

Interim  
Report



新高準控股有限公司  
NEW SPRING HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

2003

## **MANAGEMENT COMMENTARY**

The directors of New Spring Holdings Limited (the "Company") are pleased to present the Interim Report and condensed accounts of the Company and its subsidiaries (the "Group") for the six-months ended 30th September 2003. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity for the Group for the six-months ended 30th September 2003, and the consolidated balance sheet as at 30th September 2003 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 8 to 20 of this report.

### **Management Discussion and Analysis**

During the six months ended 30th September 2003, the economy was heavily dragged by the unprecedented threat of Severe Acute Respiratory Syndrome ("SARS") and the Iraqi War. During the period under review, the Group recorded a consolidated turnover of HK\$83,033,000 representing a drop of 15% compared to HK\$97,522,000 recorded in the last corresponding period. This reflected an unavoidable adverse impact brought by the economic slowdown. Fortunately, with its strong business foundations and close connections with major customers, the Group's sales picked up quickly in the second quarter of the period under review and was able to achieve a profit attributable to shareholders of HK\$6,090,000 during the reporting period despite the unfavourable economic environment in the first quarter of the period under review.

## **BUSINESS REVIEW**

### *Packaging Printing Division*

During the reporting period, packaging printing remained the Group's major source of revenue. The turnover was HK\$46,639,000. It is generally believed that SARS is the major hindrance to economic growth over the few months especially in Hong Kong and the People's Republic of China ("PRC"). The retail market has therefore gone through challenging times. The slack in retail market ended up into the decrease in demand for packaging products such as wine, toy and snack box which presented a drop in the Group's turnover in the packaging printing business.

Leveraging its strong foothold in the industry and quality products, the Group's packaging printing business propelled instantly when the economy showed the signs of recovery in the second quarter under review.

### *Paper Gifts Division*

The Group's paper gifts business was also hampered by the sluggish market sentiments and the turnover dropped to HK\$9,033,000 as a result of the shrinkage in the retail market and so did the demand for its paper gifts products. However, it is believed that the turnover in paper gifts division will step up soon in line with economic recovery.

### *Promotional Items Division*

For the six months ended 30th September 2003, the Group's turnover in promotional items division amounted to HK\$27,361,000, representing a double-digit growth of 70% comparing with HK\$16,221,000 recorded in the same period of previous year. This promising result was mainly attributable to the Group's active participation in numerous exhibitions, effectively allowing the Group to market its promotional products in the territory, the PRC as well as oversea countries. The Group has participated in the Gifts and Toys Exhibition in October 2003 and a number of significant orders were generated. The extremely positive response encourages the Group to increase its efforts to seek participations in various exhibitions to capture opportunities arising ahead.

### **Prospects**

Over the years, Hong Kong and the PRC have been the Group's major markets. With a view to the booming opportunities in the PRC and the active economic activities led by the CEPA, the demand for the Group's packaging printing and paper gifts is expected to escalate in both markets. Building on the strong relationships with numerous major customers, the Group believes its overall sales will further improve in coming months.

In addition to strengthening its presence in the existing markets, the Group has been targeting to extend its arm to the Europe and US market. To put it into practice, more marketing activities such as exhibitions are expected in the months to come to boost the sales in these markets. In February 2004, the Group will participate in the PaperWorld 2004 exhibition in Germany to capture more business opportunities.

The management believes that creative product design is also another crucial factor that substantially increases its competitiveness, allowing the Group to stand out from the crowd. Therefore, the Group will continue to capitalize on its trademark labels and lenticular printing techniques, create innovative paper as well as lenticular products in order to attract customers with different taste and preference.

On the other hand, the Group has strengthened the management team which is expected to lead to an improved performance by adopting prudent cost control management and streamlining operation procedures to improve the cost structure even further, bringing more fruitful yields to shareholders.

### **Liquidity and financial resources**

The Group generally finances its operations with internally generated cash flow and loan facilities from banks. As at 30th September 2003, the Group's bank balances and cash amounted to HK\$4,575,000 and bank and other borrowings amounted to HK\$86,187,000.

