Midas International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Annual Report 2004

Contents

BOARD OF DIRECTORS

Executive Directors

Mr. CHAN Sheung Chiu *(Chairman)*
Mr. KWONG Tin Lap *(Managing Director)*
Mr. KWOK Chi Fai *(Deputy Managing Director)*
Ms. LI Mee Sum, Ann
Mr. TANG Chow Ming, Paul
Mr. WONG Chi Sing

Non-Executive Directors

Mr. LEE Sai Wai
Mr. Dominic LAI

Independent Non-Executive Directors

Mr. SHEK Lai Him, Abraham
Dr. LI Sau Hung, Eddy
Mr. YAU Chi Ming

AUDIT COMMITTEE

Mr. SHEK Lai Him, Abraham
Dr. LI Sau Hung, Eddy
Mr. YAU Chi Ming
Mr. Dominic LAI

NOMINATION COMMITTEE

Mr. SHEK Lai Him, Abraham
Dr. LI Sau Hung, Eddy
Mr. Dominic LAI

REMUNERATION COMMITTEE

Mr. SHEK Lai Him, Abraham
Mr. YAU Chi Ming
Mr. Dominic LAI

COMPANY SECRETARY

Ms. LEE Wai Ching, Winky

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

REGISTERED OFFICE

Century Yard, Cricket Square
Hutchins Drive
PO Box 2681GT
George Town
Grand Cayman
Cayman Islands
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

1st Floor, 100 Texaco Road
Tsuen Wan
New Territories
Hong Kong
Website: http://www.midasprinting.com

GUANGDONG BOLUO YUANZHOU MIDAS PRINTING LIMITED

Boluo Yuanzhou Town Xianan Administration District
Huizhou
Guangdong
PRC

DONGGUAN MIDAS PRINTING COMPANY LIMITED

Er Huan Road
Changan
Dongguan
PRC

CHANGAN LEVER PRINTING FACTORY (DONGGUAN)

1 Industrial District
Changan
Dongguan
PRC

REGISTRARS

Principal Registrar

Bank of Bermuda (Cayman) Limited
PO Box 513 G.T.
2nd Floor, Strathvale House
North Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Registrar in Hong Kong

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Bank of East Asia, Limited

STOCK CODE

1172

Mr. CHAN Sheung Chiu
Chairman

FINANCIAL RESULTS

The directors are pleased to announce that the audited profit attributable to shareholders of the Group for the year ended 31st December, 2004 amounted to HK$60,611,000 (2003: HK$52,362,000). Earnings per ordinary share were HK10.9 cents (2003: HK10.5 cents).

DIVIDENDS

The directors propose to declare a final dividend of HK3.3 cents (2003: HK3.0 cents) per ordinary share payable on or before 6th June, 2005 to ordinary shareholders whose names appear on the Company's register of members on 25th May, 2005. An interim dividend of HK1.2 cents (2003: HK1.0 cent) per ordinary share had been paid during the financial year. Therefore, total interim and final dividends per ordinary share amounted to HK4.5 cents (2003: interim and final dividends of HK4.0 cents), representing an increase of 12.5% over last year.

GROUP'S FIVE-YEAR BUSINESS REVIEW

Reverting to the business plan implemented by the current management of the Group since they took over in 2000, the major areas of the business plan to maximize the Group's core competency and profitability include the followings:

1) *Profit Maximization*

   The Group has accomplished a significant growth in business for 5 consecutive years since 2000. Net profit grew by 120% from HK$27.6 million in 2000 to HK$60.6 million in 2004.

2) *Product and New Market Development*

   The Group has widened its product mix in both OEM and ODM items for paper bags, stationery items, and has enlarged its product variety in children board books and book plus categories. To strengthen its market presence, the Group has recruited additional sales and marketing personnel in the United States, Canada and the PRC.

3) *Working Capital and Cost Control Management*

With the prudent strategy in working capital management and cost control, the Group is able to enhance its cost effectiveness, while at the same time overcome such unfavorable factors including the rise in paper prices and freight charges throughout the years.

4) *Operational Efficiency, Technological Advancement and Productivity Expansion*

In the past 5 years, the Group's total capital expenditures amounted to HK$213 million, including investment in three CTP systems and seven printing presses, acquired the premise of the paper products production plant in Dongguan, completed factory expansion of the Yuanzhou plant and added the new processing plant in Dongguan to support book printing. The Group is also one of the first printing group in Asia being accredited a complete set of international management system namely ISO 9001 for quality, ISO 14001 for environmental protection and OHSAS 18001 for occupational health and safety.

5) *Customer Service and Quality*

The Group has set a high standard in its premier printing quality and has always been offering professional training workshops and seminars to management, production and customer service staff so as to provide the total printing solution to customers.

Mr. KWOK Chi Fai *Mr. KWONG Tin Lap*
Mr. WONG Chi Sing *Ms. LI Mee Sum, Ann*
Mr. CHEUNG Yiu Ming, William *Mr. TANG Chow Ming, Paul*
Mr. HUI Wai Wu, Sam *Mr. LAM Wai Man*

MANAGEMENT DISCUSSION ON RESULTS

For the year ended 31st December, 2004, the Group continues to achieve a growth of 9% in turnover from HK$675,237,000 to HK$736,879,000. It was principally attributable to the growth of our core printing business.

During the year under review, gross profit margin improved to 32% and gross profit increased by 16% to HK$237,940,000 (2003: HK$205,380,000). However, the Group incurred an increase in selling expenses by 39% to HK$26,189,000 (2003: HK$18,897,000). Furthermore, administrative and operating expenses increased by 11% to HK$150,271,000 (2003: HK$135,010,000). Such increases were mainly resulted from higher turnover and the rise in global freight and logistics expenses. Finance costs decreased by 8% to HK$5,777,000 (2003: HK$6,257,000) due to the low interest rate prevailing during the year. Combining the above effects, net profit increased by 16% to HK$60,611,000 (2003: HK$52,362,000). Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by about 12% to HK$110,933,000 (2003: HK$99,336,000).

2004 BUSINESS REVIEW

a) *Printing Division*

During the year of 2004, the Group's printing business increased by 9% and reached a turnover of HK$719 million, accounted for 98% of the Group's turnover. The core business of the Group comprised book printing and paper product printing. Total capital expenditure amounted to HK$40 million in 2004.

(1) Book Printing

Book printing division achieved a remarkable growth in sales by 14% under the proactive sales and marketing strategy. Major clients of book printing included multinational publishers and conglomerates in the United States, Europe, Australia, New Zealand and Japan.


The Group was bestowed many awards in international competitions

The Group placed strong emphasis on its consistent high quality standard and reputation as it is of paramount importance to uplift its corporate image on the international platform. Year of 2004 was a fruitful year for award accreditation, the Group won various top printing awards including 16 awards in 2004 Premier Print Awards in the United States, 5 superb printing awards in the International Association of Printing House Craftsmen (IAPHC) in the United States, and 5 awards in the Hong Kong Print Award. Of which, we were bestowed 2 Benny awards, being appraised as the highest honor in the global printing industry, in the Trade Book and Special Finishing Technique categories. Besides, the Group had been awarded the championship award in the monotone/duotone category in the Hong Kong Print Award for 3 consecutive years since 2002.

Product highlights of book printing

The Group participated in several international trade fairs namely the Bologna Children's Book Fair, Book Expo of America, Beijing International Book Fair, and Frankfurt Book Fair to promote its corporate awareness and to expand new business.

The Group showed its presence in the Frankfurt Book Fair 2004

i) *Yuanzhou plant*


One of the new 5-color printing presses in Yuanzhou Plant

The Yuanzhou plant occupied a gross floor area of about 410,000 sq. ft., which is well equipped primarily for book printing business. To cater for the growing demand for book printing business, the Group had installed two new 5-color printing presses and auxiliary binding facilities in the year under review.

Besides, the Group had upgraded its prepress capabilities in order to maintain its pioneer position in the development of technology and market requirements. In order to support the increasing number of workers, the Group is constructing a new staff quarters in Yuanzhou plant, which will be completed in the second quarter of 2005.


Outlook of Yuanzhou Plant

ii) Processing plant in Dongguan

The processing plant in Dongguan occupied a four-storey leased premise with over 250,000 sq. ft. and has been providing strong back-up support to book printing business.


Outlook of processing plant in Dongguan

The operating efficiency of the processing plant has steadily improved with the implementation of a series of measures, including the strengthening of operation and production flow and realignment of operational team. The processing plant is able to provide the Group with an additional printing capacity to cater for the growth in business.

(2) Paper Product Printing

The Dongguan plant occupied a total gross floor area of 410,000 sq. ft. and is fully equipped to produce a diversified range of paper products including packaging products, commercial printing products, premium gifts products, greeting cards, stationery items and paper gift bags. To enhance productivity, the Group had installed an additional 5-color printing press and other auxiliary printing facilities during the year under review.


Outlook of Dongguan Plant

During the year of 2004, paper product division achieved a steady growth in turnover with its effective product-mix strategy to improve its profit margin. In view of the keen competition in paper product business, the Group has adopted prudent pricing strategy to maintain an appropriate symmetry with its sales volume, gross profit and market share. To cope with the more sophisticated market demand, the Group has been offering value added services by promoting a series of paper product designs and concepts. Customers appraised the services being provided and the Group could widen its scope of services and generate additional source of revenue.

Product highlights of paper product printing

The Group participated in the Frankfurt Paperworld 2004

The Group has implemented proactive strategy in new business exploration and expanding its product range. In 2004, the Group has participated in the Frankfurt Paperworld 2004 and the Total Processing and Packaging Fair in Birmingham.

b) *Property Division*

During the year under review, the Group entered into an agreement to dispose of its 51% interests in Chengdu Chuang's Centre Development Company Limited which holds the commercial podium and basements of Chengdu Chuang's Centre. Under the agreement, the Group will receive a consideration of RMB100 million (HK$93.5 million) in cash and the consideration property of the 6th floor of Chengdu Chuang's Centre. Completion of the agreement is expected to be in 2005.

