新高準控股有限公司

NEW SPRING HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)

Interim Report 2002

MANAGEMENT COMMENTARY

The directors of New Spring Holdings Limited (the "Company") are pleased to present the Interim Report Results and condensed accounts of the Company and its subsidiaries (the "Group") for the six-months ended 30th September 2002. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity for the Group for the six-months ended 30th September 2002, and the consolidated balance sheet as at 30th September 2002 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 6 to 18 of this report.

Management Discussion and Analysis

During the six months ended 30th September 2002, the Group recorded an unaudited consolidated turnover of approximately HK$97,522,000 representing an increase of 26% over the last period. The unaudited profit attributable to shareholders was approximately HK$8,032,000 representing a decrease of 42% over the last period, mainly due to lower profit margin and increase in administrative expenses as a result of the acquisition of an associated company to a subsidiary company and the investment in new businesses such as lenticular products and label printing. The lower profit margin is due to keen competition as a result of the worldwide recession. We diversified our printing business by setting up lenticular and label printing activities during the reporting period. The set up and running costs of these businesses in addition to other costs to enhance the internal and management controls of the Group are the major reasons for the increase in administrative expenses. Although our administrative expenses increased substantially, we still kept our costs at lower level in comparison to other similar sized listed printing companies.

Business Review

Packaging Printing Division

During the reporting period, the packaging division achieved an increase of 11% in turnover. This is attributable to the increased demand for wine boxes in the PRC after the setting up a representatives sales office in Chengdu in May 2001, and an increase in other packaging products through the committed efforts of our sales team, who successfully generated additional business with our end users. One of them is an international manufacturer. We also invested in the label printing industry by setting up a subsidiary during the period.

As more and more foreign investors and manufacturers move their production to the PRC, the Group's packaging printing business is seeing further room for expansion and growth. Consequently, we intend to purchase two more five colour printing presses to arrive next year. With these forthcoming presses in addition to our new full sized printing press installed in June 2002, we expect to increase our packaging printing turnover with top quality and value-added services to our clients.

Paper Gifts Division

The paper gifts division recorded a 67% increase in turnover reflecting the successful acquisition of the associated company and the rewards reaped from our quality and value added paper products and our advanced printing press and new innovative printing and post print processes. We explored the paper gift market with new products such as paper bags and lenticular paper products with new designs and advanced techniques this year. Though the economy in the United States of America ("USA") is still sluggish, we managed to achieve an increased turnover to the USA through a Hong Kong trading conglomerate. We believe there is high scope for expansion in the paper bags and lenticular paper products business and have set up an engineering division to design new products and innovate new techniques to create top quality products to satisfy our clients. We expect more demand for paper gifts products in the near future.

Promotional Items Division

During the period under review, the promotional items division recorded a 26% increase in turnover as compared with the same period last year. The encouraging increase was attributable to new investment in the lenticular industry and strong demand from new advertising agencies once they became familiar with our production facilities. Additionally, we promoted our products in several exhibitions in the PRC gaining new business and receiving positive feedback from visitors. In view of the excellent results gained from these activities, we participated in more exhibitions including the Gifts and Toys Exhibition in Hong Kong in October 2002 and another in the United Kingdom in early 2003.

Prospects

Despite the uncertainty in the future business environment and concerns about economic recovery in the USA and Hong Kong, the Group believe the maturing of our new investment in the lenticular industry and other vertically integrated businesses, will be rewarding. In view of our expectations as described above, we will invest in more advanced printing presses to cope with our expansion in future. With advanced printing equipment and production techniques, we will be able to sustain our high levels of production and quality products for our clients.

In the second half of the year, the Group will maintain our top quality in serving our clients. Though the economy is sluggish, we will continue our prudent cost control policies, closely monitoring the world's economies to respond quickly in implementing the necessary measures to meet the demands of the market situation. We believe our high product and service standards and investment in a diversity of businesses will enhance our growth, enabling us to keep pace with our clients in the years to come.