As at 30th September 2003, the Group has assets of approximately HK\$250,206,000. Current assets of the Group on the date amounted to approximately HK\$135,640,000 while current liabilities were HK\$126,071,000. The gearing ratio, calculated by dividing the total debts by the total assets, was 0.58.

With respect of 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 and Euro. The impact of exchange rate fluctuations of these currencies is relatively insignificant to the Group.

### **Interim Dividend**

The directors do not recommend the payment of an interim dividend for the period.

### **Employment and remuneration policy**

As at 30th September 2003, the Group employed a total of 536 employees, including approximately 478 employees in the PRC production sites and approximately 58 employees in Hong Kong. An additional work force of approximately 983 were provided by Sha Jing factory in the production facilities in Sha Jing under the Processing Agreement. 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.

## **Share options**

Pursuant to the written resolutions of the shareholders of the Company dated 22nd October 2001, a share options scheme (the "Scheme") was adopted by the Company. Details of the Scheme are as follows:

### *(a) Purposes of the Scheme*

The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives and rewards for their contribution to the Group.

### *(b) Participants of the Scheme*

Pursuant to the Scheme, the Company may offer to grant share options ("Options") to full-time employees or executives of the Group, including the full-time executive directors and executive directors of any of its subsidiaries, to subscribe for shares of the Company.

### *(c) Maximum number of shares available for issue under the Scheme*

The maximum number of shares in respect of which options may be granted (including shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Scheme and under any other share option scheme of the Company must not in aggregate exceed 10% of the shares in issue.

### *(d) Maximum entitlement of each participant*

The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised at any time under the Scheme and any other share option scheme of the Group shall not exceed 30% of the issued share capital of the Company from time to time.

At 30th September 2003, no option has been granted or agreed to be granted under the Scheme. No option may be granted to any one employee, which in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant.

### *(e) Exercisable period of Options*

Pursuant to the Scheme, an Option may be exercised in whole or in part in the manner provided in the Scheme by a grantee giving notice in writing to the Company at any time during a period commencing one year after the date of the Options, to be notified by the Board of the Company to the grantee, which shall be not less than 3 years nor more than 10 years from the date an Option is offered (the "Offer Date").

*(f) Payment on acceptance of Option Offer*

Pursuant to the Scheme, HK\$1.00 is payable by the grantee to the Company on acceptance of the offer of a grant of options.

*(g) Basis of determining the subscription price*

The subscription price of options pursuant to the Scheme is absolute discretion determined by the Board and will not be less than the highest of the following:

- (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a share, provided that for the purpose of determining the subscription price of the shares where the shares have been listed on the Stock Exchange for less than 5 business days preceding the date of grant, the issue price of the shares in connection with such listing shall be deemed to be the closing price of the shares for each business day falling within the period before the listing of the shares on the Stock Exchange.

*(h) Remaining life of the Scheme*

The Scheme will be valid and effective for a period of 10 years commencing on 22nd October 2001, after which no further options will be granted thereunder.

No options have been granted since the establishment of the Scheme.

### Directors' interests in the shares of the Company

At 30th September 2003, the interests of each director in the shares of the Company (within the meaning of the Securities and Future Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

<b>Name of director</b>	<b>Ordinary shares of HK\$0.10 each in the Company Corporate Interests (note) number of shares held</b>
Mr. NG Man Chan	95,000,000

*Note:* Held through Fortune Gold Developments Limited in which Mr. NG Man Chan is legally and beneficially owning shares in.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES OF THE COMPANY

The register of substantial shareholders maintained under Section 336 of the SFO shows that at 30th September 2003, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors.