During the year under review, rental income of the property division amounted to about HK$18 million. The property division will continue to generate stable rental income for the Group.

LIQUIDITY AND FINANCIAL POSITIONS

As at 31st December, 2004, the Group's bank balances and cash amounted to HK$96 million (2003: HK$169 million) while bank borrowings and obligations under finance leases amounted to HK$143 million (2003: HK$118 million), of which HK$107 million (2003: HK$71 million) are due from the second to fifth year. The Group's net bank borrowings amounted to HK$47 million and its net bank borrowings to equity ratio (being all bank and other borrowings less bank balances and cash as a ratio to shareholders' funds) is 9%. As mentioned hereinabove, upon completion of the disposal of 51% interests in Chengdu Chuang's Centre Development Company Limited in 2005, the Group will receive an additional RMB100 million (HK$93.5 million) in cash for working capital purpose. Should this additional cash inflow be taken into account, the Group would have returned to a net cash position.

Most of the Group's bank balances and borrowings were denominated in Hong Kong dollars, U.S. dollars and Renminbi, risk in exchange rate fluctuation would not be material. Interest on bank borrowings was charged at variable commercial rates prevailing in Hong Kong and the PRC. At the balance sheet date, certain assets of the Group with net book value of HK$103 million (2003: HK$106 million) had been pledged to secure borrowings granted to the Group.

During the year under review, the Group redeemed 166,666,666 Series B preference shares of the Company at HK$0.60 each, totaling HK$100 million. Accordingly, as at the date hereof, the Group has only in issue HK$48.5 million of Series B preference shares.

PROSPECTS

The Group projects an optimistic view of the sales and business environment for printing business, despite of keen competition in the export market as well as the domestic PRC market. The Group will further widen its product range in hand assembling line of the stationery items and children book categories, and will further establish new customer base as well as to recruit additional sales and marketing personnel in overseas and the PRC markets.

To mitigate the adverse effects of the soaring of paper cost and increase in administrative and operating expenses, the Group will continue its effort to apply effective measures to maintain a stable paper cost. Meanwhile, the Group will improve its logistics workflow and to implement a stringent production, operations and management control.

In 2005, the Group will add new CTP system each for the Yuanzhou plant and Dongguan plant and will install three printing machines, including two 5-color printing presses in Yuanzhou plant and one 2-color printing press in Dongguan plant.

In addition to the strategy in sales and marketing, production operating system, finance, logistics, procurement and overall management of the Group, the next stage productivity and factory expansion plan and technological advancement will be the key agenda of the next five-year plan. The Group is proactively undertaking feasibility study in further expanding its printing conglomerate in the PRC. Recently, the Group has agreed to acquire a piece of land with site area of about 1.8 million sq. ft. for the construction of new factory in Huizhou, Guangdong. It is to cater for the future expansion of book printing business. Development will be carried out in phases.

Slogan of "Premier Quality. Caring Service" will become the benchmark of the Group. To achieve such goal, the Group will put more emphasis on professional skill training, management training, team building and efficient working environment so as to accomplish the goal of providing total printing solution to customers.

CLOSING OF REGISTER

The register of members will be closed from Monday, 23rd May, 2005 to Wednesday, 25th May, 2005, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716 Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by no later than 4:00 p.m. on Friday, 20th May, 2005.

STAFF

As at 31st December, 2004, the Group, including its subcontracting processing plant, employed 3,000 staff and workers, with their remuneration normally reviewed annually. The Group also provides its staff with other benefits including year-end double-pay, discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

APPRECIATION

On behalf of the board of directors, I would like to take this opportunity to welcome Mr. WONG Chi Sing as an executive director and Dr. LI Sau Hung, Eddy and Mr. YAU Chi Ming to join as independent non-executive directors of the Company and express my heartfelt thanks to all management and staff for their dedicated contribution. With the support of my colleagues, I am confident that we can look ahead and continue to maximize our resources to bring greatest reward to our shareholders.

CHAN Sheung Chiu
Chairman

Hong Kong, 29th March, 2005

EXECUTIVE DIRECTORS

Mr. CHAN Sheung Chiu, aged 66, the Chairman of the Group, is responsible for the formulation and development of the Group's corporate policies and business strategies. He has over 30 years of experience in general management in the manufacturing industry and trade and real estate business in the People's Republic of China (the "PRC"). Mr. CHAN is the Deputy Chairman of Chuang's China Investments Limited ("Chuang's China"), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), a director of the Chinese Manufacturers' Association of Hong Kong, the Fukien Chamber of Commerce, the Fukien Chamber of Commerce Education Fund Limited and the General Association of Xiamen (Hong Kong). He is also the registered manager of Fukien Secondary School, Fukien Secondary School (Siu Sai Wan), Fukien Middle School (North Point) and Fukien Education Centre (Evening). He is a brother-in-law of Mr. LEE Sai Wai and Mr. CHUANG Shaw Swee, Alan. He joined the Group in 2000.

Mr. KWONG Tin Lap, aged 40, the Managing Director of the Group, is responsible for the overall management of the Group, and in particular the development of the book printing business. He has over 18 years of experience in finance and general management. He holds a Master degree in Information System. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in 2000.

Mr. KWOK Chi Fai, aged 43, the Deputy Managing Director of the Group, is responsible for the development of the paper products printing business. He has over 21 years of experience in finance and general management. He holds a Master degree in Business Administration and a Master degree in Finance. Mr. KWOK is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and a Certified Management Accountant of Canada. He joined the Group in 2001.

Ms. LI Mee Sum, Ann, aged 44, joined the Group in 2000. She has over 19 years of experience in finance and investment banking. Ms. LI is the Managing Director of Chuang's China, a company listed on the Stock Exchange. She holds a Master degree in Business Administration and is a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Chartered Institute of Management Accountants.

Mr. TANG Chow Ming, Paul, aged 57, is responsible for the formulation and implementation of the Group's book printing sales and marketing strategies, joined the Group in 2001. He has extensive experience in business development and sales management in the manufacturing industry.

EXECUTIVE DIRECTORS *(cont'd)*

Mr. WONG Chi Sing, aged 34, was appointed as an Executive Director of the Company in 2004. He is responsible for the finance and accounting functions of the Group. He has over 11 years of experience in finance, accounting and auditing. He holds a Bachelor degree in Business Administration and had worked in an international accountancy firm for many years. He is an associate member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

NON-EXECUTIVE DIRECTORS

Mr. LEE Sai Wai, aged 68, was appointed as a Non-Executive Director of the Company in 2000. He has over 19 years of experience in the manufacturing and property sectors. Mr. LEE is an Executive Director of Chuang's China, a company listed on the Stock Exchange, Vice President of the Hong Kong Sichuan Friendship Association Company Limited and a director of the Hong Kong Factory Owners Association. He is a graduate of Shanghai Fudan University. He is a brother-in-law of Mr. CHAN Sheung Chiu and Mr. CHUANG Shaw Swee, Alan.

Mr. Dominic LAI, aged 58, was an Independent Non-Executive Director of the Company from 20th March, 2000 until his re-designation as a Non-Executive Director of the Company on 5th August, 2004. He is a practising solicitor in Hong Kong and is admitted as a solicitor in England and Wales, the Republic of Singapore and the States for New South Wales and Victoria, Australia. Mr. LAI is currently a Non-Executive Director of NWS Holdings Limited, New World TMT Limited and Oriental Press Group Limited, an Independent Non-Executive Director of Winfoong International Limited, all are listed on the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SHEK Lai Him, Abraham, J.P. aged 59, was appointed as an Independent Non-Executive Director of the Company in 2001. He is also an Independent Non-Executive Director of Chuang's Consortium International Limited, Paliburg Holdings Limited, Lifestyle International Holdings Limited, New World TMT Limited and NWS Holdings Limited, all are listed on the Stock Exchange and a director of The Hong Kong Mortgage Corporation Limited. He holds a Bachelor degree of Arts. Mr. SHEK is currently a member of the Legislative Council for the Hong Kong Special Administrative Region, the Managing Board of Kowloon-Canton Railway Corporation, the Council of The Hong Kong University of Science & Technology and the Court of The University of Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(cont'd)*

Dr. LI Sau Hung, Eddy, aged 50, was appointed as an Independent Non-Executive Director of the Company in 2004. He has over 20 years' experience in the manufacturing business. He is a member of the Chinese People's Political Consultative Committee, the president of Hong Kong Economic & Trade Association and a member of the TDC Watch Trade Advisory Committee. Dr. LI holds a Master degree in Business Administration and a Ph.D. degree in Economics. He was a 1991 awardee of The Ten Outstanding Young Persons and the 1993 awardee of Young Industrialists of Hong Kong. He is currently an Independent Non-Executive Director of Jackin International Holdings Limited, Oriental Watch Holdings Limited and Man Yue International Holdings Limited, all are listed on the Stock Exchange.

Mr. YAU Chi Ming, aged 51, was appointed as an Independent Non-Executive Director of the Company in 2004. He is a practising certified public accountant in Hong Kong with over 20 years of experience. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and an associate member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Certified General Accountants' Association in Canada.

