1. GENERAL

The Company is incorporated in Bermuda as an exempted company 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 addresses of the registered office and principal place of business of the Company are Clarendon House, Church Street, Hamilton HM 11, Bermuda and Chung Tai Printing Group Building, 11 Yip Cheong Street, On Lok Tsuen, Fanling, New Territories, Hong Kong respectively.

The Company acts as an investment holding company. The principal activities and other details of its subsidiaries are set out in note 29.

The financial statements are presented in Hong Kong Dollars, which is also the functional currency of the Company.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after 1 January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and prior accounting periods are prepared and presented:

Financial instruments

In the current year, the Group has applied HKAS 32 "Financial instruments: Disclosure and Presentation" and HKAS 39 "Financial instruments: Recognition and Measurement". HKAS 32 requires retrospective application. The application of HKAS 32 has had no material impact on how financial instruments are presented for current and prior accounting periods. HKAS 39, which is effective for annual periods beginning on or after 1 January, 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Classification and measurement of financial assets and financial liabilities (Continued)

<u>Debt and equity securities previously accounted for under the benchmark treatment under SSAP 24</u>

By 31 March, 2005, the Group classified and measured its investments in debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 ("SSAP 24"). Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments", or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in the profit or loss. "Held-to-maturity investments" are carried at amortised cost less impairment losses (if any). From 1 April, 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method after initial recognition.

On 1 April, 2005, the Group classified and measured its investments in debt and equity securities in accordance with HKAS 39. The investments in securities held for trading purposes amounted to approximately HK$19,757,000 previously classified as other investments under SSAP 24 was classified as "financial assets at fair value through profit and loss" under HKAS 39 (see note 2A). No adjustment to retained profits at 1 April, 2005 has been required.

Financial assets and financial liabilities other than debt and equity securities

From 1 January, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition. This change has had no material effect on the results for the current and prior accounting periods.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES *(Continued)*

Owner-occupied leasehold interest in land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current year, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively. The consolidated balance sheet as at 31 March, 2005 has been restated, prepaid lease payments of approximately HK$3,606,000 had been reclassified from property, plant and equipment and disclosed as a separate item on the consolidated balance sheet (see note 2A for the financial impact). Alternatively, where the allocation between the land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the consolidated financial statements of the Group except for HKAS 39 and HKFRS 4 (Amendments) financial guarantee contracts, which require financial guarantee contracts to be initially measured at fair value. The directors are not yet in a position to reasonably estimate the potential impact.

HKAS 1 (Amendment)	Capital disclosures[1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures[2]
HKAS 21 (Amendment)	Net investment in a foreign operation[2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions[2]
HKAS 39 (Amendment)	The fair value option[2]
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts[2]
HKFRS 6	Exploration for and evaluation of mineral resources[2]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 4	Determining whether an arrangement contains a lease[2]
HK(IFRIC) – INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds[2]
HK(IFRIC) – INT 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment[3]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]
HK(IFRIC) – INT 8	Scope of HKFRS 2[5]
HK(IFRIC) – INT 9	Reassessment of embedded derivatives[6]

[1] Effective for annual periods beginning on or after 1 January, 2007.
[2] Effective for annual periods beginning on or after 1 January, 2006.
[3] Effective for annual periods beginning on or after 1 December, 2005.
[4] Effective for annual periods beginning on or after 1 March, 2006.
[5] Effective for annual periods beginning on or after 1 May, 2006.
[6] Effective for annual periods beginning on or after 1 June, 2006.

2A. SUMMARY OF THE EFFECT OF THE CHANGES IN ACCOUNTING POLICIES

The cumulative effect of the application of the new HKFRSs on the balance sheet as at 31 March, 2005 and 1 April, 2005 are summarised below:

	At 31 March, 2005 (originally stated)	**Adjustment**	**At 31 March, 2005 (restated)**	**Adjustment**	**At 1 April, 2005**
	HK$	*HK$* *(Note)*	*HK$*	*HK$*	*HK$*
ASSETS AND LIABILITIES					
Impact of HKAS 39					
Investment in securities	19,757,088	–	19,757,088	(19,757,088)	–
Investments held for trading	–	–	–	19,757,088	19,757,088
Impact of HKAS 17					
Property, plant and equipment	271,651,841	(3,605,955)	268,045,886	–	268,045,886
Prepaid lease payments	–	3,605,955	3,605,955	–	3,605,955
Other assets/liabilities	229,259,893	–	229,259,893	–	229,259,893
Net assets	520,668,822	–	520,668,822	–	520,668,822
SHAREHOLDERS' EQUITY					
Share capital	33,227,728	–	33,227,728	–	33,227,728
Accumulated profits	413,660,498	–	413,660,498	–	413,660,498
Other reserve	73,780,596	–	73,780,596	–	73,780,596
	520,668,822	–	520,668,822	–	520,668,822

Note: The amounts represent adjustments to comparative figures for 2005 arising from reclassification of leasehold interests in land to prepaid lease payments under operating lease according to HKAS 17. This change of accounting policy has been applied retrospectively.

The application of the new HKFRSs has had no impact to the Group's equity as at 1 April, 2004.

The effects of the changes in the accounting policies described above has had no impact on the results for the current and prior years.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and amortisation and 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 is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and taking into account their estimated residual value, using the straight-line method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Retirement benefit costs

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

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into two categories, including financial assets at fair value through profit or loss, and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprises investments held for trading. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables including trade and other receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expired). The difference between the carrying amount of the financial liability derecognised and the consideration received or receivable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Allowances for bad and doubtful debts

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Write-down of inventories

The management of the Group reviews an aging analysis at each balance sheet date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The management estimates the net realisable value for such finished goods and work-in progress based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete items.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, investments held for trading, short-term bank deposits, bank balances, trade and other payables, accrued expenses and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) *Foreign currency risk*

The Group's transactions are mainly denominated in Hong Kong dollars, Renminbi and United States dollars and the foreign currency risk exposure is not significant.

Certain trade receivables and payables and borrowings of the Group are denominated in United States dollars and is therefore exposed to United States dollar currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

(ii) *Equity price risk*

The Group is exposed to equity price risk through its held for trading investments. The management would manage this exposure by maintaining a portfolio of investments with different risk profiles.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(Continued)*

(iii) Interest rate risk

The Group's fair value interest rate risk relates to the fixed rate bank borrowings.

The Group currently does not have the interest rate hedging policy. However, the management considers the interest rate risk exposure is limited and will consider hedging significant interest rate exposure should the need arise.

(iv) Credit risk

The Group's credit risk are primarily attributable to trade and other receivables, short-term bank deposits and bank balances.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March, 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's short-term bank deposits and bank balances are deposited with banks of high credit rating and the Group has limited exposure to any single financial institution.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

6. REVENUE

Revenue represents the net amounts received and receivable for goods sold by the Group, less returns and allowances.

7. 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 revenue and results for the year ended 31 March, 2006 and 2005 by location of customers.

Income statement for the year ended 31 March, 2006

	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$
Revenue – external	442,835,294	44,853,217	16,520,705	90,765,259	67,570,028	662,544,503
Segment result	41,845,513	4,238,384	1,561,116	8,576,820	6,384,998	62,606,831
Interest income						2,129,375
Interest expense						(767,407)
Profit before taxation						63,968,799
Taxation						(6,512,226)
Profit for the year						57,456,573

Balance sheet at 31 March, 2006

	Hong Kong HK$	Other regions in the PRC HK$	Europe HK$	United States of America HK$	Other HK$	Consolidated HK$
Assets						
Segment assets	99,882,337	14,617,658	4,153,643	21,975,504	22,505,472	163,134,614
Unallocated corporate assets						483,289,330
						646,423,944
Liabilities						
Unallocated corporate liabilities						92,382,569

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Geographical segments *(Continued)*

Other information for the year ended 31 March, 2006

	Hong Kong	Other regions in the PRC	Europe	United States of America	Other	Consolidated
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Depreciation on property, plant and equipment	**24,972,280**	**2,529,354**	**931,632**	**5,118,416**	**3,810,394**	**37,362,076**
Amortisation of prepaid lease payments	**–**	**88,610**	**–**	**–**	**–**	**88,610**
Allowance for bad and doubtful debts	**2,033,597**	**7,246**	**–**	**–**	**–**	**2,040,843**
Write-down of inventories	**–**	**1,759,146**	**–**	**–**	**–**	**1,759,146**

