



Annual Report  
**2007**



**CHUNG TAI PRINTING HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability) (Stock Code: 55)



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# Corporate Information

## **DIRECTORS**

### **Executive directors:**

Dr. Suek Chai Kit, Christopher (*Chairman*)  
Ms. Ng Wai Chi  
Mr. Suek Chai Hong  
Mr. Suek Ka Lun, Ernie  
Mr. Lau Chin Hung

### **Non-executive directors:**

Mr. Suek Che Hin  
Dr. Ng Wai Kwan

### **Independent Non-executive directors:**

Mr. Wong Sun Fat  
Mr. Chan Kwing Choi, Warren  
Mr. Tse Tin Tai

## **SECRETARY**

Mr. Lee Kwok Wan

## **REGISTERED OFFICE**

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

## **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Chung Tai Printing Group Building  
11 Yip Cheong Street  
On Lok Tsuen, Fanling  
New Territories  
Hong Kong

## **PRINCIPAL BANKERS**

The Hongkong and Shanghai  
Banking Corporation Limited  
Bank of Tokyo-Mitsubishi UFJ Limited  
Industrial and Commercial  
Bank of China (Asia) Limited  
Bank of America (Asia) Limited

## **AUDITORS**

Deloitte Touche Tohmatsu

## **HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE**

Secretaries Limited  
26/F, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

# Chairman's Statement



## RESULTS

I am pleased to report Chung Tai Printing Holdings Limited's annual results for the year ended 31 March, 2007.

The audited consolidated profit for the year of the Company and its subsidiaries ("the Group") was HK\$34,493,002. Basic earnings per share based on the weighted average number of 332,277,280 shares in issue amounted to HK10.4 cents.

## DIVIDENDS

The Directors are pleased to recommend at the forthcoming Annual General Meeting the payment of a final dividend of HK2.8 cents per share for the year ended 31 March 2007 to the members whose names appear on the Register of Members on 27 August 2007. Together with the interim dividend of HK2.8 cents per share paid in January 2007, total dividends per ordinary share for the year amounted to HK5.6 cents (2006: HK8.8 cents).

Subject to the approval of shareholders at the forthcoming Annual General Meeting, the dividend will be paid on 28 August 2007.

## REVIEW OF FINANCIAL RESULTS

The Group's consolidated revenue for the year under review amounted to HK\$678 million (2006: HK\$663 million), representing a slight sales growth of 2.3% as compared to last year. The gross profit for the year achieved HK\$136 million, being 20% of revenue. The gross profit percentage has continuously reduced by 2% from the last year's 22%. The distribution costs declined by 8.5% to HK\$28 million compared with last year. The administrative expenses amounted to HK\$71 million, dramatically soaring by about 32.4% from the last year. The net profit has dropped by 40.0% from HK\$57 million to HK\$34 million. The net profit margin accounted for 5.1% of the revenue, greatly variance to the last year with 8.7% of the revenue.

## BUSINESS REVIEW AND PROSPECTS

Despite the improved global economy and persistent growth in revenue, the Group has experienced an extremely difficult and disappointing year. Numerous critical threats have imposed immense pressure on the Group performance from the intensive competition in printing market. The enduring high crude oil prices, rising material prices, sharply increasing minimum wages of China labour and great appreciation of RMB crucially cause our decreased gross profit margin and net profit margin. The competition in the printing industry will continue to intensify, thus approaching much significant challenges and difficulties ahead. Looking ahead, the Group will endeavor to sustain continuous growth of performance through effective cost control implementation and productivity enhancement.

During the year, the Group had large amounts of capital expenditures totalling HK\$48 million (2006: HK\$12 million), and principally composed of production facilities, plant and machinery and computer equipment. In the coming years, the Group will further enhance its production capabilities, and promote the efficiency of our existing facilities to maximize the profitability and the shareholders' return.

The implementation of the ERP system will continuously improve to be more sophisticated but more user-friendly. This would help promote operating efficiencies by the real-time management and Just-In-Time production management. Such undoubtedly alleviate pressure on the Group's production costs.

The development of human resources is the invaluable essential in our success. The set-up of Action Learning Groups and the Diploma in Management Studies Program are designed for the tactical and strategic management. On-the-job trainings and comprehensive courses are provided to front line staff, that enrich their knowledge & skill to perform assigned job duties.

The large project of a new plant set up in Qingyuan of Guangdong province has been being implemented. Such great investment involving substantial fund is considered to further uplift production capabilities. In addition to the relative low-cost benefits in Qingyuan, synergies will be achieved through economies of scale, resources and technology sharing among our factories in Shenzhen. After the construction completed, the Group is believed to capture any emerging opportunities and enjoy impressive returns.

The Group has entered into preliminary discussions with independent third parties in relation to a project on water management in China. No binding agreement has yet been entered into by the Group. In addition, the Group will still formulate strategies pursuant to the ever-changing business environment placing in a good position to grasp any new development opportunities ahead.

## **BUSINESS REVIEW AND PROSPECTS** (Continued)

The Group will continue to develop sound business strategies and successful positioning in the market segment. Such serves to be the key revenue drivers of the Group. To cope with the Group's strategies, the Group is committed to putting great efforts on exploring new market, maintaining close partnership with our existing customers, and sourcing new material to produce quality goods at competitive prices. The target of the Group is positioned to broaden customer base, develop higher margin products and sustain the growth momentum of the revenue. In the years to come, the Group management will demonstrate outstanding focus and dedication, shaping the organization with a view to long-term growth rather than short-term expediency.

## **LIQUIDITY AND FINANCIAL POSITION**

As at 31 March 2007, the Group had approximately HK\$26 million in cash on hand. The current ratio stood at 5.4, reflecting ample cash flow and maintaining a stable liquidity position over the year. The Group's bank balances and cash and short-term bank deposits were approaching HK\$110 million (31 March 2006: HK\$81 million), after deducting bank borrowings of HK\$4 million (31 March 2006: HK\$7 million). The gearing ratio was 0.7% (31 March 2006: 1.3%), which is calculated based on the Group's total borrowings of HK\$4 million (31 March 2006: HK\$7 million) and the shareholders' fund of HK\$571 million. (31 March 2006: HK\$554 million).

At 31 March 2007, the Group had working capital surplus of HK\$303 million (31 March 2006: HK\$292 million), which primarily comprised inventories of HK\$91 million, trade and other receivables of HK\$162 million, investments held for trading of HK\$4 million, tax recoverable of HK\$1 million and bank balances, cash and short-term deposit of HK\$114 million, and less trade and other payables HK\$65 million and bank borrowings HK\$4 million.

The Group's transactions are mainly denominated in Hong Kong dollars, Renminbi and United States dollars and the foreign currency risk exposure is not significant during the year under review. During the year, the Group did not use any financial instruments for hedging purpose and not have any hedging instruments outstanding as at 31 March 2007.

The Group generally finances its operation with internally generated cash flows and facilities provided by banks in Hong Kong. The high level of operating cash position continued to be maintained, thus reflecting the strength of its operating performance. Considering the anticipated internally generated funds and available banking facilities, the management believes that the Group has adequate resources to meet its future capital expenditures and working capital requirements. The management will continue to follow a prudent policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business. In the event of coming large project in Qingyuan, the Group will take consideration on the fund planning to adequately finance such material investment.

The Group's dividend payout ratio as a percentage of its earning is about 54%. The Board will closely monitor the dividend policy to ensure that our investors are well rewarded for their continuous support.

## **EMPLOYEES**

As at 31 March, 2007, the total number of employees of the Group was approximately 4,600.

The remuneration schemes are generally structured with reference to market conditions and the qualifications of the employees. The reward packages of the Group's staff are normally reviewed on an annual basis based on the staff and the Group performances. Aside from salary payment, other staff benefits include contribution to a Retirement Benefit Scheme and medical insurance provided to eligible employees. Staff training is also provided as and when required.

## **ACKNOWLEDGEMENTS**

On behalf of the Board, I would like to thank all our shareholders, customers, suppliers, bankers, business partners for their continuous support during the year. I would also like to express my sincerely gratitude to the management and staff for their commitment and contributions to the Group. Their dedicated attitude will contribute to our greatest reward in the coming difficult environment and facilitate our prosperous development in future.

On behalf of the Board,

**DR. SUEK CHAI KIT, CHRISTOPHER**

*Chairman*

Hong Kong, 16 July, 2007

# Biographical Details of Directors and Senior Executives

## EXECUTIVE DIRECTORS

**Dr. SUEK Chai Kit, Christopher**, aged 55, obtained a doctor of business administration degree from University of South Australia and a master degree in business administration from Deakin University, Australia. He is the Chairman and founder of the Group and is responsible for the overall policy making and business development of the Group. Dr. Suek has 29 years of experience in the printing industry.