CONSULTANTS

Mr. CHUANG Shaw Swee, Alan, aged 53, has acted as a consultant of the Group since 2002. He is the Chairman of Chuang's Consortium International Limited, a company listed on the Stock Exchange. He has extensive experience in property development and investment in Hong Kong, the PRC and Southeast Asia. With his substantial connections, he has been actively involved in development and management of investments in Hong Kong and Southeast Asia. He was an Adviser of Hong Kong Affairs and a member of the Selection Committee for the Government of the Hong Kong Special Administrative Region. He is a member of the National Committee of The Chinese People's Political Consultative Conference, a member of All-China Federation of Returned Overseas Chinese, a member of China Overseas Friendship Association, a standing member of The Chinese People's Political Consultative Conference, Fujian Provincial Committee and The Chinese People's Political Consultative Conference, Xiamen Committee, an economic adviser to Chengdu, Sichuan, an Honorary Citizen of Xiamen City, Guangzhou City and Chia-Yi, Taiwan and a director of the Board of Trustees of Jimei University, Xiamen City. He is also the Vice President of the Hong Kong Factory Owners Association, the Life Honorary President and the Vice Director of the General Association of Xiamen (Hong Kong) Limited, the Permanent President of Hong Kong Hui An Natives Association, the Life Honorary President of Chuang & Yen Clansmen's General Association and a director of The Hong Kong Christian Mutual Improvement Society, the Hong Kong Christian Home for the Aged Limited and the Hong Kong Digestive Foundation Limited. He is also the brother-in-law of Mr. CHAN Sheung Chiu and Mr. LEE Sai Wai.

CONSULTANTS *(cont'd)*

Mr. CHAN Man Chun, aged 84, graduated from the South-West Associated University, the PRC, joined the Group in 1995 as a consultant. He was formerly the Managing Director of a major local paper trading company.

SENIOR MANAGEMENT

Mr. CHEUNG Yiu Ming, William, aged 52, is the General Manager of Yuanzhou Plant. He joined the Group in 1996 and has over 35 years of experience in the printing industry.

Mr. LAM Wai Man, aged 45, is the General Manager of Dongguan Plant. He has over 25 years of related experience in the printing field. Mr. LAM joined the Group in 1999.

Mr. HUI Wai Wu, Sam, aged 46, is the Operation Manager of the Group. He joined the Group in 2003 and has over 26 years of experience in the printing industry.

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2004.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and other details of the principal subsidiaries are set out in note 30 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year ended 31st December, 2004 are set out in the consolidated income statement on page 25 of the annual report and in the accompanying notes to the financial statements.

An interim dividend of HK1.2 cents per share amounting to approximately HK$6,412,000 were paid to the ordinary shareholders during the year.

A semi-annual preference share dividend calculated on a daily basis amounting to approximately HK$2,281,000 has been paid to the preference shareholders for the year ended 31st December, 2004.

The directors now recommend the payment of a final dividend of HK3.3 cents per share to the ordinary shareholders whose names appear on the Company's register of members on 25th May, 2005, amounting to approximately HK$17,632,000 for the year ended 31st December, 2004.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 65 of the annual report.

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together accounted for 17.9% and 36.5% respectively of the Group's total purchases for the year.

The aggregate sale attributable to the Group's five largest customers taken together were less than 30% of the Group's total turnover for the year.

None of the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital) had any interest in the five largest suppliers or customers.

INVESTMENT PROPERTIES

At 31st December, 2004, the investment properties of the Group were revalued by a firm of independent professional valuers on an open market value basis at HK$393,700,000. The revaluation increase of HK$5,610,000, net of minority interests, has been credited to the investment property revaluation reserve.

The corresponding tax effect of the revaluation amounted to HK$2,830,000 has also been charged to the investment property revaluation reserve.

Details of the investment properties of the Group are set out in note 10 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK$40 million in aggregate on plant and machinery and furniture and fixtures to expand and upgrade its production capacity.

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 11 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the share capital and the share option of the Company are set out in notes 23 and 24 to the financial statements respectively.

RESERVES

In addition to the retained profits of the Company, the ordinary share premium, the other reserve and the contributed surplus accounts of the Company are also available for distribution to ordinary shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. Accordingly, the Company's reserves available for distribution to shareholders at 31st December, 2004 amounted to approximately HK$256,127,000.

Detail of movements in the reserves of the Group and the Company during the year are set out in the statement of changes in equity on page 29 of the annual report.

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

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

DIRECTORS

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

Executive directors:

Mr. CHAN Sheung Chiu *(Chairman)*
Mr. KWONG Tin Lap *(Managing Director)*
Mr. KWOK Chi Fai *(Deputy Managing Director)*
Ms. LI Mee Sum, Ann
Mr. TANG Chow Ming, Paul
Mr. WONG Chi Sing (appointed on 25th August, 2004)

Non-executive directors:

Mr. LEE Sai Wai
Mr. Dominic LAI (re-designated from independent non-executive director on 5th August, 2004)

Independent non-executive directors:

Mr. SHEK Lai Him, Abraham
Dr. LI Sau Hung, Eddy (appointed on 5th August, 2004)
Mr. YAU Chi Ming (appointed on 5th August, 2004)

In accordance with Articles 99 and 116 of the Company's Articles of Association, six directors, Mr. CHAN Sheung Chiu, Mr. TANG Chow Ming, Paul, Mr. WONG Chi Sing, Mr. SHEK Lai Him, Abraham, Dr. LI Sau Hung, Eddy and Mr. YAU Chi Ming will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

There was no fixed term of office for each non-executive director and independent non-executive director of the Company prior to 1st January, 2005, the term of office of each of these directors was the period up to his retirement by rotation in accordance with the Company's Articles of Association.

In January 2005, the board of directors approved the term of office for each non-executive director and independent non-executive director to be 3 years from 1st January, 2005, subject to retirement by rotation and re-election at least once every 3 years, in compliance with the amendments to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which came into effect on 1st January, 2005.

DIRECTORS' SERVICE CONTRACTS

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st December, 2004, the interests and short positions of the directors and the chief executive of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such directors and the chief executive of the Company would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

Name of director	Number of ordinary shares of the Company held	Capacity	Nature of Interest	Approximate % of shareholding in the Company
Mr. SHEK Lai Him, Abraham	10,000	Beneficial owner	Personal interest	0.002%

Other than as disclosed herein, as at 31st December, 2004, none of the directors and the chief executive of the Company had any interest or short position in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

During the year, none of the directors and the chief executive nor their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any securities of the Company or any of its associated corporations.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option schemes detailed in note 24 to the financial statements, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED/RELATED PARTY TRANSACTIONS

Details of the connected/related party transactions are set out in note 29 to the financial statements.

The independent non-executive directors have reviewed the connected/related party transactions set out in note 29 to the financial statements and in their opinion, these transactions entered into by the Company were:

(i) in the ordinary and usual course of business of the Company;

(ii) on normal commercial terms; and

(iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors or chief executive of the Company, as at 31st December, 2004, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Name of shareholder	Number of ordinary shares of the Company held	Capacity
Gold Throne Finance Limited ("Gold Throne")	236,000,000 *(note 1)*	Beneficial owner
Chuang's China Investments Limited ("Chuang's China")	236,000,000 *(note 1)*	*(note 2)*
Profit Stability Investments Limited ("PSI")	236,000,000 *(note 1)*	*(note 2)*
Chuang's Consortium International Limited ("CCIL")	236,000,000 *(note 1)*	*(note 2)*
Value Partners Limited ("VPL")	36,734,000 *(note 3)*	Investment manager
Cheah Cheng Hye ("Mr. Cheah")	36,734,000 *(note 3)*	*(note 4)*

Notes:

1. Such interests represented 44.17% of the issued ordinary share capital.

2. Such interests arose through the interests in the relevant shares owned by Gold Throne, a wholly owned subsidiary of Chuang's China in which CCIL is entitled to exercise or control the exercise of one third or more of the voting power in general meetings through its wholly owned subsidiary, PSI. As at 31st December, 2004, CCIL held approximately 60.1% shareholding interests in Chuang's China.

3. Such interests represented approximately 6.88% of the issued ordinary share capital.

4. Such interests arose through the interests in the relevant shares owned by VPL, a funds management company, in which Mr. Cheah held approximately 31.82% shareholding interests in VPL.

Save as disclosed above, as at 31st December, 2004, there was no other person who was recorded in the register of the Company as having interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

The Group had certain banking facilities with an aggregate amount of HK$85.5 million (the "Banking Facilities") comprising a term loan, an overdraft facility, and other trade related facilities, which required Chuang's China and Mr. CHUANG Shaw Swee, Alan to remain as the combined single largest shareholder of the Company at all times during the subsistence of the Banking Facilities.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st December, 2004 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all its independent non-executive directors are independent.

The audit committee has been established by the Company since 1999 to review and supervise the Company's financial reporting process and internal controls. The current members of the Audit Committee are the three independent non-executive directors, Mr. SHEK Lai Him, Abraham, Dr. LI Sau Hung, Eddy and Mr. YAU Chi Ming, and one non-executive director, Mr. Dominic LAI.

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules throughout the year ended 31st December, 2004.

NOMINATION COMMITTEE

The nomination committee has been established by the Company in January 2005 and the current members are two independent non-executive directors, Mr. SHEK Lai Him, Abraham and Dr. LI Sau Hung, Eddy and one non-executive director, Mr. Dominic LAI. The committee is responsible for reviewing the nomination of directors and making recommendations to the board of directors on such appointments.

