

Notes to the Financial Statements

For the year ended 31 March, 2005

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 26.

2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In year 2004, the Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (herein collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005 except for HKFRS 3. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005.

HKFRS 3 is applicable to business combinations for which the agreement date is on or after 1 January, 2005. The Group has not entered into any business combination from which agreement date is on or after 1 January, 2005. Therefore HKFRS 3 did not have any impact on the Group for the year ended 31 March, 2005.

The Group has commenced considering the potential impact of other new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

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.

Notes to the Financial Statements

For the year ended 31 March, 2005

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-date 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.

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.

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.

Notes to the Financial Statements

For the year ended 31 March, 2005

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)***Foreign currencies**

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies 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 year.

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, 2005 and 2004 by location of customers.

Income statement for the year ended 31 March, 2005

	Hong Kong <i>HK\$</i>	Other regions in the People's Republic of China ("PRC") <i>HK\$</i>	Europe <i>HK\$</i>	United States of America <i>HK\$</i>	Other <i>HK\$</i>	Consolidated <i>HK\$</i>
Turnover – external	384,285,869	35,129,404	14,446,641	80,179,312	58,582,677	572,623,903
Segment result	40,283,669	3,682,522	1,514,403	8,404,985	6,141,067	60,026,646
Interest income						2,059,324
Interest expense						(362,585)
Profit before taxation						61,723,385
Taxation						(7,386,044)
Net profit for the year						54,337,341
Depreciation and amortisation	24,133,611	2,206,168	907,266	5,035,356	3,679,063	35,961,464
Bad debt written off	249,558	328,141	–	–	–	577,699

Notes to the Financial Statements

For the year ended 31 March, 2005

5. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)***Geographical segments** *(Continued)***Income statement for the year ended 31 March, 2004**

	Hong Kong <i>HK\$</i>	Other regions in the PRC <i>HK\$</i>	Europe <i>HK\$</i>	United States of America <i>HK\$</i>	Other <i>HK\$</i>	Consolidated <i>HK\$</i>
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

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, 2005

	Hong Kong HK\$	Other regions in the PRC HK\$	Consolidated HK\$
Assets			
Segment assets	<u>241,990,683</u>	<u>371,196,088</u>	<u>613,186,771</u>
Liabilities			
Segment liabilities	<u>41,234,367</u>	<u>16,526,624</u>	<u>57,760,991</u>
Unallocated corporate liabilities			<u>34,756,958</u>
			<u>92,517,949</u>
Other information for the year ended 31 March, 2005			
Additions to property, plant and equipment	<u>150,439</u>	<u>32,699,505</u>	<u>32,849,944</u>

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>

Notes to the Financial Statements

For the year ended 31 March, 2005

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

	2005	2004
	HK\$	HK\$
Profit from operations has been arrived at after charging:		
Auditors' remuneration	985,000	860,000
Bad debt written off	577,699	583,389
Cost of inventories recognised as expenses	436,392,575	375,902,889
Depreciation and amortisation	35,961,464	33,943,781
Net foreign exchange loss	1,112,857	–
Net realised loss on other investments	–	308,162
Rental payments in respect of premises under operating leases	3,856,154	4,445,131
Staff costs including directors' emoluments		
– Salaries, wages and other benefits	84,144,616	71,090,331
– Contributions to retirement benefits schemes, net of forfeited contributions of HK\$78,851 (2004: HK\$118,369)	1,048,054	707,130
Total staff costs	85,192,670	71,797,461
and after crediting:		
Gain on disposal of property, plant and equipment	54,800	–
Net foreign exchange gain	–	1,358,972
Net unrealised holding gain on other investments	245,504	–

Notes to the Financial Statements

For the year ended 31 March, 2005

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

	2005 <i>HK\$</i>	2004 <i>HK\$</i>
Fees:		
Executive directors	–	–
Non-executive directors	–	–
Independent non-executive directors	–	–
Other emoluments to executive directors:		
Salaries and other benefits	3,990,829	5,079,659
Contributions to retirement benefits schemes	146,569	135,266
	4,137,398	5,214,925

The emoluments of the directors were within the following bands:

	2005 Number of directors	2004 Number of directors
Nil to HK\$1,000,000	7	6
HK\$3,000,001 to HK\$3,500,000	1	1

No director waived any emoluments in any of the two years ended 31 March, 2005.

(ii) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2004: two) were directors of the Company and their emoluments are set out above. The emoluments of the remaining three (2004: three) individuals are as follows:

	2005 <i>HK\$</i>	2004 <i>HK\$</i>
Salaries and other benefits	2,232,898	2,129,114
Contributions to retirement benefits schemes	87,920	83,147
	2,320,818	2,212,261

Notes to the Financial Statements

For the year ended 31 March, 2005

7. EMOLUMENTS OF DIRECTORS AND EMPLOYEES (Continued)**(ii) Employees' emoluments** (Continued)

Their emoluments were within the following bands:

	2005 Number of employees	2004 Number of employees
Nil to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	1	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, 2005.

