

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 HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standard ("HKFRS") issued by the Hong Kong Society of Accountants ("HKSA"), the term of HKFRS is inclusive of Statements of Standard Accounting Practice ("SSAP") and Interpretations approved by the HKSA.

Income taxes

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of SSAP 12 (Revised) has had no material effect on the results for the current or prior accounting years and accordingly, no prior year adjustment has been required.

3. SIGNIFICANT ACCOUNTING POLICIES

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

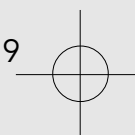
The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

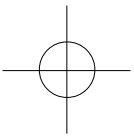
Basis of consolidation

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.





3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 machinery and equipment in the course of development for production, 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.

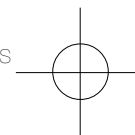
Investments in securities

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.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

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

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Taxation

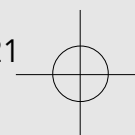
Income tax expense represents the sum of the tax currently payable and deferred tax.

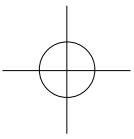
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.





3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

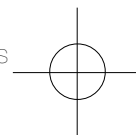
Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease terms.

Retirement benefit costs

Payments to defined contribution retirement benefits schemes are charged as expenses as they fall due.

4. TURNOVER

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



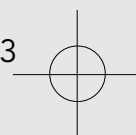
5. BUSINESS AND GEOGRAPHICAL SEGMENTS

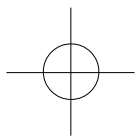
Geographical segments

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, 2004 and 2003 by location of customers.

Income statement for the year ended 31 March, 2004

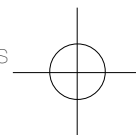
	Hong Kong HK\$	Other regions in the People's Republic of China ("PRC") HK\$	Europe HK\$	United States of America HK\$	Other	Consolidated HK\$
Turnover – external	367,662,336	23,358,426	10,732,965	71,527,752	29,282,699	502,564,178
Segment result	39,826,005	2,530,237	1,162,619	7,748,046	3,171,966	54,438,873
Interest income						1,479,818
Interest expense						(532,699)
Profit before taxation						55,385,992
Taxation						(6,819,966)
Net profit for the year						48,566,026
Depreciation and amortisation	24,832,350	1,577,653	724,917	4,831,069	1,977,792	33,943,781
Bad debt written off	583,389	–	–	–	–	583,389
Net realised loss on other investments	–	–	–	–	308,162	308,162



**5. BUSINESS AND GEOGRAPHICAL SEGMENTS** (Continued)**Geographical segments** (Continued)**Income statement for the year ended 31 March, 2003**

	Hong Kong	Other regions in the PRC	Europe	United States of America	Other Consolidated	
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Turnover – external	368,902,688	19,447,326	35,914,932	51,949,155	34,315,203	510,529,304
Segment result	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

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.



5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Geographical segments (Continued)

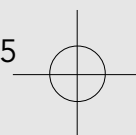
The following is an analysis of the carrying amount of segment assets, segment liabilities and additions to property, plant and equipment, analysed by the geographical area in which the Group's companies are operated:

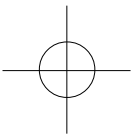
Balance sheet at 31 March, 2004

	Hong Kong HK\$	Other regions in the PRC HK\$	Consolidated HK\$
Assets			
Segment assets	<u>218,896,806</u>	<u>351,974,820</u>	<u>570,871,626</u>
Liabilities			
Segment liabilities	<u>29,615,462</u>	<u>17,925,700</u>	<u>47,541,162</u>
Unallocated corporate liabilities			<u>27,758,582</u>
			<u>75,299,744</u>
Other information for the year ended 31 March, 2004			
Additions to property, plant and equipment	<u>222,792</u>	<u>28,593,391</u>	<u>28,816,183</u>

