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Chuang's China Investments Limited

(莊士中國投資有限公司*)

(incorporated in Bermuda with limited liability)



勤達集團國際有限公司*

Midas International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

**CONVERSION OF PREFERENCE SHARES OF
MIDAS INTERNATIONAL HOLDINGS LIMITED BY
GOLD THRONE FINANCE LIMITED,
A WHOLLY OWNED SUBSIDIARY OF
CHUANG'S CHINA INVESTMENTS LIMITED;**

**APPLICATION FOR WHITEWASH WAIVER BY
GOLD THRONE FINANCE LIMITED; AND**

**DECLARATION OF CONDITIONAL SPECIAL DIVIDEND BY
MIDAS INTERNATIONAL HOLDINGS LIMITED**

Financial advisers to Chuang's China Investments Limited



Somerley Limited

On 22nd May, 2003, Gold Throne entered into the Concession Agreement with Midas pursuant to which Gold Throne will convert 72,000,000 Series A Preference Shares and offer the Concessions to Midas subject to certain conditions. Under the Conversion, Midas will issue 144,000,000 Midas Shares to Gold Throne and the aggregate interest of Gold Throne and its concert parties in Midas will increase from approximately 27.9% to approximately 47.4% of the enlarged issued Midas Shares. As a result, Gold Throne will be obliged to make a general offer for the Midas Shares (other than those held by Gold Throne and its concert parties). Gold Throne will apply to the Executive for the Whitewash Waiver, which if granted, would be subject to the approval of the Independent Midas Shareholders at the Midas EGM. The Executive may or may not grant the Whitewash Waiver.

Pursuant to the Concession Agreement, (i) Gold Throne agrees that Midas shall redeem the Series B Preference Shares in the amount of approximately HK\$4 million for an aggregate of HK\$1.00; (ii) Gold Throne will waive any dividend payable on the Series A Preference Shares from January to June 2003 which Gold Throne would otherwise be entitled to as a holder of the Series A Preference Shares; and (iii) the Midas Directors hereby declare a conditional special dividend of HK1.2 cents per Midas Share. The Conditional Special Dividend shall be payable to the Midas Shareholders whose names appear on Midas' register of members on the record date, which is expected to be the date of the Midas EGM. Distribution of the Conditional Special Dividend shall be conditional upon Completion and shall take place within 3 weeks after Completion.

* For identification only

The Concession Agreement is conditional on, among others, (a) the Executive granting the Whitewash Waiver to Gold Throne; and (b) the Independent Midas Shareholders approving at the Midas EGM (with the resolution taken by poll) the Whitewash Waiver.

CCIL Shareholders, Midas Shareholders and investors should note that the Concession Agreement is subject to certain conditions and may or may not complete. In particular, the Executive may or may not grant the Whitewash Waiver. In the event that the Concession Agreement cannot become unconditional, CCIL still intends to convert the Series A Preference Shares but will reconsider the timing, extent and circumstances of such conversion, in which case a general offer may or may not be made for the Midas Shares. If CCIL converts the Series A Preference Shares to such extent that result in a general offer being triggered, such conversion will only take place on the basis that the financial advisers are satisfied that CCIL has sufficient financial resources to satisfy such offer. CCIL Shareholders, Midas Shareholders and investors should exercise caution when dealing in the CCIL Shares and the Midas Shares.

Reference is made to the joint announcement of CCIL and Midas dated 24th March, 2003 (the “Announcement”) in relation to, among other things, the intention of CCIL as regards the Midas Preference Shares. The CCIL Directors have resolved to procure Gold Throne to convert all the Series A Preference Shares subject to the completion of the Concession Agreement entered into between Gold Throne and Midas as detailed below.

