484)	(151)
Changes in exchange rates	(7,177)	—	—	(7,177)	—
Disposal of subsidiaries *(note 31(c))*	(123,286)	—	—	(123,286)	—
At 31st March, 2017	—	417	11,328	11,745	(167)

Deferred taxation liabilities 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 and are expected to be settled after more than twelve months from the end of reporting periods.

Deferred taxation assets of HK$25.1 million (2016: HK$26.1 million) arising from unused tax losses and temporary differences in respect of accelerated tax depreciation in the aggregate amount of HK$147.5 million (2016: HK$147.3 million) have not been recognized in the consolidated financial statements. The tax losses of HK$9.5 million (2016: HK$21.5 million) will expire within five years from the end of reporting periods and the remaining balances have no expiry date.

Deferred taxation liabilities of HK$0.9 million (2016: nil) arising from withholding tax on the unremitted earnings of certain PRC subsidiaries have not been recognized in the consolidated financial statements as these earnings are expected to be reinvested.

29. SHARE CAPITAL

	Number of shares	**Amount**
	'000	*HK$'000*
Authorized:		
Ordinary shares of HK$0.10 each		
At 1st April, 2015, 31st March, 2016 and 31st March, 2017	8,000,000	800,000
Preference shares of HK$0.01 each *(note i)*		
Series A Preference Shares		
At 1st April, 2015, 31st March, 2016 and 31st March, 2017	1,000,000	10,000
Series B Preference Shares		
At 1st April, 2015, 31st March, 2016 and 31st March, 2017	1,000,000	10,000
	2,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
At 1st April, 2015, 31st March, 2016 and 31st March, 2017	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.

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.

30. RESERVES

	Share premium *HK$'000*	Other reserve *HK$'000*	Merger reserve *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1st April, 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 *(note 32)*	—	—	—	(113)	—	(113)
At 31st March, 2016	290,782	4,000	24,000	48,895	(64,300)	303,377
Profit for the year	—	—	—	—	50,437	50,437
Other comprehensive loss:						
Net exchange differences	—	—	—	(19,351)	—	(19,351)
Realization of exchange reserve upon disposal of subsidiaries *(note 31(e))*	—	—	—	(29,544)	—	(29,544)
Increase of interest in a subsidiary *(note i)*	—	—	—	—	6,258	6,258
At 31st March, 2017	290,782	4,000	24,000	—	(7,605)	311,177

Note:

*(i) In July 2016, the Group committed a capital injection amounted to HK$50,000,000 to Fortune Wealth Memorial Park (Si Hui) Limited (“**FW Si Hui**”), the PRC subsidiary of the Group’s cemetery operation, while no injection was made by non-controlling interests of FW Si Hui on its respective portion. As a result, the Group’s effective interest in FW Si Hui was increased from 83.4% to 85.5% prior to its disposal to Chuang’s China as set out in note 31 to the consolidated financial statements and the respective effect was recognized within equity.*

31. DISCONTINUED OPERATION

On 21st January, 2017, the Company entered into a sale and purchase agreement with Chuang’s China to dispose of its equity interests in Fortune Wealth Consortium Limited and its subsidiaries (the “**FW Group**”) at a consideration of RMB398.0 million (equivalent to approximately HK$449.3 million). The FW Group was principally engaged in the development and operation of a cemetery located in Sihui, the PRC. The transaction was completed on 31st March, 2017, and the consideration was satisfied partially in cash of RMB174.0 million (equivalent to approximately HK$196.4 million), partially in exchange of investment properties of RMB124.0 million (equivalent to approximately HK$140.0 million) through the acquisition of 100% equity interests in Chuang’s Development (Chengdu) Limited and Sino Success Limited and its subsidiary (together, the “**Acquired Subsidiaries**”) and partially by a deferred consideration (with the exchange of certain properties through acquisition of relevant entities) of RMB100.0 million (equivalent to approximately HK$112.9 million) (recorded as “Amount due from a fellow subsidiary” in the consolidated statement of financial position, see note 18). The Acquired Subsidiaries were principally engaged in property investment in the PRC. The deferred consideration is receivable on or before 31st March, 2020 and bears an interest of 2% per annum. Accordingly, the consolidated results of FW Group have been presented as discontinued operation in the consolidated financial statements and the comparative figures of the consolidated statement of comprehensive income and corresponding notes have been restated.

(a) Results of discontinued operation

	Note	2017 HK$'000	2016 HK$'000
Revenues	*i*	17,574	22,300
Cost of sales		(3,459)	(8,631)
Gross profit		14,115	13,669
Other income and net gain	*ii*	564	40
Selling and marketing expenses		(9,577)	(13,153)
Administrative and other operating expenses		(6,185)	(4,900)
Operating loss	*iii*	(1,083)	(4,344)
Finance income	*iv*	127	414
Loss before taxation		(956)	(3,930)
Taxation credit	*v*	749	1,281
Loss after taxation		(207)	(2,649)
Net gain on transaction after taxation *(note e)*		42,183	—
Profit/(loss) for the year from discontinued operation		41,976	(2,649)
Profit/(loss) for the year from discontinued operation attributable to:			
Equity holders of the Company		42,006	(2,108)
Non-controlling interests		(30)	(541)
		41,976	(2,649)

Notes:

(i) Revenues recognized during the year are as follows:

	2017 HK$'000	2016 HK$'000
Sales of cemetery assets	17,574	22,300

(ii) Other income and net gain

	2017 HK$'000	2016 HK$'000
Interest income from bank deposits	8	6
Net exchange gain	536	13
Sundries	20	21
	564	40

(iii) Operating loss

	2017	**2016**
	HK$'000	*HK$'000*
Operating loss from discontinued operation is stated after charging/(crediting):		
Staff costs		
Wages and salaries	8,233	10,518
Retirement benefit costs	22	45
Total staff costs	8,255	10,563
Less: Amount included in cost of sales	(656)	(656)
Staff costs included in selling and marketing expenses and administrative and other operating expenses	7,599	9,907
Cost of inventories sold	2,744	7,903
Depreciation	714	775
Provision for impairment of accounts receivable	—	209
Amortization of prepaid lease payments	59	72
Operating lease rental	516	625

Auditors' remuneration for both years were absorbed by the immediate holding company.

(iv) Finance income

	2017	**2016**
	HK$'000	*HK$'000*
Fair value adjustment of accounts receivable	127	414

(v) Taxation credit

	2017	**2016**
	HK$'000	*HK$'000*
Deferred taxation	749	1,281

No provision for Hong Kong profits tax has been provided as the FW Group has no estimated assessable profit for the year ended 31st March, 2017 (2016: nil). No provision for PRC corporate income tax has been provided as the FW Group has sufficient tax losses to offset the estimated assessable profit for the year ended 31st March, 2017 (2016: nil).