EMOLUMENT POLICY

The remuneration committee has been established by the Company in January 2005 and the current members are two independent non-executive directors, Mr. SHEK Lai Him, Abraham and Mr. YAU Chi Ming and one non-executive director, Mr. Dominic LAI. The emoluments of the directors and senior management of the Company will be approved by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistic.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 24 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31st December, 2004.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board of
Midas International Holdings Limited

CHAN Sheung Chiu
Chairman

Hong Kong, 29th March, 2005

Deloitte.
德勤

TO THE SHAREHOLDERS OF MIDAS INTERNATIONAL HOLDINGS LIMITED
勤達集團國際有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 25 to 64 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December, 2004 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 29th March, 2005

For the year ended 31st December, 2004

	NOTES	2004 HK$'000	2003 HK$'000
Turnover	3	**736,879**	675,237
Direct expenses		**(498,939)**	(469,857)
Gross profit		**237,940**	205,380
Other operating income		**15,401**	14,457
Selling expenses		**(26,189)**	(18,897)
Administrative and operating expenses		**(150,271)**	(135,010)
Profit from operations	4	**76,881**	65,930
Finance costs	6	**(5,777)**	(6,257)
Profit before taxation		**71,104**	59,673
Income tax expenses	7	**(9,399)**	(6,704)
Profit before minority interests		**61,705**	52,969
Minority interests		**(1,094)**	(607)
Net profit for the year		**60,611**	52,362
Dividends	8	**24,722**	24,756
Earnings per share	9		
Basic		**10.9 cents**	10.5 cents
Diluted		**10.9 cents**	9.1 cents

	NOTES	**2004 HK$'000**	2003 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	10	**393,700**	382,700
Property, plant and equipment	11	**241,236**	237,591
Contractual reimbursement from related companies	12	**32,719**	32,719
		667,655	653,010
Current assets			
Inventories	14	**70,261**	61,015
Trade receivables	15	**208,424**	192,609
Deposits, prepayments and other receivables		**12,655**	9,464
Tax recoverable		**212**	–
Bank balances and cash		**96,040**	169,028
		387,592	432,116
Current liabilities			
Trade payables	16	**154,904**	154,915
Accrued charges and other payables		**82,805**	85,246
Deposit received in respect of disposal of a subsidiary	17	**936**	–
Tax payable		**5,740**	9,008
Borrowings	18	**35,849**	44,969
Obligations under finance leases	19	**–**	1,537
		280,234	295,675
Net current assets		**107,358**	136,441
Total assets less current liabilities		**775,013**	789,451
Non-current liabilities			
Borrowings	18	**107,000**	71,300
Amount due to a minority shareholder	20	**56,887**	54,076
Deferred tax	21	**56,354**	50,724
Retirement benefit obligations	22	**–**	1,013
		220,241	177,113
MINORITY INTERESTS		**44,665**	40,900
NET ASSETS		**510,107**	571,438

	NOTES	2004 HK$'000	2003 HK$'000
CAPITAL AND RESERVES			
Share capital	23		
Ordinary shares		**53,429**	53,429
Preference shares		**808**	2,475
Share premium		**212,465**	310,798
Other reserves		**243,405**	204,736
SHAREHOLDERS' FUNDS		**510,107**	571,438

The financial statements on pages 25 to 64 were approved and authorised for issue by the board of directors on 29th March, 2005 and are signed on its behalf by:

KWONG Tin Lap
DIRECTOR

KWOK Chi Fai
DIRECTOR

	NOTES	2004 HK$'000	2003 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	*13*	**358,724**	393,270
Current assets			
Prepayments and other receivables		**194**	51
Bank balances		**84**	67,067
		278	67,118
Current liabilities			
Accrued charges		**946**	471
Net current (liabilities) assets		**(668)**	66,647
NET ASSETS		**358,056**	459,917
CAPITAL AND RESERVES			
Share capital	*23*		
Ordinary shares		**53,429**	53,429
Preference shares		**808**	2,475
Share premium		**212,465**	310,798
Other reserves		**91,354**	93,215
SHAREHOLDERS' FUNDS		**358,056**	459,917

KWONG Tin Lap
DIRECTOR

KWOK Chi Fai
DIRECTOR

	Ordinary share capital HK$'000	Preference share capital HK$'000	Ordinary share premium HK$'000	Preference share premium HK$'000	Other reserve HK$'000 (Note a)	Merger reserve HK$'000 (Note b)	Contributed surplus HK$'000 (Note c)	Goodwill HK$'000	Investment property revaluation reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
THE GROUP												
At 1st January, 2003	38,929	4,095	136,123	241,605	–	24,000	–	(33,216)	–	239	182,107	593,882
Issue of ordinary shares on exercise of share options	100	–	220	–	–	–	–	–	–	–	–	320
Conversion from Series A preference shares to ordinary shares	14,400	(720)	28,800	(42,480)	–	–	–	–	–	–	–	–
Redemption of preference shares	–	(900)	–	(53,100)	4,000	–	–	–	–	–	–	(50,000)
Share issue expenses	–	–	(370)	–	–	–	–	–	–	–	–	(370)
Net profit for the year	–	–	–	–	–	–	–	–	–	–	52,362	52,362
Dividends	–	–	–	–	–	–	–	–	–	–	(24,756)	(24,756)
At 31st December, 2003	53,429	2,475	164,773	146,025	4,000	24,000	–	(33,216)	–	239	209,713	571,438
Redemption of preference shares	–	(1,667)	–	(98,333)	–	–	–	–	–	–	–	(100,000)
Revaluation increase for the year, net of minority interests	–	–	–	–	–	–	–	–	5,610	–	–	5,610
Deferred tax liability arising on revaluation of investment properties, net of minority interests	–	–	–	–	–	–	–	–	(2,830)	–	–	(2,830)
Net profit for the year	–	–	–	–	–	–	–	–	–	–	60,611	60,611
Dividends	–	–	–	–	–	–	–	–	–	–	(24,722)	(24,722)
At 31st December, 2004	53,429	808	164,773	47,692	4,000	24,000	–	(33,216)	2,780	239	245,602	510,107
THE COMPANY												
At 1st January, 2003	38,929	4,095	136,123	241,605	–	–	77,963	–	–	–	7,063	505,778
Issue of ordinary shares on exercise of share options	100	–	220	–	–	–	–	–	–	–	–	320
Conversion from Series A preference shares to ordinary shares	14,400	(720)	28,800	(42,480)	–	–	–	–	–	–	–	–
Redemption of preference shares	–	(900)	–	(53,100)	4,000	–	–	–	–	–	–	(50,000)
Share issue expenses	–	–	(370)	–	–	–	–	–	–	–	–	(370)
Net profit for the year	–	–	–	–	–	–	–	–	–	–	28,945	28,945
Dividends	–	–	–	–	–	–	–	–	–	–	(24,756)	(24,756)
At 31st December, 2003	53,429	2,475	164,773	146,025	4,000	–	77,963	–	–	–	11,252	459,917
Redemption of preference shares	–	(1,667)	–	(98,333)	–	–	–	–	–	–	–	(100,000)
Net profit for the year	–	–	–	–	–	–	–	–	–	–	22,861	22,861
Dividends	–	–	–	–	–	–	–	–	–	–	(24,722)	(24,722)
At 31st December, 2004	53,429	808	164,773	47,692	4,000	–	77,963	–	–	–	9,391	358,056

Notes:

(a) The other reserve of the Group represents the difference between the value of redeemable preference shares and the nominal consideration paid in 2003.

(b) 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 reorganisation in 1996 (the "Group Reorganisation").

(c) 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 the Group Reorganisation and the nominal amount of the ordinary shares issued by the Company which were issued under the Group Reorganisation.

	2004 HK$'000	2003 HK$'000
OPERATING ACTIVITIES		
Profit from operations	**76,881**	65,930
Adjustments for:		
Allowance for bad and doubtful debts	**6,112**	1,567
Interest income	**(927)**	(1,202)
Release of negative goodwill to income	**–**	(3,502)
Depreciation and amortisation	**34,979**	34,608
(Gain) loss on disposal of property, plant and equipment	**(677)**	86
(Decrease) increase in retirement benefit obligations	**(1,013)**	730
Operating cash flows before movements in working capital	**115,355**	98,217
Increase in inventories	**(9,246)**	(16,481)
Increase in trade receivables	**(21,927)**	(38,938)
(Increase) decrease in deposits, prepayments and other receivables	**(3,191)**	4,821
(Decrease) increase in trade payables	**(11)**	39,422
Decrease in accrued charges and other payables	**(2,441)**	(552)
Net cash generated from operations	**78,539**	86,489
Income tax paid	**(14,040)**	(2,563)
Income tax refunded	**1,242**	77
Interest paid	**(2,950)**	(3,371)
Finance charge on obligations under finance leases	**(16)**	(76)
NET CASH FROM OPERATING ACTIVITIES	**62,775**	80,556
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(40,258)**	(75,102)
Proceeds from disposal of property, plant and equipment	**2,311**	90
Deposit received in respect of disposal of a subsidiary	**936**	–
Interest received	**927**	1,202
Reimbursement of payment for properties under development from related companies	**–**	21,001
Reimbursement of guaranteed rented income from a related company	**–**	2,855
NET CASH USED IN INVESTING ACTIVITIES	**(36,084)**	(49,954)

	2004 HK$'000	2003 HK$'000
FINANCING ACTIVITIES		
Redemption of preference shares	**(100,000)**	(50,000)
Repayment of bank loans	**(28,912)**	(26,050)
Dividends paid	**(24,722)**	(24,756)
Repayment of import loans	**(21,083)**	(54,127)
Repayment of obligations under finance leases	**(1,537)**	(1,791)
New bank loans raised	**60,000**	70,000
New import loans raised	**16,575**	43,071
Share issue expenses	**–**	(370)
Proceed from shares issued upon exercise of share options	**–**	320
NET CASH USED IN FINANCING ACTIVITIES	**(99,679)**	(43,703)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(72,988)**	(13,101)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**169,028**	182,129
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**96,040**	169,028

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands ("Companies Law"). Its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 30.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties.

Potential impact arising on adoption of new or revised accounting standards

In 2004, the Hong Kong Institute of Certified Public Accountants issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (herein collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1st January, 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st December, 2004.

The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill arising on acquisitions of subsidiaries prior to 1st January, 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired.

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Goodwill *(cont'd)*

Goodwill arising on acquisitions of subsidiaries after 1st January, 2001 is capitalised as a separate asset on the balance sheet and amortised on a straight line basis over its useful economic life.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortisation and accumulated impairment losses.

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment over their estimated useful lives, from the date on which they become fully operational, using the straight line method, as follows:

Leasehold land	50 years or over the term of the relevant lease, whichever is shorter
Buildings	20 – 30 years
Leasehold improvements	Over the term of the relevant lease
Plant and machinery	3 – 15 years
Furniture and fixtures	3 – 5 years
Motor vehicles	3 – 5 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Assets held under finance leases

Leases are classified as finance leases when the terms of the leases transfer substantially all the risks and rewards of ownership of the assets concerned to the Group.

Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as obligations under finance leases. Finance costs, which represent the difference between the total finance lease payment and the original outstanding principal at the inception of the finance lease, are charged to the income statement over the period of the respective leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the rentals payable are charged to the income statement on a straight line basis over the term of the relevant lease.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the term of the relevant lease.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates ruling on the dates of the transactions or at the contracted settlement rate. Monetary assets and liabilities denominated in such currencies are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the assets and liabilities of subsidiaries which are denominated in foreign currencies are translated into Hong Kong dollars at the approximate rates ruling on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and are recognised as income or as expenses in the period in which the operations are disposed of.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") are charged as an expense as they fall due.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the Group's defined benefit obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the employees participating in the plan. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the amended benefits become vested.

The amount recognised on the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised transitional liability on initial adoption of Statement of Standard Accounting Practice 34 "Employee Benefits" issued by the Hong Kong Institute of Certified Public Accountants, and as reduced by the fair value of plan assets. Any asset resulting from this calculation was limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

3. SEGMENT INFORMATION

Business segments

The Group is currently operating in two business segments, namely printing and property investment. Turnover of the Group represents net amounts received and receivable for goods sold by the Group to outside customers, less returns and allowances and property rental income during the year. The Group reports business segments as its primary segment. Segmental information about these businesses is presented below.

3. SEGMENT INFORMATION *(cont'd)*

2004

CONSOLIDATED INCOME STATEMENT

	Printing	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
TURNOVER – external	719,311	17,568	736,879
SEGMENT RESULTS	67,971	10,749	78,720
Unallocated corporate income			4
Unallocated corporate expenses			(1,843)
Profit from operations			76,881
Finance costs			(5,777)
Profit before taxation			71,104
Income tax expenses			(9,399)
Profit before minority interests			61,705

CONSOLIDATED BALANCE SHEET

	Printing	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
ASSETS			
Segment assets	527,042	431,953	958,995
Unallocated corporate assets			96,252
Consolidated total assets			1,055,247
LIABILITIES			
Segment liabilities	211,414	84,118	295,532
Unallocated corporate liabilities			204,943
Consolidated total liabilities			500,475

3. SEGMENT INFORMATION *(cont'd)*

2004 *(cont'd)*

OTHER INFORMATION

	Printing	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Allowance for bad and doubtful debts	6,112	–	6,112
Capital expenditure	40,258	–	40,258
Depreciation and amortisation	34,726	253	34,979
(Gain) loss on disposal of property, plant and equipment	(1,173)	496	(677)

2003

CONSOLIDATED INCOME STATEMENT

	Printing	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
TURNOVER – external	660,361	14,876	675,237
SEGMENT RESULTS	54,488	11,860	66,348
Unallocated corporate income			1,202
Unallocated corporate expenses			(1,620)
Profit from operations			65,930
Finance costs			(6,257)
Profit before taxation			59,673
Income tax expenses			(6,704)
Profit before minority interests			52,969

3. SEGMENT INFORMATION *(cont'd)*

2003 *(cont'd)*

CONSOLIDATED BALANCE SHEET

	Printing	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
ASSETS			
Segment assets	495,847	420,251	916,098
Unallocated corporate assets			169,028
Consolidated total assets			1,085,126
LIABILITIES			
Segment liabilities	214,245	81,005	295,250
Unallocated corporate liabilities			177,538
Consolidated total liabilities			472,788

OTHER INFORMATION

	Printing	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Allowance for bad and doubtful debts	1,567	–	1,567
Capital expenditure	74,387	715	75,102
Depreciation and amortisation	34,401	207	34,608
Loss on disposal of property, plant and equipment	86	–	86

3. SEGMENT INFORMATION *(cont'd)*

Geographical segments

The Group's printing business is located in both Hong Kong and the People's Republic of China (the "PRC"), while the property business is located in the PRC.

The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods and the services.

	Turnover by geographical market	
	2004	2003
	HK$'000	*HK$'000*
Europe	**229,341**	176,018
North America	**196,628**	167,381
Hong Kong	**185,991**	193,540
Australia and New Zealand	**76,268**	92,444
The PRC	**42,768**	45,060
Others	**5,883**	794
	736,879	675,237

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital expenditure	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**334,850**	346,983	**898**	2,352
The PRC	**720,397**	738,143	**39,360**	72,750
	1,055,247	1,085,126	**40,258**	75,102

4. PROFIT FROM OPERATIONS

	2004	2003
	HK$'000	*HK$'000*
Profit from operations has been arrived at after charging:		
Directors' remuneration *(note 5)*	**6,200**	5,531
Other staff costs	**85,799**	81,888
Retirement benefit scheme contribution, excluding contributions for directors	**1,808**	2,358
Total staff costs	**93,807**	89,777
Allowance for bad and doubtful debts	**6,112**	1,567
Auditors' remuneration:		
Current year	**848**	830
Underprovision in prior years	**140**	–
	988	830
Cost of inventories recognised as an expense	**495,300**	466,580
Depreciation and amortisation	**34,979**	34,608
Loss on disposal of property, plant and equipment	**–**	86
Rental of premises under operating leases	**5,384**	5,604
and after crediting:		
Gain on disposal of property, plant and equipment	**677**	–
Interest earned on bank deposits	**927**	1,202
Release of negative goodwill (included in administrative and operating expense)	**–**	3,502
Rental income from investment properties, net of outgoings of HK$3,639,000 (2003: HK$3,277,000)	**13,929**	11,599

5. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Particulars of the emoluments of directors and the five highest paid employees are as follows:

(a) Directors' emoluments

	2004	2003
	HK$'000	*HK$'000*
Fees:		
Executive	**130**	110
Non-executive	**100**	20
Independent non-executive	**240**	160
	470	290
Other emoluments:		
Executive		
Salaries and other benefits	**2,760**	2,580
Bonus	**2,920**	2,625
Pension scheme contributions	**50**	36
	5,730	5,241
	6,200	5,531

Emoluments of the directors are within the following bands:

	Number of directors	
	2004	2003
HK$1,000,000 or below	**8**	5
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**2**	3
	11	8

5. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(cont'd)*

(b) Employees' emoluments

During the year, the five highest paid individuals included three directors (2003: three directors), details of whose emoluments are set out in note 5(a) above.

The emoluments of the remaining two individuals (2003: two individuals) are as follows:

	2004	2003
	HK$'000	*HK$'000*
Salaries and other benefits	**1,365**	1,594
Bonus	**519**	2,350
Pension scheme contributions	**30**	24
	1,914	3,968

Emoluments of the employees are within the following bands:

	Number of employees	
	2004	2003
HK$1,000,000 or below	**1**	–
HK$1,000,001 to HK$1,500,000	**1**	1
HK$2,000,001 to HK$2,500,000	**–**	1
	2	2

6. FINANCE COSTS

	2004	2003
	HK$'000	*HK$'000*
Finance charge on obligations under finance leases	**16**	76
Interest on borrowings wholly repayable within five years:		
Bank borrowings	**2,950**	3,371
Amount due to a minority shareholder	**2,811**	2,810
	5,777	6,257

7. INCOME TAX EXPENSES

	2004 *HK$'000*	2003 *HK$'000*
The charge (credit) represents:		
Current tax:		
Hong Kong Profits Tax	**7,057**	5,572
PRC income tax	**2,179**	1,459
	9,236	7,031
Under(over)provision in prior years:		
Hong Kong Profits Tax	**128**	324
PRC income tax	**(46)**	(216)
	82	108
Deferred tax *(note 21)*:		
Current year	**81**	(747)
Attributable to a change in tax rate	**–**	312
	81	(435)
	9,399	6,704

Hong Kong Profits Tax is calculated at 17.5% (2003: 17.5%) of the estimated assessable profit for the year.

PRC income tax is calculated at the applicable rates relevant to the PRC subsidiaries.

Pursuant to the relevant laws and regulations in the PRC, Dongguan Midas Printing Company Limited, a subsidiary of the Company, is entitled to an exemption from the PRC income tax for two years commencing from its first profit-making year of operation and a 50% relief from the PRC income tax for the following three years. During the year, Dongguan Midas Printing Company Limited was entitled to a 50% relief from the PRC income tax.

7. INCOME TAX EXPENSES *(cont'd)*

The income tax expenses for the year can be reconciled to the profit per consolidated income statement as follows:

	2004	2003
	HK$'000	*HK$'000*
Profit before taxation	**71,104**	59,673
Tax at the domestic income tax rate of 17.5%	**12,443**	10,443
Tax effect of expenses not deductible for tax purpose	**2,240**	825
Tax effect of income not taxable for tax purpose	**(1,105)**	(1,427)
Underprovision in prior years	**82**	108
Tax effect of tax losses not recognised	**571**	–
Utilisation of tax losses previously not recognised	**(546)**	(181)
Effect of tax holidays granted to a PRC subsidiary	**(1,210)**	(219)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(3,076)**	(3,157)
Increase in opening deferred tax liability resulting from an increase in applicable tax rate	**–**	312
Income tax expense for the year	**9,399**	6,704

In addition to the amount charged to the consolidated income statement, deferred tax relating to the revaluation of the investment properties of the Group has been charged directly to equity.

8. DIVIDENDS

	2004	2003
	HK$'000	*HK$'000*
Dividends paid to ordinary shareholders:		
2002 final dividend of HK2.8 cents per share	**–**	10,928
2003 special dividend of HK1.2 cents per share	**–**	4,684
2003 interim dividend of HK1.0 cent per share	**–**	5,343
2003 final dividend of HK3.0 cents per share	**16,029**	–
2004 interim dividend of HK1.2 cents per share	**6,412**	–
Dividends paid to Series B preference shareholders	**2,281**	3,801
Total dividends paid during the year	**24,722**	24,756

The final dividend of HK3.3 cents (2003: HK3.0 cents) per share to ordinary shareholders on the register of members on 25th May, 2005, amounting to approximately HK$17,632,000 (2003: HK$16,029,000), has been proposed by the directors and is subject to approval by the shareholders in general meeting.