1. THE CONCESSION AGREEMENT DATED 22ND MAY, 2003

Parties to the Concession Agreement:

Gold Throne, a wholly owned subsidiary of CCIL, and Midas

Terms of the Concession Agreement:

Pursuant to the Concession Agreement, Gold Throne will convert all Series A Preference Shares and has agreed on the following terms:

- (i) *Redemption of HK\$4 million in face value of Series B Preference Shares at HK\$1.00*
Gold Throne agrees that Midas shall redeem 6,666,667 Series B Preference Shares with a par value (plus premium) of approximately HK\$4 million at HK\$1.00. This represents a benefit for Midas and its shareholders of reduction in redemption obligation of approximately HK\$4 million and an annual saving of dividend on the Series B Preference Shares of HK\$100,000 per year for up to 4 years;
- (ii) *Waiving of Series A Preference Shares dividend*
Gold Throne will waive dividend payment for all Series A Preference Shares for the period from January 2003 to June 2003 which Gold Throne would otherwise be entitled to as a holder of the Series A Preference Shares. This represents a savings for Midas and its shareholders of HK\$540,000. However, the Midas Shares issued on the Conversion will rank for any Midas 2003 interim dividend; and
- (iii) *Declaration of Conditional Special Dividend*
The Midas Directors hereby declare a conditional special dividend of HK1.2 cents per Midas Share to be payable to the Midas Shareholders. The distribution of the Conditional Special Dividend shall be conditional upon Completion and shall take place within 3 weeks after Completion. The Midas Shares issued on the Conversion will not rank for any Conditional Special Dividend.

Conditions of the Concession Agreement:

- (a) the Executive granting Gold Throne the Whitewash Waiver;
- (b) the Independent Midas Shareholders approving at the Midas EGM (with the resolution taken by poll) the Whitewash Waiver granted by the Executive; and
- (c) approval (if any) to the transactions contemplated herein from all regulatory authorities.

The above conditions are not waivable. If the above conditions are not fulfilled on or before 30th August, 2003 (or such other date as may be agreed by Gold Throne and Midas), all rights, obligations and liabilities of the parties under the Concession Agreement shall lapse and terminate. In such event, CCIL still intends to convert the Series A Preference Shares but will reconsider the timing, extent and circumstances of such conversion, in which case, a general offer may or may not be made for the Midas Shares. If CCIL converts the Series A Preference Shares to such extent that result in a general offer being triggered, such conversion will only take place on the basis that the financial advisers are satisfied that CCIL has sufficient financial resources to satisfy such offer.

CCIL Shareholders' attention is drawn to the reasons for the Concession Agreement as set out in paragraphs headed "Reasons for the Concession Agreement and Conversion" below. The CCIL Directors consider that the terms of the Concession Agreement, including the waiver of the dividend payable on the Series A Preference Shares, fair and reasonable.

2. CONVERSION OF SERIES A PREFERENCE SHARES BY GOLD THRONE UPON COMPLETION

Parties to the Conversion:

Holder of Series A Preference Shares:	Gold Throne
Issuer:	Midas

Upon Completion, Gold Throne will serve a notice to Midas to convert 72,000,000 Series A Preference Shares. As at the date of this announcement, Midas has in issue an aggregate of 390,290,068 Midas Shares and 326,166,667 Midas Preference Shares. The Midas Preference Shares carry a fixed dividend at 2.5% per annum and are redeemable by Midas in multiples of HK\$2.5 million together with any unpaid dividend in cash at HK\$0.60 per Midas Preference Share. The Series B Preference Shares are redeemable by Midas at any time up to 13th December, 2006 while the unconverted Series A Preference Shares shall be redeemed only on 13th December, 2006. The entire Midas Preference Shares are held by Gold Throne.

Out of the existing issued Midas Preference Shares, 72,000,000 Series A Preference Shares are convertible into 144,000,000 Midas Shares at any time during a period of 5 years until 13th December, 2006. This represents a conversion ratio of one Series A Preference Share into two Midas Shares (subject to adjustment), which represents an equivalent conversion price of HK\$0.30 per Midas Share. The remaining 254,166,667 Series B Preference Shares are not convertible.

3. SHAREHOLDING STRUCTURE OF MIDAS

The following table sets out the existing holding of Midas Shares by CCIL (through its interests in Gold Throne) and the other shareholders of Midas and their shareholding after the Conversion:

Holders of Midas Shares	Existing Shareholding	%	Shareholding after the Conversion	%
Gold Throne (<i>Note a</i>)	84,000,000	21.52	228,000,000	42.67
MPL (<i>Note b</i>)	25,000,000	6.41	25,000,000	4.68
Gold Throne and concert parties	109,000,000	27.93	253,000,000	47.35
Directors of Midas and its subsidiary (<i>Note c</i>)	540,000	0.14	540,000	0.10
Public	280,750,068	71.93	280,750,068	52.55
	<u>390,290,068</u>	<u>100</u>	<u>534,290,068</u>	<u>100</u>

