

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2002

## 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. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, a number of revised and new Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants. The adoption of these revised and new SSAPs has led to a number of changes in the Group's accounting policies. The revised accounting policies are set out in note 3. In addition, these revised and new SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative disclosures for the prior year have been restated in order to achieve a consistent presentation.

The adoption of these revised and new SSAPs has resulted in the following changes to the Group's accounting policies that have affected the amounts reported for the current or prior periods.

### **Dividend proposed or declared after the balance sheet date**

In accordance with SSAP 9 (Revised) "Events after the balance sheet date", dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed in the notes to the financial statements. This change in accounting policy has been applied retrospectively. The effect of this change has been to increase shareholders' funds of the Group and the Company at 1 April, 2000 and 31 March, 2001 by HK\$12,455,091 and HK\$18,682,637, respectively.

As a result of the revision of SSAP 9 (Revised) "Events after the balance sheet date", SSAP 18 "Revenue" has also been revised. Accordingly, the dividends proposed or declared after the balance sheet date by the subsidiaries are not recognised by the Company at the balance sheet date. This change in accounting policy has also been applied retrospectively. The effect of this change has been to decrease shareholders' funds of the Company at 1 April, 2000 and 31 March, 2001 by HK\$96,000,000 and HK\$40,000,000, respectively.

**2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE** *(cont'd)***Leases**

Disclosures for all of the Group's operating lease arrangements have been modified so as to comply with the requirements of SSAP 14 (Revised) "Leases". Comparative amounts and disclosures have been restated in order to achieve a consistent presentation.

**Segment reporting**

In the current year, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 "Segment Reporting". Segment disclosures for the year ended 31 March, 2001 have been amended so that they are presented on a consistent basis.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention and 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.

**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.

**3. SIGNIFICANT ACCOUNTING POLICIES** (cont'd)**Property, plant and equipment**

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

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

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:

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%

The gain or loss arising from 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.

**Investments in subsidiaries**

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

**Inventories**

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

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

The charge for taxation is based on the results for the year after adjusting 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 the resulting timing differences, computed under the liabilities method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise.

**Foreign currencies**

Transactions in currencies other than Hong Kong dollars are translated 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 at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of overseas subsidiaries which are denominated in currencies other than Hong Kong dollars are translated at the rates ruling on the balance sheet date. Income and expense items are translated at the average exchange rates for the period.

**Operating leases**

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

**4. TURNOVER**

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

**5. BUSINESS AND GEOGRAPHICAL SEGMENTS**

**Geographical segments**

The following is an analysis of the Group's sales and results for the year ended 31 March, 2002 and 2001 by location of customers.

Income statement for the year ended 31 March, 2002

	Hong Kong HK\$	Other regions in the People's Republic of China ("PRC") HK\$	Europe HK\$	United States of America HK\$	Other HK\$	Consolidated HK\$
Turnover	<u>330,864,077</u>	<u>9,322,135</u>	<u>31,109,132</u>	<u>60,101,398</u>	<u>17,464,506</u>	<u>448,861,248</u>
Segment profit	<u>50,692,122</u>	<u>1,428,257</u>	<u>4,766,271</u>	<u>9,208,214</u>	<u>2,675,760</u>	68,770,624
Interest income						1,342,452
Interest expense						<u>(58,912)</u>
Profit before taxation						70,054,164
Taxation						<u>(9,608,279)</u>
Net profit for the year						<u>60,445,885</u>
Depreciation and amortisation	<u>23,992,675</u>	<u>675,996</u>	<u>2,255,885</u>	<u>4,358,265</u>	<u>1,266,442</u>	<u>32,549,263</u>