Dr. Suek is the husband of Ms. Ng Wai Yung, Angela, senior executive of the Group, and brother-in-law of Ms. Ng Wai Chi, executive director of the Company, and Dr. Ng Wai Kwan, Stephen, non-executive director of the Company. He is also the son of Mr. Suek Che Hin, non-executive director of the Company, the father of Mr. Suek Ka Lun, Ernie, executive director of the Company, and the elder brother of Mr. Suek Chai Hong, executive director of the Company.

**Ms. NG Wai Chi**, aged 47, joined the Group in 1979. She was appointed as the Company's executive director in 1992 and has 29 years of experience in label and silkscreen printing. She is responsible for the procurement of the Group.

Ms. Ng is the sister of Dr. Ng Wai Kwan, Stephen, non-executive director of the Company, and Ms. Ng Wai Yung, Angela, senior executive of the Group, and sister-in-law of Dr. Suek Chai Kit, Christopher, the Chairman and executive director of the Company.

**Mr. SUEK Chai Hong**, aged 46, obtained a bachelor degree of business administration in finance from York University, Canada and was appointed as the Company's executive director in 1992. Mr. Suek has over 21 years of experience in marketing and is responsible for overseeing offset business of the Group.

Mr. Suek is the brother of Dr. Suek Chai Kit, Christopher, the Chairman and executive director of the Company, and brother-in-law of Ms. Ng Wai Yung, Angela, senior executive of the Group. He is also the son of Mr. Suek Che Hin, non-executive director of the Company.

**Mr. SUEK Ka Lun, Ernie**, aged 29, obtained a master degree in Marketing from the Chinese University of Hong Kong in 2003 and was appointed as an executive director of the Company in July 2004. He has 2 years of experience in investment banking and subsequently moved on to commercial sector and has been a director of a private company for two years. He is responsible for assisting the Chairman of the Group in overall policy making and business development of the Group.

Mr. Suek is the son of Dr. Suek Chai Kit, Christopher, the Chairman and executive director of the Company, and Ms. Ng Wai Yung, Angela, senior executive of the Group. He is also the grandson of Mr. Suek Che Hin, non-executive director of the Company.

**Mr. LAU Chin Hung**, aged 53, was awarded a Higher Diploma (with Distinction) in Design by the Hong Kong Polytechnic (presently the Hong Kong Polytechnic University) in 1976 and was appointed as the Company's executive director on 15 March, 2007. He is responsible for the overall planning and operations of the Company and its group. Mr. Lau had been a section head in the design department of a listed electronics company in Hong Kong for 12 years. Before he joined the Company and its group, Mr. Lau was an assistant to the Managing Director of one of the leading printing public listed companies in Hong Kong during 2004-2006.



## **NON-EXECUTIVE DIRECTORS**

**Dr. NG Wai Kwan**, aged 57, holds an engineering doctorate degree from the University of Warwick in U.K. and was appointed as the Company's non-executive director on 15 March, 2007. Dr. Ng has over 20 years' experience in procurement, logistic planning and leadership development.

Dr. Ng is the elder brother of Ms. Ng Wai Chi, executive director of the Company, and Ms. Ng Wai Yung, Angela, senior executive of the Group and brother-in-law of Dr. Suek Chai Kit, Christopher, executive director and Chairman of the Company.

**Mr. TSE Tin Tai**, aged 42, holds a bachelor of business administration degree from York University, Canada and was appointed as the Company's independent non-executive director on 29 August, 2006. Mr. Tse has over 19 years' experience in sales & marketing field in information technology related companies.

**Mr. SUEK Che Hin**, aged 85, appointed as Non-executive director in 1994. He has over 50 years' experience in printing industry.

**Mr. WONG Sun Fat**, aged 51, appointed as Non-executive director in 1994. Mr. Wong holds a bachelor of arts degree from the University of Hong Kong and has over 18 years' experience in telecommunication products.

**Mr. CHAN Kwing Choi Warren**, aged 55, appointed as Non-executive director in 2002. Mr. Chan is a fellow member of the Hong Kong Institute of Certified Public Accountants and has over 25 years' finance and management experience in several multinational corporations.

## **SENIOR EXECUTIVES**

**Dr. NG Wai Yung Angela**, aged 55 is a director of Chung Tai Printing Company Limited. She has over 30 years' experience in label and screen process printing business. Dr. Ng joined the Group in 1994. She holds a master degree in business administration from Macquarie University, Australia and a Honorary doctor of philosophy degree in business management from Burkes University, the British West Indies, the United Kingdom.

**Ms. LAW Suk Ting, Amen**, aged 45, is the customer service manager of the Group's label and screen process business. She has over 20 years' experience in label and screen process printing and joined the Group in 1985. She has obtained a diploma of management studies from Hong Kong Management Association in 2000.

**Mr. LEE Kwok Wan**, aged 38, was appointed as the Company Secretary of the Company on 15 March, 2007. He is an associate member of The Institute of Chartered Secretaries & Administrators, The Hong Kong Institute of Company Secretaries and The Hong Kong Institute of Certified Public Accountants. He has over 10 years' experience in the accounting and management fields.

**Ms. WONG Wai Man, Kriste**, aged 48, is the customer service manager of the Group's offset printing business. She has over 18 years' experience in offset printing and joined the Group in 1989.

# Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March, 2007.

## **PRINCIPAL ACTIVITIES**

The Company is an investment holding company. The principal activities and other details of the subsidiaries are set out in note 29 to the consolidated financial statements.

## **RESULTS AND APPROPRIATIONS**

The results of the Group for the year ended 31 March, 2007 are set out in the consolidated income statement on page 23.

An interim dividend of HK2.8 cents per share amounting to HK\$9,303,764 was paid to the shareholders during the year. The directors recommend the payment of a final dividend of HK2.8 cents per share to the shareholders whose names appear on the Register of Members on 27 August, 2007 amounting to HK\$9,303,764, and the retention of the remaining profit for the year of HK\$15,885,474.

## **PROPERTY, PLANT AND EQUIPMENT**

The Group acquired property, plant and equipment during the year at an aggregate cost of approximately HK\$48 million in order to increase its production capacity. Details of this and other movements during the year in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

## **SHARE CAPITAL**

The share capital of the Company is set out in note 23 to the consolidated financial statements.

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

## **DISTRIBUTABLE RESERVES**

As at 31 March, 2007, the reserves of the Company available for distribution to shareholders were approximately HK\$341,024,000, being the contributed surplus of approximately HK\$19,782,000 and the retained profits of approximately HK\$321,242,000.

## **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 52.

## **DIRECTORS**

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

### **Executive directors:**

Dr. Suek Chai Kit, Christopher (*Chairman*)

Ms. Ng Wai Chi

Mr. Suek Chai Hong

Mr. Suek Ka Lun, Ernie

Mr. Lau Chin Hung (appointed on 15 March, 2007)

### **Non-executive directors:**

Mr. Suek Che Hin

Dr. Ng Wai Kwan (appointed on 15 March, 2007)

### **Independent non-executive directors:**

Mr. Wong Sun Fat

Mr. Chan Kwing Choi, Warren

Mr. Tse Tin Tai (appointed on 29 August, 2006)

Mr. Tse Po Lau, Paul (resigned on 29 August, 2006)

In accordance with Bye-laws 86(2) of the Company, Mr. Lau Chin Hung, Dr. Ng Wai Kwan and Mr. Tse Tin Tai retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

And in accordance with Bye-laws 87(1), Dr. Suek Chai Kit, Christopher, Ms. Ng Wai Chi, Mr. Suek Chai Hong and Mr. Suek Ka Lun, Ernie also retire and, being eligible, offer themselves for re-election.

The term of office of each non-executive director is the period up to his/her retirement by rotation in accordance with the Company's Bye-laws.

## **DIRECTORS' SERVICE CONTRACTS**

No director being proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March, 2007, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(i) **Long positions of ordinary shares of HK\$0.10 each of the Company**

Name of director	Capacity	Number of ordinary shares held	Percentage of the issued share capital of the Company
Dr. Suek Chai Kit, Christopher	Beneficial owner	13,700,000	
	Other interests ( <i>note 1</i> )	185,660,000	
		199,360,000	60.00%
Ms. Ng Wai Chi	Beneficial owner	10,170,000	3.06%
Dr. Ng Wai Kwan	Beneficial owner	40,000	0.01%
Mr. Suek Che Hin	Held by controlled		
	corporation ( <i>note 2</i> )	19,120,000	5.75%

*Notes:*

1. These shares are beneficially owned by CNA Company Limited ("CNA") which in turn is beneficially owned by the CNA Trust, a discretionary trust whose objects include the children of Dr. Suek Chai Kit, Christopher.
2. These shares are beneficially owned by Goodhope Assets Limited, in which Mr. Suek Che Hin has a beneficially interest.

