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SNP LEEFUNG HOLDINGS LIMITED

利豐雅高印刷集團有限公司*

(Incorporated in Bermuda with limited liability)

CONNECTED TRANSACTION PURSUANT TO SHARE AWARD SCHEMES

The Board announces the proposed adoption of the Performance Related Incentive Award Scheme and the Time-Based Incentive Award Scheme pursuant to which employees, executive directors and chief executives of the Group shall be entitled to participate.

The allotment and issue of Shares to executive directors and chief executives of the Group pursuant to the Schemes constitute connected transactions for the Company pursuant to Chapter 14 of the Listing Rules and will therefore be subject to the approval of Independent Shareholders at the SGM.

A circular containing, inter alia, (i) details of the Schemes; (ii) the recommendations of the independent board committee of the Company in relation to the allotment and issue of Shares to executive directors and chief executives of the Group pursuant to the Schemes; (iii) the advice of an independent financial adviser to the independent board committee of the Company in relation to the allotment and issue of Shares to executive directors and chief executives of the Group pursuant to the Schemes; and (iv) a notice convening the SGM, will be despatched to Shareholders in due course.

The Board announces the adoption of the Performance Related Incentive Award Scheme and the Time-Based Incentive Award Scheme for employees of the Group (including executive directors and chief executives of the Group) for the purpose of recognising the loyalty and/or performance of certain employees, in order to retain them for the continual operation and development of the Group to attract suitable personnel for further development of the Group and to enable Employees to participate in similar award schemes adopted by SNP Corporation Ltd. (the holding company of the Company) for its employees.

The allotment and issue of Shares to executive directors and chief executives of the Group (being connected persons as defined in the Listing Rules) upon their meeting of vesting criteria pursuant to the Schemes constitute connected transactions for the Company under the Listing Rules and will therefore be subject to the approval of Independent Shareholders at the SGM.

The Schemes do not constitute share option schemes pursuant to Chapter 17 of the Listing Rules and are discretionary schemes of the Company.

OPERATION OF THE SCHEMES

Administration

The Schemes shall be subject to the administration of the Committee in accordance with the provisions of the relevant Scheme and the ERCC (Time-Based) Agreement (in the case of Time-Based Incentive Award Scheme) or ERCC (Performance) Agreement (in the case of the Performance Related Incentive Award Scheme). The Committee has the absolute discretion (having regards to an Employee's seniority, performance and work ethics) to select any Employee to participate in the Schemes. However, no Employee shall be entitled to participate in the Schemes and there shall be excluded from the term Selected Employee any Employee who is

resident in a place where the setting aside of sums of money and/or Shares and/or the subscription of Shares pursuant to the terms of the Schemes is not legally permitted or where in the view of the Committee compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such Employees.

Determination of the value of the Award

Pursuant to the rules of the Schemes, the Committee has the absolute discretion to determine at any time a notional number of Shares (the “Number of Awarded Shares”) which shall constitute a bonus referable to each Selected Employee pursuant to the Schemes. The Number of Awarded Shares to the Selected Employee will be transferred from the Committee’s resources of Shares and/or cash held after satisfaction of the vesting criteria subject to the listing of, and permission to deal in, such Shares, having been obtained in the case of the number of Awarded Shares comprises new Shares.

The Company may pay the equivalent cash amount of the Number of Awarded Shares, valued as at the date of the granting of the award, to the Committee for purchase and/or subscription of the Shares. The Committee may in its absolute discretion upon Selected Employee satisfying the vesting criteria to either (i) transfer a cash amount equivalent to the value of the Number of Awarded Shares or (ii) transfer a combination of Shares and cash equivalent to the value of a part of the Number of Awarded Shares in lieu of the Number of Awarded Shares to the Selected Employee. In any event, the Committee will notify a Selected Employee of any award in writing substantially in the form set out in the Schemes. No Director who is on the Committee shall participate in the decision relating to an award of Shares to him.

The value of Awarded Shares will be determined by the Committee at the date of grant having regards to the last 7 days average closing price of the Shares on the Stock Exchange immediately before the date of grant and the selected Employee’s remuneration provided that the value of the maximum number of Awarded Shares referable to an Employee in any year shall not exceed 100% of the value of such Employee’s annual remuneration.

Matters considered by the Committee

In determining the Number of Awarded Shares, the Committee may take into consideration matters including (without limitation), the general financial condition (such as net profit, interim results, cash on hand) of the Group, the Group’s overall business objectives (such as expansion plans) and future development plan and the years of service (in the case of the Time-Based Incentive Award Scheme) or the rank and performance (in the case of the Performance Related Incentive Award Scheme) of the Selected Employee.

Conditions of the Schemes

The conditions of the Schemes are, *inter alia*, as follows:

- (i) the vesting criteria having been satisfied and such further conditions as the Committee at its discretion may have stipulated and which have been communicated to the Selected Employee in writing on or before the date on which the Employee is notified of the award; and
- (ii) that the Selected Employee remains at all times after and on the vesting date (or, as the case may be, on each relevant vesting date) an Employee of the Group.