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

## Geographical segments (cont'd)

Income statement for the year ended 31 March, 2001

	Hong Kong HK\$	Other regions in the PRC HK\$	Europe HK\$	United States of America HK\$	Other HK\$	Consolidated HK\$
Turnover	<u>366,439,079</u>	<u>14,180,924</u>	<u>30,283,806</u>	<u>83,158,636</u>	<u>16,591,863</u>	<u>510,654,308</u>
Segment profit	<u>62,514,104</u>	<u>2,419,250</u>	<u>5,166,384</u>	<u>14,186,772</u>	<u>2,830,553</u>	87,117,063
Interest income						2,122,478
Interest expense						<u>(1,109,810)</u>
Profit before taxation						88,129,731
Taxation						<u>(9,678,622)</u>
Net profit for the year						<u>78,451,109</u>
Depreciation and amortisation	<u>18,407,111</u>	<u>712,342</u>	<u>1,521,228</u>	<u>4,177,257</u>	<u>833,449</u>	<u>25,651,387</u>

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

**Geographical segments (cont'd)**

The following is an analysis of the carrying amount of segment assets, segment liabilities and additions to property, plant and equipment, analysed by the geographical area in which the Group's companies are operated:

Balance sheet at 31 March, 2002

	<b>Hong Kong</b> <i>HK\$</i>	<b>Other regions in the PRC</b> <i>HK\$</i>	<b>Consolidated</b> <i>HK\$</i>
Assets			
Segment assets	<u>232,974,846</u>	<u>274,987,641</u>	507,962,487
Unallocated corporate assets			<u>2,635,585</u>
			<u>510,598,072</u>
Liabilities			
Segment liabilities	<u>45,802,415</u>	<u>10,692,503</u>	56,494,918
Unallocated corporate liabilities			<u>16,275,355</u>
			<u>72,770,273</u>
Other information for the year ended 31 March, 2002			
Additions to property, plant and equipment	<u>1,677,625</u>	<u>69,417,848</u>	<u>71,095,473</u>

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

**Geographical segments (cont'd)**

Balance sheet at 31 March, 2001

	<b>Hong Kong</b> <i>HK\$</i>	<b>Other regions in the PRC</b> <i>HK\$</i>	<b>Consolidated</b> <i>HK\$</i>
Assets			
Segment assets	<u>243,864,119</u>	<u>223,875,500</u>	467,739,619
Unallocated corporate assets			<u>1,595,877</u>
			<u>469,335,496</u>
Liabilities			
Segment liabilities	<u>40,708,146</u>	<u>11,724,424</u>	52,432,570
Unallocated corporate liabilities			<u>12,431,188</u>
			<u>64,863,758</u>
Other information for the year ended 31 March, 2001			
Additions to property, plant and equipment	<u>3,425,221</u>	<u>53,599,692</u>	<u>57,024,913</u>

**Business segments**

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



**6. PROFIT FROM OPERATIONS**

	<b>2002</b>	2001
	<b>HK\$</b>	HK\$
Profit from operations has been arrived at after charging:		
Auditors' remuneration	<b>860,000</b>	888,500
Depreciation and amortisation	<b>32,549,263</b>	25,651,387
Loss on disposal of property, plant and equipment	<b>3,394</b>	–
Net foreign exchange losses	–	313,283
Rental payments in respect of premises under operating leases	<b>1,635,596</b>	1,664,375
Staff costs including directors' emoluments		
– Salaries, wages and other benefits	<b>57,181,236</b>	51,601,254
– Retirement benefits schemes contributions, net of forfeited contributions of HK\$93,467 (2001: HK\$109,042)	<b>1,225,802</b>	557,131
	<b>58,407,038</b>	52,158,385
and after crediting:		
Net foreign exchange gains	<b>976,382</b>	–
Gain on disposal of property, plant and equipment	–	1,671,677
	<u>–</u>	<u>1,671,677</u>

**7. EMOLUMENTS OF DIRECTORS AND EMPLOYEES**

**(i) Directors' emoluments**

	<b>2002</b>	2001
	<b>HK\$</b>	HK\$
Fees		
Executive directors	–	–
Independent non-executive directors	–	–
Other emoluments to executive directors:		
Salaries and other benefits	<b>3,601,200</b>	3,591,025
Contributions to retirement benefits schemes	<b>147,600</b>	132,950
	<u>3,748,800</u>	<u>3,723,975</u>

**7. EMOLUMENTS OF DIRECTORS AND EMPLOYEES** (cont'd)**(i) Directors' emoluments** (cont'd)

Emoluments of the directors were within the following bands:

	<b>2002</b>	2001
	<b>Number of</b>	Number of
	<b>directors</b>	directors
Nil to HK\$1,000,000	7	6
HK\$2,000,001 to HK\$2,500,000	<u>1</u>	<u>1</u>

None of the directors has waived any emoluments during the year.

