

## 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 new and revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants, which has resulted in a change in the format of presentation of the cash flow statement and the statement of changes in equity, but has had no material effect on the results for the current or prior accounting years. Accordingly, no prior year adjustment has been required.

### Foreign Currencies

The revisions to SSAP 11 "Foreign Currency Translation" have eliminated the choice of translating the income statements of subsidiaries outside Hong Kong at the closing rate for the year, the policy previously followed by the Group. They are now required to be translated at an average rate. This change in accounting policy has not had any material effect on the results for the current or prior accounting years.

### Cash Flow Statements

In the current year, the Group has adopted SSAP 15 (Revised) "Cash Flow Statements". Under SSAP 15 (Revised), cash flows are classified under three headings — operating, investing and financing, rather than the previous five headings. Interest received and interest paid, which were previously presented under a separate heading, are classified as investing and operating cash flows respectively. Dividends paid are classified as financing cash flows. Cash flow arising from taxes on incomes are classified as operating activities, unless they can be separately identified with investing or financing activities.

### Employee Benefits

In the current year, the Group has adopted SSAP 34 "Employee Benefits", which introduces measurement rules for employee benefits, including retirement benefit plans. Because the Group participates only in defined contribution retirement benefit schemes, the adoption of SSAP 34 has not had any material impact on the financial statements.

### 3. Significant Accounting Policies

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investments in securities.

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.

#### **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.

#### **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.

Construction in progress, which are 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.

### 3. Significant Accounting Policies *(Continued)*

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

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.

#### **Investments in securities**

Investments in securities are recognised on a trade-basis and are initially measured at cost.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

#### **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 (Continued)

#### 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 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 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 in the foreseeable future.

#### Foreign currencies

Transactions in currencies other than Hong Kong dollars are initially recorded at the rates of exchange prevailing 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 prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

On consolidation, the assets and liabilities of the Group's operations outside Hong Kong are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

#### Operating leases

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

#### Retirement benefit costs

Payments to defined contribution retirement benefits schemes and the Mandatory Provident Fund Scheme are charged as expenses as they fall due.

## Notes to the Financial Statements

For the year ended 31 March, 2003

### 4. Turnover

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

### 5. 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, 2003 and 2002 by location of customers.

#### Income statement for the year ended 31 March, 2003

	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	368,902,688	19,447,326	35,914,932	51,949,155	34,315,203	510,529,304
Segment profit	42,826,747	2,257,684	4,169,446	6,030,895	3,983,729	59,268,501
Interest income						829,404
Interest expense						(597,983)
Profit before taxation						59,499,922
Taxation						(4,381,063)
Net profit for the year						55,118,859
Depreciation and amortisation	25,754,405	1,357,687	2,507,349	3,626,755	2,395,666	35,641,862

## 5. Business and Geographical Segments (Continued)

**Geographical segments** (Continued)**Income statement for the year ended 31 March, 2002**

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

No analysis of assets and liabilities by location of customers is disclosed as in the opinion of the directors, there is no appropriate basis in allocating the assets and liabilities by location of customers.

## Notes to the Financial Statements

For the year ended 31 March, 2003

### 5. Business and Geographical Segments (Continued)

#### Geographical segments (Continued)

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, 2003

	Hong Kong HK\$	Other regions in the PRC HK\$	Consolidated HK\$
Assets			
Segment assets	201,910,350	351,170,696	553,081,046
Unallocated corporate assets			37,490
			553,118,536
Liabilities			
Segment liabilities	33,258,140	11,125,700	44,383,840
Unallocated corporate liabilities			32,488,439
			76,872,279

Other information for the year ended  
31 March, 2003

Additions to property, plant and equipment	1,410,356	49,693,876	51,104,232
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#### Balance sheet at 31 March, 2002

Assets			
Segment assets	232,974,846	274,987,641	507,962,487
Unallocated corporate assets			2,635,585
			510,598,072
Liabilities			
Segment liabilities	45,802,415	10,692,503	56,494,918
Unallocated corporate liabilities			16,275,355
			72,770,273

Other information for the year ended  
31 March, 2002

Additions to property, plant and equipment	1,677,625	69,417,848	71,095,473
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## 5. Business and Geographical Segments (Continued)

**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

	2003 HK\$	2002 HK\$
Profit from operations has been arrived at after charging:		
Auditors' remuneration	884,000	860,000
Depreciation and amortisation	35,641,862	32,549,263
Loss on disposal of property, plant and equipment	—	3,394
Net foreign exchange losses	1,115,593	—
Rental payments in respect of premises under operating leases	2,824,188	1,635,596
Staff costs including directors' emoluments		
— Salaries, wages and other benefits	69,067,665	57,181,236
— Retirement benefits schemes contributions, net of forfeited contributions of HK\$139,997 (2002: HK\$93,467)	1,028,857	1,225,802
Total staff costs	70,096,522	58,407,038
and after crediting:		
Net foreign exchange gains	—	976,382
Net unrealised holding gain on other investments	352,634	—