Income statement for the year ended 31 March, 2005

	Hong Kong	Other regions in the PRC	Europe	United States of America	Other	Consolidated
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Revenue – 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)
Profit for the year						54,337,341

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Geographical segments *(Continued)*

Balance sheet at 31 March, 2005

	Hong Kong	Other regions in the PRC	Europe	United States of America	Other	Consolidated
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Assets						
Segment assets	99,746,528	9,931,577	3,894,072	17,980,239	17,009,402	148,561,818
Unallocated corporate assets						464,624,953
						613,186,771
Liabilities						
Unallocated corporate liabilities						92,517,949

Other information for the year ended 31 March, 2005

	Hong Kong	Other regions in the PRC	Europe	United States of America	Other	Consolidated
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Depreciation on property, plant and equipment	24,133,611	2,117,558	907,266	5,035,356	3,679,063	35,872,854
Allowance for bad and doubtful debts	249,558	328,141	–	–	–	577,699
Amortisation of prepaid lease payments	–	88,610	–	–	–	88,610

7. 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, 2006

	Hong Kong *HK$*	Other regions in the PRC *HK$*	Consolidated *HK$*
Assets			
Segment assets	**271,185,389**	**375,238,555**	**646,423,944**
Liabilities			
Segment liabilities	**49,693,511**	**20,267,854**	**69,961,365**
Unallocated corporate liabilities			**22,421,204**
			92,382,569
Other information for the year ended 31 March, 2006			
Additions to property, plant and equipment	**937,952**	**10,812,517**	**11,750,469**
Deposits paid for land use right	**–**	**30,000,000**	**30,000,000**

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Geographical segments *(Continued)*

Balance sheet at 31 March, 2005

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

Business segments

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

8. PROFIT BEFORE TAXATION

	2006	2005
	HK$	*HK$*
Profit before taxation has been arrived at after charging:		
Allowance for bad and doubtful debts	**2,040,843**	577,699
Write-down of inventories (included in cost of sales)	**1,759,146**	–
Auditors' remuneration	**1,100,000**	985,000
Cost of inventories recognised as expenses	**516,665,289**	436,392,575
Depreciation and amortisation	**37,362,076**	35,872,854
Net foreign exchange loss	**643,937**	1,112,857
Prepaid lease payments charged to income statement	**88,610**	88,610
Rental payments in respect of premises under operating leases	**3,556,258**	3,856,154
Staff costs including directors' emoluments		
– Salaries, wages and other benefits	**106,858,011**	84,144,616
– Contributions to retirement benefits schemes, net of forfeited contributions of HK$Nil (2005: HK$78,851)	**1,101,489**	1,048,054
Total staff costs	**107,959,500**	85,192,670
and after crediting:		
Gain on disposal of property, plant and equipment	**–**	54,800
Gain on change in fair value of investment held for trading	**1,054,371**	–
Net unrealised holding gain on other investments	**–**	245,504

9. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 8 (2005: 8) directors were as follows:

	Executive directors				Non-executive directors				
	Suek Chai Kit, Christopher	Ng Wai Chi	Suek Chai Hong	Suek Ka Lun	Suek Che Hin	Tse Po Lau, Paul	Wong Sun Fat	Chan Kwing Choi, Warren	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
2006									
Fees	–	–	–	–	–	–	–	–	–
Other emoluments									
– Salaries and other benefits	**3,222,691**	**516,130**	**108,000**	**358,000**	–	–	–	–	**4,204,821**
– Contribution to retirement benefit schemes	**114,420**	**26,020**	–	**12,000**	–	–	–	–	**152,440**
Total emoluments	**3,337,111**	**542,150**	**108,000**	**370,000**	–	–	–	–	**4,357,261**

	Executive directors				Non-executive directors				
	Suek Chai Kit, Christopher	Ng Wai Chi	Suek Chai Hong	Suek Ka Lun	Suek Che Hin	Tse Po Lau, Paul	Wong Sun Fat	Chan Kwing Choi, Warren	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
2005									
Fees	–	–	–	–	–	–	–	–	–
Other emoluments									
– Salaries and other benefits	3,215,263	475,047	108,000	192,519	–	–	–	–	3,990,829
– Contribution to retirement benefit schemes	114,085	25,003	–	7,481	–	–	–	–	146,569
Total emoluments	3,329,348	500,050	108,000	200,000	–	–	–	–	4,137,398

No directors of the Company waived any emoluments in any of the two years ended 31 March, 2006.