**(ii) Employees' emoluments**

Of the five individuals with the highest emoluments in the Group, three (2001: three) were directors of the Company and their emoluments are set out above. The emoluments of the remaining two (2001: two) individuals are as follows:

	<b>2002</b>	2001
	<b>HK\$</b>	HK\$
Salaries and other benefits	<b>1,089,408</b>	820,634
Contributions to retirement benefits schemes	<b>37,000</b>	20,628
	<u><b>1,126,408</b></u>	<u>841,262</u>

The aggregate emoluments of each of the highest paid individuals mentioned above were less than HK\$1,000,000.

During the year, no emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

**8. TAXATION**

	<b>2002</b>	2001
	<b>HK\$</b>	HK\$
Hong Kong Profits Tax		
Charged for the year	<b>3,879,351</b>	5,326,337
Under(over)provision in prior years	<b>3,217,501</b>	(1,707)
	<u><b>7,096,852</b></u>	<u>5,324,630</u>
Overseas taxation		
Charged for the year	<u><b>213,510</b></u>	<u>313,082</u>
Deferred taxation ( <i>note 18</i> )		
Charged for the year	<b>2,297,917</b>	2,058,887
Underprovision in prior years	–	1,982,023
	<u><b>2,297,917</b></u>	<u>4,040,910</u>
	<u><b>9,608,279</b></u>	<u>9,678,622</u>

Hong Kong Profits Tax is calculated at 16% (2001: 16%) on the estimated assessable profit for the year.

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

There was no significant unprovided deferred taxation for the year.

**9. DIVIDENDS**

	<b>2002</b>	2001
	<b>HK\$</b>	HK\$
Interim, paid – HK2.7 cents (2001: HK2.6 cents) per share	<b>8,407,187</b>	8,079,002
Final, proposed – HK6 cents (2001: HK6 cents) per share	<b>18,682,637</b>	18,682,637
	<b><u>27,089,824</u></b>	<b><u>26,761,639</u></b>

Subsequent to 31 March, 2002, the directors proposed a final dividend of HK6 cents (2001: HK6 cents) per share be paid to the shareholders of the Company whose names appear in the register of members on 23 August, 2002. This final dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

**10. EARNINGS PER SHARE**

The calculation of the basic and diluted earnings per share is based on the profit for the year of HK\$60,445,885 (2001: HK\$78,451,109) and the weighted average number of shares as follows:

	<b>2002</b>	2001
	<b>Number</b>	Number
	<b>of shares</b>	of shares
Weighted average number of shares for the purpose of basic earnings per share	<b>311,377,280</b>	311,377,280
Effect of dilutive potential shares - share options	<b>9,481,583</b>	7,263,379
Weighted average number of shares for the purpose of diluted earnings per share	<b><u>320,858,863</u></b>	<b><u>318,640,659</u></b>

11. 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\$
<b>THE GROUP</b>							
<b>COST</b>							
At 1 April, 2001	33,612,631	84,374,980	21,768,463	17,311,365	230,475,242	8,662,369	396,205,050
Additions	-	5,610,310	5,211,237	2,447,366	56,869,956	956,604	71,095,473
Transfer	(33,046,649)	29,964,981	1,830,047	-	1,251,621	-	-
Disposals	-	-	-	(46,420)	-	-	(46,420)
<b>At 31 March, 2002</b>	<b>565,982</b>	<b>119,950,271</b>	<b>28,809,747</b>	<b>19,712,311</b>	<b>288,596,819</b>	<b>9,618,973</b>	<b>467,254,103</b>
<b>DEPRECIATION AND AMORTISATION</b>							
At 1 April, 2001	-	11,766,302	19,843,749	12,626,581	120,238,116	5,818,529	170,293,277
Provided for the year	-	2,459,746	2,622,263	1,402,595	25,032,410	1,032,249	32,549,263
Eliminated on disposals	-	-	-	(17,026)	-	-	(17,026)
<b>At 31 March, 2002</b>	<b>-</b>	<b>14,226,048</b>	<b>22,466,012</b>	<b>14,012,150</b>	<b>145,270,526</b>	<b>6,850,778</b>	<b>202,825,514</b>
<b>NET BOOK VALUES</b>							
<b>At 31 March, 2002</b>	<b>565,982</b>	<b>105,724,223</b>	<b>6,343,735</b>	<b>5,700,161</b>	<b>143,326,293</b>	<b>2,768,195</b>	<b>264,428,589</b>
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