## **DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES** (Continued)

### (ii) Long positions of shares in subsidiaries

At 31 March, 2007, CNA and Ms. Ng Wai Chi beneficially owned deferred non-voting shares in the following subsidiaries of the Company:

<b>Name of subsidiary</b>	<b>Name of owner</b>	<b>Number and par value of deferred non-voting shares</b>
Chung Tai Management Limited	CNA	2 shares of HK\$1 each
Chung Tai Printing (China) Company Limited	CNA	100 shares of HK\$100 each
Chung Tai Printing Company Limited	CNA	3,000 shares of HK\$100 each
Profit Link Investment Limited	CNA	2 shares of HK\$1 each
The Greatime Offset Printing Company Limited	Ng Wai Chi CNA	500 shares of HK\$100 each 9,500 shares of HK\$100 each

The rights and restrictions of such deferred non-voting shares are set out in note 29 to the consolidated financial statements.

Other than as disclosed above, none of the directors nor their associates had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations as at 31 March, 2007.

## **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

At no time during the year was the Company, its ultimate holding company, or any of its subsidiaries or fellow 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**

Other than as disclosed in note 28 to the consolidated financial statements, no contracts of significance to which the Company, its ultimate holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## **CONNECTED TRANSACTION**

Details of the discloseable connected transaction for the year are set out in note 28 to the consolidated financial statements.

Other than as disclosed therein, there were no transactions which needed to be disclosed as connected transactions in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## **SUBSTANTIAL SHAREHOLDER**

Other than the interests disclosed above in respect of certain directors, the register of substantial shareholders maintained by the Company pursuant to section 336 of the Securities and Futures Ordinance discloses no person as having a notifiable interest or short position in the issued share capital of the Company as at 31 March, 2007.

## **EMOLUMENT POLICY**

The emolument policy of the general staff of the Group is set up by the management of the Group on the basis of their merit, qualifications and competence.

The emoluments of the directors and senior management of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

## **CORPORATE GOVERNANCE**

Details of the Corporate Governance Practices of the Group are set out in the section headed "Corporate Governance Report" on pages 14 to 21.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive directors are independent.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Company has not redeemed any of its shares during the year ended 31 March 2007. Neither the Company nor any of its subsidiaries has purchased or sold any shares in the Company during the year.

## **PRE-EMPTIVE RIGHTS**

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

## **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the year ended 31 March, 2007.

## **MAJOR CUSTOMERS AND SUPPLIERS**

The Group's largest supplier accounted for 22% of total purchases while the Group's five largest suppliers accounted for 43% of total purchases during the year.

Aggregate sales attributable to the Group's five largest customers were less than 30% of total revenue.

## **DONATIONS**

During the year, the Group made donations amounting to HK\$2,000.

## **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

**DR. SUEK CHAI KIT, CHRISTOPHER**

*Chairman*

Hong Kong, 16 July, 2007

# Corporate Governance Report

The Board of Directors ("Board") is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 March, 2007.

The Company acknowledges the important role of its Board in providing effective leadership and direction to Company business, and ensuring transparency and accountability of Company operations.

The manner in which the principles and code provisions in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules") are applied and implemented are explained in the following parts of the Corporate Governance Report.

The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

The Company has complied with most of the Code Provisions that are considered to be appropriate to the conduct and needs of the Company save for certain deviations from the Code Provisions details of which will be explained in the relevant paragraphs in this Report.

## **THE BOARD**

### **Responsibilities**

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The senior executives were delegated with the authority and responsibilities for the day-to-day management and operations of the Group. All directors take decisions objectively in the interests of the Company and carry out their duties in good faith and act in the interests of the Company and its shareholders at all times.

The Company has not formalized and adopted written terms on the division of functions reserved to the Board and delegated to the management. In practice, the Board takes responsibility for decision making in all major matters of the Company including: the approval and monitoring of all policy matters, the setting of objectives and overall strategies, internal controls and risk management systems, material transactions (in particular those may involve conflict of interests), appointment of directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge their responsibilities.

All directors have full and timely access to all relevant information as well as the advice and services of professional advisers, if and when required, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

## **THE BOARD** *(Continued)*

### **Board Composition**

The Board currently comprises 10 members, consisting of 5 executive directors, 2 non-executive directors and 3 independent non-executive directors and has in its composition a balance of skills and experience necessary for independent decision making and fulfilling its business needs.

The Board comprises the following directors as at the date of this report:

Executive directors:

Dr. Suek Chai Kit, Christopher *(Chairman)*

Ms. Ng Wai Chi

Mr. Suek Chai Hong

Mr. Suek Ka Lun, Ernie

Mr. Lau Chin Hung

Non-executive directors:

Mr. Suek Che Hin *(member of Audit Committee and Remuneration Committee)*

Dr. Ng Wai Kwan

Independent non-executive directors:

Mr. Wong Sun Fat *(Chairman of Audit Committee and member of Remuneration Committee)*

Mr. Chan Kwing Choi, Warren *(member of Audit Committee and Chairman of Remuneration Committee)*

Mr. Tse Tin Tai

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

The relationships among the members of the Board are disclosed under “Biographical Details of Directors and Senior Executives Information” on pages 07 to 08 of the Annual Report.

During the year ended 31 March, 2007, Mr. Tse Po Lau, Paul resigned as director of the Company on 29 August, 2006 and Mr. Tse Tin Tai was appointed as an independent non-executive director with effect from the same date. Also, Mr. Chan Kwing Choi, Warren, an independent non-executive director, was appointed to the Audit Committee on 29 August, 2006 to fill the vacancy created by the resignation of Mr. Tse Po Lau, Paul. Following the aforesaid changes, the Company meets the requirements of the Listing Rules of having at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise and three Audit Committee members.

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.



## **THE BOARD** (Continued)

### **Appointment and Re-election of Directors**

Though the Company has not set up a nomination committee, the Board as a whole is responsible for reviewing the Board composition, formulating the procedure for nomination and appointment of directors and monitoring the appointment and succession planning of directors. The Board reviewed its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

Where vacancies on the Board exist, the Board will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

To enhance the corporate governance, the Company's Bye-laws were amended by a special resolution passed at the annual general meeting held on 28 August, 2006 so that all directors of the Company are subject to retirement by rotation at least once every three years and any new director appointed to fill a causal vacancy shall submit himself / herself for re-election by shareholders at the first general meeting after appointment. Although the non-executive directors are not appointed for a specific term, they are subject to retirement by rotation once every three years pursuant to the Company's Bye-laws.

In accordance with the Company's Bye-laws, Dr. Suek Chai Kit, Christopher, Ms. Ng Wai Chi, Mr. Suek Chai Hong and Mr. Suek Ka Lun, Ernie shall retire as directors at the 2007 annual general meeting ("AGM") pursuant to Bye-law 87(1) of the Bye-laws. In addition, Mr. Lau Chin Hung, Edwin, Dr. Ng Wai Kwan, Stephen and Mr. Tse Tin Tai, having been appointed as directors of the Company during the year, shall retire as directors at the 2007 AGM pursuant to Bye-law 86.(2) of the Bye-laws. All retiring directors, being eligible, offer themselves for re-election at the 2007 AGM. Biographical details of the retiring directors standing for re-election are contained in the Company's circular dated 27 July, 2007.

The Board recommended the re-appointment of the directors standing for re-election at the 2007 annual general meeting of the Company.

### **Training for Directors**

Code Provision A.5.1 of the CG Code stipulates that each newly appointed director shall receive comprehensive, formal and tailored induction on the first occasion of his/her appointment and subsequently such briefing and professional development as is necessary, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Each newly appointed director is briefed on the business and operations of the Company and the directors are encouraged to attend external seminars and training programmes, at the Company's expense, to update themselves with legal and regulatory developments to facilitate the discharge of their responsibilities.

## THE BOARD (Continued)

### Remuneration of Directors

Prior to the setting up of the remuneration committee on 19 March, 2007, the Board was responsible for reviewing the remuneration policy and packages of the directors and senior executives and made recommendations about their proposals to the Chairman which were determined by reference to the performance of the individuals and the Group and market practices and conditions on the basis of retaining and motivating executives to pursue the growth and development of the Group.

### Board and Board Committee Meetings

#### Number of Meetings and Directors' Attendance

Regular Board meetings should be held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The Board met five times (two of which were regular board meetings) during the year ended 31 March, 2007.