10. EMPLOYEES' EMOLUMENTS

The five highest paid individuals included two (2005: two) directors and their emoluments are set out in note 9. The emoluments of the remaining three (2005: three) individuals are as follows:

	2006	2005
	HK$	*HK$*
Salaries and other benefits	**2,230,583**	2,232,898
Contributions to retirement benefits schemes	**80,225**	87,920
	2,310,808	2,320,818

Their emoluments were within the following bands:

	2006	2005
	Number of employees	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, 2006.

11. TAXATION

	2006 HK$	2005 HK$
The taxation charge comprises:		
Hong Kong Profits Tax		
Charge for the year	**7,665,820**	5,781,457
(Over)under provision in prior years	**(425,984)**	39,916
	7,239,836	5,821,373
Overseas taxation		
Charge for the year	**724,949**	467,870
Deferred taxation *(note 22)*		
Current year	**(1,452,559)**	1,096,801
	6,512,226	7,386,044

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for both years.

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 before taxation per the consolidated income statement as follows:

	2006 HK$	2005 HK$
Profit before taxation	**63,968,799**	61,723,385
Tax at the income tax rate of 17.5%	**11,194,540**	10,801,593
Tax effect of expenses not deductible for tax purposes	**205,352**	128,914
Tax effect of income not taxable for tax purposes	**(4,441,912)**	(3,616,511)
Tax effect of the tax losses not recognised	**38,850**	112,120
(Over)under provision in respect of prior years	**(425,984)**	39,916
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(58,620)**	(79,988)
Taxation for the year	**6,512,226**	7,386,044

12. DIVIDENDS

	2006	2005
	HK$	HK$
Interim, paid – HK2.8 cents (2005: HK2.8 cents) per share	9,303,764	9,303,764
Final, paid – HK6 cents (2005: HK6 cents) per share	19,936,637	19,936,637
	29,240,401	29,240,401

Subsequent to 31 March, 2006, the directors proposed a final dividend of HK6 cents (2005: HK6 cents) per share be paid to the shareholders of the Company whose names appear on the Register of Members on 28 August, 2006. This final dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year of HK$57,456,573 (2005: HK$54,337,341) and 332,277,280 shares (2005: 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.

14. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress HK$	Leasehold land and buildings HK$	Leasehold improvements HK$	Furniture, fixtures and office equipment HK$	Machinery and equipment HK$	Motor vehicles HK$	Total HK$
COST							
At 1 April, 2004							
– As originally stated	75,047	119,986,720	38,551,059	24,551,815	354,099,270	9,907,590	547,171,501
– Reclassified to prepaid lease payments	–	(4,430,488)	–	–	–	–	(4,430,488)
– As restated	75,047	115,556,232	38,551,059	24,551,815	354,099,270	9,907,590	542,741,013
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 1 April, 2005	65,608	115,556,232	40,496,872	25,231,593	383,605,364	9,307,288	574,262,957
Exchange adjustments	1,893	1,248,990	362,831	415,409	511,685	24,386	2,565,194
Additions	155,769	21,154	759,825	813,708	9,329,167	670,846	11,750,469
Transfer	(67,501)	–	67,501	–	–	–	–
At 31 March, 2006	**155,769**	**116,826,376**	**41,687,029**	**26,460,710**	**393,446,216**	**10,002,520**	**588,578,620**
DEPRECIATION AND AMORTISATION							
At 1 April, 2004							
– As originally stated	–	19,849,373	27,842,625	16,949,016	198,784,159	8,982,967	272,408,140
– Reclassified to prepaid lease payments	–	(735,923)	–	–	–	–	(735,923)
– As restated	–	19,113,450	27,842,625	16,949,016	198,784,159	8,982,967	271,672,217
Provided for the year	–	2,648,076	3,287,398	2,045,032	27,031,098	861,250	35,872,854
Eliminated on disposals	–	–	–	–	–	(1,328,000)	(1,328,000)
At 1 April, 2005	–	21,761,526	31,130,023	18,994,048	225,815,257	8,516,217	306,217,071
Exchange adjustment	–	107,771	136,665	159,840	222,378	20,430	647,084
Provided for the year	–	3,104,306	2,696,690	2,312,713	28,943,823	304,544	37,362,076
At 31 March, 2006	**–**	**24,973,603**	**33,963,378**	**21,466,601**	**254,981,458**	**8,841,191**	**344,226,231**
NET BOOK VALUES							
At 31 March, 2006	**155,769**	**91,852,773**	**7,723,651**	**4,994,109**	**138,464,758**	**1,161,329**	**244,352,389**
At 31 March, 2005	65,608	93,794,706	9,366,849	6,237,545	157,790,107	791,071	268,045,886