## 7. Emoluments of Directors and Employees

**(i) Directors' emoluments**

	2003 HK\$	2002 HK\$
Fees:		
Executive directors	—	—
Independent non-executive directors	—	—
Other emoluments to executive directors:		
Salaries and other benefits	3,815,597	3,601,200
Contributions to retirement benefits schemes	152,725	147,600
	3,968,322	3,748,800



## 7. Emoluments of Directors and Employees (Continued)

### (i) Directors' emoluments (Continued)

The emoluments of the directors were within the following bands:

	<b>2003</b>	2002
	<b>Number of directors</b>	Number of directors
Nil to HK\$1,000,000	<b>7</b>	7
HK\$2,000,001 to HK\$2,500,000	<b>—</b>	1
HK\$2,500,001 to HK\$3,000,000	<b>1</b>	—

No director waived any emoluments in any of the two years ended 31 March, 2003.

### (ii) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2002: three) were directors of the Company and their emoluments are set out above. The emoluments of the remaining two (2002: two) individuals are as follows:

	<b>2003</b>	2002
	<b>HK\$</b>	HK\$
Salaries and other benefits	<b>1,267,400</b>	1,089,408
Contributions to retirement benefits schemes	<b>53,500</b>	37,000
	<b>1,320,900</b>	1,126,408

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.

## Notes to the Financial Statements

## 8. Taxation

	2003 HK\$	2002 HK\$
Hong Kong Profits Tax		
Charged for the year	<b>3,742,013</b>	3,879,351
(Over)underprovision in prior years	<b>(161,948)</b>	3,217,501
	<b>3,580,065</b>	7,096,852
Overseas taxation		
Charged for the year	<b>443,908</b>	213,510
Deferred taxation (note 18)		
Charged for the year	<b>1,063,888</b>	2,297,917
Credit arising from taxation losses	<b>(706,798)</b>	—
	<b>357,090</b>	2,297,917
	<b>4,381,063</b>	9,608,279

Hong Kong Profits Tax is calculated at 16% (2002: 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

	2003 HK\$	2002 HK\$
Interim, paid — HK2.8 cents (2002: HK2.7 cents) per share	<b>9,303,764</b>	8,407,187
Final, proposed — HK6 cents (2002: HK6 cents) per share	<b>19,936,637</b>	18,682,637
	<b>29,240,401</b>	27,089,824

Subsequent to 31 March, 2003, the directors proposed a final dividend of HK6 cents (2002: HK6 cents) per share be paid to the shareholders of the Company whose names appear in the register of members on 22 August, 2003. This final dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

## Notes to the Financial Statements

For the year ended 31 March, 2003

### 10. Earnings per Share

The calculation of the basic and diluted earnings per share is based on the profit for the year of HK\$55,118,859 (2002: HK\$60,445,885) and the weighted average number of shares as follows:

	<b>2003</b>	2002
	<b>Number of shares</b>	Number of shares
Weighted average number of shares for the purpose of basic earnings per share	<b>330,845,773</b>	311,377,280
Effect of dilutive potential shares — share options	<b>993,265</b>	9,481,583
	<hr/>	<hr/>
Weighted average number of shares for the purpose of diluted earnings per share	<b>331,839,038</b>	320,858,863

### 11. Property, Plant and Equipment

	Construction in progress	Land and buildings	Leasehold improvements	Furniture, fixtures and office equipment	Machinery and equipment	Motor vehicles	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
THE GROUP							
Cost							
At 1 April, 2002	565,982	119,950,271	28,809,747	19,712,311	288,596,819	9,618,973	467,254,103
Additions	140,790	36,449	5,733,658	2,566,221	42,338,497	288,617	51,104,232
Transfer	(565,982)	—	—	—	565,982	—	—
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March, 2003</b>	<b>140,790</b>	<b>119,986,720</b>	<b>34,543,405</b>	<b>22,278,532</b>	<b>331,501,298</b>	<b>9,907,590</b>	<b>518,358,335</b>
DEPRECIATION AND AMORTISATION							
At 1 April, 2002	—	14,226,048	22,466,012	14,012,150	145,270,526	6,850,778	202,825,514
Provided for the year	—	2,832,759	2,520,730	1,017,580	28,093,332	1,177,461	35,641,862
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<b>At 31 March, 2003</b>	<b>—</b>	<b>17,058,807</b>	<b>24,986,742</b>	<b>15,029,730</b>	<b>173,363,858</b>	<b>8,028,239</b>	<b>238,467,376</b>
NET BOOK VALUES							
<b>At 31 March, 2003</b>	<b>140,790</b>	<b>102,927,913</b>	<b>9,556,663</b>	<b>7,248,802</b>	<b>158,137,440</b>	<b>1,879,351</b>	<b>279,890,959</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March, 2002	565,982	105,724,223	6,343,735	5,700,161	143,326,293	2,768,195	264,428,589

11. Property, Plant and Equipment *(Continued)*

	<b>2003</b>	2002
	<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>40,736,862</b>	41,738,725
Land and buildings in other regions in the PRC under medium-term leases	<b>62,191,051</b>	63,985,498
	<b>102,927,913</b>	105,724,223

Property, plant and equipment with an aggregate net book value of HK\$40,736,862 (2002: HK\$42,494,109) have been pledged to banks to secure general banking facilities granted to the Group.