Liquidity and financial resources

The Group generally finances its operations with internally generated cash flow and loan facilities from banks and its ultimate holding company. As at 30th September 2002, the Group had total outstanding borrowings of approximately HK$76,502,000. With respect to foreign exchange exposure, the risk is rather low as only a small portion of the Group's foreign currency assets and borrowings are denominated in Renminbi. The impact of exchange rate fluctuations of these currencies is relatively insignificant to the Group.

As at 30th September 2002, the Group had assets of approximately HK$234,782,000. Current assets of the Group on that date amounted to approximately HK$118,864,000 while current liabilities were HK$102,052,000. The gearing ratio, calculated by dividing the total debts by the total assets, was equal to 0.43 as at 30th September 2002.

As at 30th September 2002, the Group's bank balances and cashes amounted to HK$5,456,000 and bank and other borrowings amounted to HK$76,502,000. The Group's net bank borrowings to equity ratio (being all bank and other borrowings less bank balances and cash as a ratio to shareholders' funds) worse from at 30th September 2001 to at 30th September 2002.

As at 30th September 2002, the Group had aggregate composite banking facilities of approximately HK$77.3 million, out of which approximately HK$51.1 million had been utilised.

As at 30th September 2002, the Group's borrowings of approximately HK$76.5 million of which approximately HK$54.8 million were repayable on demand and payable within one year. The amounts of approximately HK$10.8 million and HK$10.9 million were repayable in the second year and the third to fifth years inclusive, respectively.

The Group's gearing ratio, total debts divided by total assets, was approximately 43%.

Capital structure of the Group

As at 30th September 2002, the Group's cash holding was approximately HK$5,456,000. The Directors are confident that with its cash holdings and banking facilities of approximately HK$77.3 million, the Group is able to meet current and future operational and capital expenditure requirements.

Details of the charges on Group assets

All the properties in Hong Kong with an aggregate carrying value of HK$3 million have been pledged to secure the bank loans and overdrafts of the Group by way of a fixed charge.

Contingent Liabilities

As at 30th September 2002, the Group had contingent liabilities in respect of discounted bills with recourse amounting to HK$1,107,000.

Exposure to fluctuations in exchange rates and related hedges

The Group's borrowings are primarily denominated in Hong Kong dollars. The Group has no significant exposure to foreign exchange fluctuations.

Interim Dividend

The Board of Directors does not recommend a payment of an interim dividend for the period.

Purchase, sale or redemption of shares

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

Employment and remuneration policy

As at 30th September 2002, the Group employed a total of 381 employees, including approximately 349 employees in PRC production sites and approximately 32 employees in Hong Kong. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on a performance related basis. Share options may also be granted to staff with reference to the individual's performance.

Directors' interests in equity or debt securities

As at 27th December 2002, the interest of the Directors and chief executives in the shares of the Company and any associated corporations (as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) as recorded in the register maintained under Section 29 of The SDI Ordinance or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies was as follow:

Name of Company	Name of Director	Personal interests	Family interests	Corporate interests
Fortune Gold Developments Limited	Mr. Ng Man Chan	–	–	95,000,000

Substantial Shareholders

As at 27th December 2002, so far as are known to the Directors of the Company, the following companies (other than the Directors of the Company whose interests are disclosed above,) were recorded in the register kept by the Company under Section 16(1) of the SDI Ordinance as being directly or indirectly interested in 10% or more of the nominal value of the issued share capital of the Company:

	Ordinary shares held
Airsirco Profits Limited *(Note 1)*	23,000,000
Mei Ah Holdings Limited *(Note 2)*	12,000,000

Note:

1. Airsirco Profits Limited is a company incorporated in the British Virgin Islands with limited liability which is legally and beneficially owned as to 100% by Mr. Li Kuo Lim.

2. Mei Ah Holdings Limited is a company incorporated in the British Virgin Islands with limited liability which is legally and beneficially owned as to 100% by Mei Ah Entertainment Group Limited.

