SNP LEEFUNG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2003

The Board of Directors of SNP Leefung Holdings Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2003.

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2003 *HK$'000*	Year ended 31 December 2002 *HK$'000*
Turnover	**734,586**	1,021,819
Gross profit	**161,510**	232,004
Net operating profit before capital items	**35,858**	29,149
Capital items	**(13,361)**	10,988
Net profit attributable to shareholders	**22,497**	40,137
Dividends		
Interim	**HK 2 cents**	HK 2 cents
Proposed final	**HK 3 cents**	HK 3 cents
Earnings per share	**HK 5.59 cents**	HK 9.97 cents

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2003

	Notes	2003 HK$'000	2002 HK$'000
Turnover			
Continuing operations		**734,586**	980,356
Discontinuing operation	4	–	41,463
		734,586	1,021,819
Cost of sales		**(573,076)**	(789,815)
Gross profit		**161,510**	232,004
Other operating income		**4,235**	3,091
Distribution costs		**(46,886)**	(50,712)
Administrative expenses		**(72,217)**	(116,828)
Surplus/(deficit) on revaluation of investment properties		**960**	(15,334)
Loss on disposal of investment properties		**(951)**	–
Loss on disposal of properties, plant and equipment		**(268)**	(3,965)
Impairment loss recognised in respect of plant and machinery	3	**(13,370)**	–
Gain on disposal of discontinuing operation	4	**–**	25,506
Gain on disposal of interests in subsidiaries		**–**	816
PROFIT FROM OPERATIONS	5	**33,013**	74,578
Finance costs		**(3,459)**	(12,766)
Share of results of associates		**4,849**	3,526
Amortisation of goodwill arising from the acquisition of an associate		**(403)**	(403)
		4,446	3,123
PROFIT BEFORE TAX			
Continuing operations		**34,000**	61,956
Discontinuing operation	4	**–**	2,979
		34,000	64,935
Income tax expenses			
Continuing operations		**(11,220)**	(15,771)
Discontinuing operation	4	**–**	(400)
	6	**(11,220)**	(16,171)
PROFIT AFTER TAX		**22,780**	48,764
Minority interests		**(283)**	(8,627)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		**22,497**	40,137
DIVIDENDS	7		
Interim		**8,055**	8,055
Proposed final		**12,082**	12,082
		20,137	20,137
EARNINGS PER SHARE	8		
Basic		**HK 5.59 cents**	HK 9.97 cents
Diluted		**N/A**	N/A

Notes:

1. Change in accounting policies

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standard (HKFRS) issued by the Hong Kong Society of Accountants (HKSA), the term of HKFRS is inclusive of Statements of Standard Accounting Practice (SSAPs) and Interpretations approved by the HKSA.

SSAP 12 (Revised) Income Taxes

The Group has adopted SSAP 12 (Revised) Income Taxes. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. 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 amount of assets and liabilities in the financial statements and the corresponding tax bases 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. Comparative amounts for 2002 have been restated accordingly. As a result of this change in policy, the balance on the Group's property revaluation reserve at 1 January 2002 have been decreased by HK$2,184,000, representing the deferred tax liability recognised in respect of the revaluation surplus on the Group's properties at that date. The adoption of SSAP 12 (Revised) has not had material effect on the results for the years ended 31 December 2002 and 2003.

2. Segment information

(a) *Business segments*

For management purposes, the Group is currently organised into two operating divisions – printing of books and magazines and printing of packaging products. These divisions are the basis on which the Group reports its primary segment information.

In prior year, the Group was also involved in financial printing. That operation was discontinued since August 2002 *(note 4)*.

Intersegment sales are charged at prevailing market prices.