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

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	2% – 3%
Leasehold improvements	20%
Furniture, fixtures and office equipment	10% – 25%
Machinery and equipment	10% – 25%
Motor vehicles	25%

	2006	2005
	HK$	*HK$*
		(Restated)
The net book value of leasehold land and buildings shown above comprises:		
Leasehold land and buildings in Hong Kong under medium-term leases	**37,731,278**	38,733,139
Buildings in other regions in the PRC under medium-term leases	**54,121,495**	55,061,567
	91,852,773	93,794,706

Property, plant and equipment with an aggregate net book value of HK$35,057,044 (2005: HK$36,915,661) have been pledged to banks to secure general banking facilities granted to the Group.

15. PREPAID LEASE PAYMENTS

	2006	2005
	HK$	*HK$*
The Group's prepaid lease payments comprise:		
Medium-term leasehold land in other regions in the PRC	**3,517,345**	3,605,955
Analysed for reporting purposes as:		
Non-current asset	**3,428,735**	3,517,345
Current asset	**88,610**	88,610
	3,517,345	3,605,955

The leasehold land is amortised on a straight-line basis over the remaining term of the leases.

16. INVENTORIES

	2006 HK$	2005 HK$
At cost:		
Raw materials	**55,390,295**	56,011,618
Work in progress	**7,546,936**	11,391,957
Finished goods	**19,786,076**	16,604,340
	82,723,307	84,007,915

17. TRADE AND OTHER RECEIVABLES

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. An aged analysis of the trade receivables is as follows:

	2006 HK$	2005 HK$
0 – 30 days	**62,806,102**	52,441,107
31 – 60 days	**34,328,372**	23,018,566
61 – 90 days	**31,140,525**	30,279,383
Over 90 days	**34,859,615**	42,822,762
	163,134,614	148,561,818
Deposits, prepayments and other receivables	**6,297,980**	3,045,068
	169,432,594	151,606,886

As at 31 March, 2006, the other receivables of the Group include other receivable of HK$749,900 (2005: HK$Nil) due from a related company. Dr. Suek Chai Kit, Christopher, director of the Company, is one of the ultimate beneficial owners and directors of the related company. Mr. Suek Chai Hong is one of the directors of this related company. The maximum outstanding balance for amount due from a related company was HK$749,900 during the year.

The directors consider that the carrying amounts of trade and other receivables approximate to their fair values.

18. INVESTMENTS HELD FOR TRADING/INVESTMENTS IN SECURITIES

Investments in securities as at 31 March, 2005 are set out below. Upon the application of HKAS 39, investments in securities were reclassified to investments held for trading under HKAS 39 (see Note 2 for details).

	HK$
Other investments (under SSAP 24):	
Listed equity securities	15,857,088
Listed debt securities	3,900,000
	19,757,088
Market value of listed securities	19,757,088
Investments held for trading as at 31 March, 2006:	
Listed equity securities	24,882,809
Listed debt securities	3,751,800
	28,634,609
Fair value of listed securities	28,634,609

The fair values of the above held for trading investments are determined based on the quoted market bid price available in the relevant exchange.

19. SHORT-TERM BANK DEPOSITS/BANK BALANCES AND CASH

The short-term bank deposits of the Group are denominated in Hong Kong dollars and United Stated dollars with an original maturity of three months or less.