8. TAXATION

	2005 HK\$	2004 HK\$
The taxation charge comprises:		
Hong Kong Profits Tax		
Charge for the year	5,781,457	4,890,319
Under(over)provision in prior years	39,916	(123,947)
	5,821,373	4,766,372
Overseas taxation		
Charge for the year	467,870	486,261
Deferred taxation (note 18)		
Current year	1,096,801	209,580
Attributable to a change in tax rate	–	1,357,753
	1,096,801	1,567,333
	7,386,044	6,819,966

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) on the estimated assessable profit for the year.

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

Notes to the Financial Statements

For the year ended 31 March, 2005

8. TAXATION *(Continued)*

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

	2005 <i>HK\$</i>	2004 <i>HK\$</i>
Profit before taxation	61,723,385	55,385,992
Tax at the income tax rate of 17.5%	10,801,593	9,692,549
Tax effect of expenses not deductible for tax purposes	128,914	349,825
Tax effect of income not taxable for tax purposes	(3,616,511)	(4,219,130)
Tax effect of the tax losses not recognised	112,120	101,165
Utilisation of tax losses previously not recognised	–	(259,828)
Increase in opening deferred tax liability resulting from an increase in applicable tax rate	–	1,357,753
Under(over)provision in respect of prior years	39,916	(123,947)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(79,988)	(78,421)
Taxation for the year	7,386,044	6,819,966

9. DIVIDENDS

	2005 <i>HK\$</i>	2004 <i>HK\$</i>
Interim, paid – HK2.8 cents (2004: HK2.8 cents) per share	9,303,764	9,303,764
Final, proposed – HK6 cents (2004: HK6 cents) per share	19,936,637	19,936,637
	29,240,401	29,240,401

Subsequent to 31 March, 2005, the directors proposed a final dividend of HK6 cents (2004: HK6 cents) per share be paid to the shareholders of the Company whose names appear on the register of members on 23 August, 2005. 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, 2005

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year of HK\$54,337,341 (2004: HK\$48,566,026) and 332,277,280 shares (2004: 332,277,280 shares) in issue during the year.

No diluted earnings per share has been presented as there were no potential ordinary shares outstanding during both years.

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\$
THE GROUP							
COST							
At 1 April, 2004	75,047	119,986,720	38,551,059	24,551,815	354,099,270	9,907,590	547,171,501
Additions	85,234	–	1,945,813	604,731	29,486,468	727,698	32,849,944
Disposals	–	–	–	–	–	(1,328,000)	(1,328,000)
Transfer	(94,673)	–	–	75,047	19,626	–	–
At 31 March, 2005	65,608	119,986,720	40,496,872	25,231,593	383,605,364	9,307,288	578,693,445
DEPRECIATION AND AMORTISATION							
At 1 April, 2004	–	19,849,373	27,842,625	16,949,016	198,784,159	8,982,967	272,408,140
Provided for the year	–	2,736,686	3,287,398	2,045,032	27,031,098	861,250	35,961,464
Eliminated on disposals	–	–	–	–	–	(1,328,000)	(1,328,000)
At 31 March, 2005	–	22,586,059	31,130,023	18,994,048	225,815,257	8,516,217	307,041,604
NET BOOK VALUES							
At 31 March, 2005	65,608	97,400,661	9,366,849	6,237,545	157,790,107	791,071	271,651,841
At 31 March, 2004	75,047	100,137,347	10,708,434	7,602,799	155,315,111	924,623	274,763,361

Notes to the Financial Statements

For the year ended 31 March, 2005

11. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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

	2005 <i>HK\$</i>	2004 <i>HK\$</i>
Land and buildings in Hong Kong under medium-term leases	38,733,139	39,735,000
Land and buildings in other regions in the PRC under medium-term leases	58,667,522	60,402,347
	97,400,661	100,137,347

Property, plant and equipment with an aggregate net book value of HK\$36,915,661 (2004: HK\$42,349,837) have been pledged to banks to secure general banking facilities granted to the Group.

12. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2005 <i>HK\$</i>	2004 <i>HK\$</i>
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, 2005 are set out in note 26.