Segment information about these businesses in presented below:

For the year ended 31 December 2003

	Continuing operations			
	Printing of books and magazines *HK$'000*	**Printing of packaging products** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue				
External sales	**668,133**	**66,453**	**–**	**734,586**
Inter-segment sales	**–**	**6,128**	**(6,128)**	**–**
Total	**668,133**	**72,581**	**(6,128)**	**734,586**
Segment results	**89,433**	**(15,965)**	**–**	**73,468**
Surplus on revaluation of investment properties				**960**
Loss on disposal of investment properties				**(951)**
Impairment loss recognised in respect of plant and machinery	**–**	**(13,370)**	**–**	**(13,370)**
Unallocated corporate expenses				**(27,094)**
Profit from operations				**33,013**
Finance costs				**(3,459)**
Share of results of associates	**2,160**	**2,689**	**–**	**4,849**
Amortisation of goodwill arising from the acquisition of an associate	**(403)**	**–**	**–**	**(403)**
Profit before tax				**34,000**
Income tax expenses				**(11,220)**
Profit after tax				**22,780**
Minority interests				**(283)**
Net profit attributable to shareholders				**22,497**

For the year ended 31 December 2002

	Continuing operations		Discontinuing operation			
	Printing of books and magazines *HK$'000*	Printing of packaging products *HK$'000*	Financial printing *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue						
External sales	696,113	284,243	41,463	–	–	1,021,819
Inter-segment sales	1,213	5,387	–	–	(6,600)	–
Total	697,326	289,630	41,463	–	(6,600)	1,021,819
Segment results	70,997	15,129	2,988	–	–	89,114
Deficit on revaluation of investment properties						(15,334)
Gain on disposal of discontinuing operation	–	–	25,506	–	–	25,506
Gain on disposal of interests in subsidiaries	185	631	–	–	–	816
Unallocated corporate expenses						(25,524)
Profit from operations						74,578
Finance costs						(12,766)
Share of results of associates	3,590	–	–	(64)	–	3,526
Amortisation of goodwill arising from the acquisition of an associate	(403)	–	–	–	–	(403)
Profit before tax						64,935
Income tax expenses						(16,171)
Profit after tax						48,764
Minority interests						(8,627)
Net profit attributable to shareholders						40,137

(b) *Geographical segments*

	2003 *HK$'000*	2002 *HK$'000*
Segment revenue		
People's Republic of China (the "PRC"), excluding Hong Kong	**359,502***	567,221
Hong Kong	**34,082**	108,546
	393,584	675,767
United States of America	**227,402**	253,942
United Kingdom	**60,430**	71,045
Australia	**44,364**	13,394
Other areas	**8,806**	7,671
	734,586	1,021,819

Segment result by geographical market has not been presented as the result from each market is substantially in line with the overall Group's ratio of result to revenue.

* The drop in turnover in PRC 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 for the year 2002 amounted to HK$216 million.

3. Impairment loss recognised in respect of plant and machinery

The Packaging Division in Dongguan has been incurring operating losses since 2001. In connection to this, the management of the Company conducted a detailed assessment of its plant and machinery and concluded that the recoverable amount of certain machineries were less than their carrying values due to obsolescence. Accordingly, an impairment loss of approximately HK$13.4 million has been recognised as an expense in the income statement.

4. Gain on disposal of discontinuing operation

On 2 August 2002, the Company entered into a sales and purchase agreement with SNP Corporation Ltd, pursuant to which the Company procured to dispose of the entire interests in Vite Limited, a wholly-owned subsidiary of the Company, for a total consideration of HK$34.0 million, resulting in a gain on disposal amounting to approximately HK$25.5 million. For clarity purpose, SNP Corporation Ltd was not a shareholder of the Company at the date of disposal. The principal activity of Vite Limited is financial printing and the segmental information of the subsidiary has been presented in note 2. The transaction was duly completed on 8 August 2002.

As at the date of disposal, the carrying amounts of the total assets and liabilities of the subsidiary disposed of were approximately HK$22.0 million and approximately HK$15.2 million, respectively. The net cash inflows/(outflows) attributable to the operating, investing and financing activities of the discontinuing operation for the year ended 31 December 2002 amounted to approximately HK$4.4 million, approximately HK$(0.7) million and approximately HK$(1.4) million, respectively.