	<b>Ordinary shares of HK\$0.10 each in the Company</b>	<b>Percentage of share capital (%)</b>
	<b>Number of shares</b>	<b>(%)</b>
Airsirco Profits Limited ( <i>note (a)</i> )	22,850,000	12.69%
Mei Ah Holdings Limited	12,000,000	6.67%
Mei Ah Entertainment Group Limited ( <i>note (b)</i> )	12,000,000	6.67%
Kuo Hsing Holdings Limited ( <i>note (c)</i> )	12,000,000	6.67%
Mr. Li Kuo Hsing ( <i>note (d)</i> )	12,000,000	6.67%

*Note:*

- (a) 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.
- (b) Mei Ah Holdings Limited is a wholly-owned subsidiary of Mei Ah Entertainment Group Limited ("Mei Ah Entertainment"). The shares referred to herein relate to the same parcel of shares held by Mei Ah Holdings Limited

- (c) As at 30th September 2003, Kuo Hsing Holdings Limited is interested in approximately 52.36 per cent of the issued share capital of Mei Ah Entertainment. The shares referred to herein relate to the same parcel of shares held by Mei Ah Holdings Limited.
- (d) Kuo Hsing Holdings Limited is wholly-owned by Mr. Li Kuo Hsing, Chairman of Mei Ah Entertainment. The shares referred to herein relate to the same parcel of shares held by Mei Ah Holdings Limited.

### **Purchase, sales 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.

### **Compliance with the Code of Best Practice of the Listing Rules**

For the period under review, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules except that a non-executive director, Mr. LEUNG Siu Cheung, was not appointed for a specific term as recommended under the guidelines set out in Appendix 14 of the Listing Rules.

### **Audit Committee**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited consolidated accounts for the six months ended 30th September 2003 with the directors. The Committee now comprises two independent non-executive directors, namely, Mr. LEE Man Kwong and Mr. LEUNG Siu Cheung.



**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2003**

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30th September</b>	
		As restated (Note 1)	
	<i>Note</i>	<b>2003</b> <b>HK\$'000</b>	2002 <i>HK\$'000</i>
Turnover	2	<b>83,033</b>	97,522
Cost of sales		<b>(59,774)</b>	<u>(71,481)</u>
Gross profit		<b>23,259</b>	26,041
Other revenues		<b>138</b>	1,402
Distribution costs		<b>(2,659)</b>	(1,550)
Administrative expenses		<b>(12,218)</b>	<u>(14,677)</u>
Operating profit	3	<b>8,520</b>	11,216
Finance costs		<b>(2,414)</b>	<u>(3,453)</u>
Profit before taxation		<b>6,106</b>	7,763
Taxation	5	<b>1,808</b>	<u>2,104</u>
Profit after taxation		<b>7,914</b>	9,867
Minority interests		<b>(1,824)</b>	<u>699</u>
Profit attributable to shareholders		<b>6,090</b>	<u>10,566</u>
		<b>HK cents</b>	<i>HK cents</i>
Basic earnings per share	6	<b>3.4</b>	<u>5.9</u>

**CONDENSED CONSOLIDATED BALANCE SHEET**

AS AT 30TH SEPTEMBER 2003 AND 31ST MARCH 2003

	<i>Note</i>	<b>Unaudited 30th September 2003 HK\$'000</b>	<i>As restated (Note 1) 31st March 2003 HK\$'000</i>
Non current assets			
Goodwill	7	10,573	11,899
Fixed assets	7	103,993	104,069
		<u>114,566</u>	<u>115,968</u>
Current assets			
Inventories		29,906	22,738
Trade receivables	8	64,038	41,914
Other receivable, deposits and prepayments		34,789	24,003
Due from related companies		343	-
Taxation recoverable		1,989	1,768
Pledged bank deposits		3,600	3,500
Bank balances and cash		975	2,072
		<u>135,640</u>	<u>95,995</u>
Current liabilities			
Trade payables	9	45,006	21,183
Accrued charges and other payables		11,960	8,834
Due to related companies		-	276
Current portion of long-term liabilities	10	32,853	35,671
Trust receipt loans		17,666	10,191
Taxation payable		1,115	1,060
Bank overdrafts, secured		17,471	15,997
		<u>126,071</u>	<u>93,212</u>
Net current assets		<u>9,569</u>	<u>2,783</u>
Total assets less current liabilities		<u>124,135</u>	<u>118,751</u>
Financed by:			
Share capital	11	18,000	18,000
Reserves		85,310	79,220
Shareholders' funds		103,310	97,220
Minority interests		1,779	(45)
Non-current liabilities			
Long-term liabilities	10	18,197	18,514
Deferred taxation	12	849	3,062
		<u>124,135</u>	<u>118,751</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2003**

