

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2001

1. GENERAL

The Company is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company is CNA Company Limited, a company incorporated in the British Virgin Islands.

The Company acts as an investment holding company. The principal activities and other details of its subsidiaries are set out in note 27.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

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

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

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any impairment loss recognised.

Turnover

Turnover represents net amounts received and receivable for goods sold during the year.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue recognition

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

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

Dividend income from investments is recognised when the Company's right to receive payment has been established.

Property, plant and equipment

Property, plant and equipment other than construction in progress is stated at cost less depreciation or amortisation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

Buildings in the course of development for production, rental, or administrative purposes are carried at cost, less any impairment loss recognised. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Depreciation and amortisation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

| | |
|--|----------------------------|
| Freehold land | Nil |
| Leasehold land | Over the term of the lease |
| Buildings | 2% – 3% |
| Leasehold improvements | 20% |
| Furniture, fixtures and office equipment | 10% – 25% |
| Machinery and equipment | 10% – 25% |
| Motor vehicles | 25% |

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Foreign currencies

Transactions in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates ruling on the dates of the transactions or at the contracted settlement rate, if applicable. Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are re-translated into Hong Kong dollars at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of overseas subsidiaries which are denominated in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease terms.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

Cash equivalents

Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired; less advances from banks repayable within three months from the date of the advances.

3. TURNOVER

The Group's turnover and contribution to profit are mainly derived from the printing business.

An analysis of the Group's turnover and contribution to profit from operations by geographical market for the year ended 31 March, 2001 is as follows:

| | Turnover | | Contribution to profit from operations | |
|---|--------------------|--------------------|---|-------------------|
| | 2001 HK\$ | 2000 HK\$ | 2001 HK\$ | 2000 HK\$ |
| Hong Kong | 462,401,855 | 376,799,014 | 76,927,906 | 62,677,182 |
| Other regions in the People's Republic of China (the "PRC") | 46,222,667 | 47,148,208 | 12,514,792 | 20,638,366 |
| United States of America | 2,029,786 | 14,334,731 | (2,325,635) | 92,998 |
| | <u>510,654,308</u> | <u>438,281,953</u> | <u>87,117,063</u> | <u>83,408,546</u> |

4. PROFIT FROM OPERATIONS

| | 2001 | 2000 |
|---|-------------------|------------|
| | HK\$ | HK\$ |
| Profit from operations has been arrived at after charging: | | |
| Auditors' remuneration | 888,500 | 830,710 |
| Depreciation and amortisation | 25,651,387 | 22,763,266 |
| Interest expense on bank borrowings wholly repayable within five years | 1,109,810 | 835,672 |
| Net foreign exchange losses | 313,283 | 350,289 |
| Rental payments in respect of premises under operating leases | 1,664,375 | 498,740 |
| Staff costs including directors' emoluments | | |
| – Retirement benefits schemes contributions, net of forfeited contributions of HK\$109,042 (2000: HK\$74,643) | 557,131 | 395,482 |
| – Others | 51,601,254 | 50,842,077 |
| | 52,158,385 | 51,237,559 |
| and after crediting: | | |
| Gain on disposal of property, plant and equipment | 1,671,677 | – |

5. EMOLUMENTS OF DIRECTORS AND EMPLOYEES**(i) Directors' emoluments**

| | 2001 | 2000 |
|--|------------------|-----------|
| | HK\$ | HK\$ |
| Directors' fees | – | – |
| Other emoluments to executive directors: | | |
| Salaries and other benefits | 3,591,025 | 3,849,090 |
| Contributions to retirement benefits schemes | 132,950 | 133,500 |
| | 3,723,975 | 3,982,590 |

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

(i) Directors' emoluments (cont'd)

Emoluments of the directors were within the following bands:

| | 2001 Number of directors | 2000 Number of directors |
|--------------------------------|--------------------------------|--------------------------------|
| Nil to HK\$1,000,000 | 6 | 6 |
| HK\$2,000,001 to HK\$2,500,000 | <u>1</u> | <u>1</u> |