(b) Cash flows used in discontinued operation

	2017	**2016**
	HK$'000	*HK$'000*
Net cash used in operating activities	(10,765)	(4,236)
Net cash used in investing activities	(242)	(1,800)
Net cash generated from financing activities *(note i)*	—	—
Net cash flows used in discontinued operation for the year	(11,007)	(6,036)

Note:

(i) *The discontinued operation was financed by an intergroup loan from the continuing operations, which has been eliminated in the consolidated financial statements of the Group.*

(c) Net assets disposed of as at the disposal date

	2017
	HK$'000
Net assets disposed of:	
Prepaid lease payments	1,746
Property, plant and equipment	7,656
Non-current portion of cemetery assets	393,279
Current portion of cemetery assets	170,178
Accounts receivable	8,223
Deposits, prepayments and other receivables	280
Cash and bank balances	7,672
Accounts payable	(1,066)
Accrued charges and other payables	(4,456)
Amount due to a non-controlling shareholder	(1,366)
Taxation payable	(482)
Deferred income	(4,759)
Deferred taxation liabilities	(123,286)
	453,619
Non-controlling interests	(56,648)
Net assets disposed of *(note e)*	396,971
Satisfied by:	
Cash consideration	196,411
Adjusted equity interests of Acquired Subsidiaries *(note d)*	141,493
— Equity interests	139,971
— Fair value adjustments	1,522
Deferred consideration recorded as "Amount due from a fellow subsidiary" *(note 18)*	112,880
	450,784

(d) Acquired Subsidiaries

	2017
	HK$'000
Recognized amounts of identifiable assets acquired and liabilities assumed for the Acquired Subsidiaries at fair value:	
Investment properties	154,081
Deposits, prepayments and other receivables	248
Cash and bank balances	3,859
Accrued charges and other payables	(2,143)
Taxation payable	(3,224)
Deferred taxation liabilities	(11,328)
	141,493

No revenues and net profit had been contributed by the Acquired Subsidiaries to the Group for the year ended 31st March, 2017 since it was just acquired on 31st March, 2017. Had the acquisition of the Acquired Subsidiaries occurred on 1st April, 2016 and taken into account the change in fair value of the investment properties of the Acquired Subsidiaries for the year, the consolidated revenues and net gain and result attributable to the equity holders of the Company from continuing operations for the year ended 31st March, 2017 would have been approximately HK$203,150,000 and HK$31,615,000 respectively.

The Group measures its fair value of net assets acquired with reference to the valuation based on the income capitalization method and direct comparison method carried out by Grant Sherman Appraisal Limited, an independent valuer who holds a recognized relevant professional qualification and has recent experience in the locations and segments of assets valued, at the acquisition date and the current use equates to the highest and best use. Details of judgment and assumptions have been disclosed in note 16.

(e) Net gain on transaction after taxation

	2017
	HK$'000
Fair value of net assets disposed of	656,959
Carrying value of net assets disposed of *(note c)*	(396,971)
	259,988
Transaction costs for disposal	(3,338)
Realization of exchange reserve upon disposal	29,544
Gain on disposal of the FW Group before taxation	286,194
PRC withholding corporate income tax	(37,836)
Gain on disposal of the FW Group after taxation	248,358
Fair value of assets acquired and liabilities assumed:	
Cash consideration	196,411
Adjusted equity interests of Acquired Subsidiaries *(note d)*	141,493
— Equity interests	139,971
— Fair value adjustments	1,522
Deferred consideration recorded as "Amount due from a fellow subsidiary" *(note 18)*	112,880
	450,784
Fair value of net assets disposed of	(656,959)
Provision for net assets acquired	(206,175)
Net gain on transaction after taxation	42,183

The fair value of the net assets disposed of is with reference to the valuation based on asset approach carried out by Grant Sherman Appraisal Limited, an independent valuer who holds a recognized relevant professional qualification and has recent experience in the locations and segments of assets valued, as at the date of disposal and the current use equates to the highest and best use, and adjusted with the related deferred taxation liabilities and non-controlling interests. Details of judgment and assumptions have been disclosed in note 4(f).

(f) Analysis of the net cash flow of the transaction

	2017
	HK$'000
Analysis of the net cash flow of the transaction is as follows:	
Cash consideration received	196,411
Cash and bank balances disposed of	(7,672)
Cash and bank balances acquired	3,859
Transaction costs paid	(3,338)
	189,260

32. DISPOSAL OF SUBSIDIARIES

	2016
	HK$'000
Consideration	123,406
Less: Transaction costs	(2,507)
Net proceeds	120,899
Net assets disposed of	
Prepaid lease payments	3,139
Property, plant and equipment	9,191
Accrued charges and other payables	(36)
Net assets disposed of	12,294
Realization of exchange reserve upon disposal of subsidiaries	(113)
	12,181
Gain on disposal of subsidiaries *(note 7(i))*	108,718

Analysis of net cash flow in respect of the disposal of subsidiaries is as follows:

Net cash consideration received	120,899
Net cash flow from disposal of subsidiaries	120,899

33. 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 summarizes the consideration, the fair value of the assets acquired and liabilities assumed at the acquisition date, 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

The Group measures its fair value of net assets acquired with reference to the valuation based on the income capitalization method and direct comparison method carried out by Colliers International (Hong Kong) Limited, an independent valuer who holds a recognized relevant professional qualification and has recent experience in the locations and segments of assets valued, at the acquisition date and the current use equates to the highest and best use. Details of judgment and assumptions have been disclosed in note 16. Acquisition-related costs of HK$30,000 had 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 restated consolidated revenues and net gain and result attributable to the equity holders of the Company from continuing operations for the year ended 31st March, 2016 would have been approximately HK$234,639,000 and HK$96,013,000, respectively.

34. COMMITMENTS

(a) Capital commitments

	2017	**2016**
	HK$'000	*HK$'000*
Contracted but not provided for in respect of property, plant and equipment	1,814	1,023

(b) Operating leases rental payable

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

	2017	2016
	HK$'000	*HK$'000*
Within the first year	436	1,992
Within the second to fifth years	38	375
	474	2,367

(c) Operating leases rental receivable

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

	2017	2016
	HK$'000	*HK$'000*
Within the first year	7,030	993
Within the second to fifth years	6,430	1,407
	13,460	2,400

The Group leases properties under various agreements which will be terminated between 2018 to 2019 (2016: 2018).

35. EMPLOYEE RETIREMENT BENEFITS

The Group participates in 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.

36. EVENT AFTER THE REPORTING PERIOD

On 13th April, 2017, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with an independent third party to acquire a property (for commercial use) in Hong Kong at a consideration of HK$40 million. The transaction was completed on 17th May, 2017 and the property was recorded as investment property.

37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board on 23rd June, 2017.

38. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

Statement of Financial Position of the Company
As at 31st March, 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current asset			
Interests in subsidiaries		389,939	569,978
Current assets			
Other receivables		348	333
Cash and bank balances		213,528	29,155
		213,876	29,488
Current liabilities			
Other payables		3,011	806
Amounts due to subsidiaries		4,226	—
		7,237	806
Net current assets		206,639	28,682
Net assets		596,578	598,660
Equity			
Share capital	*29*	331,081	331,081
Reserves	*a*	265,497	267,579
		596,578	598,660

The statement of financial position of the Company was approved by the Board on 23rd June, 2017 and was signed on its behalf by:

Geoffrey Chuang Ka Kam	**Richard Hung Ting Ho**
Director	*Director*

(a) Reserves movement of the Company

	Share premium HK$'000	Other reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1st April, 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
Loss for the year	—	—	—	(2,082)	(2,082)
At 31st March, 2017	290,782	4,000	77,963	(107,248)	265,497

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.