	<b>Unaudited Six months ended 30th September</b>	
	<b>2003 HK\$'000</b>	2002 HK\$'000
Net cash outflow from operating activities	<u>(681)</u>	<u>(14,391)</u>
Net cash from/(used in) investing activities	<u>1,985</u>	<u>(30,386)</u>
Net cash (used in)/inflow from financing activities	<u>(3,875)</u>	<u>31,339</u>
Decrease in cash and cash equivalents	<b>(2,571)</b>	(13,438)
Cash and cash equivalents at 1st April	<b>(13,925)</b>	5,367
Effect of foreign exchange rate changes	-	(15)
Cash and cash equivalents at 30th September	<u><b>(16,496)</b></u>	<u>(8,086)</u>
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	<b>975</b>	5,456
Bank overdrafts, secured	<u>(17,471)</u>	<u>(13,542)</u>
	<u><b>(16,496)</b></u>	<u>(8,086)</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2003**

	Unaudited							
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$,000</i>	Capital reserve <i>HK\$'000</i>	Statutory surplus reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Revaluation reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April 2003, as previously reported	18,000	12,667	(243)	534	13	2,203	62,214	95,388
Changes in accounting policy – provision for net deferred tax assets	–	–	–	–	–	–	1,832	1,832
At 1st April 2003, as restated	18,000	12,667	(243)	534	13	2,203	64,046	97,220
Profit for the period	–	–	–	–	–	–	6,090	6,090
<b>At 30th September 2003</b>	<b>18,000</b>	<b>12,667</b>	<b>(243)</b>	<b>534</b>	<b>13</b>	<b>2,203</b>	<b>70,136</b>	<b>103,310</b>
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	18,000	12,667	(243)	297	40	2,203	67,838	100,802
Profit for the period	–	–	–	–	–	–	10,566	10,566
At 30th September 2002	18,000	12,667	(243)	297	40	2,203	78,404	111,368

## NOTES TO CONDENSED ACCOUNTS

### 1 Basis of preparation and principal accounting policies

These unaudited condensed consolidated accounts of the Group 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 ("HKSA").

These condensed accounts should be read in conjunction with the 2003 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the annual accounts for the year ended 31st March 2003 except that the Group has changed certain of its accounting policies with respect to deferred taxation following its adoption of SSAP 12 (revised) "Income Taxes" issued by the HKSA which is effective for accounting periods commencing on or after 1st January 2003. The changes to the Group's accounting policies and the effect of adopting this revised SSAP is set out below:

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior year, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the revised SSAP 12 represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in the Condensed Consolidated Statement of Changes in Equity, opening retained earnings as at 1st April 2003 have been increased by HK\$1,832,000, which represents the unprovided net deferred tax assets. This change has resulted in a decrease in deferred tax liabilities at 31st March 2003 by HK\$1,832,000. The profits for the six months ended 30th September 2002 has been increased by HK\$2,534,000.

**2 Segment information**

*Primary reporting format – business segments*

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:

	<b>Unaudited Six months ended 30th September 2003 HK\$'000</b>			
	<b>Packaging Products</b>	<b>Paper Gifts Items</b>	<b>Promotional Products</b>	<b>Group</b>
Revenues	<u>46,639</u>	<u>9,033</u>	<u>27,361</u>	<u>83,033</u>
Segment results	<u>13,202</u>	<u>2,531</u>	<u>7,664</u>	<u>23,397</u>
Unallocated costs				<u>(14,877)</u>
Operating profit				<u>8,520</u>
Finance costs				<u>(2,414)</u>
Profit before taxation				<u>6,106</u>
Taxation				<u>1,808</u>
Minority interests				<u>(1,824)</u>
Profit attributable to shareholders				<u>6,090</u>

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	Unaudited Six months ended 30th September 2002 HK\$'000			
	Packaging Products	Paper Gifts Items	Promotional Products	Group
Revenues	<u>53,797</u>	<u>27,504</u>	<u>16,221</u>	<u>97,522</u>
Segment results	<u>10,974</u>	<u>9,743</u>	<u>6,726</u>	27,443
Unallocated costs				<u>(16,227)</u>
Operating profit				11,216
Finance costs				<u>(3,453)</u>
Profit before taxation				7,763
Taxation				2,104
Minority interests				<u>699</u>
Profit attributable to shareholders				<u>10,566</u>