5. Profit from operations

Profit from operations is arrived at after charging/(crediting):

	2003	2002
	HK$'000	*HK$'000*
Depreciation and amortisation	**45,617**	61,105
Minimum lease payments under operating leases:		
Plant and machinery	**49**	1,522
Land and buildings	**1,076**	2,165
	1,125	3,687
Gross rental income	**(428)**	(512)
Less: outgoings	**41**	30
Net rental income	**(387)**	(482)
Exchange gain, net	**(1,997)**	(1,162)
Interest income	**(848)**	(962)

6. Income tax expenses

	2003	2002
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**3,555**	400
Other jurisdictions	**4,970**	15,573
	8,525	15,973
Deferred taxation	**1,419**	–
Taxation attributable to the Company and its subsidiaries	**9,944**	15,973
Share of taxation attributable to associates	**1,276**	198
	11,220	16,171

Hong Kong Profits Tax is calculated at 17.5% (2002: 16%) of the estimated assessable profit for the year. The tax rate has been increased with effect from the 2003 year of assessment.

Taxation arising in other jurisdictions is calculated at the rate prevailing in the respective jurisdiction.

7. **Dividends**

	2003	2002
	HK$'000	*HK$'000*
Interim dividend paid: HK 2 cents (2002: HK 2 cents) per share	**8,055**	8,055
Final dividend proposed: HK 3 cents (2002: HK 3 cents) per share	**12,082**	12,082
	20,137	20,137

The Company paid an interim dividend of HK 2 cents for the six months ended 30 June 2003 on 30 September 2003. The Board of Directors recommend a final dividend of HK3 cents in respect of the results for the year ended 31 December 2003.

8. **Earnings per share**

The calculation of the basic earnings per share is based on net profit attributable to shareholders of HK$22,497,000 (2002: HK$40,137,000), and on the weighted average of 402,726,918 shares (2002: 402,736,288 shares) in issue during the year.

No diluted earnings per share has been presented because the exercise price of the Company's options was higher than the average market price for shares for the current year.

Diluted earnings per share has not been presented for the year ended 31 December 2002 as the Company has no potential shares outstanding during that year.

FINAL DIVIDEND

The Board has resolved to declare a final dividend of HK3 cents per share for the year ended 31 December 2003 (2002: HK3 cents) to be payable on Wednesday, 7 April 2004, to shareholders whose names appear on the register of members of the Company on Thursday, 18 March 2004.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 15 March 2004 to Thursday, 18 March 2004, both days inclusive, during which no transfer of shares will be registered. All transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrars in Tengis Limited, G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 12 March 2004.

CHANGE OF SHAREHOLDINGS

On 17 June 2003, the Company and Singapore listed SNP Corporation Limited ("SNP Corp") jointly announced that SNP Corp had entered into a Share Purchase Agreement with S.I. Holdings Limited whose entire capital is indirectly owned by Smurfit International B.V., Randburg Limited and United Rise Investments Limited to acquire altogether 227,220,495 shares of the Company, representing approximately 56.42% of the existing issued share capital for a total consideration of approximately HK$323 million. The Share Purchase Agreement was duly completed on 4 July 2003. Immediately following the completion, SNP Corp had been obliged under Rule 26 of the Takeovers Code to make a mandatory unconditional cash offer to acquire all the issued shares other than those already owned by SNP Corp and parties acting in concert with it at HK$1.42 per share. The offer period ended on 29 July 2003 with valid acceptances of 82,654,061 shares. Together with the 227,220,495 shares, SNP Corp's total equity interests was 309,874,556 shares, representing approximately 76.94% of the existing issued share capital of the Company. Immediately following the closing of the offer period, SNP Corp procured a placing agent for the placement of shares to independent third parties to ensure that the Company can maintain at least 25% minimum public float as required by the Listing Rules. On 19 August 2003, 39,000,000 shares were being placed and SNP Corp's interests in shares in the Company has decreased to 270,874,556 shares, representing approximately 67.26% of the existing issued shares capital of the Company.