39. PRINCIPAL SUBSIDIARIES

Name	Place of incorporation/ operation	Registered capital/issued capital	Effective interest held by the Group 2017	2016	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 i)*	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
廣州莊士投資咨詢服務有限公司 Guangzhou Chuang's Investment Services Limited *(note 31(d))*	The PRC	RMB39,000,000	100%	—	Property investment
Chuang's Development (Chengdu) Limited *(note 31(d))*	Hong Kong	HK$60,000,000	100%	—	Property investment
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 investment and trading
Perfect Outlook Limited *(note 33)*	British Virgin Islands/ Hong Kong	US$1	100%	100%	Property investment

Name	Place of incorporation/ operation	Registered capital/issued capital	Effective interest held by the Group 2017	2016	Principal activities
Fortune Wealth Memorial Park Limited *(note 31)*	Hong Kong	HK$10,000	—	87.5%	Investment holding
四會聚福寶華僑陵園有限公司 Fortune Wealth Memorial Park (Si Hui) Limited *(note 31)*	The PRC	HK$95,700,000 (2016: HK$45,700,000)	—	83.4%	Development and construction of cemetery and provision of related management services in the PRC

Note:

i. *The company is registered in the form of a wholly-owned foreign investment enterprise.*

III. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

Set out below is the reproduction of the text of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2017 together with the accompany notes contained in the interim report of the Company for the six months ended 30 September 2017 (the "**Interim Report**"). Capitalised terms used in this section have the same meanings as those defined in the Interim Report.

Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the six months ended 30th September, 2017

	Note	**2017** *HK$'000*	**2016** *HK$'000* (Restated)
Continuing operations			
Revenues and net gain	*5*	116,535	122,479
Revenues		117,883	118,302
Net (loss)/gain of financial assets at fair value through profit or loss		(1,348)	4,177
Cost of sales		(81,715)	(82,348)
Gross profit		34,820	40,131
Other income and net gain	*7*	4,351	5,023
Selling and marketing expenses		(7,191)	(7,273)
Administrative and other operating expenses		(27,803)	(28,193)
Operating profit	*8*	4,177	9,688
Finance costs	*9*	(920)	(535)
Profit before taxation		3,257	9,153
Taxation	*10*	(106)	(78)
Profit for the period from continuing operations		3,151	9,075
Discontinued operation			
Profit for the period from discontinued operation	*23*	—	428
Profit for the period		3,151	9,503

	Note	2017 HK$'000	2016 HK$'000 (Restated)
Profit for the period attributable to:			
Equity holders of the Company			
Continuing operations		3,151	9,075
Discontinued operation		—	390
		3,151	9,465
Non-controlling interests			
Discontinued operation		—	38
		3,151	9,503
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to profit or loss			
Net exchange differences		5,334	(14,188)
Total comprehensive income/(loss) for the period		8,485	(4,685)
Total comprehensive income/(loss) for the period attributable to:			
Equity holders of the Company			
Continuing operations		8,485	9,075
Discontinued operation		—	(11,453)
		8,485	(2,378)
Non-controlling interests			
Discontinued operation		—	(2,307)
Total comprehensive income/(loss) for the period		8,485	(4,685)
		HK cent	*HK cent* (Restated)
Earnings per share (basic and diluted)			
Continuing operations		0.10	0.28
Discontinued operation		—	0.01
	12	0.10	0.29

Condensed Consolidated Statement of Financial Position (Unaudited)
As at 30th September, 2017

	Note	**30th September, 2017** *HK$'000*	**31st March, 2017** *HK$'000*
Non-current assets			
Prepaid lease payments		3,228	3,287
Property, plant and equipment		37,945	38,616
Investment properties		501,678	196,081
Other non-current assets	*13*	37,658	—
Amount due from a fellow subsidiary	*14*	116,980	112,880
		697,489	350,864
Current assets			
Inventories	*15*	29,809	29,150
Accounts receivable	*16*	54,733	35,002
Deposits, prepayments and other receivables		18,986	12,814
Financial assets at fair value through profit or loss		110,905	112,095
Cash and bank balances		21,052	279,754
		235,485	468,815
Current liabilities			
Accounts payable	*17*	32,232	21,539
Accrued charges and other payables		59,804	33,802
Taxation payable		54,932	50,022
Short-term bank borrowings	*18*	21,582	34,480
Current portion of long-term bank borrowings	*18*	4,793	1,560
		173,343	141,403
Net current assets		62,142	327,412
Total assets less current liabilities		759,631	678,276

	Note	30th September, 2017 HK$'000	31st March, 2017 HK$'000
Equity			
Share capital	19	331,081	331,081
Reserves		286,554	311,177
Total equity		617,635	642,258
Non-current liabilities			
Deferred taxation liabilities		50,820	11,578
Long-term bank borrowings	18	91,176	24,440
		141,996	36,018
		759,631	678,276

Condensed Consolidated Statement of Cash Flows (Unaudited)
For the six months ended 30th September, 2017

	Note	2017 HK$'000	2016 HK$'000
Net cash (used in)/from operating activities		(2,101)	12,716
Cash flows from investing activities			
Acquisition of a property business	24(a)	(43,138)	—
Acquisition of subsidiaries	24(b)	(161,709)	—
Purchase of property, plant and equipment		(6,180)	(5,979)
Proceeds from disposal of property, plant and equipment		975	2,767
Interest income received		94	12
Net cash used in investing activities		(209,958)	(3,200)
Cash flows from financing activities			
New bank borrowings		23,387	49,604
Repayment of bank borrowings		(37,065)	(42,115)
Dividend paid to shareholders		(33,108)	—
Net cash (used in)/from financing activities		(46,786)	7,489
Net (decrease)/increase in cash and cash equivalents		(258,845)	17,005
Cash and cash equivalents at the beginning of the period		279,754	43,078
Exchange difference on cash and cash equivalents		143	(187)
Cash and cash equivalents at the end of the period		21,052	59,896
Analysis of cash and cash equivalents			
Cash and bank balances		21,052	59,896

Condensed Consolidated Statement of Changes In Equity (Unaudited)

For the six months ended 30th September, 2017

	Attributable to equity holders of the Company						
	Share capital	**Share premium**	**Other reserves**	**Accumulated losses**	**Shareholders' funds**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2017	331,081	290,782	28,000	(7,605)	642,258	—	642,258
Profit for the period	—	—	—	3,151	3,151	—	3,151
Other comprehensive income:							
Net exchange differences	—	—	5,334	—	5,334	—	5,334
Total comprehensive income for the period	—	—	5,334	3,151	8,485	—	8,485
Dividend *(note 11)*	—	(33,108)	—	—	(33,108)	—	(33,108)
At 30th September, 2017	331,081	257,674	33,334	(4,454)	617,635	—	617,635
At 1st April, 2016	331,081	290,782	76,895	(64,300)	634,458	65,825	700,283
Profit for the period	—	—	—	9,465	9,465	38	9,503
Other comprehensive loss:							
Net exchange differences	—	—	(11,843)	—	(11,843)	(2,345)	(14,188)
Total comprehensive (loss)/ income for the period	—	—	(11,843)	9,465	(2,378)	(2,307)	(4,685)
Increase of interest in a subsidiary	—	—	—	6,258	6,258	(6,258)	—
At 30th September, 2016	331,081	290,782	65,052	(48,577)	638,338	57,260	695,598

Note:

Pursuant to the special resolution approved by the shareholders of the Company in the 2016 annual general meeting of the Company, share premium, other reserve and contributed surplus of the Company are available for distribution to ordinary shareholders of the Company (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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 30th September, 2017, the Company was a 60.8% owned subsidiary of Gold Throne Finance Limited ("**Gold Throne**"), 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.