## 12. Investments in Subsidiaries

	<b>THE COMPANY</b>	
	<b>2003</b>	2002
	<b>HK\$</b>	HK\$
Unlisted shares, at cost	<b>42,282,427</b>	42,282,427

The cost was arrived at on the basis of the underlying 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, 2003 are set out in note 27.

## 13. Inventories

	<b>THE GROUP</b>	
	<b>2003</b>	2002
	<b>HK\$</b>	HK\$
Raw materials	<b>51,426,576</b>	27,013,188
Work in progress	<b>5,682,692</b>	9,042,305
Finished goods	<b>26,111,033</b>	23,457,866
	<b>83,220,301</b>	59,513,359

At 31 March, 2003, raw materials of HK\$131,971 (2002: nil) are carried at net realisable value.

## Notes to the Financial Statements

For the year ended 31 March, 2003

### 14. Trade and other Receivables

Trade and other receivables include trade receivables of HK\$102,327,591 (2002: HK\$93,548,935). An aged analysis of the trade receivables is as follows:

	THE GROUP	
	2003 HK\$	2002 HK\$
0 — 30 days	<b>34,782,175</b>	36,906,896
31 — 60 days	<b>21,363,804</b>	19,843,685
61 — 90 days	<b>18,480,720</b>	19,763,352
over 90 days	<b>27,700,892</b>	17,035,002
	<b>102,327,591</b>	93,548,935
Deposits, prepayments and other receivables	<b>8,359,993</b>	4,925,108
	<b>110,687,584</b>	98,474,043

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. Investments in Securities

	THE GROUP AND THE COMPANY	
	2003 HK\$	2002 HK\$
Unlisted debt securities	<b>10,834,934</b>	—
Market value of unlisted debt securities	<b>10,834,934</b>	—

## 16. Trade and other Payables

Trade and other payables include trade payables of HK\$29,031,970 (2002: HK\$39,529,617). An aged analysis of the trade payables is as follows:

	THE GROUP	
	2003	2002
	HK\$	HK\$
0 — 30 days	<b>13,938,660</b>	17,823,132
31 — 60 days	<b>5,257,673</b>	16,801,220
61 — 90 days	<b>3,749,281</b>	859,123
Over 90 days	<b>6,086,356</b>	4,046,142
	<b>29,031,970</b>	39,529,617
Accrued expenses and other payables	<b>9,787,335</b>	10,400,547
Bills payable	<b>5,564,535</b>	6,564,754
	<b>44,383,840</b>	56,494,918

## 17. Bank Borrowings

	THE GROUP	
	2003	2002
	HK\$	HK\$
Unsecured bank import loans repayable within one year or upon demand	<b>17,838,446</b>	—

## 18. Deferred Taxation

	THE GROUP	
	2003	2002
	HK\$	HK\$
Balance at beginning of year	<b>14,125,603</b>	11,827,686
Movement for the year (note 8)	<b>357,090</b>	2,297,917
Balance at end of year	<b>14,482,693</b>	14,125,603

## Notes to the Financial Statements

For the year ended 31 March, 2003

### 18. Deferred Taxation (Continued)

At the balance sheet date, the major components of deferred taxation are as follows:

	<b>THE GROUP</b>	
	<b>2003</b>	2002
	<b>HK\$</b>	HK\$
Tax effect of timing differences because of:		
Excess of tax allowances over depreciation	<b>15,189,491</b>	14,125,603
Estimated taxation losses	<b>(706,798)</b>	—
	<b>14,482,693</b>	14,125,603

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

### 19. Share Capital

	<b>Number of shares</b>		<b>Share capital</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
	<b>HK\$</b>		<b>HK\$</b>	HK\$
Ordinary shares of HK\$0.10 each				
Authorised:				
At beginning and end of year	<b>500,000,000</b>	500,000,000	<b>50,000,000</b>	50,000,000
Issued and fully paid:				
Balance at beginning of year	<b>311,377,280</b>	311,377,280	<b>31,137,728</b>	31,137,728
Exercise of share options	<b>20,900,000</b>	—	<b>2,090,000</b>	—
Balance at end of year	<b>332,277,280</b>	311,377,280	<b>33,227,728</b>	31,137,728

The new shares issued rank pari passu with the existing shares in all respects.