The individual attendance record of each director at the meetings of the Board and Audit Committee during the year ended 31 March, 2007 is set out below:

Name of Directors	Attendance/Number of Meetings during the tenure of directorship	
	Board	Audit Committee
<b>Executive Directors</b>		
– Dr. Suet Chai Kit, Christopher ( <i>Chairman</i> )	2/5	N/A
– Ms. Ng Wai Chi	3/5	N/A
– Mr. Suet Chai Hong	5/5	N/A
– Mr. Suet Ka Lun, Ernie	1/5	N/A
– Mr. Lau Chin Hung (appointed on 15 March, 2007)	–/–	N/A
<b>Non-Executive Directors</b>		
– Mr. Suet Che Hin ( <i>member of Audit Committee and Remuneration Committee</i> )	–/5	1/2
– Dr. Ng Wai Kwan (appointed on 15 March, 2007)	–/–	N/A
<b>Independent Non-Executive Directors</b>		
– Mr. Wong Sun Fat ( <i>Chairman of Audit Committee and member of Remuneration Committee</i> )	1/5	2/2
– Mr. Chan Kwing Choi, Warren ( <i>member of Audit Committee and Chairman of Remuneration Committee</i> )	1/5	1/2
– Mr. Tse Tin Tai (appointed on 29 August, 2006)	–/3	N/A

## **THE BOARD** *(Continued)*

### **Board and Board Committee Meetings** *(Continued)*

#### *Practices and Conduct of Meetings*

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, the Company adopts a flexible approach in convening Board meetings and ensures that sufficient time and adequate information will be given to the directors for making informed decision.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. All directors are given an opportunity to include matters in the agenda for regular Board meetings. The Board and each director also have separate and independent access to the senior executives whenever necessary.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are kept by secretary of the meetings and open for inspection by the directors.

The Company's Bye-laws contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Dr. Suek Chai Kit, Christopher is the Chairman and founder of the Group and undertakes the responsibilities and duties of Chief Executive Officer. With Dr. Suek's extensive experiences in the industry, and in view of the scale of operations of the Company and the fact that daily operations of the Group's business is delegated to the senior executives and department heads, the Board believes that it is in the best interest of the Group to maintain the current practice for continuous efficient operations and development of the Group.

The Company will continue to review the effectiveness of the Group's corporate governance structure and consider whether any changes, including the separation of roles of the Chairman and Chief Executive Officer, are necessary.

## **BOARD COMMITTEES**

The Board has established the Audit Committee and the Remuneration Committee with defined written terms of reference which are available to shareholders upon request and posted on the Company's website.

The majority of the members of each Board committee are independent non-executive directors and the list of the chairman and members of each Board committee is set out under "Board Composition" of this Report.

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

## **AUDIT COMMITTEE**

The Audit Committee comprises three members and the majority of them are independent non-executive directors (including one independent non-executive director with the appropriate professional qualifications and accounting and related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

- a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer, internal auditor or external auditors before submission to the Board;
- b) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and associated procedures; and
- c) To review the relationship with external auditors.

The Audit Committee held two meetings during the year ended 31 March, 2007 to review the Company's interim and annual financial results and reports, financial reporting and compliance procedures, report of Internal Auditor on the Company's internal control and risk management review and processes and the re-appointment of the external auditors.

The Company's annual results for the year ended 31 March, 2007 has been reviewed by the Audit Committee.

There is no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

## **REMUNERATION COMMITTEE**

The Remuneration Committee was set up on 19 March, 2007 and comprises three members and the majority of them are independent non-executive directors. No meeting of the Remuneration Committee has been held up to the date of this Report.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive directors and the senior executives. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 March, 2007.

The Company also has written guidelines on no less exacting terms than the Model Code (the “Employees Written Guidelines”) for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

## **DIRECTORS’ RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March, 2007.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

## **THE EXTERNAL AUDITORS AND AUDITORS’ REMUNERATION**

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the “Independent Auditors’ Report” on page 22 of the Annual Report.

The remuneration paid to the external auditors of the Company in respect of audit services and non-audit services for tax consultancy services for the year ended 31 March, 2007 amounted to HK\$1,262,680 and HK\$130,000 respectively.

## **INTERNAL CONTROLS**

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets, and reviewing the effectiveness of such on an annual basis.

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company.

## **SHAREHOLDER RIGHTS AND INVESTOR RELATIONS**

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Bye-laws. Details of such rights to demand a poll were included in the circular to shareholders in relation to the holding of 2006 annual general meeting and explained during the proceedings of the meeting. The detailed procedures for conducting a poll were also explained at the meeting.

To safeguard the shareholders' interests and rights, separate resolutions were proposed at 2006 annual general meeting on each substantial issue, including the re-election of individual directors.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board as well as Chairman of the Remuneration Committee and the Audit Committee and, in their absence, other members of the respective Committees, will be available to answer questions at shareholders' meetings.

The Company continues to enhance communications and relationships with its investors. Designated senior executives maintain regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner. Investors may write directly to the Company at the principal place of business in Hong Kong for any inquiries.

# Independent Auditors' Report

# Deloitte.

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## **TO THE MEMBERS OF CHUNG TAI PRINTING HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of Chung Tai Printing Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 23 to 51, which comprise the consolidated balance sheet as at 31 March, 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## **DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **OPINION**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March, 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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, 16 July, 2007

# Consolidated Income Statement

For the year ended 31 March, 2007

	Notes	2007 HK\$	2006 HK\$
Revenue	6	<b>678,028,525</b>	662,544,503
Cost of sales		<b>(542,396,080)</b>	(516,665,289)
Gross profit		<b>135,632,445</b>	145,879,214
Interest income		<b>1,803,123</b>	2,129,375
Other income		<b>3,081,079</b>	1,264,026
Distribution costs		<b>(28,263,793)</b>	(30,903,302)
Administrative expenses		<b>(70,990,305)</b>	(53,633,107)
Interest on bank borrowings wholly repayable within five years		<b>(501,349)</b>	(767,407)
Profit before taxation		<b>40,761,200</b>	63,968,799
Taxation	10	<b>(6,268,198)</b>	(6,512,226)
Profit for the year	11	<b>34,493,002</b>	57,456,573
Dividends recognised as distributions during the year	12	<b>29,240,401</b>	29,240,401
Earnings per share			
Basic	13	<b>10.4 cents</b>	17.3 cents



# Consolidated Balance Sheet

At 31 March, 2007

	Notes	2007 HK\$	2006 HK\$
Non-current assets			
Property, plant and equipment	14	251,080,441	244,352,389
Prepaid lease payments	15	3,340,125	3,428,735
Deposits for land use rights		31,515,152	30,000,000
		<b>285,935,718</b>	277,781,124
Current assets			
Inventories	16	90,960,680	82,723,307
Trade and other receivables	17	162,458,348	169,432,594
Prepaid lease payments	15	88,610	88,610
Investments held for trading	18	3,745,560	28,634,609
Tax recoverable		1,362,896	–
Short-term bank deposits	19	87,663,366	59,072,375
Bank balances and cash	19	26,110,851	28,691,325
		<b>372,390,311</b>	368,642,820
Current liabilities			
Trade and other payables	20	65,481,745	67,478,039
Tax liabilities		216,192	2,483,326
Bank borrowings	21	3,873,408	6,726,936
		<b>69,571,345</b>	76,688,301
Net current assets		<b>302,818,966</b>	291,954,519
Total assets less current liabilities		<b>588,754,684</b>	569,735,643
Non-current liability			
Deferred taxation	22	17,416,223	15,694,268
Net assets		<b>571,338,461</b>	554,041,375
Capital and reserves			
Share capital	23	33,227,728	33,227,728
Reserves		538,110,733	520,813,647
Total equity		<b>571,338,461</b>	554,041,375

The financial statements on pages 23 to 51 were approved and authorised for issue by the Board of Directors on 16 July, 2007 and are signed on its behalf by:

**DR. Suek Chai Kit, Christopher**  
CHAIRMAN

**Suek Chai Hong**  
DIRECTOR

# Consolidated Statement of Changes in Equity

For the year ended 31 March, 2007

	<b>Share capital</b>	<b>Share premium</b>	<b>Capital redemption reserve</b>	<b>Translation reserve</b>	<b>Retained profits</b>	<b>Total</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
At 1 April, 2005	33,227,728	73,718,196	62,400	–	413,660,498	520,668,822
Exchange differences arising from translation of foreign operations	–	–	–	5,156,381	–	5,156,381
Profit for the year	–	–	–	–	57,456,573	57,456,573
Total recognised income for the year	–	–	–	5,156,381	57,456,573	62,612,954
Dividends paid	–	–	–	–	(29,240,401)	(29,240,401)
At 31 March, 2006	33,227,728	73,718,196	62,400	5,156,381	441,876,670	554,041,375
Exchange differences arising from translation of foreign operations	–	–	–	12,044,485	–	12,044,485
Profit for the year	–	–	–	–	34,493,002	34,493,002
Total recognised income for the year	–	–	–	12,044,485	34,493,002	46,537,487
Dividends paid	–	–	–	–	(29,240,401)	(29,240,401)
<b>At 31 March, 2007</b>	<b>33,227,728</b>	<b>73,718,196</b>	<b>62,400</b>	<b>17,200,866</b>	<b>447,129,271</b>	<b>571,338,461</b>