On 1st September, 2017, Gold Throne entered into a memorandum of understanding with an independent third party for a possible disposal of its entire 60.8% interest in the Company (the "**Possible Transaction**"). A supplemental memorandum of understanding was further signed by the parties on 1st November, 2017 to extend the exclusivity period to 31st December, 2017. Details of the Possible Transaction were announced by the Company on 1st September, 2017, 3rd October, 2017 and 1st November, 2017 respectively. If the Possible Transaction materializes, it will lead to a change in control of the Company. Up to the date of this report, 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, property business, securities investment and trading business and information technology business. On 31st March, 2017, the Group disposed of the cemetery operation and the results of such operation for the six months period ended 30th September, 2016 have been presented as discontinued operation in the condensed consolidated statement of comprehensive income (note 23). The comparative figures of the corresponding notes have been restated to conform presentation.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss at fair value, and in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31st March, 2017 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**").

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated annual financial statements for the year ended 31st March, 2017, except as stated below.

(a) Effect of adopting amendments to standards

For the six months ended 30th September, 2017, the Group adopted the following amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2017 and relevant to the operations of the Group:

HKAS 7 (Amendment)	Cash Flow Statements — Disclosure Initiative
HKAS 12 (Amendment)	Income Taxes — Recognition of Deferred Tax Assets for Unrealized Losses
HKFRS 12 (Amendment)	Disclosure of Interest in Other Entities

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 condensed consolidated interim financial information.

(b) Amendment to standard that is not yet effective but has been early adopted

The following amendment to standard was early adopted by the Group from 1st April, 2017:

HKAS 40 (Amendment)	Investment Property — Transfers of Investment Property

The amendment to HKAS 40 clarified that, to transfer to or from, investment properties, there must be a change in use. A change in use would involve (a) an assessment of whether a property meets the definition of investment property; and (b) supporting evidence that a change in use has occurred. The amendment also re-characterised the list of circumstances in the standard as a non-exhaustive list of examples. The Group considers that the revised standard better reflects the intended use of the properties of the Group, and has early adopted the amended standard. There was no significant impact to the Group as a result of the adoption of the amended standard for the current period.

(c) New standards, amendments to standards and new interpretations that are not yet effective

The following new standards, amendments to standards and new interpretations 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, 2018, but have not yet been early adopted by the Group:

HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions (effective from 1st January, 2018)
HKFRS 9	Financial Instruments (effective from 1st January, 2018)
HKFRS 15	Revenue from Contracts with Customers (effective from 1st January, 2018)
HKFRS 15 (Amendment)	Clarifications to HKFRS 15 (effective from 1st January, 2018)
HKFRS 16	Leases (effective from 1st January, 2019)
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration (effective from 1st January, 2018)
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments (effective from 1st January, 2019)

Key developments of these new standards, amendments to standards and new interpretations which may have an impact to the Group's accounting policies and presentation of the condensed consolidated interim financial information are described below:

HKFRS 9 introduces a new model for the recognition of impairment losses — the expected credit losses ("**ECL**") model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method.

HKFRS 9 is effective for annual periods beginning on or after 1st January, 2018 and earlier application is permitted. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

HKFRS 15 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. HKFRS 15 is based on the principle that revenue is recognized when control of a good or service transfers to a customer. Management is currently assessing the effects of adoption of HKFRS 15 on the Group's condensed consolidated interim financial information and has initially identified areas which are likely to be affected including identification of separate performance obligations, the determination of stand-alone selling price and its relative allocation. At this stage, the Group is not yet able to estimate the impact of the adoption of HKFRS 15 on the Group's condensed consolidated interim financial information. The Group will make more detailed assessments of the impact during the second half of the financial year.

The Group will adopt the above new standards, amendments to standards and new interpretations 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. 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 condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the consolidated annual financial statements, and it should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31st March, 2017. There has been no material change in the Group's financial risk management policies since the year ended 31st March, 2017.

(b) Liquidity risk

Compared to the year ended 31st March, 2017, there was no material change in the contractual undiscounted cash flows for financial liabilities.

(c) Fair value estimation

The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet 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 financials assets and financial liabilities are determined in accordance with the generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated interim financial information approximate their fair values.

During the six months ended 30th September, 2017, there was no significant change in the business or economic circumstances that affect the fair values of the Group's financial assets and financial liabilities. The financial assets at fair value through profit or loss is within level 1 of the fair value measurement hierarchy. There are no financial instruments measured at level 2 and 3 within the fair value measurement hierarchy as at 30th September, 2017. There was no transfer of financial assets or financial liabilities between the levels in the hierarchy and no reclassifications of financial assets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the condensed consolidated interim 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 estimates and assumptions applied in the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated annual financial statements of the Group for the year ended 31st March, 2017.

5. REVENUES AND NET GAIN

Revenues and net gain recognized during the period are as follows:

	2017	**2016**
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Revenues		
Sales of printed products	109,608	113,733
Rental income	4,063	515
Interest income from financial assets at fair value through profit or loss	4,212	4,054
	117,883	118,302
Net (loss)/gain		
Net fair value (loss)/gain of financial assets at fair value through profit or loss	(1,348)	4,177
Revenues and net gain	116,535	122,479

6. SEGMENT INFORMATION

(a) Segment information by business lines

The chief operating decision maker (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, including printing, property investment, securities investment and trading and others (including information technology business). The CODM assesses the performance of the operating segments based on a measure of segment result. The comparative figures have been restated to conform presentation of discontinued operation for the cemetery operation in segment information.

The segment information by business lines is as follows:

	Continuing operations					Discontinued operation	
	Printing	Property business — property investment	Securities investment and trading	Others and corporate	Total	Property business — cemetery	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(note i)*	*HK$'000*
2017							
Revenues and net gain	109,608	4,063	2,864	—	116,535	—	116,535
Other income and net gain	1,891	2,366	—	94	4,351	—	4,351
Operating profit/(loss)	1,210	5,616	2,825	(5,474)	4,177	—	4,177
Finance costs	(508)	(412)	—	—	(920)	—	(920)
Profit/(loss) before taxation	702	5,204	2,825	(5,474)	3,257	—	3,257
Taxation	—	(106)	—	—	(106)	—	(106)
Profit/(loss) for the period	702	5,098	2,825	(5,474)	3,151	—	3,151
As at 30th September, 2017							
Total assets	144,054	656,963	110,905	21,052	932,974	—	932,974
Total liabilities	72,362	123,627	12	119,338	315,339	—	315,339
2017							
Other segment items are as follows:							
Capital expenditure *(note ii)*	6,180	300,000	—	—	306,180	—	306,180
Depreciation	6,602	—	—	—	6,602	—	6,602
Amortization of prepaid lease payments	59	—	—	—	59	—	59
Reversal of provision for impairment of inventories	345	—	—	—	345	—	345

Notes:

(i) All the assets and liabilities of the cemetery operation were disposed of by the Group on 31st March, 2017 (note 23).

(ii) In regard to the "property business — property investment" segment, the acquisitions of a property business in Hong Kong and the equity interests in the companies that held investment properties in Hong Kong were completed on 17th May, 2017 and 24th August, 2017 respectively and accordingly, investment properties of the Group were increased by HK$300.0 million.

