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SNP LEEFUNG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(stock code: 623)

**VERY SUBSTANTIAL ACQUISITION
TREATED AS A REVERSE TAKEOVER AND
AN APPLICATION FOR NEW LISTING
AND
CONNECTED TRANSACTION
INVOLVING THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF SNP EXCEL UNITED COMPANY LIMITED AND
AN EFFECTIVE INTEREST OF APPROXIMATELY 99.95% OF THE
VOTING SHARE CAPITAL OF SNP SPRINT (THAILAND) CO., LTD
FROM SNP CORPORATION LTD**

Financial adviser to SNP Leefung Holdings Limited



The Acquisition

The Board is pleased to announce that on 3 May 2004, the Company and SNP Corporation entered into the Acquisition Agreements pursuant to which the Company conditionally agreed to acquire the entire issued share capital of Excel, approximately 94.93% of the voting issued share capital of SPrint and approximately 98.93% of the voting issued share capital of CTT from SNP Corporation for a total consideration of S\$88 million (equivalent to approximately HK\$404.1 million). The consideration will be fully satisfied in cash from the Company's internal resources and external bank borrowings.

Both Excel and SPrint are principally engaged in the production of pop-up and touch-and-feel books. CTT's sole asset is its shareholding of common and preference shares in the issued share capital of SPrint. For the year ended 31 December 2003, Excel recorded an audited consolidated net profit of approximately HK\$34.1 million and SPrint recorded an audited net profit of approximately Baht45.3 million (equivalent to approximately HK\$8.5 million based on the average exchange rate for the year). The consideration for the Acquisition of S\$88 million (equivalent to approximately HK\$404.1 million) represents an effective price-earnings multiple of approximately 9.5 times of the combined audited consolidated net profit of Excel and SPrint for the year ended 31 December 2003 of approximately HK\$42.6 million.

General

Since the aggregate audited consolidated profits of the Acquired Companies for the year ended 31 December 2003 exceeds 100% of the audited consolidated profits of the Company for the year ended 31 December 2003, the Acquisition constitutes a very substantial acquisition pursuant to Rule 14.06(5) of the Listing Rules and will be treated as a reverse takeover pursuant to Rule 14.06(6) of the Listing Rules. The Stock Exchange has indicated to the Company that it will treat the Company as a new listing applicant pursuant to the Listing Rules if the Acquisition proceeds.

A new listing application in respect of the Acquisition will be made to the Stock Exchange. **Such application may or may not be approved by the Listing Committee of the Stock Exchange and is also subject to other conditions. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

As SNP Corporation is the controlling shareholder of the Company, the Acquisition also constitutes a connected transaction pursuant to Rule 14A.13 of the Listing Rules and is conditional upon approval by the Independent Shareholders, which voting shall be taken by poll. SNP Corporation and its associates shall abstain from voting in the SGM in respect of the Acquisition.

An independent board committee of the Company will be established to consider the Acquisition and to advise the Independent Shareholders. Anglo Chinese Corporate Finance, Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company regarding the Acquisition.

Tai Fook Capital Limited is the financial adviser to the Company on the Acquisition and the sponsor to the Company's listing application.

A circular containing, among other things, (i) details of the Acquisition Agreements; (ii) the recommendations of the independent board committee of the Company in relation to the Acquisition Agreements; and (iii) the advice of the independent financial adviser to the independent board committee of the Company in relation to the Acquisition Agreements, will be despatched to shareholders of the Company at the same time as or before the Company gives notice of the SGM to its shareholders.

The Board is pleased to announce that on 3 May 2004, the Company and SNP Corporation entered into the Acquisition Agreements pursuant to which the Company conditionally agreed to acquire the entire issued share capital of Excel and an effective interest of approximately 99.95% of the voting share capital of SPrint from SNP Corporation for a total cash consideration of S\$88 million (equivalent to approximately HK\$404.1 million).

THE ACQUISITION AGREEMENTS

The Excel Agreement

Date

3 May 2004

Parties

Vendor: SNP Corporation, the controlling shareholder of the Company having an interest of approximately 70.11% in the entire issued share capital of the Company as at the date of this announcement

SNP Corporation, a company listed on the main board of the Singapore Exchange, is principally engaged in printing and publishing business.

Purchaser: the Company

Assets to be acquired

7,000,000 ordinary shares in the issued share capital of Excel, representing the entire issued and paid up capital of Excel

Consideration

The consideration for the acquisition of the Excel Sale Shares pursuant to the Excel Agreement is S\$70,480,000 or its equivalent in Hong Kong dollars at the prevailing exchange rate (equivalent to approximately HK\$323.7 million). The consideration has been agreed after arm's length negotiation and represents a price earnings multiple of approximately 9.5 times of the audited consolidated net profit of Excel for the year ended 31 December 2003 of approximately HK\$34.1 million.