Notes:

- (a) Gold Throne is a company wholly owned by CCIL.
- (b) Moscow Profits Limited (“MPL”) is a company owned as to 66% by Mr. Alan Chuang Shaw Swee and as to 34% by Mrs. Alice Siu Chuang Siu Suen, both being substantial shareholders and directors of Chuang’s Consortium International Limited, the controlling shareholder of CCIL. MPL is a party acting in concert with Gold Throne.
- (c) A non-executive director of Midas, Mr. Shek Lai Him, Abraham, holds 10,000 Midas Shares. A director of a subsidiary of Midas, Mr. Lam Wai Man, holds 530,000 Midas Shares. Mr. Shek and Mr. Lam have no relationship with CCIL, Gold Throne, MPL and their concert parties and are not acting in concert with any of them.

4. INFORMATION ON CCIL

CCIL is principally engaged in property development and investment, manufacturing and sale of watches and watch components, securities investments and trading, and the provision of information technology services. Through the interests held in Midas, CCIL is involved in book printing and paper products printing.

5. INFORMATION ON MIDAS

The Midas Group is principally engaged in printing and property investment. The printing business focuses on two major sectors: books and paper products printing. The Books Printing Division is the Midas Group’s exporting arm serving clients in the United States, Europe, Australia and New Zealand. The Paper Products Printing Division provides services to manufacturers in the PRC and greeting cards and paper products printing services to customers overseas and in Hong Kong. The Midas Group’s property investments provide a stable source of rental income.

The following is a summary of the audited consolidated results of the Midas Group for the two years ended 31st December, 2002:

	Year ended 31st December,	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	574,090	513,537
Profit before taxation	52,751	28,628
Taxation	(1,937)	(581)
Minority interest	(141)	–
Net profit for the year	50,673	28,047

Net assets:

As at 31st December, 2002, the Midas Group had audited consolidated total assets and net assets of approximately HK\$1,005.9 million and HK\$594.8 million, respectively. As at 31st December, 2002, the Midas Group had total liabilities and total borrowings of approximately HK\$362.6 million and HK\$83.4 million, respectively. After the Conversion, Midas is expected to be treated as an associated company of CCIL.

6. REASONS FOR THE CONCESSION AGREEMENT AND CONVERSION

According to the audited consolidated results of the Midas Group for the year ended 31st December, 2002 as set out above, the turnover of the Midas Group has increased to HK\$574.1 million for the year ended 31st December, 2002 from HK\$513.5 million for the year ended 31st December, 2001. The net profit for the year ended 31st December, 2002 was HK\$50.7 million, representing an approximately 81.1% increase compared to HK\$28.0 million for the year ended 31st December, 2001.

At the time when the Midas Preference Shares were issued in October 2001, it was the intention of CCIL to maintain a shareholding in Midas which, when aggregated with Midas Shares held by persons acting in concert with CCIL, would amount to less than 30% (or such other percentage as stipulated under the Takeovers Code from time to time) and CCIL had no intention to convert the Series A Preference Shares to such an extent that would result in Gold Throne incurring an obligation to make a general offer for the Midas Shares. In view of the financial performance of Midas for the year ended 31st December, 2002, the CCIL Directors have reviewed its previous intentions and consider that it is in the interests of CCIL and its shareholders to procure Gold Throne to convert, subject to the conditions of the Concession Agreement being fulfilled, all the Series A Preference Shares to increase its stake in Midas. The CCIL Directors believe that an increased holding in the Midas Shares will enable the CCIL Group to participate more fully in the future of Midas.

Pursuant to the Concession Agreement, Gold Throne will offer the Concessions to Midas (subject to conditions as set out in section 1 above). The Concessions are beneficial to the Midas Group and its shareholders as a whole. By redeeming an amount of approximately HK\$4 million in face value of Series B Preference Shares by Midas and the waiver by Gold Throne of the dividend payable on the Series A Preference Shares, Midas will recognise an aggregate monetary benefit of approximately HK\$4.9 million. Accordingly, the Midas Directors consider that the Conversion is in the interests of

Midas and its shareholders as a whole. The Conversion will also release Midas from the obligation to repay the Series A Preference Shares in the aggregate face value of HK\$43.2 million and increase the ordinary issued share capital by the same amount. The Midas Directors believe that the additional equity share capital generated will strengthen the net asset base of the Midas Group. Pursuant to the possible distribution of the Conditional Special Dividend detailed below, the Midas Directors will distribute substantially all the immediate cash benefits from the Conversion to the Midas Shareholders if the Concession Agreement is completed.