	Continuing operations					Discontinued operation	
	Printing	**Property business — property investment**	**Securities investment and trading**	**Others and corporate**	**Total**	**Property business — cemetery**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2016							
Revenues and net gain	113,733	515	8,231	—	122,479	9,505	131,984
Other income and net gain/(loss)	4,869	—	142	12	5,023	(13)	5,010
Operating profit/(loss)	4,295	475	8,318	(3,400)	9,688	(94)	9,594
Finance (costs)/income	(535)	—	—	—	(535)	64	(471)
Profit/(loss) before taxation	3,760	475	8,318	(3,400)	9,153	(30)	9,123
Taxation (charge)/credit	—	(78)	—	—	(78)	458	380
Profit/(loss) for the period	3,760	397	8,318	(3,400)	9,075	428	9,503
As at 31st March, 2017							
Total assets	118,592	309,238	112,095	279,754	819,679	—	819,679
Total liabilities	61,553	17,048	34	98,786	177,421	—	177,421
2016							
Other segment items are as follows:							
Capital expenditure	6,099	—	—	—	6,099	3,843	9,942
Depreciation	6,891	—	—	—	6,891	424	7,315
Amortization of prepaid lease payments	58	—	—	—	58	30	88
Reversal of provision for impairment of inventories	937	—	—	—	937	—	937

(b) Geographical segment information

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

	Revenues and net gain		Capital expenditure	
	2017	**2016**	**2017**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)		(Restated)
Continuing operations				
Hong Kong	13,228	12,515	300,456	1,701
The People's Republic of China (the "**PRC**")	10,466	2,110	5,724	4,398
United States of America	47,628	45,378	—	—
United Kingdom	13,832	19,574	—	—
Germany	7,445	10,692	—	—
France	13,008	14,498	—	—
Other countries	10,928	17,712	—	—
	116,535	122,479	306,180	6,099
Discontinued operation	—	9,505	—	3,843
	116,535	131,984	306,180	9,942

	Non-current assets		Total assets	
	30th September, 2017	**31st March, 2017**	**30th September, 2017**	**31st March, 2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations				
Hong Kong	381,379	43,813	565,467	469,939
The PRC	316,110	307,051	367,507	349,740
	697,489	350,864	932,974	819,679

7. OTHER INCOME AND NET GAIN

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest income from bank deposits	94	12
Interest income from amount due from a fellow subsidiary *(note 14)*	1,173	—
Sales of scraped material	1,236	1,844
Gain on disposal of property, plant and equipment	726	2,665
Net gain on acquisition of subsidiaries *(note i)*	1,828	—
Transaction costs on acquisition of a property business *(note ii)*	(3,400)	—
Net exchange gain	2,529	66
Sundries	165	436
	4,351	5,023

Notes:

(i) On 6th July, 2017, the Company entered into a sale and purchase agreement with CCIL to acquire its equity interests in the companies that held investment properties in Hong Kong (valued at HK$260.0 million at the date of acquisition) at a net consideration of HK$158.1 million (the "**Acquisition of Subsidiaries**"). The Acquisition of Subsidiaries was announced by the Company on 6th July, 2017 and published in the circular on 4th August, 2017 respectively. The transaction was completed on 24th August, 2017. The properties were recorded as investment properties and a negative goodwill on the Acquisition of Subsidiaries amounting to HK$5.4 million (before netting of transaction costs) was recorded upon completion. Details of the Acquisition of Subsidiaries are shown in note 24(b).

(ii) On 13th April, 2017, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to acquire a property (for commercial use) in Hong Kong at a consideration of HK$40.0 million (before netting of transaction costs). The transaction was completed on 17th May, 2017 and the property was recorded as an investment property. Since the consideration is equal to the fair value of the property business, except for the transaction costs, no goodwill was recognized upon completion. Details of the acquisition of a property business are shown in note 24(a).

8. OPERATING PROFIT

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Operating profit is stated after crediting:		
Reversal of provision for impairment of inventories	345	937
Operating profit is stated after charging:		
Cost of inventories sold	58,688	55,482
Depreciation	6,602	6,891
Amortization of prepaid lease payments	59	58
Staff costs, including Directors' emoluments		
Wages and salaries	31,007	35,430
Retirement benefit costs	308	336

9. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest expenses from bank borrowings	920	535

10. TAXATION

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Deferred taxation	106	78

No provision for Hong Kong profits tax has been provided as the Group has sufficient tax losses to offset the estimated assessable profit for the period ended 30th September, 2017 (2016: 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 period ended 30th September, 2017 (2016: nil).

11. DIVIDEND

On 19th April, 2017, the Board declared a special dividend of 1.0 HK cent per share amounting to HK$33.1 million and was paid on 26th May, 2017.

The Board does not recommend the payment of an interim dividend for the six months ended 30th September, 2017 (2016: nil).

12. EARNINGS PER SHARE

The calculation of the earnings per share is based on the following profit attributable to equity holders and the weighted average number of shares in issue during the period:

	2017			2016		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Restated)	(Restated)	(Restated)
Profit attributable to equity holders	3,151	—	3,151	9,075	390	9,465

	Number of shares	
	2017	2016
Weighted average number of shares	3,310,812,417	3,310,812,417

The diluted earnings per share is equal to the basic earnings per share since there are no dilutive potential shares in issue during the period.

13. OTHER NON-CURRENT ASSETS

Other non-current assets represent the tax indemnity from CCIL in relation to the Acquisition of Subsidiaries (note 7(i)). According to the sale and purchase agreement, CCIL shall indemnify the Group for any profits tax liabilities arising from the subsequent sales of the properties acquired by the Group through the Acquisition of Subsidiaries with the maximum amount of HK$37,658,000.

14. AMOUNT DUE FROM A FELLOW SUBSIDIARY

Amount due from a fellow subsidiary represents the deferred consideration receivable from Chuang's China Investments Limited ("**Chuang's China**") (a listed subsidiary of CCIL and a fellow subsidiary of the Group) for the disposal of the cemetery operation (note 23). It will be settled through acquisition of the entire equity interests in subsidiaries which hold certain residential villas in the PRC with its valuation close to RMB100.0 million (equivalent to approximately HK$117.0 million) at the settlement date and any shortfall with the valuation will be topped up in cash by Chuang's China. The exact value of residential villas to be delivered and the cash top-up, if applicable, cannot be determined until the settlement date, but in any case will not exceed RMB100.0 million.

The amount is unsecured, interest bearing at 2% per annum and receivable on or before 31st March, 2020. The amount approximates its fair value and is within level 2 of the fair value hierarchy. The amount is denominated in RMB.

15. INVENTORIES

	30th September, 2017	**31st March, 2017**
	HK$'000	*HK$'000*
Raw materials	16,952	14,771
Work in progress	8,387	6,063
Finished goods	4,470	8,316
	29,809	29,150

16. ACCOUNTS RECEIVABLE

The Group allows a credit period ranging from 30 days to 180 days to its trade customers of the printing business. Rental income is received in advance. The aging analysis of the accounts receivable based on date of invoices and net of provision for doubtful debt is as follows:

	30th September, 2017	**31st March, 2017**
	HK$'000	*HK$'000*
Below 30 days	18,868	8,511
31 to 60 days	16,018	6,483
61 to 90 days	10,002	6,869
Over 90 days	9,845	13,139
	54,733	35,002

17. ACCOUNTS PAYABLE

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

	30th September, 2017 *HK$'000*	31st March, 2017 *HK$'000*
Below 30 days	9,508	13,769
31 to 60 days	9,386	4,073
Over 60 days	13,338	3,697
	32,232	21,539

18. BANK BORROWINGS

	30th September, 2017 *HK$'000*	31st March, 2017 *HK$'000*
Unsecured bank borrowings		
Short-term bank borrowings	—	13,004
Secured bank borrowings		
Short-term bank borrowings	21,582	21,476
Long-term bank borrowings	95,969	26,000
Total bank borrowings	117,551	60,480