The consideration will be fully satisfied in cash from the Company's internal resources and external bank borrowings.

Assignment of the rights to the escrow moneys

Pursuant to an agreement dated 8 October 2003 between SNP Corporation and the founding shareholders of Excel (the "Founders"), the Founders undertake to SNP Corporation that the consolidated net profit of Excel for the year ending 31 December 2004 shall be not less than HK\$30 million (the "Undertaking"). To guarantee their obligations under the Undertaking, the Founders have deposited an aggregate sum of HK\$12 million as escrow moneys. At completion of the Excel Agreement, SNP Corporation shall assign to the Company all its rights in respect of the Undertaking including the benefit of the escrow moneys.

Conditions

Completion of the Excel Agreement is conditional, among other things, the following conditions:

- i. approval by the Independent Shareholders of the Excel Agreement;
- ii. approval by the shareholders of SNP Corporation of the Excel Agreement unless otherwise waived by the Singapore Exchange;
- iii. consent and/or approval by the Singapore Exchange in the case of SNP Corporation, and by the Stock Exchange in the case of the Company, of the transactions contemplated by the Acquisition Agreements; and
- iv. completion of the SPrint Agreement.

The Directors consider that the terms of the Excel Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The SPrint Agreement

Date

3 May 2004

Parties

Vendor: SNP Corporation, the controlling shareholder of the Company having an interest of approximately 70.11% in the entire issued share capital of the Company as at the date of this announcement

SNP Corporation, a company listed on the main board of the Singapore Exchange, is principally engaged in printing and publishing business.

Purchaser: the Company

Assets to be acquired

- (i) 10,339,999 SPrint Common Shares, representing approximately 94.93% of the total voting share capital of SPrint; and
- (ii) 4,898 CTT Common Shares, representing approximately 98.93% of the total voting share capital of CTT.

CTT holds 440,000 SPrint Common Shares (representing approximately 4.04% of the total voting share capital of SPrint) and 11,219,996 SPrint Preference Shares (representing approximately 1.03% of the total voting share capital of SPrint).

Consideration

The consideration for the acquisition of the SPrint Sale Shares and the CTT Sale Shares pursuant to the SPrint Agreement is S\$17,520,000 or its equivalent in Hong Kong dollars at the prevailing exchange rate (equivalent to approximately HK\$80.5 million). The consideration has been agreed after arm's length negotiation and represents an effective price earnings multiple of approximately 9.5 times of the audited net profit of SPrint for the year ended 31 December 2003 of approximately Baht45.3 million (equivalent to approximately HK\$8.5 million based on the average exchange rate for the year).

The consideration will be fully satisfied in cash from the Company's internal resources and external bank borrowings.

Conditions

Completion of the SPrint Agreement is conditional, among other things, the following conditions:

- i. approval by the Independent Shareholders of the SPrint Agreement;
- ii. approval by the shareholders of SNP Corporation of the SPrint Agreement unless otherwise waived by the Singapore Exchange;
- iii. consent and/or approval by the Singapore Exchange in the case of SNP Corporation, and by the Stock Exchange in the case of the Company, of the transactions contemplated by the Acquisition Agreements; and
- iv. completion of the Excel Agreement.

The Directors consider that the terms of the SPrint Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

GUARANTEES AND UNDERTAKINGS

Release of guarantees

The Acquired Companies' total available facilities from financial institutions as at 31 December 2003 amounted to approximately HK\$415 million. Of these facilities, an amount of approximately S\$80.8 million (equivalent to approximately HK\$371.0 million) was secured by corporate guarantees from SNP Corporation.

Pursuant to the Acquisition Agreements, the Company shall be obliged to use its reasonable endeavors to procure that the corporate guarantees and indemnities provided by SNP Corporation, its holding company and subsidiaries (other than the Company) in respect of the banking facilities of the Acquired Companies shall be released/replaced within 6 months from the date of completion of the Acquisition Agreements.

Undertaking by SNP Corporation

SNP Corporation has undertaken to the Company that, save through its investment in the Company, it shall not, either on its own, through its subsidiaries or associates, carry on or be engaged in the business of printing of pop-up and touch-and-feel books in Asia.