MANAGEMENT DISCUSSION & ANALYSIS

Sales of different products

	2003	2002
	HK$'000	*HK$'000*
Packaging Printing	**66,453**	284,243
Book Printing	**413,345**	467,164
Magazines Printing	**254,096**	222,440
Financial Printing	**–**	41,463
Colour Separation and Publishing	**692**	6,509
	734,586	1,021,819

Sales within different regions

	2003	2002
	HK$'000	*HK$'000*
The PRC, excluding Hong Kong	**359,502***	567,221
Hong Kong	**34,082**	108,546
	393,584	675,767
United States of America	**227,402**	253,942
United Kingdom	**60,430**	71,045
Australia	**44,364**	13,394
Other areas	**8,806**	7,671
	734,586	1,021,819

* *The drop in turnover 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 for the year 2002 amounted to HK$216 million.*

BUSINESS AND FINANCIAL REVIEW

2003 was a historical and challenging year to SNP Leefung. SNP Corp, a leading printing and publishing Company based in Singapore with printing operations in Singapore, Malaysia, Thailand, China and Australia, acquired 67.26% interest in SNP Leefung in July this year. In the second half year, the integration between SNP Leefung and SNP Corp has almost been completed. Since the acquisition by SNP Corp, the Group's core businesses remained strong and were able to recap the shortfall in turnover in the first half of the year. The integration effect started to emerge in the fourth quarter of the year and the Group benefited not only from the cross-selling opportunities and marketing functions but also the costs savings from centralisation of procurement and administration.

During the year under review, we were able to attain sound operating and financial results under a very competitive market environment. The Group recorded a turnover of HK$735 million, down from HK$1,022 million, representing a decline of HK$287 million, approximately 28% over last year. The reason for the decline was attributed to the combined effects of the exclusion of the turnovers contributed by the disposed subsidiaries amounted to HK$216 million for the Shanghai cigarette packaging joint venture and HK$41 million from financial printing. Despite the outbreak of Severe Acute Respiratory Syndrome ("SARS") and Iraq War which rendered the business environment extremely difficult, our core printing businesses continue to provide positive contributions in terms of operating profits and cashflows. After taking into account the integration cost of approximately HK$3 million, the net operating profit before capital items amounted to HK$36 million as compared to HK$29 million for the year of 2002.

Despite the inclusion of the fixed overheads of our newly set up corrugated production lines, we were still able to maintain our gross profit margin at 22%, which was comparable with that of last year. Cost savings were achieved through effective reduction in selling and overheads expenses. Administrative expenses had also dropped by HK$44.6 million in current year due to stringent cost control, low bad debt level and the exclusion of the expenses of HK$24 million of the disposed subsidiaries.

Finance costs was dramatically reduced by approximately HK$9.3 million in current year as the Group was able to take advantage of the ongoing reduction in interest rates, improved treasury management and the exclusion of the interest costs of HK$4.7 million of the disposed Shanghai joint venture.

China Division

Being a well-known printing group in Mainland China, we are focusing on providing high-quality magazines and hardcover books. With our continuous proactive marketing efforts, we were able to maintain our sales level at approximately HK$350 million despite the difficult market condition in the first half of the year. Going forward, we plan to inject new capital for expanded capacities for future growth.

Export Division

The outbreak of SARS and Iraq War happened early this year had prevented overseas customers conducting proof checks in our China-based plants and delayed their print buying from the Far East. This led to a decline in turnover in the first half year. With our extensive sales efforts, we were able to recover rapidly in the second half of 2003. Further, we benefited from the integration with the SNP Group and received some orders from its existing customers in the fourth quarter.