# Consolidated Cash Flow Statement

For the year ended 31 March, 2007

	<b>2007</b> <b>HK\$</b>	2006 HK\$
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	<b>40,761,200</b>	63,968,799
Adjustments for:		
Allowance for bad and doubtful debts	<b>1,599,372</b>	2,040,843
Write-down of inventories	<b>1,115,693</b>	1,759,146
Depreciation of property, plant and equipment	<b>37,870,264</b>	37,362,076
Release of prepaid lease payments	<b>88,610</b>	88,610
Loss on disposal of property, plant and equipment	<b>2,004,328</b>	–
Interest expense	<b>501,349</b>	767,407
Interest income	<b>(1,803,123)</b>	(2,129,375)
Gain on fair value change of investments held for trading	<b>(2,936,258)</b>	(1,054,371)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	<b>79,201,435</b>	102,803,135
Increase in inventories	<b>(6,744,919)</b>	(474,538)
Decrease (increase) in trade and other receivables	<b>8,756,273</b>	(19,866,551)
Decrease (increase) in investments held for trading	<b>27,825,307</b>	(7,823,150)
(Decrease) increase in trade and other payables	<b>(805,595)</b>	10,776,509
	<hr/>	<hr/>
Cash generated from operations	<b>108,232,501</b>	85,415,405
Hong Kong Profits Tax paid	<b>(7,496,014)</b>	(5,781,030)
Overseas tax paid	<b>(680,259)</b>	(759,890)
	<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>100,056,228</b>	78,874,485
	<hr/>	<hr/>
<b>INVESTING ACTIVITIES</b>		
Deposits paid for acquisition of land use right	<b>(1,515,152)</b>	(30,000,000)
Interest received	<b>1,803,123</b>	2,129,375
Purchase of property, plant and equipment	<b>(48,124,355)</b>	(11,750,469)
Proceeds from disposal of property, plant and equipment	<b>4,600,330</b>	–
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(43,236,054)</b>	(39,621,094)
	<hr/>	<hr/>

## Consolidated Cash Flow Statement *(Continued)*

For the year ended 31 March, 2007

	<b>2007</b> <b>HK\$</b>	2006 HK\$
FINANCING ACTIVITIES		
Dividends paid	<b>(29,240,401)</b>	(29,240,401)
Repayment of bank import loans	<b>(46,086,430)</b>	(79,371,766)
Interest paid	<b>(501,349)</b>	(767,407)
New bank import loans raised	<b>43,232,902</b>	68,488,571
NET CASH USED IN FINANCING	<b>(32,595,278)</b>	(40,891,003)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<b>24,224,896</b>	(1,637,612)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<b>87,763,700</b>	86,163,041
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<b>1,785,621</b>	3,238,271
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<b>113,774,217</b>	87,763,700
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Short-term bank deposits	<b>87,663,366</b>	59,072,375
Bank balances and cash	<b>26,110,851</b>	28,691,325
	<b>113,774,217</b>	87,763,700

# Notes to the Consolidated Financial Statements

For the year ended 31 March, 2007

## 1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. Its immediate and ultimate holding company is CNA Company Limited, a company incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed in Corporate Information to the annual report.

The Company acts as an investment holding company. The principal activities and other details of its subsidiaries are set out in note 29.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1 December, 2005, 1 January, 2006 or 1 March 2006. The adoption of the new HKFRSs had no material effect on how the Group's results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have impact on the presentation of operating segments but will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures <sup>1</sup>
HKAS 23 (Revised)	Borrowing costs <sup>2</sup>
HKFRS 7	Financial instruments: Disclosures <sup>1</sup>
HKFRS 8	Operating segments <sup>2</sup>
HK(IFRIC) – INT 8	Scope of HKFRS 2 <sup>3</sup>
HK(IFRIC) – INT 9	Reassessment of embedded derivatives <sup>4</sup>
HK(IFRIC) – INT 10	Interim financial reporting and impairment <sup>5</sup>
HK(IFRIC) – INT 11	Group and treasury shares transactions <sup>6</sup>
HK(IFRIC) – INT 12	Service concession arrangements <sup>7</sup>

<sup>1</sup> Effective for accounting periods beginning on or after 1 January, 2007

<sup>2</sup> Effective for accounting periods beginning on or after 1 January, 2009

<sup>3</sup> Effective for accounting periods beginning on or after 1 May, 2006

<sup>4</sup> Effective for accounting periods beginning on or after 1 June, 2006

<sup>5</sup> Effective for accounting periods beginning on or after 1 November, 2006

<sup>6</sup> Effective for accounting periods beginning on or after 1 March, 2007

<sup>7</sup> Effective for accounting periods beginning on or after 1 January, 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with accounting policies which conform with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts and sales related taxes.

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

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### **Property, plant and equipment**

Property, plant and equipment, other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and taking into account their estimated residual value, using the straight-line method.

### **3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

#### **Property, plant and equipment** *(Continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

#### **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, such 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.

#### **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 profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base 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 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 asset 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 year when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### **3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

#### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

#### *Leasehold land and building*

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification. Leasehold land, the title of which is not expected to pass to the lessee by the end of the lease term, is classified as an operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease.

#### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

#### **Retirement benefit costs**

Payments to defined contribution retirement benefits schemes and state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.



### **3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

#### **Financial instruments**

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### *Financial assets*

The Group's financial assets are classified into investments held for trading and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

#### *Investments held for trading*

At each balance sheet date subsequent to initial recognition, investments held for trading are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, short-term bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### *Financial liabilities and equity*

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

### **3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

#### *Financial liabilities and equity (Continued)*

##### Financial liabilities

Financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

##### Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### **Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### **4. KEY SOURCES OF ESTIMATION UNCERTAINTY**

The key assumption concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below.

#### **Estimated impairment of trade receivables**

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

### **5. FINANCIAL INSTRUMENTS**

#### **Financial risk management objectives and policies**

The Group's major financial instruments include trade and other receivables, investments held for trading, short-term bank deposits, bank balances, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

## 5. FINANCIAL INSTRUMENTS *(Continued)*

### Financial risk management objectives and policies *(Continued)*

#### Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. In addition, certain trade receivables, trade payables, bank borrowings and bank balances of the Group are denominated in Renminbi, United States dollar and Euro, the currencies other than the functional currency of the respective group entities. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

(ii) Equity price risk

The Group is exposed to equity price risk through its investments held for trading. The management would manage this exposure by closely monitoring the performance of the investments and the market conditions. The management will consider diversifying the portfolio of investments as they consider appropriate.

(iii) Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate bank borrowings (see note 21 for details of these borrowings), short-term bank deposits and debt security due to fluctuation of prevailing market rates. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The directors consider the Group's exposure to interest rate risk is not significant as those bank deposits and bank borrowings are within short maturing period.

(iv) Cash flow interest rate risk

The Group's cash flow interest rate risk primarily relates to variable-rate bank balances.

(v) Credit risk

The Group's credit risk are primarily attributable to trade and other receivables, short-term bank deposits and bank balances.

As at 31 March, 2007, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amounts of the respective recognised financial assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

## 5. FINANCIAL INSTRUMENTS *(Continued)*

### Financial risk management objectives and policies *(Continued)*

#### Market risk *(Continued)*

##### (v) Credit risk *(Continued)*

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

#### Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair value of other financial assets and financial liabilities carried at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the relevant prevailing market rates.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair value.

## 6. REVENUE

Revenue, which is also turnover of the Group, represents the amounts received and receivable for goods sold by the Group, less returns and allowances during the year.

## 7. BUSINESS AND GEOGRAPHICAL SEGMENTS

### Geographical segments

The location of customers is the basis on which the Group reports its primary segment information. The following is an analysis of the Group's sales and results For the year ended 31 March, 2007 and 2006 by location of customers.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March, 2007

### 7. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

#### Geographical segments (Continued)

Consolidated income statement for the year ended 31 March, 2007

	Hong Kong	Other regions in the People's Republic of China ("PRC")	Europe	United States of America	Other	Consolidated
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Revenue	<b>449,062,260</b>	<b>61,171,798</b>	<b>37,957,110</b>	<b>72,689,770</b>	<b>57,147,587</b>	<b>678,028,525</b>
Segment result	<b>70,705,615</b>	<b>9,631,604</b>	<b>5,976,412</b>	<b>11,445,128</b>	<b>8,997,986</b>	<b>106,756,745</b>
Unallocated corporate expenses						(70,233,577)
Gain on fair value change in investments held for trading						2,936,258
Interest income						1,803,123
Interest expense						(501,349)
Profit before taxation						40,761,200
Taxation						(6,268,198)
Profit for the year						<b>34,493,002</b>

Consolidated balance sheet at 31 March, 2007

	Hong Kong	Other regions in the PRC	Europe	United States of America	Other	Consolidated
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Assets						
Segment assets	<b>90,723,837</b>	<b>22,651,609</b>	<b>6,001,353</b>	<b>23,677,756</b>	<b>14,148,666</b>	<b>157,203,221</b>
Unallocated corporate assets						501,122,808
						<b>658,326,029</b>
Liabilities						
Unallocated corporate liabilities						86,987,568

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March, 2007

### 7. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

#### Geographical segments (Continued)

Other information for the year ended 31 March, 2007

	Hong Kong HK\$	Other regions in the PRC HK\$	Europe HK\$	United States of America HK\$	Other HK\$	Consolidated HK\$
Allowance for bad and doubtful debts	<b>218,729</b>	<b>1,380,643</b>	-	-	-	<b>1,599,372</b>

No analysis of capital expenditure, depreciation, prepaid lease payments charged and write-down of inventories by location of customers is disclosed for the year as in the opinion of the directors, there is no appropriate basis in allocating the property, plant and equipment, inventories and prepaid lease payments by location of customers.

