



# SNP LEEFUNG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 623)

## RESULTS ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2004

### THE FIRST QUARTER RESULTS

The Board of Directors of SNP Leefung Holdings Limited (the “Company”) are pleased to announce the unaudited first quarter results for the year ending 31 December 2004 of the Company and its subsidiaries (the “Group”) together with the comparative figures for the corresponding period of last year as follows:

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	<b>Three months ended 31 March 2004 (Unaudited) HK\$'000</b>	<b>Three months ended 31 March 2003 (Unaudited) HK\$'000</b>
Turnover	2	190,615	164,892
Cost of sales		<u>(148,628)</u>	<u>(128,746)</u>
Gross profit		41,987	36,146
Other operating income		786	1,075
Distribution costs		(14,848)	(11,614)
Administrative expenses		<u>(19,466)</u>	<u>(18,035)</u>
Profit from operations		8,459	7,572
Finance costs		(434)	(1,066)
Share of results of associates		1,307	925
Amortisation of goodwill arising from the acquisition of an associate		<u>(101)</u>	<u>(101)</u>
Profit before tax		9,231	7,330
Income tax expenses	3	<u>(1,988)</u>	<u>(1,579)</u>
Profit after tax		7,243	5,751
Minority interests		<u>(71)</u>	<u>(71)</u>
Net profit attributable to shareholders		<u>7,172</u>	<u>5,680</u>
Basic earnings per share	4	<u>HK1.78 cents</u>	<u>HK1.41 cents</u>

Notes:

**1. Basis of preparation and accounting policies**

The accounting policies and basis of preparation used in preparing the quarterly results are the same as those adopted in preparing the financial statement for the year ended 31 December 2003.

**2. Turnover by geographical areas**

	<b>Three months ended 31 March 2004 (Unaudited) HK\$'000</b>	Three months ended 31 March 2003 (Unaudited) HK\$'000
Mainland China, excluding Hong Kong	92,312	88,020
Hong Kong	6,652	7,587
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	<b>98,964</b>	95,607
United States of America	37,625	49,169
United Kingdom	26,664	8,311
Australia	24,091	10,849
Other areas	3,271	956
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	<b>190,615</b>	164,892
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**3. Income tax expenses**

	<b>Three months ended 31 March 2004 (Unaudited) HK\$'000</b>	Three months ended 31 March 2003 (Unaudited) HK\$'000
Current tax:		
Hong Kong	1,067	–
Other jurisdictions	548	1,333
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Taxation attributable to the Company and its subsidiaries	1,615	1,333
Share of taxation attributable to associates	373	246
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	<b>1,988</b>	1,579
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Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profits for the period. No tax was payable on the profit for the first quarter ended 31 March 2003 arising in Hong Kong since there was no assessable profit during that period.

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

#### **4. Basic earnings per share**

The calculation of the basic earnings per share for the three months ended 31 March 2004 is based on the net profit attributable to shareholders of approximately HK\$7,172,000 (2003: HK\$5,680,000) and the weighted average of 402,726,918 shares (2003: 402,726,918 shares) in issue during the period.

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 period.

### **MANAGEMENT DISCUSSION & ANALYSIS**

For the first quarter ended 31 March 2004, the Group reported a turnover of HK\$190.6 million, an increase of 16% compared to the same quarter last year and a net profit attributable to shareholders of HK\$7.2 million, an increase of 26% over the first quarter in last year.

The growth in sales as compared with the corresponding period last year was largely due to the increase in sales of casebound books for our export business. Due to seasonal factors, turnover for our PRC and Packaging Division remains comparable with that of last year.

The gross profit for the period increased from HK\$36.1 million to HK\$42.0 million which was in line with the increase in turnover. The gross profit margin remained at 22%. The increase in distribution cost was a result of higher export sales. The increase in administrative expenses was the combined effect of staff training cost, depreciation for replacement of fixed assets, additional IT and corporate announcement costs.

The finance costs for the Group has dropped by HK\$0.6 million, resulting from lower interest rates and improved treasury management. The net borrowing position has dropped from HK\$91 million at 31 December 2003 to HK\$81 million at 31 March 2004 as a result of the increase in cash inflow from operating activities.

### **PROSPECTS**

Going forward, we will continue to place our priority in turning around the loss-making packaging business. The Group will accelerate its business growth through integration with other subsidiaries of SNP Corporation Ltd. Being a subsidiary of SNP Corporation Ltd, the Group has benefited from the operational synergies such as centralization of overseas commercial-printing sales and procurement functions. The Group also has plans to increase production capacity by either buying additional machines or acquiring existing operations that can fit into our business strategy. The order on hand for the second quarter is encouraging and hence we are optimistic on growth for the second quarter.

### **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**  
*Chief Executive Officer*

Hong Kong, 14 April 2004

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