Compliance with the Code of Best Practice of the Listing Rules

None of the directors of the Company is aware of any information which would indicate that the Group is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules of The Stock Exchange of Hong Kong Limited at any time during the six months ended 30th September 2002.

Audit Committee

The Audit Committee comprises two independent non-executive directors of the Company, namely Mr. Lee Man Kwong and Mr. Lam Ming Leung. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2002

		Unaudited Six months ended 30th September	
		2002	2001
	Note	***HK$'000***	*HK$'000*
Turnover	*2*	**97,522**	77,556
Cost of sales		**(71,481)**	(54,666)
Gross profit		**26,041**	22,890
Other revenues		**1,402**	742
Distribution costs		**(1,550)**	(1,118)
Administrative expenses		**(14,677)**	(5,533)
Operating profit	*3*	**11,216**	16,981
Finance costs		**(3,453)**	(1,757)
Share of profit of an associated company		**–**	12
Profit before taxation		**7,763**	15,236
Taxation	*5*	**(430)**	(1,433)
Profit after taxation		**7,333**	13,803
Minority interests		**699**	–
Profit attributable to shareholders		**8,032**	13,803
		HK cents	*HK cents*
Basic earnings per share	*6*	**4.5**	9.9

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2002 AND 31ST MARCH 2002

	Note	Unaudited 30th September 2002 HK$'000	Audited 31st March 2002 HK$'000
Goodwill	7	**13,182**	164
Fixed assets	7	**102,736**	75,004
Current assets			
Inventories		**24,449**	15,427
Trade receivables	8	**65,505**	44,317
Deposits and prepayments		**23,454**	28,500
Due from related companies		**–**	797
Bank balances and cash		**5,456**	15,269
		118,864	104,310
Current liabilities			
Trade payables	9	**33,347**	18,040
Accrued charges and other payables		**11,390**	7,404
Current portion of long-term liabilities	10	**24,791**	10,496
Trust receipt loans		**16,513**	4,618
Taxation payable		**2,469**	2,413
Bank overdrafts, secured		**13,542**	5,284
		102,052	48,255
Net current assets		**16,812**	56,055
Total assets less current liabilities		**132,730**	131,223
Financed by:			
Share capital	11	**18,000**	18,000
Reserves		**14,964**	14,927
Retained earning		**75,870**	67,838
2002 proposed final dividend		**–**	18,000
Shareholders' funds		**108,834**	118,765
Minority interest		**(924)**	(153)
Non-current liabilities			
Long-term liabilities	10	**21,656**	9,447
Deferred taxation		**3,164**	3,164
		132,730	131,223

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2002

	Unaudited Six months ended 30th September	
	2002	2001
	HK$'000	*HK$'000*
Net cash (outflow)/inflow from operating activities	**(14,391)**	12,169
Net cash used in investing activities	**(30,386)**	(776)
Net cash from/(used in) financing activities	**14,826**	(9,648)
(Decrease)/increase in cash and cash equivalents	**(29,951)**	1,745
Cash and cash equivalents at 1st April	**5,367**	(14,897)
Effect of foreign exchange rate changes	**(15)**	–
Cash and cash equivalents at 30th September	**(24,599)**	(13,152)
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	**5,456**	1,545
Trust receipt loans	**(16,513)**	(9,443)
Bank overdrafts	**(13,542)**	(5,254)
	(24,599)	(13,152)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2002

				Unaudited				
	Share capital	**Share premium**	**Capital reserve**	**Statutory surplus reserve**	**Exchange reserve**	**Revaluation reserve**	**Retained earnings**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April 2001	413	–	(290)	–	8	–	56,790	56,921
Surplus on revaluation of properties, machinery and equipment						2,203		2,203
Net gains or losses not recognised in the profit and loss account						2,203		2,203
Profit for the period							13,803	13,803
Capitalisation issue	33	–	–	–	–	–	–	33
At 30th September 2001	446	–	(290)	–	8	2,203	70,593	72,960