(ii) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2000: four) were directors of the Company and their emoluments are set out above. The emoluments of the two individuals (2000: one individual) are as follows:

| | 2001 HK\$ | 2000 HK\$ |
|--|----------------|----------------|
| Salaries | 820,634 | 527,000 |
| Contributions to retirement benefits schemes | <u>20,628</u> | <u>25,500</u> |
| | <u>841,262</u> | <u>552,500</u> |

6. TAXATION CHARGE

| | 2001 HK\$ | 2000 HK\$ |
|-------------------------------|-------------------------|-------------------------|
| The charge comprises: | | |
| Hong Kong Profits Tax | | |
| Charge for the year | 5,326,337 | 6,764,161 |
| Overprovision in prior years | (1,707) | (4,384,319) |
| | <u>5,324,630</u> | <u>2,379,842</u> |
| Overseas taxation | | |
| Charge for the year | 313,082 | 132,455 |
| Underprovision in prior years | – | 13,962 |
| | <u>313,082</u> | <u>146,417</u> |
| Deferred taxation (note 17) | | |
| Charge (credit) for the year | 2,058,887 | (1,072,544) |
| Underprovision in prior years | 1,982,023 | – |
| | <u>4,040,910</u> | <u>(1,072,544)</u> |
| Taxation charge for the year | <u><u>9,678,622</u></u> | <u><u>1,453,715</u></u> |

Hong Kong Profits Tax is calculated at 16% (2000: 16%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Hong Kong Inland Revenue Department is conducting a review on the operations of the Group in relation to its Hong Kong tax affairs for the past few years. While these cases are still under review, the Inland Revenue Department has issued protective assessments for the year of assessment 1994/95 to certain subsidiaries of the Company in order not to jeopardise the assessment powers of the Inland Revenue Department which will be time-barred after 6 years of assessment. The Group's potential tax liabilities under these assessments amount to approximately HK\$2,078,000. Objections have been filed against these assessments and the tax has been heldover completely and unconditionally. However, the tax enquiry is still in progress and, in the opinion of the Company's directors, the outcome of this matter cannot be determined with reasonable certainty at this time. Accordingly, no provision has been made in the financial statements in respect of any potential tax liabilities.

There was no significant unprovided deferred taxation for the year.

7. PROFIT FOR THE YEAR

Of the Group's profit for the year of HK\$78,451,109 (2000: HK\$82,243,308), a profit of HK\$15,786,725 (2000: HK\$96,891,927) has been dealt with in the financial statements of the Company.

8. DIVIDENDS

| | 2001 HK\$ | 2000 HK\$ |
|--|----------------------------|--------------------------|
| Interim, paid – HK2.6 cents (2000: HK1.7 cents) per share | 8,079,002 | 5,293,414 |
| Final, proposed – HK6 cents (2000: HK4 cents) per share | 18,682,637 | 12,455,091 |
| | <u>26,761,639</u> | <u>17,748,505</u> |

The final dividend of 6 cents (2000: 4 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit for the year of HK\$78,451,109 (2000: HK\$82,243,308) and the weighted average number of shares, as follows:

| | 2001 Number of shares | 2000 Number of shares |
|--|--|-----------------------------|
| Weighted average number of shares for the purpose of basic earnings per share | 311,377,280 | 304,022,329 |
| Effect of dilutive potential shares – share options | 7,263,379 | 10,686,842 |
| Weighted average number of shares for the purpose of diluted earnings per share | <u>318,640,659</u> | <u>314,709,171</u> |