Subject to the Companies Law, the holders of Series B preference shares are entitled to receive dividends semi-annually at 2.5 percent per annum on the issue price of HK$0.60 per preference share in arrears on a daily basis.

On 22nd May, 2003, the Company and Gold Throne Finance Limited ("Gold Throne"), a substantial shareholder of the Company and the holder of Series A and Series B preference shares, entered into an agreement (the "Concession Agreement") pursuant to which Gold Throne, among other things, would exercise the conversion right of converting 72,000,000 Series A preference shares of HK$0.01 each into 144,000,000 new ordinary shares in the Company of HK$0.10 each and waive any dividend payable on Series A preference shares for the period from 1st January, 2003 to 30th June, 2003. In addition, a special dividend of HK1.2 cents per share to the ordinary shareholders on the register of members on 30th June, 2003 (the date of an extraordinary general meeting of the shareholders of the Company approving the aforesaid transactions, "EGM") had been proposed by the directors pursuant to the Concession Agreement. The Concession Agreement became unconditional upon approval by the independent shareholders of the Company at the EGM, and accordingly the special dividend based on an aggregate of 390,290,068 ordinary shares, amounting to approximately HK$4,684,000, was distributed in July 2003.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2004	2003
	HK$'000	*HK$'000*
Net profit for the year	**60,611**	52,362
Dividends on preference shares	**(2,281)**	(3,801)
Earnings for the purposes of basic earnings per share and diluted earnings per share	**58,330**	48,561

	Number of shares	
	2004	2003
Weighted average number of ordinary shares for the purposes of basic earnings per share	**534,290,068**	462,821,575
Effect of dilutive potential ordinary shares:		
– Convertible preference shares	**–**	71,408,219
– Share options	**–**	10,818
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**534,290,068**	534,240,612

10. INVESTMENT PROPERTIES

	THE GROUP
	HK$'000
At 1st January, 2004	382,700
Revaluation increase for the year	11,000
At 31st December, 2004	**393,700**

The Group's investment properties are held under long leases in the PRC for rental income under operating leases.

Legal title to certain investment properties amounting to approximately HK$143,700,000 (2003: HK$143,700,000) still rests in the name of the vendor even though the Group has the right to execute the transfer at anytime at their discretion. As substantially all the risks and rewards of ownership of the properties have been transferred to the Group upon execution of sales agreement, the Group has recognised the properties as its assets.

At 31st December, 2004, these investment properties were revalued by DTZ Debenham Tie Leung Limited, a firm of independent professional valuers, on an open market value basis. This valuation gave rise to a revaluation increase of HK$11,000,000. The revaluation increase net of minority interest of HK$5,610,000 has been credited to the investment property revaluation reserve.

Certain investment properties with carrying amount of HK$250,000,000 as at 31st December, 2004 is owned by a non-wholly owned subsidiary of the Group. During the year, the Group has signed an agreement to dispose of that subsidiary to the minority shareholder of that subsidiary. Details of these are set out in note 17.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
THE GROUP						
COST						
At 1st January, 2004	64,433	3,157	359,685	37,765	6,015	471,055
Additions	–	–	35,449	2,938	1,871	40,258
Disposals	(1,465)	–	(6,448)	(242)	(1,159)	(9,314)
At 31st December, 2004	**62,968**	**3,157**	**388,686**	**40,461**	**6,727**	**501,999**
DEPRECIATION AND AMORTISATION						
At 1st January, 2004	8,198	1,359	191,900	28,005	4,002	233,464
Provided for the year	2,463	414	27,035	4,110	957	34,979
Eliminated on disposals	(178)	–	(6,195)	(172)	(1,135)	(7,680)
At 31st December, 2004	**10,483**	**1,773**	**212,740**	**31,943**	**3,824**	**260,763**
NET BOOK VALUES						
At 31st December, 2004	**52,485**	**1,384**	**175,946**	**8,518**	**2,903**	**241,236**
At 31st December, 2003	56,235	1,798	167,785	9,760	2,013	237,591

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
The net book value of the properties comprises:		
Leasehold land and buildings situated in:		
– the PRC under medium-term land use right	**51,983**	55,684
– Hong Kong under long leases	**502**	551
	52,485	56,235

The net book value of property, plant and equipment of the Group at 31st December, 2003 included an amount of approximately HK$5,623,000 in respect of assets held under finance leases. During the year ended 31st December, 2004, the finance leases were fully settled.

12. CONTRACTUAL REIMBURSEMENT FROM RELATED COMPANIES

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
Reimbursement of construction costs of properties under development *(note a)*	**41,718**	41,718
Less: Reimbursement entitled up to the balance sheet date	**(37,967)**	(37,967)
	3,751	3,751
Reimbursement of deferred tax liabilities *(note b)*	**28,968**	28,968
	32,719	32,719

Notes:

(a) Pursuant to a sale and purchase agreement dated 29th October, 2001 entered into with Chuang's China Commercial Limited ("CCC") in respect of the acquisition of the entire issued share capital of, and shareholder's loan to, AsianWisdom.Com Limited (the "Acquisition Agreement"), CCC had agreed and undertaken in favour of the Company to bear 51% of all the construction costs from the date of completion of the Acquisition Agreement up to completion of the construction works of the properties under development (the "Completion Costs"). Accordingly, the relevant portion of the estimated Completion Costs amounting to approximately HK$41,718,000 had been presented as a reimbursement of outstanding construction costs due from CCC and Chuang's China Investments Limited ("Chuang's China") at the time of acquisition of the properties under development by the Group. CCC is a wholly owned subsidiary of Chuang's China, a substantial shareholder of the Company, of which Mr. CHAN Sheung Chiu, Ms. LI Mee Sum, Ann and Mr. LEE Sai Wai are also directors. Chuang's China also joined as a party to the Acquisition Agreement in order to guarantee the due and full performance of the obligations of CCC under the Acquisition Agreement.

(b) The amount represents a reimbursement due from CCC and Chuang's China in respect of certain deferred tax liabilities arising from the properties of subsidiaries at the date of acquisition by the Group pursuant to the Acquisition Agreement.

13. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2004	2003
	HK$'000	*HK$'000*
Unlisted shares, at cost	**92,963**	92,963
Amounts due from subsidiaries	**265,761**	300,307
	358,724	393,270

The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms. The amounts will not be repayable within twelve months from the balance sheet date and are therefore shown as a non-current asset.

Particulars of the Company's principal subsidiaries at 31st December, 2004 are set out in note 30.

14. INVENTORIES

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
Raw materials	**43,256**	41,256
Work in progress	**23,101**	13,863
Finished goods	**3,904**	5,896
	70,261	61,015

Included above are raw materials of approximately HK$1,484,000 (2003: HK$962,000) which are carried at net realisable value.

15. TRADE RECEIVABLES

The Group has a policy of allowing credit periods ranging from 30 days to 180 days to its trade customers. The aged analysis of trade receivables prepared on the basis of sales invoice date is stated as follows:

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
0 to 30 days	**55,567**	46,350
31 to 60 days	**32,427**	35,925
61 to 90 days	**36,304**	46,185
91 to 120 days	**40,025**	28,986
121 to 180 days	**36,110**	28,816
More than 180 days	**7,991**	6,347
	208,424	192,609

16. TRADE PAYABLES

The aged analysis of trade payables prepared on the basis of supplier invoice date is stated as follows:

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
0 to 30 days	**31,863**	23,226
31 to 60 days	**28,616**	28,125
61 to 90 days	**22,085**	28,222
91 to 120 days	**18,012**	22,372
More than 120 days	**54,328**	52,970
	154,904	154,915

17. DEPOSIT RECEIVED IN RESPECT OF DISPOSAL OF A SUBSIDIARY

Pursuant to a sale and purchase agreement dated 28th October, 2004 entered into with the minority shareholder of a 51%-owned subsidiary, 成都莊士中心開發有限公司Chengdu Chuang's Centre Development Company Limited ("Chengdu Chuang's"), a company registered in the form of an equity joint venture and engaged in property investment in the PRC, the Group agreed to dispose of its entire interests in Chengdu Chuang's (including the advance and accrued interest made by the Group to Chengdu Chuang's) at a consideration of RMB100 million (equivalent to approximately HK$93.5 million) and 6th floor of Chengdu Chuang's Centre which is currently owned by Chengdu Chuang's. The consideration has been determined with reference to, inter alia, the market value of Chengdu Chuang's Centre and is secured by the 49% equity interest of Chengdu Chuang's owned by the minority shareholder and guaranteed by Sichuan Langjiu Group Company Limited, a subsidiary of the minority shareholder.

Details of the transaction were disclosed in a press announcement dated 1st November, 2004.

The directors are of the view that the Group's right to the entire interests in Chengdu Chuang's are still enforceable at 31st December, 2004 and the amounts received are treated as a deposit.

Subsequent to the balance sheet date, the Group had received approximately HK$59 million as a deposit and installment payments and the agreement is expected to complete in 2005.