				Unaudited				
	Share capital	**Share premium**	**Capital reserve**	**Statutory surplus reserve**	**Exchange reserve**	**Revaluation reserve**	**Retained earnings**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April 2002	18,000	12,667	(243)	294	6	2,203	67,838	100,765
Exchange differences				3	34			37
Net gains or losses not recognised in the profit and loss account				3	34			37
Profit for the period	–	–	–	–	–	–	8,032	8,032
At 30th September 2002	**18,000**	**12,667**	**(243)**	**297**	**40**	**2,203**	**75,870**	**108,834**

NOTES TO CONDENSED ACCOUNTS

1 Basis of preparation and principal accounting policies

These unaudited consolidated condensed accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 Interim Financial Reporting, issued by the Hong Kong Society of Accountants.

These condensed accounts should be read in conjunction with the 2002 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31st March 2002 except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 25	:	Interim financial reporting
SSAP 34	:	Employee benefits

The changes to the Group's accounting policies and the effect of adopting these new policies is set out below:–

(a) SSAP 11 (revised): Foreign currency translation

The balance sheet of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

In prior periods, the profit and loss of foreign enterprises was translated at closing rate. This is a change in accounting policy, however, the translation of the profit and loss of foreign enterprises in prior periods has not been restated as the effect of this change is not material to the current and prior periods.

(b) SSAP 34: Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave. In prior periods, no provision was made for employee annual and long service leave entitlements as the amount was insignificant and no restatement was made for the comparative figures.

(ii) Pension obligations

The Group contributes to a defined contribution retirement scheme which is available to all employees. Contributions to the scheme by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the profit and loss account represents contributions payable by the company to the fund.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred and are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

The assets of the scheme are held separately from those of the Group in an independently administered fund.

2 Segment information

The Group is principally engaged in the manufacturing and trading of packaging products, paper gifts items and promotional products.

An analysis of the Group's revenue and results for the period by business segments is as follows:

	Unaudited Six months ended 30th September 2002 *HK$'000*			
	Packaging Products	**Paper Gifts Items**	**Promotional Products**	**Group**
Revenues	**53,797**	**27,504**	**16,221**	**97,522**
Segment results	**10,974**	**9,743**	**6,726**	**27,443**
Unallocated costs				**(16,227)**
Operating profit				**11,216**
Finance costs				**(3,453)**
Profit before taxation				**7,763**
Taxation				**(430)**
Minority interests				**699**
Profit attributable to shareholders				**8,032**

	Unaudited Six months ended 30th September 2001 *HK$'000*			
	Packaging Products	Paper Gifts Items	Promotional Products	Group
Revenues	48,295	16,423	12,838	77,556
Segment results	7,950	8,500	6,440	22,890
Unallocated costs				(5,909)
Operating profit				16,981
Finance costs				(1,757)
Share of profit of an associated company				12
Profit before taxation				15,236
Taxation				(1,433)
Profit attributable to shareholders				13,803

There are no sales and other transactions between the business segments. Unallocated costs represent corporate expenses.

Secondary reporting format – geographical segments

An analysis of the Group's turnover and contribution to operating profit for the period by geographical segment is as follows:

	Turnover Six months ended 30th September		**Operating Profit Six months ended 30th September**	
	2002	2001	**2002**	2001
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Geographical segment:				
Hong Kong	**82,043**	69,905	**6,603**	14,778
Mainland China	**13,992**	6,648	**4,340**	2,005
Others	**1,487**	1,003	**273**	198
	97,522	77,556	**11,216**	16,981

Sales are based on the country in which the customer is located. There are no sales between the segments.