Balance sheet at 31 March, 2003

	Hong Kong HK\$	Other regions in the PRC HK\$	Consolidated HK\$
Assets			
Segment assets	<u>201,910,350</u>	<u>351,170,696</u>	553,081,046
Unallocated corporate assets			<u>37,490</u>
			<u>553,118,536</u>
Liabilities			
Segment liabilities	<u>33,258,140</u>	<u>11,125,700</u>	44,383,840
Unallocated corporate liabilities			<u>32,488,439</u>
			<u>76,872,279</u>
Other information for the year ended 31 March, 2003			
Additions to property, plant and equipment	<u>1,410,356</u>	<u>49,693,876</u>	<u>51,104,232</u>



**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.

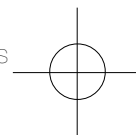
6. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	2004 HK\$	2003 HK\$
Auditors' remuneration	860,000	884,000
Bad debt written off	583,389	–
Depreciation and amortisation	33,943,781	35,641,862
Net foreign exchange losses	–	1,115,593
Net realised loss on other investments	308,162	–
Rental payments in respect of premises under operating leases	4,445,131	2,824,188
Staff costs including directors' emoluments		
– Salaries, wages and other benefits	71,090,331	69,067,665
– Contributions to retirement benefits schemes, net of forfeited contributions of HK\$118,369 (2003: HK\$139,997)	707,130	1,028,857
Total staff costs	71,797,461	70,096,522
and after crediting:		
Net foreign exchange gain	1,358,972	–
Net unrealised holding gain on other investments	–	352,634

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

	2004 HK\$	2003 HK\$
Fees		
Executive directors	–	–
Non-executive directors	–	–
Independent non-executive directors	–	–
Other emoluments to executive directors:		
Salaries and other benefits	5,079,659	3,815,597
Contributions to retirement benefits schemes	135,266	152,725
	5,214,925	3,968,322



7. EMOLUMENTS OF DIRECTORS AND EMPLOYEES (Continued)

(i) Directors' emoluments (Continued)

The emoluments of the directors were within the following bands:

	2004 Number of directors	2003 Number of directors
Nil to HK\$1,000,000	6	7
HK\$2,500,001 to HK\$3,000,000	–	1
HK\$3,000,001 to HK\$3,500,000	1	–
	—————	—————

No director waived any emoluments in any of the two years ended 31 March, 2004.

(ii) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2003: three) were directors of the Company and their emoluments are set out above. The emoluments of the remaining three (2003: two) individuals are as follows:

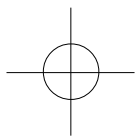
	2004 HK\$	2003 HK\$
Salaries and other benefits	2,129,114	1,267,400
Contributions to retirement benefits schemes	83,147	53,500
	—————	—————
	2,212,261	1,320,900
	—————	—————

Their emoluments were within the following bands:

	2004 Number of employees	2003 Number of employees
Nil to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	1	–
	—————	—————

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 in any of the two years ended 31 March, 2004.



**8. TAXATION**

The taxation charge comprises:

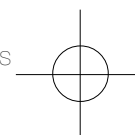
	2004 HK\$	2003 HK\$
Hong Kong Profits Tax		
Charge for the year	4,890,319	3,742,013
Overprovision in prior years	(123,947)	(161,948)
	<u>4,766,372</u>	<u>3,580,065</u>
Overseas taxation		
Charge for the year	<u>486,261</u>	<u>443,908</u>
Deferred taxation (note 18)		
Current year	209,580	357,090
Attributable to a change in tax rate	1,357,753	–
	<u>1,567,333</u>	<u>357,090</u>
	<u>6,819,966</u>	<u>4,381,063</u>

Hong Kong Profits Tax is calculated at 17.5% (2003: 16%) on the estimated assessable profit for the year. The Hong Kong Profits Tax rate was increased from 16% to 17.5% with effect from the 2003/2004 year of assessment. The effect of this increase has been reflected in the calculation of current and deferred tax balances at March 31, 2004.

