



## SNP LEEFUNG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

### RESULTS ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2003

#### FINANCIAL HIGHLIGHTS

	<b>Three months ended 30 September 2003</b> (Unaudited) <i>HK\$'000</i>	Three months ended 30 September 2002 (Unaudited) <i>HK\$'000</i>	<b>Nine months ended 30 September 2003</b> (Unaudited) <i>HK\$'000</i>	Nine months ended 30 September 2002 (Unaudited) <i>HK\$'000</i>
Turnover	<u>230,196</u>	<u>285,165</u>	<u>566,599</u>	<u>771,466</u>
Gross profit	<u>58,753</u>	<u>65,906</u>	<u>133,373</u>	<u>175,674</u>
Net Operating profit before capital items	<b>19,523</b>	10,914	<b>34,065</b>	31,240
Capital items	<u>–</u>	<u>25,506</u>	<u>(13,370)</u>	<u>25,506</u>
Profit attributable to shareholders	<u><b>19,523</b></u>	<u>36,420</u>	<u><b>20,695</b></u>	<u>56,746</u>

#### RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2003

The Board of Directors of SNP Leefung Holdings Limited (formerly known as Leefung-Asco Printers Holdings Limited) (the “Company”) are pleased to announce the unaudited third quarter and nine months results for the year ending 31 December 2003 of the Company and its subsidiaries (the “Group”) together with the comparative figures for the same period as follows:

#### Consolidated Profit and Loss Account

	<b>Three months ended 30 September 2003</b> (Unaudited) <i>HK\$'000</i>	Three months ended 30 September 2002 (Unaudited) <i>HK\$'000</i>	<b>Nine months ended 30 September 2003</b> (Unaudited) <i>HK\$'000</i>	Nine months ended 30 September 2002 (Unaudited) <i>HK\$'000</i>
Turnover				
Continuing operations	<b>230,196</b>	278,368	<b>566,599</b>	730,003
Discontinued operations	<u>–</u>	<u>6,797</u>	<u>–</u>	<u>41,463</u>
	<b>230,196</b>	285,165	<b>566,599</b>	771,466
Cost of sales	<u>(171,443)</u>	<u>(219,259)</u>	<u>(433,226)</u>	<u>(595,792)</u>

Gross profit		<b>58,753</b>	65,906	<b>133,373</b>	175,674
Other revenue		<b>186</b>	4,638	<b>3,233</b>	13,816
Distribution costs		<b>(16,034)</b>	(14,560)	<b>(31,825)</b>	(31,690)
Administrative expenses		<b>(20,271)</b>	(37,721)	<b>(63,187)</b>	(100,544)
Gain on disposal of a subsidiary	4	–	25,506	–	25,506
Impairment of fixed assets	5	–	–	<b>(13,370)</b>	–
		<hr/>	<hr/>	<hr/>	<hr/>
Profit from operations		<b>22,634</b>	43,769	<b>28,224</b>	82,762
Finance costs		<b>(959)</b>	(3,099)	<b>(2,945)</b>	(10,105)
Share of results of associates		<b>1,229</b>	889	<b>3,169</b>	2,063
Amortisation of goodwill in respect of acquisition of an associate		<b>(102)</b>	(101)	<b>(304)</b>	(302)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit before taxation					
Continuing operations		<b>22,802</b>	40,913	<b>28,144</b>	71,439
Discontinued operations	4	–	545	–	2,979
		<hr/>	<hr/>	<hr/>	<hr/>
		<b>22,802</b>	41,458	<b>28,144</b>	74,418
		<hr/>	<hr/>	<hr/>	<hr/>
Taxation					
Continuing operations		<b>(3,208)</b>	(2,753)	<b>(7,237)</b>	(11,621)
Discontinued operations	4	–	–	–	(400)
		<hr/>	<hr/>	<hr/>	<hr/>
	6	<b>(3,208)</b>	(2,753)	<b>(7,237)</b>	(12,021)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit before minority interests		<b>19,594</b>	38,705	<b>20,907</b>	62,397
Minority interests		<b>(71)</b>	(2,285)	<b>(212)</b>	(5,651)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit attributable to shareholders		<b>19,523</b>	36,420	<b>20,695</b>	56,746
		<hr/>	<hr/>	<hr/>	<hr/>
Basic earnings per share	7	<b><u>HK 4.8 cents</u></b>	<b><u>HK 9.0 cents</u></b>	<b><u>HK 5.1 cents</u></b>	<b><u>HK 14.1 cents</u></b>

Notes:

## 1. Change of the Company name

A special resolution has been passed at the special general meeting of the Company held on 28 August 2003 for the change of the English name of the Company. The Company has filed all necessary documents with the Registrar of Companies in Bermuda and Hong Kong. Further details have been disclosed in the respective announcement.

## 2. Basis of preparation and accounting policies

The accounting policies and basis of preparation used in preparing the quarterly results are the same as those used in the annual financial statements for the year ended 31 December 2002, except for the effect of the adoption of SSAP 12 (Revised) “Income Taxes” (“SSAP 12 (Revised)”) as described in the following paragraph.

In year 2003, the Group has adopted, for the first time, SSAP 12 (Revised) “Income Taxes”. The principal effect of the implementation of SSAP 12 (Revised) is in relation to the deferred taxation. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively.