**11. PROPERTY, PLANT AND EQUIPMENT** (cont'd)

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

<b>2002</b>	2001
<b>HK\$</b>	HK\$

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

Land and buildings in Hong Kong under medium-term leases	<b>41,738,725</b>	42,740,587
Land and buildings in other regions in the PRC under medium-term leases	<b>63,985,498</b>	29,868,091
	<b><u>105,724,223</u></b>	<b><u>72,608,678</u></b>

Property, plant and equipment with an aggregate net book value of HK\$42,494,109 (2001: HK\$50,294,934) have been pledged to banks to secure general banking facilities granted to the Group.

**12. INVESTMENTS IN SUBSIDIARIES****THE COMPANY**

<b>2002</b>	2001
<b>HK\$</b>	HK\$

Unlisted shares, at cost	<b><u>42,282,427</u></b>	<b><u>42,282,427</u></b>
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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 year 1992.

Particulars of the subsidiaries at 31 March, 2002 are set out in note 27.

**13. INVENTORIES**

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<i>HK\$</i>	<i>HK\$</i>
At cost:		
Raw materials	<b>27,013,188</b>	33,831,107
Work in progress	<b>9,042,305</b>	6,356,557
Finished goods	<b>23,457,866</b>	18,375,765
	<u><b>59,513,359</b></u>	<u>58,563,429</u>

**14. TRADE AND OTHER RECEIVABLES**

Trade and other receivables include trade receivables of HK\$93,548,935 (2001: HK\$96,958,405). An aged analysis of the trade receivables is as follows:

	<b>2002</b>	2001
	<i>HK\$</i>	<i>HK\$</i>
0 - 30 days	<b>36,906,896</b>	34,572,146
31 - 60 days	<b>19,843,685</b>	27,844,581
61 - 90 days	<b>19,763,352</b>	11,993,570
over 90 days	<b>17,035,002</b>	22,548,108
	<u><b>93,548,935</b></u>	<u>96,958,405</u>
Deposits, prepayments and other debtors	<b>4,925,108</b>	13,453,346
	<u><b>98,474,043</b></u>	<u>110,411,751</u>

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.

**15. PLEDGED BANK DEPOSITS**

At 31 March, 2001, the pledged bank deposits were pledged to secure bank guarantees issued in favour of a third party in respect of credit facilities granted by the third party to the Group. The guarantees and the pledged deposits were released during the year ended 31 March, 2002.

**16. TRADE AND OTHER PAYABLES**

Trade and other payables include trade payables of HK\$39,529,617 (2001: HK\$28,384,091). An aged analysis of the trade payables is as follows:

	<b>2002</b>	2001
	<b>HK\$</b>	HK\$
0 - 30 days	<b>17,823,132</b>	13,268,571
31 - 60 days	<b>16,801,220</b>	11,499,743
61 - 90 days	<b>859,123</b>	302,526
Over 90 days	<b>4,046,142</b>	3,313,251
	<b>39,529,617</b>	28,384,091
Accrued expenses and other payables	<b>10,400,547</b>	9,943,111
Bills payable	<b>6,564,754</b>	—
	<b><u>56,494,918</u></b>	<b><u>38,327,202</u></b>

**17. BANK BORROWINGS****THE GROUP**

	<b>2002</b>	2001
	<b>HK\$</b>	HK\$

The bank borrowings repayable within one year or upon demand comprised the following:

Mortgage loans	—	90,174
Bank import loans	—	14,015,194
	<b><u>—</u></b>	<b><u>14,105,368</u></b>
Analysed as:		
Secured	—	90,174
Unsecured	—	14,015,194
	<b><u>—</u></b>	<b><u>14,105,368</u></b>



**18. DEFERRED TAXATION**

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$</b>	HK\$
Balance brought forward	<b>11,827,686</b>	7,786,776
Movement for the year ( <i>note 8</i> )	<b>2,297,917</b>	4,040,910
Balance carried forward	<b><u>14,125,603</u></b>	<u>11,827,686</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.

**19. SHARE CAPITAL**

	<b>2002</b>	2001
	<b>HK\$</b>	HK\$
Authorised:		
500,000,000 ordinary shares of HK\$0.10 each	<b><u>50,000,000</u></b>	<u>50,000,000</u>
Issued and fully paid:		
311,377,280 ordinary shares of HK\$0.10 each	<b><u>31,137,728</u></b>	<u>31,137,728</u>

There was no movement in the Company's share capital during both years.

**Options**

At 31 March, 2002, the following options to subscribe for shares were outstanding under the Company's share option scheme:

<b>Number of options</b>	<b>Exercisable period</b>	<b>Exercise price per share</b>
		<i>HK\$</i>
29,900,000	25.4.2000 to 24.4.2002	0.60

The exercise in full of the outstanding 29,900,000 share options at 31 March, 2002 would, under the present capital structure of the Company, result in the issue of 29,900,000 additional ordinary shares for a total cash consideration, before expenses, of approximately HK\$17,940,000.

**20. RESERVES**

	<b>Share premium</b> <i>HK\$</i>	<b>Capital redemption reserve</b> <i>HK\$</i>	<b>Retained profits</b> <i>HK\$</i>	<b>Total</b> <i>HK\$</i>
<b>THE GROUP</b>				
At 1 April, 2000				
– as originally stated	63,268,196	62,400	239,631,307	302,961,903
– prior year adjustment (note 2)	–	–	12,455,091	12,455,091
	63,268,196	62,400	252,086,398	315,416,994
Profit for the year	–	–	78,451,109	78,451,109
Final dividend for year 2000 paid	–	–	(12,455,091)	(12,455,091)
Interim dividend for year 2001 paid	–	–	(8,079,002)	(8,079,002)
At 31 March, 2001 and at 1 April, 2001				
	63,268,196	62,400	310,003,414	373,334,010
Profit for the year	–	–	60,445,885	60,445,885
Final dividend for year 2001 paid	–	–	(18,682,637)	(18,682,637)
Interim dividend for year 2002 paid	–	–	(8,407,187)	(8,407,187)
<b>At 31 March, 2002</b>	<b><u>63,268,196</u></b>	<b><u>62,400</u></b>	<b><u>343,359,475</u></b>	<b><u>406,690,071</u></b>

**20. RESERVES** (cont'd)

	Share premium HK\$	Capital redemption reserve HK\$	Contributed surplus HK\$	Retained profits HK\$	Total HK\$
<b>THE COMPANY</b>					
At 1 April, 2000					
– as originally stated	63,268,196	62,400	19,782,427	227,449,666	310,562,689
– prior year adjustments					
– restatement of dividend receivable (note 2)	–	–	–	(96,000,000)	(96,000,000)
– restatement of dividend payable (note 2)	–	–	–	12,455,091	12,455,091
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
– as restated	63,268,196	62,400	19,782,427	143,904,757	227,017,780
Profit for the year (restated)	–	–	–	71,786,725	71,786,725
Final dividend for year 2000 paid	–	–	–	(12,455,091)	(12,455,091)
Interim dividend for year 2001 paid	–	–	–	(8,079,002)	(8,079,002)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March, 2001 and at 1 April, 2001	63,268,196	62,400	19,782,427	195,157,389	278,270,412
Profit for the year	–	–	–	39,241,090	39,241,090
Final dividend for year 2001 paid	–	–	–	(18,682,637)	(18,682,637)
Interim dividend for year 2002 paid	–	–	–	(8,407,187)	(8,407,187)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March, 2002</b>	<b><u>63,268,196</u></b>	<b><u>62,400</u></b>	<b><u>19,782,427</u></b>	<b><u>207,308,655</u></b>	<b><u>290,421,678</u></b>

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.