The total bank borrowings are analyzed as follows:

	30th September, 2017 *HK$'000*	31st March, 2017 *HK$'000*
Short-term bank borrowings	21,582	34,480
Long-term bank borrowings	95,969	26,000
	117,551	60,480

The long-term bank borrowings are analyzed as follows:

	30th September, 2017 *HK$'000*	31st March, 2017 *HK$'000*
Long-term bank borrowings	95,969	26,000
Current portion included in current liabilities Portion due within one year	(4,793)	(1,560)
	91,176	24,440

The bank borrowings are repayable in the following periods based on the agreed scheduled repayment dates set out in the loan agreements:

	30th September, 2017	31st March, 2017
	HK$'000	*HK$'000*
Within the first year	26,375	36,040
Within the second year	4,613	1,560
Within the third to fifth years	31,695	22,880
After the fifth year	54,868	—
	117,551	60,480

19. SHARE CAPITAL

	Number of shares	Amount
	'000	*HK$'000*
Authorized		
Ordinary shares of HK$0.10 each		
At 31st March, 2017 and 30th September, 2017	8,000,000	800,000
Preference shares of HK$0.01 each		
Series A Preference Shares		
At 31st March, 2017 and 30th September, 2017	1,000,000	10,000
Series B Preference Shares		
At 31st March, 2017 and 30th September, 2017	1,000,000	10,000
	2,000,000	20,000
Issued and fully paid		
Ordinary shares of HK$0.10 each		
At 31st March, 2017 and 30th September, 2017	3,310,812	331,081

20. CAPITAL COMMITMENTS

As at 30th September, 2017, the Group had capital expenditure commitments contracted but not provided for in respect of property, plant and equipment amounting to HK$1,347,000 (31st March, 2017: HK$1,814,000).

21. PLEDGE OF ASSETS

As at 30th September, 2017, the Group had pledged certain assets, including prepaid lease payments, property, plant and equipment, investment properties and accounts receivable with an aggregate carrying value of HK$321,615,000 (31st March, 2017: HK$66,950,000), to secure banking facilities granted to the Group.

22. CAPITAL EXPENDITURE

For the six months ended 30th September, 2017, the Group incurred acquisition and development costs on property, plant and equipment and investment properties of HK$306,180,000 (2016: HK$9,942,000, including cemetery assets).

23. DISCONTINUED OPERATION

On 21st January, 2017, the Company entered into a sale and purchase agreement with Chuang's China to dispose of its equity interests in Fortune Wealth Consortium Limited and its subsidiaries (the "**FW Group**") at a consideration of RMB398.0 million. The FW Group was principally engaged in the development and operation of a cemetery located in Sihui, the PRC. The transaction was completed on 31st March, 2017, and the consideration was satisfied partially in cash of RMB174.0 million, partially in exchange of investment properties of RMB124.0 million through the acquisition of 100% equity interests in the relevant subsidiaries and partially by a deferred consideration (with the exchange of certain properties through acquisition of relevant entities) of RMB100.0 million (recorded as "Amount due from a fellow subsidiary" in the condensed consolidated statement of financial position). The acquired subsidiaries were principally engaged in property investment in the PRC. The deferred consideration is receivable on or before 31st March, 2020 and bears an interest of 2% per annum. Accordingly, the consolidated results of FW Group for the six months period ended 30th September, 2016 have been presented as discontinued operation in the condensed consolidated statement of comprehensive income and the comparative figures of the corresponding notes have been restated to conform presentation.

The result of the discontinued operation for the period ended 30th September, 2016 is set out below:

	2016
	HK$'000
Revenues	9,505
Cost of sales	(1,434)
Gross profit	8,071
Other income and net loss	(13)
Selling and marketing expenses	(6,046)
Administrative and other operating expenses	(2,106)
Operating loss	(94)
Finance income	64
Loss before taxation	(30)
Taxation credit	458
Profit for the period from discontinued operation	428
Profit for the period from discontinued operation attributable to:	
Equity holders of the Company	390
Non-controlling interests	38
	428

24. BUSINESS COMBINATIONS

(a) Acquisition of a property business

	2017
	HK$'000
Cash consideration paid	40,000
Recognized amounts of identifiable assets acquired and liabilities assumed at fair value:	
Investment property	40,000
Cash and bank balances	262
Accrued charges and other payables	(262)
	40,000
Analysis of other costs incurred on acquisition of the property business:	
Transaction costs	3,400
Analysis of the net cash outflow on acquisition of the property business:	
Cash consideration paid	(40,000)
Transaction costs paid	(3,400)
Cash and bank balances acquired	262
	(43,138)

The Group measures its fair value of net assets acquired with reference to the valuation based on direct comparison method carried out by Colliers International (Hong Kong) Limited ("**Colliers**"), an independent valuer who holds a recognized relevant professional qualification and has recent experience in the locations and segments of assets valued, as at the acquisition date and the current use equates to the highest and best use. No contingent consideration arrangements or contingent liabilities were identified at acquisition.

The acquired business contributed revenues and profit after tax of HK$389,000 and HK$211,000 to the Group for the period from the acquisition date to 30th September, 2017 respectively. Had the acquisition of the property business occurred on 1st April, 2017, the consolidated revenues and net gain and profit for the period ended 30th September, 2017 would not be materially different.

(b) Acquisition of Subsidiaries

	2017
	HK$'000
Cash consideration paid	158,109
Recognized amounts of identifiable assets acquired and liabilities assumed at fair value:	
Investment properties	260,000
Other non-current assets	37,658
Deposits, prepayments and other receivables	254
Accrued charges and other payables	(21,764)
Taxation payable	(3,132)
Bank borrowings	(70,749)
Deferred taxation liabilities	(38,730)
Total identifiable net assets	163,537
Negative goodwill on acquisition	(5,428)
	158,109
Analysis of net gain on Acquisition of Subsidiaries:	
Negative goodwill on acquisition	5,428
Less: Transaction costs	(3,600)
	1,828
Analysis of net cash outflow on Acquisition of Subsidiaries:	
Cash consideration paid	(158,109)
Transaction costs paid	(3,600)
	(161,709)

A negative goodwill of HK$5.4 million (before netting of transaction costs) was recorded in "Other income and net gain" for the period ended 30th September, 2017. The Group measures its fair value of net assets acquired with reference to the valuation based on direct comparison method carried out by Colliers as at the acquisition date and the current use equates to the highest and best use. No contingent consideration arrangements or contingent liabilities were identified at acquisition.

The acquired subsidiaries contributed revenues and profit after tax of HK$456,000 and HK$218,000 to the Group for the period from the acquisition date to 30th September, 2017 respectively. Had the acquisition of the subsidiaries occurred on 1st April, 2017, the consolidated revenues and net gain and profit for the period ended 30th September, 2017 would have been approximately HK$117,459,000 and HK$3,381,000 respectively.

IV. INDEBTEDNESS

At the close of business on 30 November 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had aggregate outstanding bank borrowings of approximately HK$120.0 million which were secured by fixed charges on certain assets of the Group, including prepaid lease payments, property, plant and equipment, investment properties and accounts receivable with an aggregate carrying value of approximately HK$324.6 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 30 November 2017, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

V. MATERIAL CHANGE

The Directors confirm that save for the following changes in the financial position and business updates as disclosed in the Interim Report, there has been no material change in the financial or trading position or outlook of the Group since 31 March 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to and including the Latest Practicable Date:

(i) the increase in investment properties due to the acquisition (the "**Property Acquisition**") of shops in Parkes Residence as disclosed in the Company's announcement dated 6 July 2017 and circular dated 4 August 2017 and notes 7 and 24 to the financial statement in the Interim Report and acquisition of a shop in Wuhu Residence as disclosed in notes 7 and 24 to the financial statement in the Interim Report;

(ii) the increase in bank borrowings due to new bank loan for the Property Acquisition; and

(iii) the decrease in cash due to payment of special dividend to Shareholders in May 2017 and the Property Acquisition.

