

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March, 2002.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and other details of the subsidiaries are set out in note 27 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March, 2002 are set out in the consolidated income statement on page 22.

An interim dividend of HK2.7 cents per share amounting to HK\$8,407,187 was paid to the shareholders during the year. The directors recommend the payment of a final dividend of HK6 cents per share to the shareholders whose names appear on the register of members on 23 August 2002 amounting to HK\$18,682,637, and the retention of the remaining profit for the year of HK\$33,356,061.

PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, plant and equipment during the year at an aggregate cost of approximately HK\$71 million in order to increase its production capacity. Details of this and other movements during the year in property, plant and equipment of the Group are set out in note 11 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 19 to the financial statements. There was no movement in the Company's share capital during the year.

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

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in note 20 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 March, 2002, the reserves of the Company available for distribution to shareholders was HK\$227,091,082, being the contributed surplus of HK\$19,782,427 and the retained profits of HK\$207,308,655.

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:

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

Non-executive director:

Mr. Suek Che Hin

Independent non-executive directors:

Mr. Tse Po Lau, Paul
Mr. Wong Sun Fat
Mr. Chan Kwing Choi, Warren (*appointed on 25 February, 2002*)

In accordance with Clauses 86(2) and 169(2) of the Company's Bye-laws, Mr. Suek Chai Hong, Mr. Suek Che Hin and Mr. Chan Kwing Choi, Warren retire and, being eligible, offer themselves for re-election.

The term of office for each non-executive director is the period up to his 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

(i) Shares

At 31 March, 2002, the interests of the directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Hong Kong Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Number of shares held			Total	Shareholding (%)
	Personal interests	Corporate interests	Other interests		
Mr. Suek Chai Kit, Christopher	1,800,000	–	185,660,000 <i>(note 1)</i>	187,460,000	60.20
Mr. Lau Chin Hung	8,250,000	–	–	8,250,000	2.65
Ms. Ng Wai Chi	1,170,000	–	–	1,170,000	0.38
Mr. Suek Che Hin	–	19,120,000 <i>(note 2)</i>	–	19,120,000	6.14

Notes:

1. These shares were 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 Mr. Suek Chai Kit, Christopher.
2. These shares were beneficially owned by Goodhope Assets Limited, a company in which Mr. Suek Che Hin has a beneficial interest.

DIRECTORS' INTERESTS IN SHARES (cont'd)**(ii) Shares in subsidiaries**

At 31 March, 2002, CNA and Ms. Ng Wai Chi beneficially owned deferred non-voting shares in the following subsidiaries of the Company:

Name of subsidiary	Name of owner	Number and par value of deferred non-voting shares
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 27 to the financial statements.

Other than as disclosed above and in the section head "Share Option Scheme" below, at no time during the year was the Company, its ultimate holding company or any subsidiaries of its ultimate holding company a party to any arrangements to enable the directors or chief executive of the Company or to the spouse or children under 18 years of age of such director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate or had exercised any such rights.

SHARE OPTION SCHEME

The share option scheme (the "Option Scheme") of the Company was adopted by the Company on 17 August, 1992. The major terms of the Option Scheme are summarised as follows:

1. The purpose of the Option Scheme is to provide incentives to the participants.
2. The participants of the Option Scheme include any employee or director of any member of the Group.

SHARE OPTION SCHEME (*cont'd*)

3. The maximum number of shares in respect of which options might be granted under the Option Scheme must not exceed 10% of the issued share capital of the Company from time to time and should be of maximum of 29,937,728 shares at the date of this report.
4. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with the total number of shares issued and issuable under any option granted to the same participant under the Option Scheme, must not exceed 25% of the aggregate number of shares for the time being issued and issuable under the Option Scheme from time to time.
5. No minimum period of holding is required before the option became exercisable.
6. The exercisable period of an option granted under the Option Scheme must not exceed a period of 2 years after it has been granted.
7. The acceptance of an option, if accepted, must be made within 14 days from the date of grant with a non-refundable payment of HK\$1.00 from the grantee to the Company.
8. The exercise price of an option must be the higher of:
 - (i) a price not less than 80% of the average closing price of the share for the 5 trading days immediately preceding the grant; and
 - (ii) the nominal value of the share.
9. The Option Scheme will expire on 16 August, 2002.
10. At the date of this report, no shares available for issue under the Option Scheme.

SHARE OPTION SCHEME (cont'd)

The following table discloses movements in the number of the Company's share options during the year.

Name of director	Date of grant	Number of options outstanding as at 1 April, 2001 and 31 March, 2002	Exercisable period	Exercise price per share HK\$	Closing market price prior to the granting of options HK\$
Mr. Suek Chai Kit, Christopher	26.4.2000	11,900,000	26.4.2000 to 25.4.2002	0.60	0.75
Ms. Ng Wai Chi	26.4.2000	9,000,000	26.4.2000 to 25.4.2002	0.60	0.75
Mr. Suek Chai Hong	26.4.2000	9,000,000	26.4.2000 to 25.4.2002	0.60	0.75
		29,900,000			

There were no options granted to and exercised by the directors and employees during the year.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company, its ultimate holding company, any subsidiaries of its ultimate holding company 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 26 to the 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

Save for Mr. Suek Chai Kit, Christopher's interests in the shares of the Company referred to in the section head "Directors' Interests in Shares" above, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no person as having an interest in 10% or more in the issued share capital of the Company as at 31 March, 2002.

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.

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 employees in the People's Republic of China, 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 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, 2002, there were no significant forfeited contributions which arose upon employees leaving the ORSO Scheme before they are fully vested in the contributions and which are available to reduce the contributions payable by the Group in the future. The employer's contribution cost charged to the income statement amounted to HK\$1,225,802 for the year ended 31 March, 2002.

COMPLIANCE WITH CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied throughout the year ended 31 March, 2002 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the largest customer of the Group by itself and together with the next four largest customers accounted for about 8% and 30% respectively of the Group's turnover.

The largest supplier of the Group by itself and together with the next four largest suppliers accounted for about 9% and 33% respectively of the Group's purchases.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers or suppliers.

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
Suek Chai Kit, Christopher
Chairman

Hong Kong, 19 July, 2002