13. INVENTORIES

	THE GROUP	
	2005 <i>HK\$</i>	2004 <i>HK\$</i>
At cost:		
Raw materials	56,011,618	39,515,285
Work in progress	11,391,957	7,555,160
Finished goods	16,604,340	22,009,105
	84,007,915	69,079,550

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For the year ended 31 March, 2005

14. TRADE AND OTHER RECEIVABLES

Trade and other receivables include trade receivables of HK\$148,561,818 (2004: HK\$110,281,830). An aged analysis of the trade receivables is as follows:

	2005 HK\$	2004 HK\$
0 – 30 days	52,441,107	37,792,977
31 – 60 days	23,018,566	33,828,557
61 – 90 days	30,279,383	12,934,829
Over 90 days	42,822,762	25,725,467
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	148,561,818	110,281,830
Deposits, prepayments and other receivables	3,045,068	12,005,057
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	151,606,886	122,286,887

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	
	2005 HK\$	2004 HK\$
Other investments:		
Listed equity securities	15,857,088	–
Listed debt securities	3,900,000	–
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	19,757,088	–
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Market value of listed securities	19,757,088	–
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Notes to the Financial Statements

For the year ended 31 March, 2005

16. TRADE AND OTHER PAYABLES

Trade and other payables include trade payables of HK\$45,587,198 (2004: HK\$34,893,685). An aged analysis of the trade payables is as follows:

	2005 <i>HK\$</i>	2004 <i>HK\$</i>
0 – 30 days	25,489,647	18,778,481
31 – 60 days	9,630,070	10,558,771
61 – 90 days	5,945,092	3,138,612
Over 90 days	4,522,389	2,417,821
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	45,587,198	34,893,685
Accrued expenses and other payables	11,114,332	11,522,293
Bills payable	–	1,125,184
	<hr/>	<hr/>
	56,701,530	47,541,162

17. BANK BORROWINGS

	THE GROUP	
	2005 <i>HK\$</i>	2004 <i>HK\$</i>
Unsecured bank import loans repayable within one year	17,610,131	10,585,975

Notes to the Financial Statements

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**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 <i>HK\$</i>	Tax losses <i>HK\$</i>	Total <i>HK\$</i>
At 1 April, 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	1,424,015	(66,262)	1,357,753
At 1 April, 2004	16,847,759	(797,733)	16,050,026
Charged to consolidated income statement for the year	1,056,220	40,581	1,096,801
At 31 March, 2005	17,903,979	(757,152)	17,146,827

At the balance sheet date, the Group has estimated unused tax losses of approximately HK\$12,344,000 (2004: HK\$11,916,000) available to offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$4,326,000 (2004: HK\$4,558,000) of the tax losses. No deferred tax asset has been recognised in respect of the remaining HK\$8,018,000 (2004: HK\$7,358,000) 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\$836,000 (2004: HK\$530,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit stream. Losses may be carried forward indefinitely.

19. SHARE CAPITAL

	Number of shares 2005 & 2004	Share capital 2005 & 2004 <i>HK\$</i>
Ordinary shares of HK\$0.10 each		
Authorised	500,000,000	50,000,000
Issued and fully paid	332,277,280	33,227,728

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20. RESERVES

	Share premium <i>HK\$</i>	Capital redemption reserve <i>HK\$</i>	Contributed surplus <i>HK\$</i>	Retained profits <i>HK\$</i>	Total <i>HK\$</i>
THE COMPANY					
At 1 April, 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 1 April, 2004	73,718,196	62,400	19,782,427	153,651,645	247,214,668
Net profit for the year	–	–	–	141,816,728	141,816,728
Final dividend for year 2004 paid	–	–	–	(19,936,637)	(19,936,637)
Interim dividend for year 2005 paid	–	–	–	(9,303,764)	(9,303,764)
At 31 March, 2005	73,718,196	62,400	19,782,427	266,227,972	359,790,995

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.

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.

Notes to the Financial Statements

For the year ended 31 March, 2005

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	
	2005	2004
	<i>HK\$</i>	<i>HK\$</i>
Within one year	5,052,251	5,010,204
In the second to fifth year inclusive	10,194,266	13,556,897
Over five years	37,814,334	42,380,000
	53,060,851	60,947,101

Operating lease payments represent rentals payable by the Group for leasehold land and factory premises in the PRC. Leases for leasehold land are negotiated for terms of 50 years. Leases for factory premises are negotiated for terms of 7 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	
	2005	2004
	<i>HK\$</i>	<i>HK\$</i>
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	603,592	3,643,006

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

23. 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.

23. RETIREMENT BENEFITS SCHEMES *(Continued)*

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, 2005, 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.

24. 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 (2004: 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 (2004: HK\$206,000,000). The extent of such facilities utilised by the subsidiaries at 31 March, 2005 amounted to approximately HK\$17,610,000 (2004: HK\$11,711,000).

25. RELATED PARTY TRANSACTIONS

For the year ended 31 March, 2005, the Group sold goods of approximately HK\$1,146,000 (2004: HK\$2,577,000) 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 ultimate beneficial owners and directors of the related company. Mr. Suet Chai Hong is one of the directors of the related company.

Notes to the Financial Statements

For the year ended 31 March, 2005

26. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 March, 2005 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	Investment holding
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	Inactive

26. 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
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.