10. PROPERTY, PLANT AND EQUIPMENT

| | Construction in progress HK\$ | Land and buildings HK\$ | Leasehold improvements HK\$ | Furniture, fixtures and office equipment HK\$ | Machinery and equipment HK\$ | Motor vehicles HK\$ | Total HK\$ |
|-------------------------------|-------------------------------------|-------------------------------|-----------------------------------|---|---------------------------------------|---------------------------|--------------------|
| THE GROUP | | | | | | | |
| COST | | | | | | | |
| At 1 April, 2000 | 19,246,420 | 89,194,764 | 21,015,950 | 15,899,181 | 194,158,483 | 6,695,809 | 346,210,607 |
| Additions | 14,366,211 | 52,057 | 752,513 | 3,439,570 | 36,448,002 | 1,966,560 | 57,024,913 |
| Disposals | – | (4,871,841) | – | (2,027,386) | (131,243) | – | (7,030,470) |
| At 31 March, 2001 | 33,612,631 | 84,374,980 | 21,768,463 | 17,311,365 | 230,475,242 | 8,662,369 | 396,205,050 |
| DEPRECIATION AND AMORTISATION | | | | | | | |
| At 1 April, 2000 | – | 11,277,007 | 18,133,479 | 13,371,765 | 99,526,671 | 5,280,438 | 147,589,360 |
| Provided for the year | – | 1,688,424 | 1,710,270 | 1,003,157 | 20,711,445 | 538,091 | 25,651,387 |
| Eliminated on disposals | – | (1,199,129) | – | (1,748,341) | – | – | (2,947,470) |
| At 31 March, 2001 | – | 11,766,302 | 19,843,749 | 12,626,581 | 120,238,116 | 5,818,529 | 170,293,277 |
| NET BOOK VALUES | | | | | | | |
| At 31 March, 2001 | 33,612,631 | 72,608,678 | 1,924,714 | 4,684,784 | 110,237,126 | 2,843,840 | 225,911,773 |
| At 31 March, 2000 | 19,246,420 | 77,917,757 | 2,882,471 | 2,527,416 | 94,631,812 | 1,415,371 | 198,621,247 |

Construction in progress represents the cost of construction work carried out in the factory situated in the PRC.

2001 2000
HK\$ **HK\$**

The net book value of land and buildings shown above comprises:

| | | |
|---|-------------------|-------------------|
| Land and buildings in Hong Kong under medium-term leases | 42,740,587 | 43,742,449 |
| Land and buildings in other locations in the PRC under medium-term leases | 29,868,091 | 30,502,596 |
| Freehold land and building in the United States of America | – | 3,672,712 |
| | 72,608,678 | 77,917,757 |

Property, plant and equipment with an aggregate net book value of HK\$50,294,934 (2000: HK\$51,469,467) have been pledged to banks to secure general banking facilities granted to the Group.

11. INVESTMENTS IN SUBSIDIARIES

| | THE COMPANY | |
|--------------------------|-------------------|-------------------|
| | 2001 HK\$ | 2000 HK\$ |
| Unlisted shares, at cost | <u>42,282,427</u> | <u>42,282,427</u> |

The cost was arrived at on the basis of the underlying separable net assets of Chung Tai Printing (B.V.I.) Limited and its subsidiaries when they were acquired by the Company in 1992.

None of the subsidiaries had any loan capital outstanding at the end of the year or at any time during the year.

Particulars of the subsidiaries at 31 March, 2001 are set out in note 27.

12. INVENTORIES

| | THE GROUP | |
|------------------|-------------------|-------------------|
| | 2001 HK\$ | 2000 HK\$ |
| At cost: | | |
| Raw materials | 33,831,107 | 51,766,920 |
| Work in progress | 6,356,557 | 7,407,470 |
| Finished goods | <u>18,375,765</u> | <u>18,715,249</u> |
| | <u>58,563,429</u> | <u>77,889,639</u> |

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables include trade receivables of HK\$96,958,405 (2000: HK\$96,185,166). An aged analysis of the trade receivables is as follows:

| | 2001 | 2000 |
|---|--------------------|-------------|
| | HK\$ | HK\$ |
| 0 – 30 days | 34,572,146 | 57,226,099 |
| 31 – 60 days | 27,844,581 | 13,400,023 |
| 61 – 90 days | 11,993,570 | 15,776,027 |
| over 90 days | 22,548,108 | 9,783,017 |
| | 96,958,405 | 96,185,166 |
| Deposits, prepayments and other debtors | 13,453,346 | 6,761,722 |
| | 110,411,751 | 102,946,888 |

The Group's credit terms on sales generally range from 60 to 90 days. A longer period is granted to a few customers with whom the Group has a good business relationship and which are in sound financial condition.