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

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

	2004 HK\$	2003 HK\$
Profit before taxation	<u>55,385,992</u>	<u>59,499,922</u>
Tax at the income tax rate of 17.5% (2003: 16%)	9,692,549	9,519,988
Tax effect of expenses not deductible for tax purposes	349,825	719,915
Tax effect of income not taxable for tax purposes	(4,786,435)	(5,388,037)
Tax effect of the tax losses not recognised	101,165	40,060
Utilisation of tax losses previously not recognised	(259,828)	(748,909)
Increase in opening deferred tax liability resulting from an increase in applicable tax rate	1,357,753	–
Overprovision in respect of prior years	(123,947)	(161,948)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<u>488,884</u>	<u>399,994</u>
Taxation for the year	<u>6,819,966</u>	<u>4,381,063</u>



9. DIVIDENDS

	2004 HK\$	2003 HK\$
Interim, paid – HK2.8 cents (2003: HK2.8 cents) per share	9,303,764	9,303,764
Final, proposed – HK6 cents (2003: HK6 cents) per share	19,936,637	19,936,637
	29,240,401	29,240,401

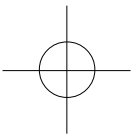
Subsequent to 31 March, 2004, the directors proposed a final dividend of HK6 cents (2003: HK6 cents) per share be paid to the shareholders of the Company whose names appear on the register of members on 23 August, 2004. This final dividend is subject to approval by the shareholders at the forthcoming 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\$48,566,026 (2003: HK\$55,118,859) and the weighted average number of shares as follows:

	2004 Number of shares	2003 Number of shares
Weighted average number of shares for the purpose of basic earnings per share	332,277,280	330,845,773
Effect of dilutive potential shares – share options	N/A	993,265
Weighted average number of shares for the purpose of diluted earnings per share	N/A	331,839,038



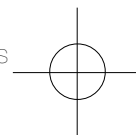
**11. PROPERTY, PLANT AND EQUIPMENT**

	Construction in progress HK\$	Land and buildings HK\$	Leasehold improve- ments HK\$	Furniture, fixtures and office equipment HK\$	Machinery and equipment HK\$	Motor vehicles HK\$	Total HK\$
THE GROUP							
COST							
At 1 April, 2003	140,790	119,986,720	34,543,405	22,278,532	331,501,298	9,907,590	518,358,335
Additions	509,512	-	4,007,654	2,276,300	22,022,717	-	28,816,183
Disposals	-	-	-	(3,017)	-	-	(3,017)
Transfer	(575,255)	-	-	-	575,255	-	-
At 31 March, 2004	75,047	119,986,720	38,551,059	24,551,815	354,099,270	9,907,590	547,171,501
DEPRECIATION AND AMORTISATION							
At 1 April, 2003	-	17,058,807	24,986,742	15,029,730	173,363,858	8,028,239	238,467,376
Provided for the year	-	2,790,566	2,855,883	1,922,303	25,420,301	954,728	33,943,781
Eliminated on disposals	-	-	-	(3,017)	-	-	(3,017)
At 31 March, 2004	-	19,849,373	27,842,625	16,949,016	198,784,159	8,982,967	272,408,140
NET BOOK VALUES							
At 31 March, 2004	75,047	100,137,347	10,708,434	7,602,799	155,315,111	924,623	274,763,361
At 31 March, 2003	140,790	102,927,913	9,556,663	7,248,802	158,137,440	1,879,351	279,890,959

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

	2004 HK\$	2003 HK\$
Land and buildings in Hong Kong under medium-term leases	39,735,000	40,736,862
Land and buildings in other regions in the PRC under medium-term leases	60,402,347	62,191,051
	100,137,347	102,927,913

Property, plant and equipment with an aggregate net book value of HK\$42,349,837 (2003: HK\$44,302,549) have been pledged to banks to secure general banking facilities granted to the Group.



12. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2004 HK\$	2003 HK\$
Unlisted shares, at cost	42,282,427	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, 2004 are set out in note 27.