3 Operating profit

Operating profit is stated after charging the following:

	Unaudited Six months ended 30th September	
	2002	2001
	HK$'000	*HK$'000*
Depreciation of fixed assets		
– owned assets	**3,424**	1,226
– assets held under finance leases	**1,405**	2,049
Amortisation of intangible assets	**17**	–
Provision for bad debts	**2,000**	–

4 Staff costs

	Unaudited Six months ended 30th September	
	2002	2001
	HK$'000	*HK$'000*
Wages and salaries	**9,768**	3,216
Pension costs – defined contribution plans	**267**	111
	10,035	3,327

5 Taxation

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profit for the six months ended 30th September 2001 and 2002.

A subsidiary of the Company established in the PRC is subject to PRC Enterprise Income Tax ("EIT") on the taxable income as reported in its PRC statutory financial statements adjusted in accordance with relevant income tax laws. The applicable EIT rate is 33%. However, the subsidiary has tax privileges granted by the PRC Government that it is entitled to full exemption from EIT for the first two years and 50% reduction in EIT for the next three years, commencing from the first profitable year after offsetting all tax losses carried forward from the previous years. No EIT is payable by the subsidiary as it is still in its tax exemption period.

The amount of taxation charged to the condensed profit and loss account represents:

	Unaudited Six months ended 30th September	
	2002	2001
	HK$'000	*HK$'000*
Hong Kong profits tax	**430**	1,218
Overseas taxation	**–**	215
	430	1,433

6 Earnings per share

The calculation of basic earnings per share are based on the Group's profit attributable to shareholders of HK$8,032,000 (2001: HK$13,803,000) and the weighted average of 180,000,000 shares (2001: 140,000,000 shares deemed to be issued).

No diluted earnings per share is presented as there is no dilutive potential ordinary share during the period.

7 Capital expenditure

	Unaudited	
	Goodwill	**Fixed assets**
	HK$'000	***HK$'000***
Six months ended 30th September 2002		
Opening net book value	**164**	**75,004**
Acquisition of subsidiaries *(note 12)*	**13,035**	**3,007**
Additions	**–**	**30,281**
Disposals	**–**	**(727)**
Depreciation charge *(note 3)*	**(17)**	**(4,829)**
Closing net book amount	**13,182**	**102,736**

8 Trade receivables

Details of the ageing analysis of accounts receivable were as follows:

	Unaudited 30th September 2002 *HK$'000*	Audited 31st March 2002 *HK$'000*
Current	**21,982**	15,440
31-60 days	**13,635**	7,012
61-90 days	**8,002**	8,252
Over 90 days	**24,186**	13,913
	67,805	44,617
Less: Provision for doubtful debts	**2,300**	(300)
	65,505	44,317

Customers are generally granted with credit terms of 30 to 90 days.

9 Trade payables

Details of the ageing analysis of accounts payable were as follows:

	Unaudited 30th September 2002 *HK$'000*	Audited 31st March 2002 *HK$'000*
Current	**9,374**	4,271
31-60 days	**9,069**	3,480
61-90 days	**7,830**	4,306
Over 90 days	**7,074**	5,983
	33,347	18,040

10 Long-term liabilities

	Unaudited 30th September 2002 *HK$'000*	Audited 31st March 2002 *HK$'000*
Secured loans	**21,063**	6,392
Obligations under finance leases	**25,384**	13,551
	46,447	19,943
Current portion of long-term liabilities	**(24,791)**	(10,496)
	21,656	9,447

At 30th September 2002, the Group's bank loans (excluding finance lease liabilities) were repayable as follows:

	Unaudited 30th September 2002 HK$'000	Audited 31st March 2002 HK$'000
Within one year	**16,302**	6,345
In the second year	**3,017**	47
In the third to fifth year	**1,744**	–
After the fifth year	**–**	–
	21,063	6,392

11 Share capital

	Unaudited 30th September 2002 HK$'000	Audited 31st March 2002 HK$'000
Authorised:		
2,000,000,000 ordinary shares of HK$0.1 each	**200,000**	200,000
Issued and fully paid:		
180,000,000 ordinary shares of HK$0.1 each	**18,000**	18,000

12 Acquisition

(i) *Acquisition of Pronto Print Limited*

During the reporting period, the Group completed the acquisition of 94% of the share capital of Pronto Print Limited which is principally engaged in the provision of printing services in Hong Kong and is a Hong Kong incorporated company. The consideration of HK$4,300,000 was settled in cash. The fair value of the net identifiable liabilities of the company at the date of acquisition was approximately HK$1,138,000. The resulting goodwill of HK$5,438,000 will be amortised on a straight-line basis over 5 years. The acquired business did not contribute any revenues and operating profit to the Group for the period from 1st April 2002 to 30th September 2002.