18. BORROWINGS

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
Borrowings comprise:		
Bank loans	**141,580**	110,492
Import loans	**1,269**	5,777
	142,849	116,269
Analysed as:		
Secured	**21,980**	38,192
Unsecured	**120,869**	78,077
	142,849	116,269
Bank borrowings are repayable as follows:		
Within one year or on demand	**35,849**	44,969
More than one year but not exceeding two years	**27,250**	22,500
More than two years but not exceeding five years	**79,750**	48,800
Total	**142,849**	116,269
Less: Amount repayable within one year or on demand and shown under current liabilities	**(35,849)**	(44,969)
Amount due after one year	**107,000**	71,300

19. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The maturity of obligations under finance leases is as follows:				
Within one year	**–**	1,553	**–**	1,537
In the second to fifth year inclusive	**–**	–	**–**	–
	–	1,553		
Less: Future finance charges	**–**	(16)		
Present value of lease obligations	**–**	1,537	**–**	1,537
Less: Amount due for settlement within one year and shown under current liabilities			**–**	(1,537)
Amount due after one year			**–**	–

20. AMOUNT DUE TO A MINORITY SHAREHOLDER

The amount is unsecured and a balance of HK$40,724,000 is interest bearing at approximately 0.6% per month and the remaining balance is interest-free.

The minority shareholder agreed not to demand repayment within one year from the balance sheet date.

21. DEFERRED TAX

The major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years are summarised below:

	Tax losses HK$'000	Accelerated tax depreciation HK$'000	Excess of fair value over historical cost of assets of certain subsidiaries at the date of acquisition by the Group HK$'000	Revaluation of investment properties HK$'000	Others HK$'000	Total HK$'000
THE GROUP						
Balance at 1st January, 2003	–	3,300	47,841	–	18	51,159
(Credit) charge to income statement for the year	(2,406)	1,679	–	–	(20)	(747)
Effect of change in tax rate charged to income statement	–	310	–	–	2	312
Balance at 31st December, 2003	(2,406)	5,289	47,841	–	–	50,724
(Credit) charge to income statement for the year	(520)	601	–	–	–	81
Charge to equity for the year	–	–	–	5,549	–	5,549
Balance at 31st December, 2004	**(2,926)**	**5,890**	**47,841**	**5,549**	**–**	**56,354**

At 31st December, 2004, the Group has unused tax losses of approximately HK$32.8 million (2003: HK$31.5 million) available for offsetting against future profits. A deferred tax asset amounting to HK$2,926,000 (2003: HK$2,406,000) has been recognised in respect of such losses of approximately HK$11.6 million (2003: HK$15.4 million). No deferred tax asset has been recognised in respect of the remaining HK$21.2 million (2003: HK$16.1 million) due to the unpredictability of future profit streams. Other than tax losses arising through the PRC subsidiary of approximately HK$5.6 million (2003: HK$4.6 million) that will be expired in five years time since the dates it incurred, all other losses may be carried forward indefinitely.

22. RETIREMENT BENEFIT OBLIGATIONS

Defined contribution plan

The Group operates a MPF Scheme for its qualifying employees. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes monthly at the lower of HK$1,000 or 5% of relevant payroll costs of each employee to the MPF Scheme, which contribution is matched by the employee.

The employees of the Group in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The Group is required to contribute a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the above scheme is to make the specified contributions.

The total cost charged to the consolidated income statement of approximately HK$947,000 (2003: HK$909,000) represents contributions to the MPF Scheme and state-managed retirement benefit scheme by the Group in respect of the current accounting period. As at 31st December, 2004, contributions of approximately HK$190,000 (2003: HK$79,000) due in respect of the reporting period had not been paid over to the MPF Scheme.

Defined benefit plan

In previous years, the Group also operated a defined benefit plan (the "Plan") for its qualifying employees in Hong Kong. Under the Plan, the employees were entitled to retirement benefits varying between 30% and 170% of final salary multiplied by the pensionable service on attainment of a retirement age of 60. No other post-retirement benefits were provided. The Group wound up the Plan on 30th September, 2004. The qualifying employees were entitled to a wind up benefit equal to their leaving service benefit as of 30th September, 2004.

Each qualifying employee was offered an option to transfer his/her wind up benefit to the MPF Scheme of the Group or to secure the wind up benefit by the Plan Trustee and pay out when he/she leaves the Group. There is no material shortfall between the asset value of the Plan and the payment of employees benefits. The expense charged to the consolidated income statement related to the Plan for the year is approximately HK$911,000 (2003: HK$1,485,000).

23. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.10 each		
Balance at 1st January, 2003, 31st December, 2003 and 2004	**1,000,000,000**	**100,000**
Preference shares of HK$0.01 each		
Series A preference shares		
Balance at 1st January, 2003, 31st December, 2003 and 2004	1,000,000,000	10,000
Series B preference shares		
Balance at 1st January, 2003, 31st December, 2003 and 2004	1,000,000,000	10,000
	2,000,000,000	**20,000**
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
Balance at 1st January, 2003	389,290,068	38,929
Issue of shares on exercise of share options	1,000,000	100
Conversion from Series A preference shares	144,000,000	14,400
Balance at 31st December, 2003 and 2004	**534,290,068**	**53,429**
Preference shares of HK$0.01 each *(Note)*		
Series A preference shares		
Balance at 1st January, 2003	72,000,000	720
Conversion to ordinary shares	(72,000,000)	(720)
Balance at 31st December, 2003 and 2004	**–**	**–**
Series B preference shares		
Balance at 1st January, 2003	337,500,000	3,375
Redemption of shares	(90,000,000)	(900)
Balance at 31st December, 2003	247,500,000	2,475
Redemption of shares	(166,666,666)	(1,667)
Balance at 31st December, 2004	**80,833,334**	**808**

23. SHARE CAPITAL *(cont'd)*

Note:

On 14th December, 2001, the Company issued 84 million Series A preference shares and 337.5 million Series B preference shares at a subscription price of HK$0.60 per share. The preference shares are non-voting, redeemable and their holders are entitled to a fixed cumulative preferential dividend payable semi-annually at a rate of 2.5% per annum on the issue price of HK$0.60 of each preference share. In addition, the preference shares rank in priority to the ordinary shares in the Company as to dividend and return of capital. Subject to adjustment in accordance with the terms of Series A preference shares, each of the Series A preference shares is convertible into two ordinary shares in the Company of HK$0.10 each ("Conversion Shares") at the option of the holders at any time from 14th December, 2001 prior to the fifth anniversary from the date of their issue. The Conversion Shares shall, when issued, rank pari passu in all respects with the then existing ordinary shares of the Company. Subject to the Companies Law, unless previously converted, the preference shares are redeemable by the Company at any time prior to the fifth anniversary from 14th December, 2001 at their outstanding subscription amount together with any unpaid dividend in cash. Further, the Company shall redeem all outstanding preference shares which have not been previously redeemed or converted on the fifth anniversary from 14th December, 2001 at their outstanding subscription amount together with any unpaid dividend in cash.

Pursuant to the resolutions in writing of all the directors of the Company passed on 7th January, 2004, 2nd February, 2004 and 9th September, 2004 respectively, written requests were made by the Company to the holder of Series B preference shares of the Company to redeem 166,666,666 Series B preference shares in aggregate at a redemption price of HK$0.60 each with a total consideration of HK$100,000,000.

24. SHARE OPTION SCHEMES

The share option scheme of the Company adopted on 22nd May, 1996 (the "1996 Scheme") was for the primary purpose of providing incentives to directors and eligible employees, and would be valid and effective for a period of ten years from the date of its adoption. Under the 1996 Scheme, the directors of the Company might grant options to any executive director or employee of the Company and its subsidiaries (the "Group") to subscribe for ordinary shares in the Company at a price notified by the directors and should not be less than 80% of the average of the closing prices of the Company's ordinary shares as stated in the daily quotation sheets issued by the Stock Exchange (the "Daily Quotation Sheets") for the five trading days immediately preceding the date of the offer of the option or the nominal value of the ordinary shares, whichever is the higher. The number of ordinary shares in respect of which options might be granted to any individual at any time was not permitted to exceed 2.5% of the issued ordinary share capital of the Company at any point in time and the maximum number of ordinary shares in respect of which options might be granted under the 1996 Scheme should not exceed 10% of the issued ordinary share capital of the Company from time to time.

Options granted under the 1996 Scheme should be taken up within 28 days from the date of grant of share options and were exercisable at any time after the date of options were accepted (the "Acceptance Date") to the third anniversary of the Acceptance Date, subject to certain restrictions contained in the offer letters. Consideration received by the Company for the options granted was nominal.

24. SHARE OPTION SCHEMES *(cont'd)*

A summary of the movements during the years ended 31st December, 2003 and 2004 in the share options granted under the 1996 Scheme, which were all granted to employees of the Group, is as follows:

			Number of ordinary shares to be issued upon exercise of the share options		
Date of grant	**Exercise price per share**	**Exercisable period**	**Balance at 1.1.2003**	**Exercised during the year ended 31.12.2003**	**Balance at 31.12.2003 and 31.12.2004**
	HK$			*(Note)*	
3.2.2000	0.320	3.2.2000 to 2.2.2003	1,000,000	1,000,000	–

Note: The closing price of the Company's ordinary shares immediately before the date on which the options were exercised was HK$0.40 per share.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted in the year. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapsed or cancelled prior to their exercise date are deleted from the register of outstanding options.

Pursuant to an extraordinary general meeting held on 13th December, 2001, a new share option scheme (the "2001 Scheme") was adopted by the Company in place of the 1996 Scheme. The termination of the 1996 Scheme did not affect the rights of the holders of the share options granted prior thereto and such options granted continue to remain valid and exercisable in accordance with the 1996 Scheme.

The purpose of the 2001 Scheme is to recognise the significant contribution of the employees of the Group, including directors of the Company (the "Eligible Persons"), to the growth of the Group and to further motivate the Eligible Persons to continue to contribute to the Group's long term prosperity.

24. SHARE OPTION SCHEMES *(cont'd)*

Under the 2001 Scheme which is valid and effective for a term of ten years from the date of its adoption, the directors of the Company may grant options to the Eligible Persons to subscribe for ordinary shares in the Company at a price to be notified by the directors and to be no less than the higher of: (i) the closing price of the Company's ordinary shares as stated in the Daily Quotation Sheets on the day of offer; (ii) the average of the closing prices of the Company's ordinary shares as stated in the Daily Quotation Sheets for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's ordinary shares. The number of ordinary shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the issued ordinary share capital of the Company at any point in time, without prior approval from the Company's shareholders. The maximum number of ordinary shares in respect of which options may be granted under the 2001 Scheme shall not exceed 10% of the issued ordinary share capital of the Company from time to time.