1. RESPONSIBILITY STATEMENTS

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinion expressed by the Group or the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

The directors of Kapok Wish jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinion expressed by the Group or the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. MARKET PRICES

The table below sets out the closing prices of the Shares on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the last trading date prior to the commencement of the Offer Period; (iii) the last trading day immediately preceding the date of the Joint Announcement; (iv) the Last Trading Day; and (v) the Latest Practicable Date:

	Closing price *(HK$)*
31 March 2017	0.250
28 April 2017	0.239
31 May 2017	0.255
30 June 2017	0.245
31 July 2017	0.255
31 August 2017 (being the last trading date prior to the commencement of the Offer Period)	0.310
29 September 2017	0.295
31 October 2017	0.380
30 November 2017	0.365
14 December 2017 (being the last trading day immediately preceding the date of the Joint Announcement)	0.375
15 December 2017 (being the Last Trading Day)	0.385
3 January 2018 (being the Latest Practicable Date)	0.410

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK$0.435 per Share on 19 December 2017 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.223 per Share on 1 March 2017.

3. DISCLOSURE OF INTERESTS

Interests of the Offeror and parties acting in concert with it in the Shares

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and parties acting in concert with it were as follows:

Name of Offeror/ parties acting in concert with it	Capacity	Number of Shares held/ interested	Approximate % of interest
The Offeror	Beneficial interest	2,013,573,887 Shares (L)	60.82

Note:

1. The letter "L" denotes long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror, its directors and parties acting in concert with it had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

As at the Latest Practicable Date:

(a) save for the Acquisition, none of the Offeror, its directors or parties acting in concert with it had dealt in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;

(b) save for the Sale Shares held by the Offeror, none of the Offeror or parties acting in concert with it (including the directors of the Offeror) owned or had control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;

(c) none of the Offeror or parties acting in concert with it had received any irrevocable commitment to accept or reject the Offer;

(d) there was no arrangement of any kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror or any person acting in concert with it and any other person;

(e) there was no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;

(f) none of the Offeror or parties acting in concert with it had entered into any arrangements or contracts in relation to any outstanding derivative in respect of the securities in the Company;

(g) none of the Offeror or parties acting in concert with it had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(h) save as disclosed in the paragraph headed "Financial resources available for the Offer" under the section headed "Letter from Southwest HK Capital" in the Composite Document, the Offeror had no intention, nor had it entered into any agreement, arrangement or understanding to transfer, charge or pledge the Shares acquired in pursuance of the Offer to any other persons;

(i) save for the Sale and Purchase Agreement, no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror, its directors or any persons acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offer; and

(j) no benefit (other than statutory compensation) had been and would be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

5. CONSENTS AND QUALIFICATIONS

The following are the names and qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualification
Great Wall Corporate Finance	a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Offeror in respect of the Offer
Southwest HK Capital	a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Offeror in respect of the Offer

Each of Great Wall Corporate Finance and Southwest HK Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and/or report and the references to its name in the form and context in which they appear herein.

6. MISCELLANEOUS

(a) As at the Latest Practicable Date, the directors of the Offeror were Mr. Li Qing, Ms. Han Li, Ms. Chen Liying, Ms. Li Li and Ms. Au Hoi Lee Janet. The Offeror was indirectly wholly-owned by Integrity Fund. Integrity Fund was a partnership and did not have any directors. Kapok Wish was the general partner of Integrity Fund. As at the Latest Practicable Date, the directors of Kapok Wish were Mr. Li Qing, Ms. Han Li, Ms. Chen Liying, Ms. Li Li and Ms. Au Hoi Lee Janet.

The registered office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, the British Virgin Islands.

(b) The registered office of Great Wall Corporate Finance is situated at Units 03, 05–06, 65/F, The Center, 99 Queen's Road Central, Hong Kong.

(c) The registered office of Southwest HK Capital is situated at 40/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) on the website of the SFC (www.sfc.hk); and (ii) the Company's website (www.midasprinting.com) during the period from the date of this Composite Document up to and including the Closing Date:

(a) the memorandum and articles of association of the Offeror;

(b) the letter from Southwest HK Capital as set out on pages 7 to 17 of this Composite Document; and

(c) the written consents from the experts as referred to under the section headed "5. Consents and Qualifications" in this appendix.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with it (excluding for this purpose, the Group)), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinion expressed by the Offeror or the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

	Number of shares	Amount
		HK$
Authorised share capital:		
Ordinary shares of HK$0.10 each	8,000,000,000	800,000,000
Preference shares of HK$0.01 each *(note i)*		
Series A Preference Shares	1,000,000,000	10,000,000
Series B Preference Shares	1,000,000,000	10,000,000
	2,000,000,000	20,000,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each	3,310,812,417	331,081,241.70

Notes:

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

(ii) All ordinary shares in issue rank pari passu in all respects with each other including rights to dividends, voting and return of capital.

The Company has not issued any Shares since 31 March 2017, being the end of the last financial year of the Company.

As at the Latest Practicable Date, the Company had no outstanding options, derivatives, warrants or conversion rights affecting any Shares.

3. INTERESTS IN AND DEALINGS IN SECURITIES OF THE OFFEROR

As at the Latest Practicable Date, neither the Company nor any of its Directors had any interest in the equity share capital of the Offeror or convertible securities, warrants, options or derivatives in respect of the equity share capital of the Offeror.

During the Relevant Period, neither the Company nor any of its Directors had dealt for value in the equity share capital of the Offeror or convertible securities, warrants, options or derivatives in respect of the equity share capital of the Offeror.

4. DISCLOSURE OF INTERESTS

(i) Interests and short positions of Directors in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), were as follows:

Name of Director	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company
Mr. Abraham Shek Lai Him	Beneficial owner	30,000	0.0009

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, Mr. Abraham Shek Lai Him intended to accept the Offer in respect of his own beneficial shareholding in the Shares but he will continue to monitor the market price of the Shares and consider to realise all or part of his shareholdings in the market should the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer during the Offer Period.