There are no sales or 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:

	Unaudited Turnover Six months ended 30th September		Unaudited Operating profit Six months ended 30th September	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Geographical segments:				
Hong Kong	<b>64,633</b>	82,043	<b>6,633</b>	6,603
Mainland China	<b>13,865</b>	13,992	<b>1,422</b>	4,340
Others	<b>4,535</b>	1,487	<b>465</b>	273
	<u><b>83,033</b></u>	<u>97,522</u>	<u><b>8,520</b></u>	<u>11,216</u>

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

**3 Operating profit**

Operating profit is stated after charging the following:

	<b>Unaudited Six months ended 30th September</b>	
	<b>2003 HK\$'000</b>	2002 HK\$'000
Cost of inventories sold	<b>59,774</b>	71,481
Depreciation of fixed assets		
– owned assets	<b>3,996</b>	3,424
– assets held under finance leases	<b>1,435</b>	1,405
Amortisation of goodwill	<b>1,326</b>	17
Provision for doubtful debts	<b>9</b>	2,000
	<u><b>9</b></u>	<u>2,000</u>

**4 Staff costs**

	<b>Unaudited Six months ended 30th September</b>	
	<b>2003 HK\$'000</b>	2002 HK\$'000
Wages and salaries	<b>5,021</b>	9,768
Pension costs – defined contribution plans	<b>187</b>	267
	<u><b>5,208</b></u>	<u>10,035</u>

**5 Taxation**

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profit for the six months ended 30th September 2003. In 2003, the Government of Hong Kong Special Administrative Region enacted a change in the profit tax rate from 16% to 17.5% for the fiscal year 2003/04. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

A subsidiary of the Company established in the Peoples' Republic of China (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 has no taxable income for the period and is still in its tax exemption period.



The amount of taxation (credited)/charged to the condensed profit and loss account represents:

	<b>Unaudited Six months ended 30th September</b>	
	<b>2003 HK\$'000</b>	2002 HK\$'000
Hong Kong profits tax	<b>405</b>	430
Deferred taxation ( <i>note 12</i> )	<b>(2,213)</b>	(2,534)
	<b><u>(1,808)</u></b>	<u>(2,104)</u>

## 6 Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of approximately HK\$6,090,000 (2002: HK\$10,566,000) and of 180,000,000 shares (2002: 180,000,000 shares) in issue during the period.

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

## 7 Capital expenditure

	<b>Unaudited</b>	
	<b>Goodwill HK\$'000</b>	<b>Fixed assets HK\$'000</b>
Opening net book amount as at 1st April 2003	11,899	104,069
Additions	–	9,634
Disposals	–	(4,279)
Depreciation charge ( <i>note 3</i> )	<b>(1,326)</b>	(5,431)
Closing net book amount as at 30th September 2003	<b><u>10,573</u></b>	<u>103,993</u>

**8 Trade receivables**

The ageing analysis of trade receivable is as follows:

	<b>Unaudited 30th September 2003 HK\$'000</b>	Audited 31st March 2003 HK\$'000
Current	17,323	10,419
30–60 days	12,818	2,903
61–90 days	7,172	5,380
91 days to 180 days	7,084	4,055
Over 180 days	19,641	19,157
	<b>64,038</b>	<b>41,914</b>

Customers are generally granted with credit terms of 30 to 90 days. Longer payment terms are granted to those customers which have good payment history and long-term relationship with the Group.