7. TAKEOVERS CODE IMPLICATIONS

Upon completion of the Conversion, the aggregate interest of Gold Throne and its concert parties in Midas will increase from approximately 27.9% to approximately 47.4% of the enlarged issued Midas Shares. As a result, Gold Throne would be obliged under Rule 26 of the Takeovers Code to make a mandatory general offer for all the Midas Shares not already owned by Gold Throne and its concert parties upon completion of the Conversion. Any general offer extended as a result of a conversion of the Series A Preference Shares would be made at an expected offer price of HK\$0.30 per Midas Share. Gold Throne will apply to the Executive for the Whitewash Waiver, which, if granted, would be subject to the approval of the Independent Midas Shareholders at the Midas EGM (taken by way of poll). The Executive may or may not grant the Whitewash Waiver.

Gold Throne and its concert parties have confirmed that they have not dealt in the Midas Shares for the six months period up to the date of this announcement.

8. FUTURE INTENTIONS OF CCIL ON MIDAS

It is the intention of CCIL to maintain the existing principal activities of Midas, and CCIL has no intention of injecting nor procuring the disposal of any material assets or businesses of the Midas Group immediately after the Conversion. CCIL intends to hold its interest in Midas as a long term investment and it is the intention of CCIL that the employment of the existing employees of the Midas Group will not be altered only by reason of the Conversion.

The Stock Exchange has stated that, if Midas remains a listed company, any future injections into or disposals by Midas will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has the discretion to require Midas to issue a circular to the Midas Shareholders irrespective of the size of the proposed transaction, particularly when such proposed transaction represents a departure from the principal activities of the Midas Group following completion of the Conversion. The Stock Exchange also has the power, pursuant to the Listing Rules, to aggregate a series of acquisitions, or disposals by Midas and any such acquisitions or disposals may, in any event, result in Midas being treated as a new applicant for listing and subject to the requirement for new applicants as set out in the Listing Rules.

Further announcement will be made by Midas in compliance with the Listing Rules in the event of any change to the nature of the principal business of the Midas Group or any injection or disposal of assets or businesses by the Midas Group.

9. POSSIBLE DISTRIBUTION OF CONDITIONAL SPECIAL DIVIDEND

Within 3 weeks of the Completion, the Midas Directors will distribute the Conditional Special Dividend of HK1.2 cents per Midas Share to be payable to the Midas Shareholders whose names appear on Midas' register of members on the record date, which is expected to be the date of the Midas EGM. Further announcement will be made as to the books close date, record date and the payment date for the Conditional Special Dividend.

10. GENERAL

An independent committee of the board of Midas (“Independent Board Committee”) will be appointed to consider the Whitewash Waiver and to advise the Independent Midas Shareholders in relation thereto. Tai Fook Capital has been appointed by Midas as the independent financial adviser to advise the Independent Board Committee in this regard.

A circular of Midas containing information in relation to, among others, (i) the Conversion; (ii) the Whitewash Waiver; (iii) the letter of advice of Tai Fook Capital to the Independent Board Committee in respect of the Whitewash Waiver; (iv) the letter of advice of the Independent Board Committee to the Independent Midas Shareholders; and (v) a notice of the Midas EGM and the accompanying form of proxy for the Midas EGM will be despatched to the Midas Shareholders as soon as practicable.

11. WARNING

CCIL Shareholders, Midas Shareholders and investors should note that the Concession Agreement is subject to certain conditions and may or may not complete. In particular, the Executive may or may not grant the Whitewash Waiver. In the event that the Concession Agreement cannot become unconditional and is not completed, CCIL still intends to convert the Series A Preference Shares but will reconsider the timing, extent and circumstances of such conversion, in which case, a general offer may or may not be made for the Midas Shares. If CCIL converts the Series A Preference Shares to such extent that result in a general offer being triggered, such conversion will only take place on the basis that the financial advisers are satisfied that CCIL has sufficient financial resources to satisfy such offer. CCIL Shareholders, Midas Shareholders and investors should exercise caution when dealing in the CCIL Shares and the Midas Shares.

12. DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“CCIL”	Chuang’s China Investments Limited, a company incorporated in Bermuda with limited liability whose securities are listed on the Stock Exchange
“CCIL Directors”	directors of CCIL
“CCIL Group”	CCIL and its subsidiaries
“CCIL Shareholders”	holders of CCIL Shares
“CCIL Shares”	ordinary shares of HK\$0.05 each in the capital of CCIL
“Completion”	completion of the Concession Agreement
“Concessions”	concessions offered by Gold Throne to Midas in the event that the Conversion is completed on the basis that the Whitewash Waiver is granted by the Executive and is approved by the Independent Midas Shareholders

“Concession Agreement”	an agreement dated 22nd May, 2003 entered into between Gold Throne and Midas in relation to the Concessions offered by Gold Throne to Midas, and the Conversion
“Conditional Special Dividend”	a conditional special dividend of HK1.2 cents per Midas Share hereby declared by the Midas Directors to be payable to the Midas Shareholders whose names appear on Midas’ register of members on the record date, which is expected to be the date of Midas EGM. Distribution of the Conditional Special Dividend shall be conditional upon Completion and shall take place within 3 weeks after Completion.
“Conversion”	conversion of 72,000,000 convertible Series A Preference Shares pursuant to the terms of the Concession Agreement
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Gold Throne”	Gold Throne Finance Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of CCIL and is the holder of the Midas Preference Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Midas Shareholders”	Midas Shareholders other than CCIL, Gold Throne and persons acting in concert with them (as defined under the Takeovers Code) or their respective associates or persons otherwise involved in or interested in the Concession Agreement and the Conversion
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Midas”	Midas International Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose securities are listed on the Stock Exchange
“Midas Directors”	directors of Midas
“Midas EGM”	an extraordinary general meeting of Midas to be convened to consider and, if thought fit, approve, among other things, the Whitewash Waiver
“Midas Group”	Midas and its subsidiaries
“Midas Preference Shares”	Series A Preference Shares and Series B Preference Shares

“Midas Shareholders”	holders of Midas Shares
“Midas Shares”	ordinary shares of HK\$0.10 each in the capital of Midas
“PRC”	the People’s Republic of China
“Series A Preference Shares”	72,000,000 convertible non-voting redeemable preference shares at par value of HK\$0.01 each in the capital of Midas
“Series B Preference Shares”	254,166,667 non-convertible non-voting redeemable preference shares at par value of HK\$0.01 each in the capital of Midas
“SFC”	the Securities and Futures Commission
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tai Fook Capital”	Tai Fook Capital Limited, a licensed corporation under transitional arrangement to carry out the Type 6 regulated activity for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser appointed by Midas to advise the Independent Board Committee of Midas
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Whitewash Waiver”	a waiver from the obligation, which may otherwise arise as a result of the Conversion, to make a mandatory general offer for the Midas Shares under the Takeovers Code pursuant to Note 1 to the Notes on Dispensations from Rule 26 of the Takeovers Code
“HK\$”	Hong Kong dollars

By Order of the Board
Chuang’s China Investments Limited
Li Mee Sum, Ann
Managing Director

By Order of the Board
Midas International Holdings Limited
Kwong Tin Lap
Managing Director

Hong Kong, 22nd May, 2003

The information in this announcement relating to CCIL and Gold Throne has been supplied by the directors of CCIL. The directors of CCIL jointly and severally accept full responsibility for the accuracy of the information contained in this announcement insofar as it relates to CCIL and Gold Throne and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement insofar as they relate to CCIL and Gold Throne have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The information in this announcement relating to Midas has been supplied by the directors of Midas. The directors of Midas jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than insofar as it relates to CCIL and Gold Throne) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than insofar as it relates to CCIL and Gold Throne) have been arrived at after due and careful consideration and there are no other facts not contained in the announcement, the omission of which would make any statement in this announcement misleading.

“Please also refer to the published version of this announcement in The Standard”.