14. PLEDGED BANK DEPOSITS

The pledged bank deposits have been used to secure bank guarantees issued in favour of a third party in respect of credit facilities granted by the third party to the Group.

15. TRADE AND OTHER PAYABLES

Trade and other payables include trade payables of HK\$28,384,091 (2000: HK\$38,681,457). An aged analysis of the trade payables is as follows:

| | 2001 | 2000 |
|-------------------------------------|-------------------|------------|
| | HK\$ | HK\$ |
| 0 – 30 days | 13,268,571 | 13,470,159 |
| 31 – 60 days | 11,499,743 | 13,220,156 |
| 61 – 90 days | 302,526 | 7,736,092 |
| over 90 days | 3,313,251 | 4,255,050 |
| | 28,384,091 | 38,681,457 |
| Accrued expenses and other payables | 9,943,111 | 15,146,647 |
| | 38,327,202 | 53,828,104 |

16. BANK BORROWINGS

| | THE GROUP | |
|---|--------------------------|--------------------------|
| | 2001 | 2000 |
| | HK\$ | HK\$ |
| The bank borrowings comprise the following: | | |
| Mortgage loans | 90,174 | 187,384 |
| Bank import loans | 14,015,194 | 18,043,696 |
| Bank loans and overdrafts | – | 2,792,400 |
| | <u>14,105,368</u> | <u>21,023,480</u> |
| Analysed as: | | |
| Secured | 90,174 | 187,384 |
| Unsecured | 14,015,194 | 20,836,096 |
| | <u>14,105,368</u> | <u>21,023,480</u> |
| The bank borrowings are repayable as follows: | | |
| Within one year or upon demand | 14,105,368 | 20,933,526 |
| More than one year, but not exceeding two years | – | 89,954 |
| | 14,105,368 | 21,023,480 |
| Less: Amounts due within one year | (14,105,368) | (20,933,526) |
| Amounts due after one year | – | 89,954 |

17. DEFERRED TAXATION

| | THE GROUP | |
|--------------------------------|--------------------------|-------------------------|
| | 2001 | 2000 |
| | HK\$ | HK\$ |
| Balance brought forward | 7,786,776 | 8,859,320 |
| Movement for the year (note 6) | 4,040,910 | (1,072,544) |
| Balance carried forward | <u>11,827,686</u> | <u>7,786,776</u> |

The deferred taxation liability is attributable to the tax effect of timing differences because of excess of depreciation allowances claimed for taxation purposes over depreciation.

Neither the Group nor the Company had any significant unprovided deferred taxation at the balance sheet date.

18. SHARE CAPITAL

| | Number of shares | | Share capital | |
|-------------------------------------|--------------------|--------------------|-------------------|-------------------|
| | 2001 | 2000 | 2001 HK\$ | 2000 HK\$ |
| Ordinary shares of HK\$0.10 each | | | | |
| Authorised: | | | | |
| At beginning and end of the year | <u>500,000,000</u> | <u>500,000,000</u> | <u>50,000,000</u> | <u>50,000,000</u> |
| Issued and fully paid: | | | | |
| Balance at beginning of the year | <u>311,377,280</u> | <u>299,431,280</u> | <u>31,137,728</u> | <u>29,943,128</u> |
| Exercise of share options | – | 12,000,000 | – | 1,200,000 |
| Shares repurchased | – | (54,000) | – | (5,400) |
| Balance at end of the year | <u>311,377,280</u> | <u>311,377,280</u> | <u>31,137,728</u> | <u>31,137,728</u> |

19. SHARE OPTION SCHEME

Pursuant to the share option scheme (the "Scheme") adopted by the Company on 17 August, 1992, the directors of the Company may grant options to employees, including executive directors, of the Company and its subsidiaries to subscribe for shares in the Company in accordance with the terms of the Scheme, subject to a maximum of 10 percent of the issued share capital of the Company from time to time.