13. INVENTORIES

	THE GROUP	
	2004 HK\$	2003 HK\$
Raw materials	39,515,285	51,426,576
Work in progress	7,555,160	5,682,692
Finished goods	22,009,105	26,111,033
	69,079,550	83,220,301

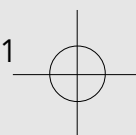
At 31 March, 2004, all inventories were carried at cost. At 31 March, 2003, raw materials of HK\$131,971 were carried at net realisable value.

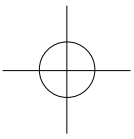
14. TRADE AND OTHER RECEIVABLES

Trade and other receivables include trade receivables of HK\$110,281,830 (2003: HK\$102,327,591). An aged analysis of the trade receivables is as follows:

	2004 HK\$		2003 HK\$	
0 – 30 days	37,792,977		34,782,175	
31 – 60 days	33,828,557		21,363,804	
61 – 90 days	12,934,829		18,480,720	
Over 90 days	25,725,467		27,700,892	
	110,281,830		102,327,591	
Deposits, prepayments and other receivables	12,005,057		8,359,993	
	122,286,887		110,687,584	

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**

	2004	2003
	HK\$	HK\$
Unlisted debt securities	–	10,834,934
Market value of unlisted debt securities	–	10,834,934

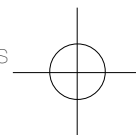
16. TRADE AND OTHER PAYABLES

Trade and other payables include trade payables of HK\$34,893,685 (2003: HK\$29,031,970). An aged analysis of the trade payables is as follows:

	2004	2003
	HK\$	HK\$
0 – 30 days	18,778,481	13,938,660
31 – 60 days	10,558,771	5,257,673
61 – 90 days	3,138,612	3,749,281
Over 90 days	2,417,821	6,086,356
Accrued expenses and other payables	34,893,685	29,031,970
Bills payable	11,522,293	9,787,335
	1,125,184	5,564,535
	47,541,162	44,383,840

17. BANK BORROWINGS**THE GROUP**

	2004	2003
	HK\$	HK\$
Unsecured bank import loans repayable within one year or upon demand	10,585,975	17,838,446



18. DEFERRED TAXATION

THE GROUP

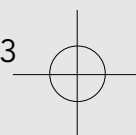
The following are the deferred tax liability (asset) recognised and movements thereon during the current and prior reporting years:

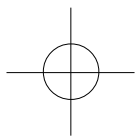
	Accelerated tax depreciation	Tax losses	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
At 1 April, 2002	14,125,603	–	14,125,603
Charged (credited) to consolidated income statement for the year	<u>1,063,888</u>	<u>(706,798)</u>	<u>357,090</u>
At 31 March, 2003	15,189,491	(706,798)	14,482,693
Charged (credited) to consolidated income statement for the year	234,253	(24,673)	209,580
Effect of a change in tax rate charge (credited) to consolidated income statement	<u>1,424,015</u>	<u>(66,262)</u>	<u>1,357,753</u>
At 31 March, 2004	<u>16,847,759</u>	<u>(797,733)</u>	<u>16,050,026</u>

At the balance sheet date, the Group has estimated unused tax losses of approximately HK\$11,916,000 (2003: HK\$12,682,000) available to offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$4,558,000 (2003: HK\$4,417,000) of the tax losses. No deferred tax asset has been recognised in respect of the remaining HK\$7,358,000 (2003: HK\$8,265,000) due to the unpredictability of future profit streams. Losses may be carried forward indefinitely.

THE COMPANY

At the balance sheet date, the Company has estimated unused tax losses of approximately HK\$530,000 (2003: HK\$2,015,000) available to offset against future profits. No deferred tax asset has been recognised due to the uncertainty of future profit stream. Losses may be carried forward indefinitely.