Consolidated income statement for the year ended 31 March, 2006

	Hong Kong HK\$	Other regions in the PRC HK\$	Europe HK\$	United States of America HK\$	Other HK\$	Consolidated HK\$
Revenue	<b>442,835,294</b>	<b>44,853,217</b>	<b>16,520,705</b>	<b>90,765,259</b>	<b>67,570,028</b>	<b>662,544,503</b>
Segment result	<b>76,610,087</b>	<b>7,759,564</b>	<b>2,858,066</b>	<b>15,702,304</b>	<b>11,689,550</b>	<b>114,619,571</b>
Unallocated corporate expenses						(53,067,111)
Gain on fair value change of investments held for trading						1,054,371
Interest income						2,129,375
Interest expense						(767,407)
Profit before taxation						63,968,799
Taxation						(6,512,226)
Profit for the year						<b>57,456,573</b>

**7. BUSINESS AND GEOGRAPHICAL SEGMENTS** (Continued)**Geographical segments** (Continued)**Consolidated balance sheet at 31 March, 2006**

	Hong Kong HK\$	Other regions in the PRC HK\$	Europe HK\$	United States of America HK\$	Other HK\$	Consolidated HK\$
<b>Assets</b>						
Segment assets	99,882,337	14,617,658	4,153,643	21,975,504	22,505,472	163,134,614
Unallocated corporate assets						483,289,330
						<b>646,423,944</b>
<b>Liabilities</b>						
Unallocated corporate liabilities						92,382,569

## Other information for the year ended 31 March, 2006

	Hong Kong HK\$	Other regions in the PRC HK\$	Europe HK\$	United States of America HK\$	Other HK\$	Consolidated HK\$
Allowance for bad and doubtful debts	2,033,597	7,246	-	-	-	2,040,843

No analysis of capital expenditure, depreciation, prepaid lease payments charged and write-down of inventories by location of customers is disclosed for the year as in the opinion of the directors, there is no appropriate basis in allocating the property, plant and equipment, inventories and prepaid lease payments by location of customers.

**7. BUSINESS AND GEOGRAPHICAL SEGMENTS** (Continued)**Geographical segments** (Continued)

The following is an analysis of the carrying amount of segment assets at the balance sheet date, and additions to property, plant and equipment during the year, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
Hong Kong	161,085,392	162,077,304	5,030	937,952
Other regions in the PRC	346,842,812	337,948,331	48,119,325	10,812,517
	<b>507,928,204</b>	<b>500,025,635</b>	<b>48,124,355</b>	<b>11,750,469</b>

**Business segments**

The Group's revenue and results are derived from the printing business. Accordingly, no analysis by business segments is presented.

**8. DIRECTORS' EMOLUMENTS**

The emoluments paid or payable to each of the 11 (2006: 8) directors were as follows:

	Executive directors					Non-executive directors						Total
	Suek Chai Kit, Christopher	Ng Wai Chi	Suek Chai Hong	Suek Ka Lun	Lau Chin Hung, Edwin	Suek Che Hin	Po Lau, Paul	Tse Wong Sun Fat	Chan Kwing Choi, Warren	Ng Wai Kwan	Tse Tin Tai	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
2007												
Fees	-	-	-	-	-	-	-	-	-	-	-	-
Other emoluments												
- Salaries and other benefits	1,286,965	511,575	108,000	483,000	406,000	-	-	-	-	-	-	2,795,540
- Contributions to retirement benefits schemes	67,735	26,925	-	12,000	4,000	-	-	-	-	-	-	110,660
Total emoluments	<b>1,354,700</b>	<b>538,500</b>	<b>108,000</b>	<b>495,000</b>	<b>410,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,906,200</b>



## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March, 2007

### 8. DIRECTORS' EMOLUMENTS (Continued)

	Executive directors				Non-executive directors				Total
	Suek Chai Kit, Christopher HK\$	Ng Wai Chi HK\$	Suek Chai Hong HK\$	Suek Ka Lun HK\$	Suek Che Hin HK\$	Tse Po Lau, Paul HK\$	Wong Sun Fat HK\$	Chan Kwing Choi, Warren HK\$	
2006									
Fees	-	-	-	-	-	-	-	-	-
Other emoluments									
- Salaries and other benefits	3,222,691	516,130	108,000	358,000	-	-	-	-	4,204,821
- Contributions to retirement benefits schemes	114,420	26,020	-	12,000	-	-	-	-	152,440
Total emoluments	<b>3,337,111</b>	<b>542,150</b>	<b>108,000</b>	<b>370,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,357,261</b>

Note: The directors' remuneration does not include the estimated monetary value of a property owned by the Group and occupied by a director. The estimated monetary value of the residential accommodation provided to a director during the year was HK\$375,600 (2006: HK\$330,600).

No directors of the Company waived any emoluments in any of the two years ended 31 March, 2007.

### 9. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2006: two) were directors of the Company whose emoluments are set out in the disclosure in note 8. The emoluments of the remaining two (2006: three) individuals are as follows:

	2007 HK\$	2006 HK\$
Salaries and other benefits	<b>2,531,761</b>	2,230,583
Contributions to retirement benefits schemes	<b>81,585</b>	80,225
	<b>2,613,346</b>	2,310,808

Their emoluments were within the following bands:

	2007 Number of employees	2006 Number of employees
Nil to HK\$1,000,000	<b>1</b>	2
HK\$1,000,001 to HK\$1,500,000	<b>1</b>	1

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office in any of the two years ended 31 March, 2007.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 March, 2007

### 10. TAXATION

	<b>2007</b>	2006
	<b>HK\$</b>	HK\$
The taxation charge comprises:		
Hong Kong Profits Tax		
Charge for the year	<b>4,205,975</b>	7,665,820
Overprovision in prior years	<b>(383,204)</b>	(425,984)
	<b>3,822,771</b>	7,239,836
Overseas taxation		
Charge for the year	<b>723,472</b>	724,949
Deferred tax charge (credit) <i>(note 22)</i>		
Current year	<b>1,721,955</b>	(1,452,559)
	<b>6,268,198</b>	6,512,226

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profits for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	<b>2007</b>	2006
	<b>HK\$</b>	HK\$
Profit before taxation	<b>40,761,200</b>	63,968,799
Tax at the income tax rate of 17.5%	<b>7,133,209</b>	11,194,540
Tax effect of expenses not deductible for tax purposes	<b>611,247</b>	205,352
Tax effect of income not taxable for tax purposes	<b>(1,004,327)</b>	(4,441,912)
Tax effect of the tax losses not recognised	<b>36,111</b>	38,850
Overprovision in respect of prior years	<b>(383,204)</b>	(425,984)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(124,838)</b>	(58,620)
Taxation for the year	<b>6,268,198</b>	6,512,226

**11. PROFIT FOR THE YEAR**

	<b>2007</b>	2006
	<b>HK\$</b>	HK\$
Profit for the year has been arrived at after charging:		
Allowance for bad and doubtful debts	<b>1,599,372</b>	2,040,843
Write-down of inventories	<b>1,115,693</b>	1,759,146
Auditor's remuneration	<b>1,262,680</b>	1,100,000
Cost of inventories recognised as an expense	<b>541,280,387</b>	514,906,143
Depreciation for property, plant and equipment	<b>37,870,264</b>	37,362,076
Loss on disposal of property, plant and equipment	<b>2,004,328</b>	–
Net foreign exchange losses	<b>2,785,870</b>	643,937
Prepaid lease payments charged to consolidated income statement	<b>88,610</b>	88,610
Rental payments in respect of premises under operating leases	<b>4,240,017</b>	3,556,258
Staff costs including directors' emoluments		
– Salaries, wages and other benefits	<b>125,991,042</b>	106,858,011
– Contributions to retirement benefits schemes	<b>1,240,498</b>	1,101,489
Total staff costs	<b>127,231,540</b>	107,959,500
and after crediting:		
Gain on fair value change of investments held for trading	<b>2,936,258</b>	1,054,371

**12. DIVIDENDS**

	<b>2007</b>	2006
	<b>HK\$</b>	HK\$
Dividends recognised as distributions during the year:		
Interim dividend, paid – HK2.8 cents per share (2006: HK2.8 cents)	<b>9,303,764</b>	9,303,764
2006 Final dividend paid – HK6 cents per share	<b>19,936,637</b>	–
2005 Final dividend paid – HK6 cents per share	–	19,936,637
	<b>29,240,401</b>	29,240,401

Subsequent to 31 March, 2007, the directors proposed a final dividend of HK2.8 cents (2006: HK6 cents) per share be paid to the shareholders of the Company whose names appear on the Register of Members on 27 August, 2007. This final dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March, 2007

### 13. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year of HK\$34,493,002 (2006: HK\$57,456,573) and on 332,277,280 shares (2006: 332,277,280 shares) in issue during the year.