(ii) Interests of substantial shareholders in the Company and interests of substantial shareholders in other members of the Group

(a) Interests in the Company

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company
The Offeror	Beneficial owner	2,013,573,887	60.82
New Element	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
Integrity Fund	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
Kapok Wish	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
Grand Generation Belief Virtue Investment Limited ("**Grand Generation**")	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
Wang Xiqiang	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
Xinsheng International Holding Limited ("**Xinsheng International**")	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
Zeng Dazhang	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
Ally Cosmo Group Limited ("**Ally Cosmo**")	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
Li Li	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
Juye Investments Limited ("**Juye Investments**")	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
Chen Liying	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
Shining Orient Investment Limited ("**Shining Orient**")	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82

Name of shareholder	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company
Pioneer Fund Limited Partnership ("**Pioneer Fund**")	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
Hong Kong Huixin Investment Limited ("**Hong Kong Huixin**")	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
Higher Cycle Investment Limited ("**Higher Cycle**")	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
SFund International	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
廣州匯垠天粵股權投資基金管理有限公司 ("**廣州匯垠**")	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
廣州科技金融創新投資控股有限公司 ("**廣州科技**")	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
廣州產業投資基金管理有限公司 ("**廣州產業**")	Interest of a controlled corporation	2,013,573,887 *(note 1)*	60.82
Investor	Security interest in the Shares	2,013,573,887 *(note 2)*	60.82
China Great Wall AMC (International) Holdings Company Limited (中國長城資產(國際)控股有限公司) ("**CGW AMC**")	Interest of a controlled corporation	2,013,573,887 *(note 2)*	60.82
China Great Wall Asset Management Co., Ltd. (中國長城資產管理股份有限公司) ("**CGW Asset**")	Interest of a controlled corporation	2,013,573,887 *(note 2)*	60.82
Yan Zulin	Beneficial owner	168,134,000	5.08

Notes:

1. Such interests represented 60.82% of the issued share capital of the Company owned by the Offeror. The Offeror is wholly-owned by New Element, which is in turn wholly-owned by Integrity Fund. The limited partners of Integrity Fund are Grand Generation, which is wholly-owned by Mr. Wang Xiqiang, and Xinsheng International, which is wholly-owned by Mr. Zeng Dazhang. The general partner of Integrity Fund is Kapok Wish. Kapok Wish is owned as to 30% by Ally Cosmo, 30% by Juye Investments and 40% by Shining Orient. Ally Cosmo is wholly-owned by Ms. Li Li, and Juye Investments is wholly-owned by Ms. Chen Liying. Shining Orient is wholly-owned by Pioneer Fund. The limited partner of Pioneer Fund is Hong Kong Huixin, which is wholly-owned by SFund International. The general partner of Pioneer Fund is Higher Cycle, which is wholly-owned by SFund International. SFund International is wholly-owned by 廣州匯垠. 廣州匯垠 is owned as to 95% by 廣州科技 and 5% by 廣州產業. 廣州科技 is wholly-owned by 廣州產業, which is a PRC state-owned enterprise.

2. The Shares were charged as security to the Investor in accordance with the Notes. The Investor is wholly-owned by CGW AMC, which is in turn wholly-owned by CGW Asset.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Interests in other members of the Group

As at the Latest Practicable Date, no person was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any option in respect of such capital.

5. DEALINGS IN SECURITIES OF THE COMPANY

During the Relevant Period, save for the disposal of the Sale Shares by Gold Throne (a wholly-owned subsidiary of CCIL, where Mr. Richard Hung Ting Ho, Mrs. Candy Kotewall Chuang Ka Wai, Mr. Abraham Shek Lai Him and Mr. Yau Chi Ming, being the Directors, are also the directors of CCIL) to the Offeror at the consideration of HK$789,320,963.70 (equivalent to approximately HK$0.392 per Sale Share) pursuant to the Sale and Purchase Agreement where completion of which took place on 19 December 2017, none of the Directors have dealt for value in any Shares or any convertible securities, warrants, options or derivatives issued by the Company.

As at the Latest Practicable Date,

(i) save as disclosed in the section headed "4. Disclosure of Interests" above, none of the Directors had any interests in any Shares or any convertible securities, warrants, options or derivatives issued by the Company, and no such person had dealt in any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;

(ii) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code or by the Independent Financial Adviser, and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;

(iii) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Company, or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code, and any other person; and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;

(iv) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was managed on a discretionary basis by fund managers (other than exempted fund managers) (if any) connected with the Company, and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period; and

(v) none of the Company nor any of its Directors has borrowed or lent any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period.

In addition, as at the Latest Practicable Date, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which exist between the Company, or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code, and any other person.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against either the Company or any of its subsidiaries.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the members of the Group within two years immediately preceding the date of commencement of the Offer Period and up to the Latest Practicable Date which are or may be material:

(a) the sale and purchase agreements dated 5 January 2017 (the "**SP Agreement**") entered into between Guangzhou Chuang's Investment Services Limited* (廣州莊士投資咨詢服務有限公司), currently an indirect wholly-owned subsidiary of the Company and an indirect wholly-owned subsidiary of Chuang's China Investments Limited ("**Chuang's China**") as at the date of the SP Agreement, and Shenzhen Hui Cong Investment Limited* (深圳市滙聰投資有限公司) in relation to the disposal of an approximately 3.1% shareholding interest in Shenzhen Harmony Investment

* *For identification purposes only*

Funds Company Limited* (深圳市同心投資基金股份公司) for a consideration of RMB64.5 million, details of which were set out in the announcement of Chuang's China dated 5 January 2017;

(b) the sale and purchase agreement dated 21 January 2017 entered into between Chuang's China and the Company in relation to the disposal by the Company to Chuang's China of the entire equity interest in, and the assignment of shareholder's loan to, Fortune Wealth Consortium Limited, and the acquisition by the Company from Chuang's China of the entire equity interests in, and the assignment of shareholders' loans to, Chuang's Development (Chengdu) Limited, Sino Success Limited and Ever Union Limited, details of which were set out in the announcement and the circular of the Company dated 22 January 2017 and 8 March 2017 respectively; and

(c) the sale and purchase agreement dated 6 July 2017 entered into between the Company and CCIL for the acquisition by the Company from CCIL of (i) the entire issued share capital of Hero Boom International Limited ("**Hero Boom**"); and (ii) the shareholder's loan owed by Hero Boom to its shareholder or the entire amount owed to Hero Boom by its shareholder, for a consideration of approximately HK$253.5 million (subject to adjustments), details of which were set out in the joint announcement of the Company and CCIL dated 6 July 2017 and the circular of the Company dated 4 August 2017.

8. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date,

(a) no benefit (other than statutory compensation) had been and would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;

(b) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and

(c) save and except for the Sale and Purchase Agreement, no material contract had been entered into by the Offeror in which any Director has a material personal interest.

9. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing service contracts with any member of the Group or any associated company of the Group:

(a) which (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the commencement of the Offer Period;

(b) which are continuous contracts with a notice period of 12 months or more; or

* *For identification purposes only*

(c) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

10. CONSENT AND QUALIFICATION

The following is the name and qualification of the professional adviser whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	**Qualification**
Red Sun	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Red Sun has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its advice, letter and recommendation and the references to its name and logo in the form and context in which they respectively appear.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) on the website of the SFC (www.sfc.hk); and (ii) the Company's website (www.midasprinting.com) during the period from the date of this Composite Document up to and including the Closing Date:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for each of the two financial years ended 31 March 2016 and 2017;

(c) the interim report of the Company for the six months ended 30 September 2017;

(d) the letter from the Board, the text of which is set out on pages 18 to 22 of this Composite Document;

(e) the letter from the Independent Board Committee, the text of which is set out on pages 23 to 24 of this Composite Document;

(f) the letter from Red Sun, the text of which is set out on pages 25 to 51 of this Composite Document;

(g) the consent letter from Red Sun referred to under the section headed "Consent and Qualification" in this appendix;

(h) the material contracts referred to under the section headed "Material Contracts" in this appendix; and

(i) this Composite Document and the accompanying Form of Acceptance.

12. GENERAL

(a) The secretary of the Company is Ms. Lee Wai Ching who is a fellow of both of the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Chartered Secretaries.

(b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is situated at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong.

(c) The branch share registrar and transfer office of the Company is Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The registered office of Red Sun, the Independent Financial Adviser, is at Unit 3303, 33rd Floor, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

(e) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text in case of inconsistency.