**9 Trade payables**

The ageing analysis of trade payable is as follows:

	<b>Unaudited 30th September 2003 HK\$'000</b>	Audited 31st March 2003 HK\$'000
Current–30 days	7,884	5,773
31–60 days	12,769	3,056
61–90 days	9,166	3,720
Over 90 days	15,187	8,634
	<b>45,006</b>	<b>21,183</b>

**10 Long-term liabilities**

	<b>Unaudited 30th September 2003 HK\$'000</b>	Audited 31st March 2003 HK\$'000
Bank loans, secured	21,781	27,222
Obligations under finance leases	<u>29,269</u>	<u>26,963</u>
	51,050	54,185
Current portion of long-term liabilities	<u>(32,853)</u>	<u>(35,671)</u>
	<u><u>18,197</u></u>	<u><u>18,514</u></u>

At 30th September 2003, the Group's secured bank loans (excluding finance lease liabilities) were repayable as follows:

	<b>Unaudited 30th September 2003 HK\$'000</b>	Audited 31st March 2003 HK\$'000
Within one year	20,066	23,861
In the second year	1,715	2,721
In the third to fifth year	-	640
	<u>21,781</u>	<u>27,222</u>

**11 Share capital**

	<b>Unaudited 30th September 2003 HK\$'000</b>	Audited 31st March 2003 HK\$'000
<i>Authorised:</i> 2,000,000,000 ordinary shares of HK\$0.1 each	<u>200,000</u>	<u>200,000</u>
<i>Issued and fully paid:</i> 180,000,000 ordinary shares of HK\$0.1 each	<u>18,000</u>	<u>18,000</u>

## 12 Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5%.

The movement on the deferred tax liabilities account is as follows:

	<b>Unaudited Six months ended 30th September 2003 HK\$'000</b>	As restated Year ended 31st March 2003 HK\$'000
At the beginning of the period/year	<b>3,062</b>	3,164
Deferred taxation credited to profit and loss account ( <i>note 5</i> )	<b>(2,213)</b>	(102)
At the end of the period/year	<b>849</b>	3,062

Deferred income tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable.

## 13 Contingent liabilities

As at 30th September 2003, the Group had contingent liabilities in respect of discounted bills with recourse amounting to HK\$903,565 (31st March 2003: HK\$Nil).

## 14 Commitments under operating leases

At 30th September 2003, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>Unaudited 30th September 2003 HK\$'000</b>	Audited 31st March 2003 HK\$'000
Within one year	<b>888</b>	1,821
Later than one year and not later than five years	<b>371</b>	937
	<b>1,259</b>	2,758

## 15 Capital commitments

At 30th September 2003, the Group had capital commitments contracted but not provided for in respect of plant and equipment of HK\$2,070,000 (31st March 2003: HK\$10,475,000).

**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:

		<b>Unaudited Six month ended 30th September</b>	
	<i>Note</i>	<b>2003 HK\$'000</b>	2002 HK\$'000
Interest income			
Beautiking Investments Limited	(i)	<b>24</b>	28
Rental paid			
Beamax Company Limited	(ii) & (v)	<b>224</b>	114
Beautiking Investments Limited	(iii) & (iv)	<b>172</b>	132
Glory Motion Company Limited	(iii)	<b>138</b>	138
		<b><u>138</u></b>	<b><u>138</u></b>

*Notes:*

- (i) Amount due from Beautiking Investments Limited was unsecured and interest-bearing at 12% per annum which was charged at market rates.
- (ii) One of the subsidiaries, Sun Hip Fung (JF) Printing Products Company Limited, has entered into a lease agreement with a related company, Beamax Company Limited, to lease office space for a period of 2 years commencing 1st February 2003 at a monthly rental of HK\$19,000. The lease was entered into on normal commercial terms.
- (iii) One of the subsidiaries, New Spring Group Company Limited, has entered into lease agreements with related companies Beautiking Investments Limited and Glory Motion Company Limited to lease office spaces for a period of 2 years commencing 1st July 2003 and 1st February 2003 at a monthly rental of HK\$22,000 and HK\$23,000 respectively. The leases were entered into on normal commercial terms.
- (iv) One of the subsidiaries, New Pearl Hot Stamping & Packaging Limited has entered into a lease agreement with Beautiking Investments Limited to lease office spaces for a period of 2 years commencing 1st August 2002 at a monthly rental of HK\$10,000. The lease was early terminated with effect from 31st July 2003.
- (v) One of the subsidiaries, Pronto Print Limited has entered into a lease agreement with Beamax Company Limited to lease office spaces for a period of 2 years commencing 1st January 2002 at monthly rental of HK\$22,000. The lease was early terminated with effect from 31st August 2003.