For the avoidance of doubt, in the event that a Selected Employee ceases to be an Employee by reason of redundancy, severance or unfair dismissal or because he has tendered his resignation, then such person will (subject to rules of the Schemes) be deemed to have ceased to be an Employee for the purposes of the Schemes and the condition referred to therein shall fail to have been satisfied.

In the event that the Company, the Subsidiary or the business division by which a Selected Employee is employed ceases to be a Subsidiary or business division of the Group or ceases to be a Selected Employee by reason of ill health, injury, disability death or bankruptcy, then any award made to such Selected Employee shall subject to the absolute discretion of the Committee be preserved in part or in its entirety.

Notwithstanding any other provision of the Schemes (but subject to any applicable laws), the Committee shall be at liberty to waive any conditions referred to in the Schemes other than that in relation to the maximum number of Shares administered and the maximum number of Shares granted to executive directors and chief executives of the Group.

Scheme Limit

The maximum number of Shares administered under the Schemes and any other scheme of a similar nature adopted by the Company and/or any of its subsidiaries will not exceed five per cent of the issued share capital of the Company as at the date of approval of the Schemes, being 20,136,345 Shares as at the Latest Practicable Date. The maximum number of Shares administered under the Schemes for executive directors and chief executives of the Group shall in no event exceed, being two and a half per cent. of the issued share capital of the Company as at 10,068,172 Shares as at the Latest Practicable Date.

Duration

The term of the Schemes is valid for 10 years commencing on the relevant adoption date save and except early termination contemplated in the Schemes.

GENERAL

A circular containing, inter alia, (i) details of the Schemes; (ii) the recommendations of the independent board committee of the Company in relation to the allotment and issue of Shares to executive directors and chief executives of the Group pursuant to the Schemes; (iii) the advice of an independent financial adviser to the independent board committee of the Company in relation to the allotment and issue of Shares to executive directors and chief executives of the Group pursuant to the Schemes; and (iv) a notice convening the SGM, will be despatched to Shareholders in due course.

DEFINITIONS

In this Announcement, unless the context requires otherwise, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Committee”	the board of directors or any executive resources compensation committee or sub-committee of the Board of Directors (comprising in majority non-executive directors and/or independent non-executive directors) delegated with the authority to administer the Schemes
“Company”	SNP Leefung Holdings Limited, a company incorporated in Bermuda with limited liability and whose securities are listed on the Stock Exchange
“Directors”	the directors of the Company
“Employee”	any bona fide employee (whether full time or part time (i.e. working more than 15 hours per week)) of the Company or of any Subsidiary of the Company (whether seconded or otherwise) who has obtained 21 years of age, but including executive directors and chief executives of the Company and any Subsidiary of the Company, provided always that such term shall exclude any person who at the relevant time has tendered his resignation or who is working out his period of notice pursuant to his employment contract or otherwise
“ERCC”	Executive Resources Compensation Committee
“ERCC (Performance) Agreement”	the agreement to be entered into between the Company and the Committee on 18 March 2004 in relation to the administration of the Performance Related Incentive Award Scheme. The ERCC (Performance) Agreement essentially makes provision on the handling of Shares and/or cash by the Committee pursuant to the Schemes; voting of interested directors; and compliance issues under the Model Code for Securities Transaction by Directors of Listed Companies and the Code of Best Practice under the Listing Rules

“ERCC (Time-Based) Agreement”	the agreement to be entered into between the Company and the Committee on 18 March 2004 in relation to the administration of the Time-Based Incentive Award Scheme. The ERCC (Time-Based) Agreement essentially makes provision on the handling of Shares and/or cash by the Committee pursuant to the Schemes; voting of interested directors; and compliance issues under the Model Code for Securities Transaction by Directors of Listed Companies and the Code of Best Practice under the Listing Rules
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	shareholders of the Company who are not Employees or connected persons who are interested in the Schemes and the associates of such connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Performance Related Incentive Award Scheme”	the performance related incentive award scheme proposed to be adopted by the Company
“Schemes”	collectively the Performance Related Incentive Award Scheme and the Time-Based Incentive Award Scheme
“Selected Employee”	means employees of the Group selected to participate in the Schemes (including directors and chief executives)
“SGM”	the special general meeting of the Company to be convened for, inter alia, approving the allotment and issue of Shares to executive directors and chief executives of the Group
“Shares”	ordinary shares in the authorised capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	subsidiaries of the Company from time to time
“Time-Based Incentive Award Scheme”	the time related incentive award scheme proposed to be adopted by the Company

By Order of the Board
LO KIN CHEUNG
Company Secretary

Hong Kong, 2 March 2004

* *For identification purposes only*

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