### 3. Turnover by geographical segment

	Three months ended 30 September 2003 (Unaudited) HK\$'000	Three months ended 30 September 2002 (Unaudited) HK\$'000	Nine months ended 30 September 2003 (Unaudited) HK\$'000	Nine months ended 30 September 2002 (Unaudited) HK\$'000
Mainland China	95,128	132,211 *	263,450	402,472
Hong Kong	9,989	34,938	33,351	96,119
	<u>105,117</u>	<u>167,149</u>	<u>296,801</u>	<u>498,591</u>
United States of America	79,279	85,288	182,557	208,514
United Kingdom	23,141	27,644	44,074	49,628
Other areas	22,659	5,084	43,167	14,733
	<u>230,196</u>	<u>285,165</u>	<u>566,599</u>	<u>771,466</u>

\* The drop in turnover in Mainland China is mainly due to the exclusion of sales contributed by the Shanghai subsidiary which was disposed on 31 December 2002. The turnover contribution from the Shanghai subsidiary in the third quarter in 2002 amounted to HK\$53 million.

### 4. Discontinued operations

On 2 August 2002, the Company had entered into a sales and purchase agreement with SNP Corporation Ltd, which became a substantial shareholder of the Company in June 2003, to dispose the entire interests in Vite Limited, a wholly-owned subsidiary of the Company at that time, for a total consideration of HK\$34 million. The resulting gain on disposal had amounted to HK\$25.5 million. The principal activity of Vite Limited is financial printing and the transaction was duly completed on 8 August 2002. For disclosure purpose, the results of the subsidiary disposed were then classified as discontinued operations in the profit and loss account.

### 5. Impairment loss of fixed assets

The Packaging Division in Dongguan has persistently incurred operating losses since 2001 and such adverse operating condition is expected to continue in the near future. The management then conducted a detail assessment of those divisional assets and concluded that the recoverable amount of certain machineries were less than their carrying values due to obsolescence. According to SSAP 31, "Impairment of assets", an impairment loss of HK\$13.4 million has been recognised in June 2003 as an expense in the income statement.

### 6. Taxation

	Three months ended 30 September 2003 (Unaudited) HK\$'000	Three months ended 30 September 2002 (Unaudited) HK\$'000	Nine months ended 30 September 2003 (Unaudited) HK\$'000	Nine months ended 30 September 2002 (Unaudited) HK\$'000
The charge comprises:				
Group:				
Hong Kong	875	–	1,875	400
Other jurisdictions	2,010	2,753	4,524	11,621
	<u>2,885</u>	<u>2,753</u>	<u>6,399</u>	<u>12,021</u>
Taxation attributable to the Company and its subsidiaries	2,885	2,753	6,399	12,021
Share of tax attributable to associates	323	–	838	–
	<u>3,208</u>	<u>2,753</u>	<u>7,237</u>	<u>12,021</u>

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## 7. Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK\$19,523,000 (2002: HK\$36,420,000) for the three months ended 30 September 2003 and HK\$20,695,000 (2002: HK\$56,746,000) for the nine months ended 30 September 2003 and on the weighted average number of 402,726,918 (2002: 402,736,918) shares in issue during the period.

The Company has no dilutive potential shares in issue during the period.

## MANAGEMENT DISCUSSION & ANALYSIS

In a challenging business environment for the third quarter of 2003, the Company reported a profit of HK\$19.5 million. Excluding the HK\$25.5 million gain on disposal of a subsidiary in the third quarter of 2002, profit for the current period represented an increase of 79% over that of last period.

For the three months ended 30 September 2003, the Group's sales amounted to HK\$230 million, down from HK\$285 million in the same period of last year. However, after taking into account the divestment of the cigarette packaging and financial printing businesses, that had a combined turnover of HK\$60 million in same period last year, the turnovers of these two corresponding quarters are in fact about the same. On the other hand, with the continuous efforts in enhancement of productivity and operational efficiency, the gross profit margin increased from 23% to 26%. This proved our cost control measures implemented last year have been effective.

The administrative expenses for the Group has dropped significantly by HK\$17 million in the current period as a result of the exclusion of such expenses of the Shanghai subsidiary (2002: HK\$ 4 million). The effective cost control measures and the effective credit control management also enabled the Group to benefit from the resulting lower administrative costs.

The finance costs for the Group has dropped by HK\$2.1 million as a result of the exclusion of the finance charges of the Shanghai subsidiary (2002: HK\$1.1 million) and the fall in interest rates. The net borrowing position has significantly improved from HK\$217 million as at 30 September 2002 to HK\$158 million as at 30 September 2003.

## PROSPECTS

Going forward, we will place priority in turning around our currently loss-making packaging business. In parallel, we will expand and grow organically as well as through merger and acquisitions in the region.

As explained in our interim results announcement, with the recent change in shareholdings, SNP Corporation Ltd ("SNP Corp") has now become the Group's holding company. Apart from integration with other subsidiaries of SNP Corp, the Group will also benefit from the operational synergies such as centralisation of marketing and purchasing functions.

We believe that with our solid foundation and committed focus under the leadership of the new management team, the Company is well-equipped to enhance its competitiveness and to meet the new challenges for growth.

## ACKNOWLEDGEMENT

On behalf of the board, I would like to express my sincere gratitude to all our staff for their dedication, hard work and contribution during the period. In addition, we would like to thank our shareholders and customers for their support.

By Order of the Board  
**Yeo Chee Tong**  
*Executive Director and Chief Executive Officer*

Hong Kong, 7 October 2003

"Please also refer to the published version of this announcement in The Standard"