No diluted earnings per share has been presented as there were no potential ordinary shares outstanding during both years.

### 14. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress HK\$	Leasehold land and buildings HK\$	Leasehold improvements HK\$	Furniture, fixtures and office equipment HK\$	Machinery and equipment HK\$	Motor vehicles HK\$	Total HK\$
COST							
At 1 April, 2005	65,608	115,556,232	40,496,872	25,231,593	383,605,364	9,307,288	574,262,957
Exchange adjustments	1,893	1,248,990	362,831	415,409	511,685	24,386	2,565,194
Additions	155,769	21,154	759,825	813,708	9,329,167	670,846	11,750,469
Transfer	(67,501)	-	67,501	-	-	-	-
At 31 March, 2006	155,769	116,826,376	41,687,029	26,460,710	393,446,216	10,002,520	588,578,620
Exchange adjustments	7,867	2,151,555	50,303	1,357,894	1,306,845	56,328	4,930,792
Additions	-	408,384	550,766	1,191,728	45,973,477	-	48,124,355
Disposal	-	(8,633,540)	-	-	-	-	(8,633,540)
Transfer	(163,636)	111,111	-	-	52,525	-	-
<b>At 31 March, 2007</b>	<b>-</b>	<b>110,863,886</b>	<b>42,288,098</b>	<b>29,010,332</b>	<b>440,779,063</b>	<b>10,058,848</b>	<b>633,000,227</b>
DEPRECIATION							
At 1 April, 2005	-	21,761,526	31,130,023	18,994,048	225,815,257	8,516,217	306,217,071
Exchange adjustment	-	107,771	136,665	159,840	222,378	20,430	647,084
Provided for the year	-	3,104,306	2,696,690	2,312,713	28,943,823	304,544	37,362,076
At 31 March, 2006	-	24,973,603	33,963,378	21,466,601	254,981,458	8,841,191	344,226,231
Exchange adjustment	-	267,691	28,281	740,425	779,341	36,435	1,852,173
Provided for the year	-	3,114,258	783,640	3,988,485	29,740,763	243,118	37,870,264
Eliminated on disposal	-	(2,028,882)	-	-	-	-	(2,028,882)
<b>At 31 March, 2007</b>	<b>-</b>	<b>26,326,670</b>	<b>34,775,299</b>	<b>26,195,511</b>	<b>285,501,562</b>	<b>9,120,744</b>	<b>381,919,786</b>
CARRYING VALUES							
<b>At 31 March, 2007</b>	<b>-</b>	<b>84,537,216</b>	<b>7,512,799</b>	<b>2,814,821</b>	<b>155,277,501</b>	<b>938,104</b>	<b>251,080,441</b>
At 31 March, 2006	155,769	91,852,773	7,723,651	4,994,109	138,464,758	1,161,329	244,352,389

#### 14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	2% – 3%
Leasehold improvements	20%
Furniture, fixtures and office equipment	10% – 25%
Machinery and equipment	10% – 25%
Motor vehicles	25%

The carrying values of leasehold land and buildings shown above comprise:

Leasehold land and buildings in Hong Kong under medium-term leases

Buildings in other regions in the PRC under medium-term leases

	<b>2007</b>	2006
	<b>HK\$</b>	HK\$
Leasehold land and buildings in Hong Kong under medium-term leases	<b>36,729,416</b>	37,731,278
Buildings in other regions in the PRC under medium-term leases	<b>47,807,800</b>	54,121,495
	<b>84,537,216</b>	91,852,773

Property, plant and equipment with an aggregate carrying value of HK\$33,436,138 (2006: HK\$35,057,044) have been pledged to banks to secure general banking facilities granted to the Group.

#### 15. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

Medium-term leasehold land in the PRC

Analysed for reporting purposes as:

Non-current asset

Current asset

	<b>2007</b>	2006
	<b>HK\$</b>	HK\$
Medium-term leasehold land in the PRC	<b>3,428,735</b>	3,517,345
Analysed for reporting purposes as:		
Non-current asset	<b>3,340,125</b>	3,428,735
Current asset	<b>88,610</b>	88,610
	<b>3,428,735</b>	3,517,345

The leasehold land is charged to consolidated income statement on a straight line basis over the remaining term of the leases.



**18. INVESTMENTS HELD FOR TRADING**

	<b>2007</b>	2006
	<b>HK\$</b>	HK\$
Held for trading investments include:		
Listed equity securities	–	24,882,809
Listed debt security with fixed interest of 5.15% and maturity date on 30 March, 2010	<b>3,745,560</b>	3,751,800
	<b>3,745,560</b>	28,634,609

**19. SHORT-TERM BANK DEPOSITS/BANK BALANCES AND CASH**

Short term bank deposits, bank balances and cash comprise cash held by the Group and bank deposits with an original maturity of three months or less. Bank balances and short-term bank deposits of approximately HK\$88,029,000 (2006: HK\$33,786,000), HK\$72,000 (2006: HK\$2,510,000) and HK\$1,277,000 (2006: nil) were denominated in United States dollar, Japanese Yen and Euro respectively, the currencies other than the functional currency of the respective group entities.

Further, included in the bank balances and cash are amounts denominated in Renminbi of approximately HK\$14,943,000 (2006: HK\$4,168,000), which is not freely convertible into other currencies.

The bank balances and short-term bank deposits carry interest rates ranging from 2.5% to 4.5% (2006: 3% to 4%) per annum.

**20. TRADE AND OTHER PAYABLES**

An aging analysis of the trade payables at the balance sheet date is as follows:

	<b>2007</b>	2006
	<b>HK\$</b>	HK\$
0 – 30 days	<b>40,140,717</b>	26,639,377
31 – 60 days	<b>5,086,892</b>	17,638,477
61 – 90 days	<b>2,035,065</b>	4,501,685
Over 90 days	<b>892,839</b>	7,009,674
	<b>48,155,513</b>	55,789,213
Accrued expenses and other payables	<b>17,326,232</b>	11,688,826
	<b>65,481,745</b>	67,478,039

Trade payables of approximately HK\$40,614,000 (2006: HK\$46,851,000) and HK\$562,000 (2006: HK\$238,000) were denominated in Renminbi and Japanese Yen respectively, the currencies other than the functional currency of the respective group entities.

**21. BANK BORROWINGS**

The bank borrowings are unsecured bank import loans which are repayable within one year from the balance sheet date and carry fixed rate interest ranging from 5.5% to 6.5% (2006: 4% to 6.5%) per annum.

All the bank borrowings were denominated in United States dollars, the currency other than the functional currency of the respective group entities.

**22. DEFERRED TAXATION**

The following are the major deferred tax liability (asset) recognised and movements thereon during the current and prior years:

	<b>Accelerated tax depreciation</b> <i>HK\$</i>	<b>Tax losses</b> <i>HK\$</i>	<b>Total</b> <i>HK\$</i>
At 1 April, 2005	17,903,979	(757,152)	17,146,827
Credit to consolidated income statement for the year	<u>(1,445,296)</u>	<u>(7,263)</u>	<u>(1,452,559)</u>
At 31 March 2006	16,458,683	(764,415)	15,694,268
Charge to consolidated income statement for the year	<u>1,641,670</u>	<u>80,285</u>	<u>1,721,955</u>
<b>At 31 March, 2007</b>	<b><u>18,100,353</u></b>	<b><u>(684,130)</u></b>	<b><u>17,416,223</u></b>

At the balance sheet date, the Group has estimated unused tax losses of approximately HK\$14,156,000 (2006: HK\$14,409,000) available to offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$3,909,000 (2006: HK\$4,368,000) of the tax losses. No deferred tax asset has been recognised in respect of the remaining HK\$10,247,000 (2006: HK\$10,041,000) due to the unpredictability of future profit streams. Such losses may be carried forward indefinitely.