## 20. Reserves

	<b>Share premium</b>	<b>Capital redemption reserve</b>	<b>Contributed surplus</b>	<b>Retained profits</b>	<b>Total</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>THE COMPANY</b>					
At 1 April, 2001	63,268,196	62,400	19,782,427	195,157,389	278,270,412
Net 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)
At 31 March, 2002	63,268,196	62,400	19,782,427	207,308,655	290,421,678
Exercise of share options	10,450,000	—	—	—	10,450,000
Net profit for the year	—	—	—	1,089,981	1,089,981
Final dividend for year 2002 paid	—	—	—	(19,936,637)	(19,936,637)
Interim dividend for year 2003 paid	—	—	—	(9,303,764)	(9,303,764)
<b>At 31 March, 2003</b>	<b>73,718,196</b>	<b>62,400</b>	<b>19,782,427</b>	<b>179,158,235</b>	<b>272,721,258</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. 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:

	THE GROUP	
	2003 HK\$	2002 HK\$
Within one year	<b>4,738,440</b>	1,635,596
In the second to fifth year inclusive	<b>13,694,100</b>	4,404,154
Over five years	<b>36,368,365</b>	37,241,465
	<b>54,800,905</b>	43,281,215

Operating lease payments represent rentals payable by the Group for leasehold land and factory premises in the PRC. Leases are negotiated for terms ranged from 7 to 50 years. Rentals are fixed for an average of 5 years.

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

## 22. Capital Commitments

	THE GROUP	
	2003 HK\$	2002 HK\$
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of leasehold improvements and machinery	<b>6,245,940</b>	13,800,768

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

## 23. 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.

## 23. Share Option Scheme (Continued)

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.
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.

The Option Scheme expired on 16 August, 2002 and no new option scheme was adopted for the year ended 31 March, 2003.

The following tables disclose details of the Company's share options held by directors and movements in such holdings during the two years ended 31 March, 2003. There were no options held by employees.

Date of grant	Outstanding as at 1 April, 2002	Number of options		Outstanding as at 31 March, 2003	Exercisable period	Exercise price per share HK\$	Closing market price prior to the granting of options HK\$
		Exercised during the year	Lapsed during the year				
26.4.2000	29,900,000	20,900,000	9,000,000	—	26.4.2000 to 25.4.2002	0.60	0.75

## 23. Share Option Scheme (Continued)

Date of grant	Outstanding as at 1 April, 2001	Number of options		Outstanding as at 31 March, 2002	Exercisable period	Exercise price per share HK\$	Closing market price prior to the granting of options HK\$
		Exercised during the year	Lapsed during the year				
26.4.2000	29,900,000	—	—	29,900,000	26.4.2000 to 25.4.2002	0.60	0.75

On 24 April, 2002, the directors exercised 20,900,000 share options granted to them and on the same date, the Group issued an aggregate of 20,900,000 shares in the Company to the directors. The aggregate fair value at the dates of issue amounted to HK\$24,453,000.

## 24. 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.

### 24. Retirement Benefits Schemes *(Continued)*

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, 2003, 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.

### 25. Contingent Liabilities

#### **THE GROUP**

A subsidiary of the Company together with two former employees are defendants in a law suit in the PRC during the year ended 31 March, 2003 relating to a claim of approximately HK\$3,000,000 by the plaintiff for copyright infringement of a printing technology claimed to be owned by the plaintiff. 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 upon the Group's financial position.

#### **THE COMPANY**

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 (2002: HK\$197,000,000). The extent of such facilities utilised by the subsidiaries at 31 March, 2003 amounted to approximately HK\$23,403,000 (2002: HK\$6,565,000).

### 26. Related Party Transactions

For the year ended 31 March, 2003, the Group sold goods of approximately HK\$2,467,000 (2002: HK\$1,333,000) to a related company. The goods were sold at prices similar to those prices offered to third party customers. Dr. Suek Chai Kit, Christopher, director of the Company, is one of the shareholders of the related company.

At 31 March, 2002, the Group had an amount due to Mr. Suek Chai Hong of approximately HK\$2,277,000 which was included in trade and other payables. The amount was unsecured, non-interest bearing and was repaid during the year ended 31 March, 2003.

## Notes to the Financial Statements

For the year ended 31 March, 2003

### 27. Particulars of Subsidiaries

Particulars of the Company's subsidiaries at 31 March, 2003 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
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. (Note)	The PRC	HK\$12,000,000 registered capital	100	Label and offset printing

Note: The Greatime Printing (Shenzhen) Co., Ltd. is a wholly foreign owned enterprise in the PRC.

### 27. Particulars of Subsidiaries *(Continued)*

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.