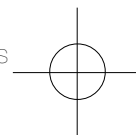
**19. SHARE CAPITAL**

	Number of shares		Share capital	
	2004	2003	2004 HK\$	2003 HK\$
Ordinary shares of HK\$0.10 each				
<i>Authorised:</i>				
At beginning and end of year	500,000,000	500,000,000	50,000,000	50,000,000
<i>Issued and fully paid:</i>				
Balance at beginning of year	332,277,280	311,377,280	33,227,728	31,137,728
Exercise of share options	–	20,900,000	–	2,090,000
Balance at end of year	332,277,280	332,277,280	33,227,728	33,227,728

20. RESERVES

	Capital				Total HK\$
	Share premium HK\$	redemption reserve HK\$	Contributed surplus HK\$	Retained profits HK\$	
THE COMPANY					
At 1 April, 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)
At 31 March, 2003	73,718,196	62,400	19,782,427	179,158,235	272,721,258
Net profit for the year	–	–	–	3,733,811	3,733,811
Final dividend for year 2003 paid	–	–	–	(19,936,637)	(19,936,637)
Interim dividend for year 2004 paid	–	–	–	(9,303,764)	(9,303,764)
At 31 March, 2004	73,718,196	62,400	19,782,427	153,651,645	247,214,668

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 year 1992.



20. RESERVES (Continued)

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	
	2004 <i>HK\$</i>	2003 <i>HK\$</i>
Within one year	5,010,204	4,738,440
In the second to fifth year inclusive	13,556,897	13,694,100
Over five years	42,380,000	36,368,365
	60,947,101	54,800,905

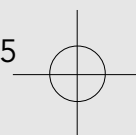
Operating lease payments represent rentals payable by the Group for leasehold land and factory premises in the PRC. Leases are negotiated for terms ranged from 7 to 50 years. Rentals are fixed for an average of 5 years.

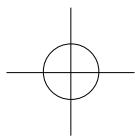
The Company had no significant operating lease commitments at the balance sheet date.

22. CAPITAL COMMITMENTS

	THE GROUP	
	2004 <i>HK\$</i>	2003 <i>HK\$</i>
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of leasehold improvements and machinery	3,643,006	6,245,940

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:

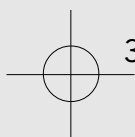
1. The purpose of the Option Scheme is to provide incentives to the participants.
2. The participants of the Option Scheme include any employee or director of any member of the Group.
3. The maximum number of shares in respect of which options might be granted under the Option Scheme must not exceed 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.

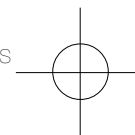
The Option Scheme expired on 16 August, 2002 and no new option scheme was adopted after that date.

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

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

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, 2004, 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

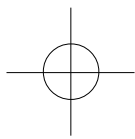
THE GROUP

A subsidiary of the Company together with two former employees are defendants in a law suit in the PRC relating to a claim of approximately HK\$3,000,000 (2003: 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 remains uncertain up to the reporting date, in the directors' opinion, the ultimate liability of the Group, if any, will not have a significant 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\$206,000,000 (2003: HK\$197,000,000). The extent of such facilities utilised by the subsidiaries at 31 March, 2004 amounted to approximately HK\$11,711,000 (2003: HK\$23,403,000).



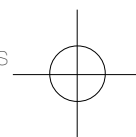
**26. RELATED PARTY TRANSACTIONS**

For the year ended 31 March, 2004, the Group sold goods of approximately HK\$2,577,000 (2003: HK\$2,467,000) to a related company. The goods were sold at prices similar to those prices offered to third party customers. Dr. Suet Chai Kit, Christopher, director of the Company, is one of the shareholders and directors of the related company. Mr. Suet Chai Hong is one of the directors of the related company.

27. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 March, 2004 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	Inactive
Delight Source Limited	Hong Kong	HK\$200,000 ordinary	100	Trading in advertising materials



27. PARTICULARS OF SUBSIDIARIES (Continued)

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
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	Inactive
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.

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.