Options granted under the 2001 Scheme must be taken up within 28 days from the date of grant, upon payment of a nominal price. Options may be exercised at any time after the date of options were accepted (the "2001 Acceptance Date"), but none of them can be exercised later than ten years from the 2001 Acceptance Date.

No options have been granted under the 2001 Scheme since its adoption.

25. CAPITAL COMMITMENTS

At 31st December, 2004, the Group had commitments of approximately HK$3,655,000 (2003: HK$2,160,000) for capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment.

The Company had no significant capital commitments at the balance sheet date.

26. OPERATING LEASES

(a) Operating lease commitments

At 31st December, 2004, the Group was committed to make minimum lease payments under non-cancellable operating leases for land and buildings which fall due as follows:

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
Within one year	**4,338**	4,254
More than one year but within five years	**5,579**	9,355
	9,917	13,609

Operating lease payments represent rental payable by the Group for certain of its office and warehouse properties with fixed monthly rentals for an average term of three years.

The Company had no operating lease commitment at the balance sheet date.

(b) Operating lease arrangements

Property rental income earned during the year was approximately HK$17,568,000 (2003: HK$14,876,000). Part of the properties held have committed tenants for the next eight years.

At 31st December, 2004, the Group had contracted with tenants for the following future minimum lease payments in respect of its investment properties:

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
Within one year	**18,384**	17,059
More than one year but within five years	**95,497**	69,235
More than five years	**35,996**	71,286
	149,877	157,580

The Company had no operating lease arrangement at the balance sheet date.

27. CONTINGENT LIABILITIES

	THE COMPANY	
	2004	2003
	HK$'000	*HK$'000*
Guarantees given to banks and other financial institutions on facilities utilised by subsidiaries in respect of		
– credit facilities	**132,569**	97,577
– finance leases	**–**	1,537
	132,569	99,114

28. PLEDGE OF ASSETS

At 31st December, 2004, certain assets of the Group with the following net book values were pledged to secure borrowings granted to the Group:

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
Investment properties	**75,618**	71,562
Leasehold land and buildings	**27,599**	29,086
Plant and machinery	**–**	5,623
	103,217	106,271

29. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following related party transactions:

(a) The Group leased certain of its investment properties to Yuen Sang Hardware Co. (1988) Limited, a wholly owned subsidiary of Chuang's China, at an aggregate annual rental of approximately HK$1,067,000 which is carried out in accordance with the relevant agreement. Rental income received by the Group under this agreement for the year ended 31st December, 2004 was approximately HK$1,067,000 (2003: HK$1,067,000).

(b) The Group also paid building management fee amounting to approximately HK$802,000 (2003: HK$802,000) to Chuang's Development (China) Limited, a wholly owned subsidiary of Chuang's China. This transaction was carried out in accordance with the terms agreed by both parties.

30. SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31st December, 2004 are as follows:

Name of subsidiary	Place of incorporation or registration	Issued and fully paid share capital/ registered capital	Proportion of equity interest indirectly held by the Company	Principal activities *(note a)*
成都莊士中心開發有限公司 Chengdu Chuang's Centre Development Company Limited	PRC *(note b)*	RMB20,000,000	51%	Properties investment
Dah Hua International Printing Press Company Limited	Hong Kong	HK$1,600,000 ordinary shares	100%	Trading of printed products
東莞勤達印刷有限公司 Dongguan Midas Printing Company Limited	PRC *(note c)*	HK$112,150,000	100%	Manufacturing and trading of packaging printed products
Lever Printing Factory Limited	Hong Kong	HK$150,000 founders' shares HK$350,000 ordinary shares	100%	Manufacturing and trading of packaging printed products
Midas Packaging Printing Limited	Hong Kong	HK$2 ordinary shares	100%	Trading of packaging printed products
Midas Printing (Asia) Limited	Hong Kong	HK$100 ordinary shares	100%	Trading of printed products
Midas Printing (HK) Limited	Hong Kong	HK$2 ordinary shares	100%	Trading of printed products
Midas Printing International Limited	Hong Kong	HK$7,000 ordinary shares	100%	Trading of printed products
廣東省博羅縣圓洲勤達印務有限公司 Guangdong Boluo Yuanzhou Midas Printing Limited	PRC *(note c)*	US$7,500,000	100%	Book binding and printing

30. SUBSIDIARIES *(cont'd)*

Notes:

a. All subsidiaries carry out their operations principally in their respective place of incorporation or registration.

b. The company is registered in the form of an equity joint venture.

c. The company is registered in the form of a wholly owned foreign investment enterprise.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group at the end of the year. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

RESULTS

	For the year ended 31st December,				
	2004	2003	2002	2001	2000
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	**736,879**	675,237	574,090	513,537	663,286
PROFIT BEFORE TAXATION	**71,104**	59,673	51,850	28,628	28,549
INCOME TAX EXPENSES	**(9,399)**	(6,704)	(1,937)	(581)	(955)
PROFIT BEFORE MINORITY INTERESTS	**61,705**	52,969	49,913	28,047	27,594
MINORITY INTERESTS	**(1,094)**	(607)	(141)	–	–
NET PROFIT FOR THE YEAR	**60,611**	52,362	49,772	28,047	27,594

ASSETS AND LIABILITIES

	At 31st December,				
	2004	2003	2002	2001	2000
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TOTAL ASSETS	**1,055,247**	1,085,126	1,029,331	878,085	570,449
TOTAL LIABILITIES	**(500,475)**	(472,788)	(395,156)	(282,152)	(292,927)
MINORITY INTERESTS	**(44,665)**	(40,900)	(40,293)	(37,897)	–
SHAREHOLDERS' FUNDS	**510,107**	571,438	593,882	558,036	277,522

Location	Lease term	Usage	Attributable interest
The whole of Block Nos. 1, 2 and 3 Chuang's Garden Chuang's New Town, Kai Cheng Avenue Danshui Town, Huiyang Guangdong Province The People's Republic of China ("PRC")	Long lease	Residential	100%
Lambda Building, Yuen Sang Building and Block Nos. D1, D2 and D3 Chuang's New Town, Kai Cheng Avenue Danshui Town, Huiyang Guangdong Province, the PRC	Long lease	Non-residential	100%
The commercial podium and basement of the Chengdu Chuang's Centre at No. 1 Renmin South Road Section 4, Wuhou District Chengdu, Sichuan Province the PRC	Long lease	Commercial	51%

Notice is hereby given that the Annual General Meeting of the Company will be held at 25th Floor, Alexandra House, 16-20 Chater Road, Central, Hong Kong on Wednesday, 25th May, 2005 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the directors' report and auditors' report for the year ended 31st December, 2004.

2. To declare a final dividend.

3. To re-elect retiring directors as directors of the Company and to authorise the board of directors to fix the remuneration of the directors.

4. To re-appoint auditors and to authorise the board of directors to fix their remuneration.

5. To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

   A. "**THAT**:

      (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase on the Stock Exchange or any other stock exchange on which securities (including ordinary shares of HK$0.10 each (the "Shares")) in the capital of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, and that the exercise by the directors of all powers of the Company to purchase such securities, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;

      (b) the aggregate nominal amount of securities of the Company which may be purchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the aggregate nominal amount of the Shares in the share capital of the Company in issue at the date of passing of this Resolution, and the said approval shall be limited accordingly; and

(c) for the purpose of this Resolution,

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

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

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

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

B. "**THAT**:

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

(b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal amount of the Shares in the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (1) a Rights Issue (as hereinafter defined); (2) an issue of Shares as scrip dividends pursuant to the Articles of Association or the Bye-laws of the Company; (3) an issue of Shares by the exercise of options granted under the share option scheme of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the Shares in the share capital of the Company in issue at the date of passing of this Resolution, and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution,

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

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

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

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

"Rights Issue" means an offer of Shares open for a period fixed by the directors of the Company to the holders of Shares of the Company on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company)."

C. "**THAT**:

conditional upon the resolution set out in paragraph A of item 5 in the notice convening this meeting being passed, the aggregate nominal amount of Shares in the capital of the Company which are purchased by the Company under the authority granted to the directors of the Company by such resolution (up to a maximum of 10 per cent of the aggregate nominal amount of the Shares in the share capital of the Company in issue at the date of passing of this Resolution) shall be added to the aggregate nominal amount of Shares in the capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the resolution set out in paragraph B of item 5 in the notice convening this meeting."

6. To consider and, if though fit, pass the following resolution as a special resolution:

"**THAT** Article 116 of the Articles of Association of the Company be amended by deleting the words "(other than the Managing Director or Joint Managing Director)" and adding the words "In addition, every Director shall retire from office no later than the third annual general meeting after he/she was last elected or re-elected." immediately following the words "determined by lot"."

By order of the Board of
Midas International Holdings Limited
LEE Wai Ching, Winky
Company Secretary

Hong Kong, 25th April, 2005

Notes:

(1) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead. A proxy need not be a member of the Company.

(2) In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited at the head office and principal place of business of the Company at 1st Floor, 100 Texaco Road, Tsuen Wan, New Territories, Hong Kong, not less than 48 hours before the time appointed for holding of the meeting.

(3) The register of members of the Company will be closed from 23rd May, 2005 (Monday) to 25th May, 2005 (Wednesday), both days inclusive, during which period no transfer of Shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716 Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by no later than 4:00 p.m. on 20th May, 2005 (Friday).

(4) An explanatory statement containing further details regarding the resolutions set out in items 3, 5 and 6 will be sent to shareholders together with the annual report for the year ended 31st December, 2004.