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.

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

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$</b>	HK\$
Profit before taxation	<b>70,054,164</b>	88,129,731
Interest expense	<b>58,912</b>	1,109,810
Interest income	<b>(1,342,452)</b>	(2,122,478)
Depreciation and amortisation	<b>32,549,263</b>	25,651,387
Loss (gain) on disposal of property, plant and equipment	<b>3,394</b>	(1,671,677)
(Increase) decrease in inventories	<b>(949,930)</b>	19,326,210
Decrease (increase) in trade and other receivables	<b>11,937,708</b>	(7,464,863)
Increase (decrease) in trade and other payables	<b>18,167,716</b>	(15,500,902)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b><u>130,478,775</u></b>	<b><u>107,457,218</u></b>

**22. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

	<b>Mortgage loans</b>	<b>Bank import loans</b>
	HK\$	HK\$
At 1 April, 2000	187,384	2,875,286
Repayments during the year	(97,210)	–
Net decrease in import loans	–	(2,875,286)
At 31 March, 2001 and at 1 April, 2001	90,174	–
Repayments during the year	(90,174)	–
<b>At 31 March, 2002</b>	<b><u>–</u></b>	<b><u>–</u></b>

**23. LEASE COMMITMENTS**

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

	<b>2002</b>	2001
	<b>HK\$</b>	HK\$
Within one year	<b>1,635,596</b>	1,635,596
In the second to fifth year inclusive	<b>4,404,154</b>	5,015,077
Over five years	<b>37,241,465</b>	38,266,138
	<b><u>43,281,215</u></b>	<b><u>44,916,811</u></b>

Operating lease payments represent rentals payable by the Group for a piece of leasehold and in the PRC. Lease is negotiated for a term of 50 years. Rentals are fixed for the term of the lease.

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

**24. CAPITAL COMMITMENTS**

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$</b>	HK\$
Capital expenditure contracted for but not provided in the financial statements in respect of:		
– acquisition of leasehold improvements and machinery	<b>13,800,768</b>	36,990,000
– factory construction	–	6,825,000
	<b><u>13,800,768</u></b>	<b><u>43,815,000</u></b>

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.

The Company has given guarantees to banks in respect of general banking facilities granted to its subsidiaries to the extent of HK\$197,000,000 (2001: HK\$185,000,000). The extent of such facilities utilised by the subsidiaries at 31 March, 2002 amounted to approximately HK\$6,565,000 (2001: HK\$14,015,000).

**26. RELATED PARTY TRANSACTION**

At the balance sheet date, the Group had an amount due to Mr. Suek Chai Hong of approximately HK\$2,277,000 (2000: nil) which was included in trade and other payables. The amount is unsecured, non-interest bearing and has no fixed repayment terms.

**27. PARTICULARS OF SUBSIDIARIES**

Particulars of the Company's subsidiaries at 31 March, 2002 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 HK\$500,000 deferred non-voting	100	Printing of labels, plastic cards and advertising materials
Delight Source Limited	Hong Kong	HK\$200,000 ordinary	100	Trading in advertising materials
Profit Link Investment Limited	Hong Kong	HK\$100 ordinary HK\$2 deferred non-voting	100	Printing and property investment
The Greatime Offset Printing Company, Limited	Hong Kong	HK\$1,000 ordinary HK\$1,000,000 deferred non-voting	100	Trading in offset printing products
The Greatime Printing (Shenzhen) Co., Ltd.	The PRC	HK\$12,000,000 registered capital	100	Label and offset printing
Yong Da Printing Company Limited	Hong Kong	HK\$2 ordinary	100	In the process of strike off

**27. PARTICULARS OF SUBSIDIARIES** (*cont'd*)

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.