Packaging Division

Our newly set up corrugator production line, providing a new potential profit stream, completed its full installation in September 2002. As the corrugated business was still at the start-up stage early this year, the unexpected SARS had rendered its initial business development much more difficult than planned. The insufficient sales volume was not able to cover the significant fixed cost including depreciation charges. We have restructured the management team in the fourth quarter with the objective to turnaround the operation in 2004.

Capital Investments

During the year, we have invested approximately HK$53 million in upgrading our existing facilities and increase our production capacities. This indicates our determination in reinforcing our production capability and commitment to offer high-quality services. It is contemplated that further investments in advanced printing machines will be made in coming years in order to ensure our prompt responsiveness to the increasing demand from our valuable customers. We are confident that we are well equipped to consolidate our position as one of the leading printers in printing industry.

OUTLOOK

Following the streamlined exercises by divesting the non-core operations such as financial printing, publishing, e-business, etc in recent years, the Group has reinforced the prime focus on the development of the core printing business. With the full integration with SNP Corp, we are optimistic that we will have encouraging growth in year 2004. Based on our present access to the domestic market in Mainland China, we expect that there are growing demand for quality packaging and printing services, especially after China's entry into the World Trade Organisation.

In addition to organic growth, the Group will continuously explore any possible value-enhancing merger and acquisition opportunities. We will also look at possibilities of vertical or horizontal integration within the SNP Group, so as to enlarge and strengthen our size, capacity and more importantly, our market share in the industry.

We continue to place priority on staff development. There will be continual talent recruitment and training for our staff. Technical and inter-company posting within the Group will be provided to enrich the professional knowledge of our dedicated employees.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2003, the Group's cash and bank balances amounted to HK$81 million while the total assets and the net assets were approximately HK$1,094 million and HK$722 million respectively.

The current ratio at year end improved from 1.95 to 2.04 and the total bank borrowings had decreased by HK$30 million. The net gearing ratio based on total debts to equity improved from 15% to 13% as at year end. In view of the Group's ability to generate cash from its operations, together with approximately HK$461 million unutilised bank facilities at the balance sheet date, the Board considers that the Group has sufficient financial resources to finance future capital expenditure plans.

CAPITAL STRUCTURE

As at 31 December 2003, the Group's net assets were financed by internal resources through share capital and reserves. Total equity attributable to shareholders was HK$722 million, which is comparable with that of last year.

To further strengthen our balance sheet position, in December 2003, the Group had successfully refinanced its existing HK$150 million term loans at competitive interest rates. As at 31 December 2003, the Group's bank borrowings was amounted to HK$172.0 million (31 December 2002: HK$202.1 million) which represents 24% (31 December 2002: 28%) of the shareholders' equity. HK$47 million, HK$40 million and HK$85 million will be repayable within one year, the second year, the third to fifth years, respectively.

TREASURY POLICIES

The Group maintains a conservative approach on foreign exchange exposure management. The Group's borrowings at year end were all in Hong Kong dollars.

The Group's borrowings are principally on the floating rate basis. When appropriate and at times of interest rate uncertainty or volatility, hedging instruments including swaps are used in managing the interest rate exposure.

PLEDGE OF ASSETS

As at 31 December 2003, the Group did not pledge any of its assets (2002: nil) as securities for generating banking facilities granted to the Group.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

At the end of 2003, the Group employed a total of approximately 80 employees in Hong Kong and a workforce of approximately 2,800 in the PRC.

The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. In addition to salaries, the Group provides staff benefits including medical insurance, contribution to staff's provident fund, share options and discretionary training subsidies. Discretionary bonuses are also available to employees of the Group depending upon the financial performance of the Group.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no repurchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2003.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, throughout the year, except that the non-executive directors of the Company are not appointed for specific terms but are subject to retirement and re-election at each annual general meeting of the Company in accordance with the bye-laws of the Company.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE EXCHANGE'S WEBSITE

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be subsequently published on the Stock Exchange's website in due course.

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 especially during such a challenging period. In addition, we would also like to thank all our shareholders for their support of the Group and our customers for their business.

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

Hong Kong
26 January 2004

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