**23. SHARE CAPITAL OF THE COMPANY**

	<b>Number of shares 2007 &amp; 2006</b>	<b>Share capital 2007 &amp; 2006</b> <i>HK\$</i>
Ordinary shares of HK\$0.10 each		
Authorised	<u>500,000,000</u>	<u>50,000,000</u>
Issued and fully paid	<u>332,277,280</u>	<u>33,227,728</u>



**24. LEASE COMMITMENTS**

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	<b>2007</b> <b>HK\$</b>	2006 <i>HK\$</i>
Within one year	<b>5,387,231</b>	5,283,733
In the second to fifth year inclusive	<b>5,935,177</b>	7,658,427
Over five years	<b>35,508,822</b>	36,661,578
	<b>46,831,230</b>	49,603,738

Operating lease payments represent rentals payable by the Group for factory premises and staff quarters in the PRC. Leases for factory premises and staff quarters are negotiated for terms of 5 years. Rentals are fixed for terms of 5 years.

**25. CAPITAL COMMITMENTS**

	<b>2007</b> <b>HK\$</b>	2006 <i>HK\$</i>
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	<b>359,500</b>	4,211,479

**26. RETIREMENT BENEFITS SCHEMES**

The Group operates a defined contribution retirement benefits scheme ("ORSO Scheme") for certain qualifying employees in Hong Kong. The assets of the ORSO Scheme are held separately from those of the Group in funds under the control of the trustee. Contributions to the ORSO Scheme are at rates specified in the rules of the ORSO Scheme. Where there are employees who leave the ORSO Scheme prior to vesting in full in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

With effect from 1 December, 2000, the Group has also joined a mandatory provident fund scheme ("MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

**26. RETIREMENT BENEFITS SCHEMES (Continued)**

The retirement benefits schemes contributions arising from the ORSO Scheme and the MPF Scheme charged to the income statement represent contributions payable to the funds by the Group at rates specified in the rules of the schemes.

For the retirement benefits of the Group's qualifying employees in the PRC, the Group has participated in the retirement benefits scheme operated by the local municipal government of Shenzhen. The Group is required to contribute a certain percentage of their payroll costs to the scheme to fund the benefits. The only obligation of the Group with respect to the scheme is to pay the ongoing required contributions under the scheme. Contributions to the scheme are charged to the income statement as they become payable in accordance with the rules of the scheme.

At 31 March, 2007 and 2006, there were no significant forfeited contributions which arose upon employees leaving the schemes before they are fully vested in the contributions and which are available to reduce the contributions payable by the Group in the future.

**27. CONTINGENT LIABILITIES**

A subsidiary of the Company together with two former employees are defendants in a lawsuit in the PRC relating to a claim of approximately HK\$3,000,000 by a plaintiff for copyright infringement of a printing technology claimed to be owned by the plaintiff. On 21 September, 2006, the court has made a judgment in favour of the plaintiff and accordingly, the subsidiary of the Company is liable for an indemnity of approximately HK\$630,000. The subsidiary of the Company has filed an appeal to the court. While the final outcome of the proceeding is uncertain, in the directors' opinion, the ultimate liability of the Group, if any, will not have a material impact to the Group's financial position as at 31 March, 2007.

**28. RELATED PARTY TRANSACTIONS**

(a) Apart from the amount due from a related company as disclosed in note 17, during the year, the Group has entered into significant transactions with related parties as follows:

	<b>2007</b>	2006
	<b>HK\$</b>	HK\$
Sales of goods to a related company (note i)	<b>320,730</b>	384,000
Sales of property to:		
a director	<b>1,323,000</b>	—
a senior executive (note ii)	<b>1,323,000</b>	—
the spouse of a director (note ii)	<b>1,954,330</b>	—
	<b>4,600,330</b>	—

Notes:

- (i) Dr. Suet Chai Kit, Christopher, a director of the Company, is one of the ultimate beneficial owners and directors of the related company. Mr. Suet Chai Hong, a director of the Company, is one of the directors of the related company.
- (ii) These persons are directors of the subsidiaries of the Company.

**28. RELATED PARTY TRANSACTIONS** (Continued)**(b) Compensation of key management personnel**

The remuneration of directors and other members of key management during the year was as follows:

	<b>2007</b>	2006
	<b>HK\$</b>	HK\$
Short-term benefits	<b>5,583,678</b>	4,848,317
Post-employment benefits	<b>204,770</b>	181,415
	<b>5,788,448</b>	5,029,732

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

**29. PARTICULARS OF SUBSIDIARIES**

Particulars of the Company's subsidiaries at 31 March, 2007 are as follows:

Name of subsidiary	Place of incorporation/ registration	Paid up issued/ registered share capital	Effective percentage of issued share capital/registered capital held by the Company	Principal activities
Chung Tai Management Limited	Hong Kong	HK\$100 ordinary HK\$2 deferred non-voting	100	Inactive
Chung Tai Printing (B.V.I) Limited	British Virgin Islands	HK\$10,000	100	Investment holding
Chung Tai Printing (China) Company Limited	Hong Kong	HK\$1,000 ordinary HK\$10,000 deferred non-voting	100	Label and offset printing
Chung Tai Printing Company Limited	Hong Kong	HK\$1,000 ordinary HK\$500,000 deferred non-voting	100	Investment holding

**29. PARTICULARS OF SUBSIDIARIES** (Continued)

<b>Name of subsidiary</b>	<b>Place of incorporation/ registration</b>	<b>Paid up issued/ registered share capital</b>	<b>Effective percentage of issued share capital/registered capital held by the Company</b>	<b>Principal activities</b>
Delight Source Limited	Hong Kong	HK\$200,000 ordinary	100	Trading of advertising materials
Profit Link Investment Limited	Hong Kong	HK\$100 ordinary HK\$2 deferred non-voting	100	Property investment
The Greatime Offset Printing Company Limited	Hong Kong	HK\$1,000 ordinary HK\$1,000,000 deferred non-voting	100	Inactive
The Greatime Printing (Shenzhen) Co., Ltd.	The PRC	HK\$12,000,000 registered capital	100	Label and offset printing
中大印刷(清遠)有限公司	The PRC	HK\$30,000,000 registered capital	100	Inactive
雅大印刷(清遠)有限公司	The PRC	HK\$1,500,000 registered capital	100	Inactive

*Note:* The Greatime Printing (Shenzhen) Co., Ltd., 中大印刷(清遠)有限公司 and 雅大印刷(清遠)有限公司 are wholly foreign owned enterprises in the PRC.

All operations are carried out in Hong Kong and the PRC.

With the exception of Chung Tai Printing (B.V.I.) Limited which is directly owned by the Company, all other subsidiaries are indirectly owned by the Company.

The deferred non-voting shares, which are not held by the Group, practically carry no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies or to participate in any distribution on winding up.

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

# Financial Summary

## RESULTS

	For the year ended 31 March,				2007 <i>HK\$'000</i>
	2003 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	
Revenue	<u>510,529</u>	<u>502,564</u>	<u>572,624</u>	<u>662,544</u>	<u>678,029</u>
Profit before taxation	59,500	55,386	61,723	63,969	40,761
Taxation	<u>(4,381)</u>	<u>(6,820)</u>	<u>(7,386)</u>	<u>(6,512)</u>	<u>(6,268)</u>
Profit for the year	<u>55,119</u>	<u>48,566</u>	<u>54,337</u>	<u>57,457</u>	<u>34,493</u>

## ASSETS AND LIABILITIES

	At 31 March,				2007 <i>HK\$'000</i>
	2003 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	
Total assets	553,119	570,872	613,187	646,424	658,326
Total liabilities	<u>76,873</u>	<u>75,300</u>	<u>92,518</u>	<u>92,383</u>	<u>86,988</u>
Shareholders' funds	<u>476,246</u>	<u>495,572</u>	<u>520,669</u>	<u>554,041</u>	<u>571,338</u>

2



1



3



1. 橫崗廠房  
Heng Gang Factory
2. 香港總公司  
Hong Kong Head Office
3. 坳背廠房  
Aobei Factory

1. 商場柱位廣告  
Pillar Sticker
2. 地鐵燈箱廣告  
MTR Light Box Poster
3. 熱感重寫咭  
Thermal Rewritable Card
4. 水移印紙  
Water Decal

1



2



3



4



2



1



4



3



- 1. 面板  
Overlays
- 2. 模內標籤  
In-Mould Labels,  
UL/CSA規格標籤  
UL/CSA Labels
- 3. 包裝盒  
Packaging Boxes
- 4. 兒童圖書紙藝制品  
Paper Products-Children Books



1



2



3



4



1. 全開六色連水油印刷機組  
Mitsubishi 6 Colour Plus Varnish  
Full Size Offset Printing Machines
2. 輪轉機  
Rotary Press
3. 柯式印刷車間  
Offset Printing Section
4. CTP機  
Computer-to-plate System