The assets and liabilities arising from the acquisition are as follows:

	Unaudited HK$'000
Property, plant and equipment	1,280
Other assets less liabilities	(2,491)
Minority shareholder's interest	73
	(1,138)
Goodwill *(note 7)*	5,438
Total purchase consideration	4,300

(ii) Acquisition of New Pearl Hot Stamping Limited

During the reporting period, the Group completed the acquisition of 100% of the share capital of New Pearl Hot Stamping Limited which is principally engaged in the provision of hot stamping services in Hong Kong and is a Hong Kong incorporated company. The consideration of HK$10,500,000 was settled in cash. The fair value of the net identifiable assets of the company at the date of acquisition was approximately HK$2,903,000. The resulting goodwill of HK$7,597,000 will be amortised on a straight-line basis over 5 years. The acquired business did not contribute any revenues and operating profit to the Group for the period from 1st April 2002 to 30th September 2002.

The assets and liabilities arising from the acquisition are as follows:

	Unaudited *HK$'000*
Property, plant and equipment	1,727
Other assets less liabilities	1,176
	2,903
Goodwill *(note 7)*	7,597
Total purchase consideration	10,500

13 Contingent liabilities

As at 30th September 2002, the Group had contingent liabilities in respect of discounted bills with recourse amounting to HK$1,107,000 (31st March 2002: HK$Nil).

14 Commitments under operating leases

At 30th September 2002, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Unaudited **30th September** **2002** ***HK$'000***	Audited 31st March 2002 *HK$'000*
Within one year	**371**	686
In the second to fifth year inclusive	**–**	69
	371	755

15 Capital Commitments

At 30th September 2002, the Group has commitments contracted but not provided for in respect of plant and machinery HK$15,398,132 (2001: Nil).

16 Related party transactions

Significant related party transactions, which were carried out in the normal course of the Group's business and are charged at prices mutually agreed, during the period are as follows:

	Note	Unaudited Six month ended 30th September 2002 HK$'000	2001 HK$'000
Sales to an associated company			
Anson Printing Group Limited	*(i)*	**–**	3,249
Interest income			
Beautiking Investments Limited	*(ii)*	**28**	291
Rental paid			
Beautiking Investments Limited	*(iv)*	**132**	132
Beaumax Company Limited	*(iii)*	**114**	114
Glory Motion Company Limited	*(iv)*	**138**	114

Notes:

(i) Sales to an associated company was conducted in the normal course of business at prices and terms not less than those charged to and contracted with other third party customers of the Group. In December 2001, the Group acquired an additional 21% equity interest of Anson. Hence, no sales to an associated company noted in current period.

(ii) Interest on amount due from Beautiking Investments Limited is charged at 12% per annum.

(iii) One of the subsidiaries, Sun Hip Fung (JF) Printing Products Company Limited, has entered into a lease agreement with a related company, Beaumax Company Limited, to lease office space for a period of 2 years commencing 1st February 2001 at a monthly rental of HK$19,000. The lease was entered into on normal commercial terms.

(iv) One of the subsidiaries, New Spring Group Company Limited, has entered into lease agreements with Beautiking Investments Limited and Glory Motion Company Limited to lease office space for a period of 2 years commencing 1st February 2001 and 1st July 2001 at a monthly rental of HK$22,000 (2001: HK$22,000) and HK$23,000 (2001: HK$15,000) respectively. The leases were entered into on normal commercial terms.