Bank balances and cash held by the Group are mainly denominated in Hong Kong dollars, Renminbi and United Stated dollars. Included in the bank balances and cash are amounts in Renminbi of HK$4,167,947 (2005: HK$9,115,810), which is not freely convertible into other currencies.

The short-term bank deposits carry interest rates ranging from 3% to 4% (2005: 3% to 3.5%) per annum.

The directors consider that the carrying amounts of the above amounts approximate to their fair values.

20. TRADE AND OTHER PAYABLES

An aged analysis of the trade payables is as follows:

	2006	2005
	HK$	*HK$*
0 – 30 days	**26,639,377**	25,489,647
31 – 60 days	**17,638,477**	9,630,070
61 – 90 days	**4,501,685**	5,945,092
Over 90 days	**7,009,674**	4,522,389
	55,789,213	45,587,198
Accrued expenses and other payables	**11,688,826**	11,114,332
	67,478,039	56,701,530

The directors consider that the carrying amounts of the above amounts approximate to their fair values.

21. BANK BORROWINGS

The bank borrowings are unsecured bank import loans mainly denominated in Hong Kong dollars and United States dollars which are repayable within one year.

The bank import loans carry interest ranging from 4% to 6.5% (2005: 4% to 5%) per annum.

The directors estimate the fair value of the bank borrowings, by discounting their future cash flows at the market rate. The directors consider that the carrying amount of the bank borrowings approximates to their fair values.

22. DEFERRED TAXATION

The following are the deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation	Tax losses	Total
	HK$	*HK$*	*HK$*
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 1 April, 2005	17,903,979	(757,152)	17,146,827
Credited to consolidated income statement for the year	(1,445,296)	(7,263)	(1,452,559)
At 31 March, 2006	**16,458,683**	**(764,415)**	**15,694,268**

At the balance sheet date, the Group has estimated unused tax losses of approximately HK$14,409,000 (2005: HK$14,145,000) available to offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$4,368,000 (2005: HK$4,326,000) of the tax losses. No deferred tax asset has been recognised in respect of the remaining HK$10,041,000 (2005: HK$9,819,000) due to the unpredictability of future profit streams. Losses may be carried forward indefinitely.

23. SHARE CAPITAL

	Number of shares 2006 & 2005	Share capital 2006 & 2005
		HK$
Ordinary shares of HK$0.10 each		
Authorised	500,000,000	50,000,000
Issued and fully paid	332,277,280	33,227,728

24. LEASE COMMITMENTS

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

	2006	2005
	HK$	*HK$*
Within one year	**5,283,733**	5,052,251
In the second to fifth year inclusive	**7,658,427**	10,194,266
Over five years	**36,661,578**	37,814,334
	49,603,738	53,060,851

Operating lease payments represent rentals payable by the Group for factory premises and staff quarters in the PRC. Leases for factory premises and staff quarters are negotiated for terms of 7 years. Rentals are fixed for an average of 5 years.

25. CAPITAL COMMITMENTS

	2006	2005
	HK$	*HK$*
Capital expenditure contracted for but not provided in the financial statements in respect of:		
Acquisition of property, plant and equipment	**9,788,402**	603,592

26. 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.

26. RETIREMENT BENEFITS SCHEMES *(Continued)*

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, 2006, 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.

27. CONTINGENT LIABILITIES

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 (2005: 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.

28. RELATED PARTY TRANSACTIONS

(a) Apart from the amount due from a related company as disclosed in note 17, during the year, the Group sold goods of approximately HK$383,939 (2005: HK$1,146,000) to a related company. Dr. Suek Chai Kit, Christopher, director of the Company, is one of the ultimate beneficial owners and directors of the related company. Mr. Suek Chai Hong is one of the directors of the related company.

(b) **Compensation of key management personnel**

The remuneration of directors and other members of key management during the year was as follows:

	2006	2005
	HK$	*HK$*
Short-term benefits	**4,848,317**	4,651,823
Post-employment benefits	**181,415**	173,660
	5,029,732	4,825,483

29. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 March, 2006 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

29. 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
中大印刷（清遠）有限公司 *(Note)*	The PRC	HK$30,000,000 registered capital	100	Inactive

Note: The Greatime Printing (Shenzhen) Co., Ltd. and 中大印刷（清遠）有限公司 are wholly foreign owned enterprises 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.