No options under the scheme were outstanding as at 1 April, 2000. On 25 April, 2000, options which entitle the holders to subscribe for 29,900,000 shares in the Company at an exercise price of HK\$0.60 per share and exercisable on or before 24 April, 2002 were granted to the directors. No options were exercised and all of the options granted were outstanding as at 31 March, 2001.

20. RESERVES

| | Share premium HK\$ | Capital redemption reserve HK\$ | Contributed surplus HK\$ | Retained profits HK\$ | Total HK\$ |
|-------------------------------------|--------------------------|--|--------------------------------|-----------------------------|--------------------|
| THE GROUP | | | | | |
| Balance at 1 April, 1999 | 60,265,496 | 57,000 | – | 175,141,904 | 235,464,400 |
| Profit for the year (note 7) | – | – | – | 82,243,308 | 82,243,308 |
| Dividends (note 8) | – | – | – | (17,748,505) | (17,748,505) |
| Shares repurchased and cancelled | (30,900) | 5,400 | – | (5,400) | (30,900) |
| Exercise of share options | 3,033,600 | – | – | – | 3,033,600 |
| Balance at 31 March, 2000 | 63,268,196 | 62,400 | – | 239,631,307 | 302,961,903 |
| Profit for the year (note 7) | – | – | – | 78,451,109 | 78,451,109 |
| Dividends (note 8) | – | – | – | (26,761,639) | (26,761,639) |
| Balance at 31 March, 2001 | 63,268,196 | 62,400 | – | 291,320,777 | 354,651,373 |
| THE COMPANY | | | | | |
| Balance at 1 April, 1999 | 60,265,496 | 57,000 | 19,782,427 | 148,311,644 | 228,416,567 |
| Profit for the year (note 7) | – | – | – | 96,891,927 | 96,891,927 |
| Dividends (note 8) | – | – | – | (17,748,505) | (17,748,505) |
| Shares repurchased and cancelled | (30,900) | 5,400 | – | (5,400) | (30,900) |
| Exercise of share options | 3,033,600 | – | – | – | 3,033,600 |
| Balance at 31 March, 2000 | 63,268,196 | 62,400 | 19,782,427 | 227,449,666 | 310,562,689 |
| Profit for the year (note 7) | – | – | – | 15,786,725 | 15,786,725 |
| Dividends (note 8) | – | – | – | (26,761,639) | (26,761,639) |
| Balance at 31 March, 2001 | 63,268,196 | 62,400 | 19,782,427 | 216,474,752 | 299,587,775 |

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of Chung Tai Printing (B.V.I.) Limited at the date on which the corporate reorganisation became effective and the nominal amount of the Company's shares issued under the reorganisation in 1992.

20. RESERVES (cont'd)

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if

- (1) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (2) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company's reserves available for distribution to shareholders were as follows:

| | 2001 | 2000 |
|---------------------|---------------------------|---------------------------|
| | HK\$ | HK\$ |
| Contributed surplus | 19,782,427 | 19,782,427 |
| Retained profits | 216,474,752 | 227,449,666 |
| | <u>236,257,179</u> | <u>247,232,093</u> |

21. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | THE GROUP | |
|---|---------------------------|--------------------------|
| | 2001 | 2000 |
| | HK\$ | HK\$ |
| Profit before taxation | 88,129,731 | 83,697,023 |
| Interest expense | 1,109,810 | 835,672 |
| Interest income | (2,122,478) | (1,124,149) |
| Depreciation and amortisation | 25,651,387 | 22,763,266 |
| Gain on disposal of property, plant and equipment | (1,671,677) | – |
| Decrease (increase) in inventories | 19,326,210 | (24,897,760) |
| Increase in trade and other receivables | (7,464,863) | (15,306,059) |
| Decrease in trade and other payables | (15,500,902) | (3,331,264) |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | <u>107,457,218</u> | <u>62,636,729</u> |

22. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

| | Share capital and share premium <i>HK\$</i> | Mortgage loans <i>HK\$</i> | Bank import loans <i>HK\$</i> |
|----------------------------------|---|-------------------------------|-------------------------------------|
| Balance at 1 April, 1999 | 90,208,624 | 274,856 | 1,430,795 |
| Repayments during the year | – | (87,472) | – |
| Net increase in import loans | – | – | 1,444,491 |
| Shares repurchased and cancelled | (36,300) | – | – |
| Exercise of share options | 4,233,600 | – | – |
| | <u>94,405,924</u> | <u>187,384</u> | <u>2,875,286</u> |
| Balance at 1 April, 2000 | 94,405,924 | 187,384 | 2,875,286 |
| Repayments during the year | – | (97,210) | – |
| Net decrease in import loans | – | – | (2,875,286) |
| | <u>94,405,924</u> | <u>90,174</u> | <u>–</u> |
| Balance at 31 March, 2001 | <u>94,405,924</u> | <u>90,174</u> | <u>–</u> |

23. LEASE COMMITMENTS

At the balance sheet date, the Group had commitments payable in the following year under non-cancellable operating leases in respect of rented premises as follows:

| | 2001 <i>HK\$</i> | 2000 <i>HK\$</i> |
|---------------------------------------|---------------------|---------------------|
| Operating leases which expire: | | |
| Within one year | 89,827 | 100,562 |
| In the second to fifth year inclusive | 610,923 | 610,923 |
| Over five years | 396,000 | – |
| | <u>1,096,750</u> | <u>711,485</u> |

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

24. CAPITAL COMMITMENTS

| | THE GROUP | |
|---|--------------------------|-------------------|
| | 2001 | 2000 |
| | HK\$ | HK\$ |
| Capital expenditure contracted for but not provided in the financial statements in respect of: | | |
| – factory construction | 6,825,000 | 12,208,000 |
| – acquisition of leasehold improvements and machinery | 36,990,000 | 4,743,000 |
| | <u>43,815,000</u> | <u>16,951,000</u> |
| Capital expenditure authorised but not contracted for in respect of the acquisition of leasehold improvements and machinery | <u>–</u> | <u>282,000</u> |

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

25. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at the balance sheet date other than the matters disclosed in note 6.

The Company has given guarantees to banks in respect of general banking facilities granted to its subsidiaries to the extent of HK\$185,000,000 (2000: HK\$209,200,000). The extent of such facilities utilised by the subsidiaries at 31 March, 2001 amounted to approximately HK\$14,015,000 (2000: HK\$18,044,000).

26. RETIREMENT BENEFITS SCHEMES

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

26. RETIREMENT BENEFITS SCHEMES (cont'd)

With effect from 1 December, 2000, the Group has also joined a mandatory provident fund scheme ("MPF Scheme") for other 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 under the scheme. Except for voluntary contribution, no forfeited contribution under this scheme is available to reduce the contribution payable in future years.

The retirement benefits scheme contributions arising from the 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.

At 31 March, 2001, 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. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 March, 2001 are as follows:

| Name of subsidiary | Place of incorporation/ registration | Issued and fully paid 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 |

27. PARTICULARS OF SUBSIDIARIES (cont'd)

| Name of subsidiary | Place of incorporation/ registration | Issued and fully paid capital | Effective percentage of issued share capital/registered capital held by the Company | Principal activities |
|---|---|-----------------------------------|---|---|
| Chung Tai Printing Company Limited | Hong Kong | HK\$1,000 ordinary | 100 | Printing of labels, plastic cards and advertising materials |
| | | HK\$500,000 deferred non-voting | – | |
| Delight Source Limited | Hong Kong | HK\$200,000 ordinary | 100 | Trading in advertising materials |
| Profit Link Investment Limited | Hong Kong | HK\$100 ordinary | 100 | Printing and property investment |
| | | HK\$2 deferred non-voting | – | |
| The Greatime Offset Printing Company, Limited | Hong Kong | HK\$1,000 ordinary | 100 | Inactive |
| | | HK\$1,000,000 deferred non-voting | – | |
| The Greatime Printing (Shenzhen) Co., Ltd. | The PRC | HK\$7,000,000 registered capital | 100 | Label and offset printing |
| Yong Da Printing Company Limited | Hong Kong | HK\$2 ordinary | 100 | Inactive |

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 or to receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution on a winding up.