The above undertaking shall automatically expire upon the occurrence of any of the following events (whichever is the earlier):

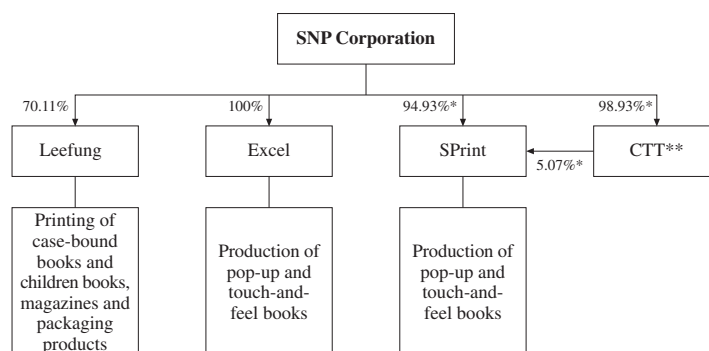
1. SNP Corporation ceases to be the controlling shareholder (as defined in the Listing Rules) of the Company;
2. the Company ceases to be the controlling shareholder (as defined in the Listing Rules) of both Excel and SPrint;
3. the shares of the Company ceases to be listed on the Stock Exchange; and
4. a period of 5 years has lapsed since the date of the completion of the Acquisition Agreements.

The Directors confirmed that the Group had sufficient cash on hand and unutilized banking facilities to pay for the consideration payable under the Acquisition Agreements. The Directors will review the then financial position, in particular the cash position, of the Group at the time close to completion of the Acquisition before determining the exact amount of internal funding and bank borrowings to be used for financing the Acquisition.

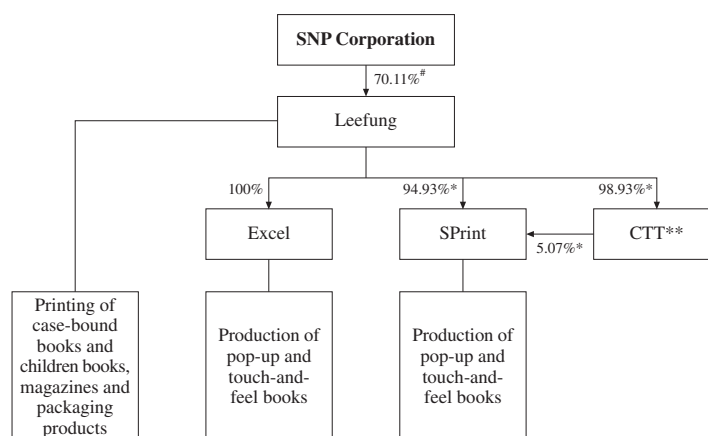
SHAREHOLDING AND CORPORATE STRUCTURE

The following diagrams illustrate the shareholding and corporate structure of the Company and the Acquired Companies as at the date of this announcement and immediately after the completion of the Acquisition:

As at the date of this announcement



Immediately after completion of the Acquisition



* Represents interest in total voting share capital

** No business activity other than holding certain shares in SPrint

Assuming no change in the shareholding interest of SNP Corporation in the Company from the date of this announcement to completion of the Acquisition

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the printing of books, including case-bound books and children books, magazines and packaging products.

The audited consolidated net tangible assets of the Group was approximately HK\$719.6 million and HK\$721.7 million as at 31 December 2002 and 2003, respectively. The following table shows the audited consolidated turnover and profits of the Group for the two years ended 31 December 2003:

	Year ended 31 December	
	2002	2003
	<i>HK\$' million</i>	<i>HK\$' million</i>
Turnover	1,021.8	734.6
Profit before tax	64.9	34.0
Profit after tax	48.8	22.8
Net profit attributable to shareholders	40.1	22.5

INFORMATION ABOUT THE ACQUIRED COMPANIES

Each of Excel and SPrint is principally engaged in the production of pop-up books and touch-and-feel books. CTT's sole asset is its shareholding of common and preference shares in the issued share capital of SPrint.

SNP Corporation first acquired approximately 87% of the voting share capital of SPrint in 1999 and further acquired another approximately 13% of the remaining voting share capital in May 2002. In addition, SNP Corporation acquired 60% of the issued share capital of Excel in September 2001 and further acquired the remaining 40% in October 2003. The total cost of investment in the Sale Shares paid by SNP Corporation amounts to approximately S\$46.8 million (equivalent to approximately HK\$214.9 million).

Financial information of Excel

The audited consolidated net tangible assets of Excel was approximately HK\$142.7 million and HK\$176.8 million as at 31 December 2002 and 2003, respectively. The following table shows the audited consolidated turnover and profits of Excel for the two years ended 31 December 2003:

	Year ended 31 December	
	2002	2003
	<i>HK\$' million</i>	<i>HK\$' million</i>
Turnover	423.3	355.8
Profit before tax	67.8	42.6
Profit after tax	58.3	34.1

Financial information of SPrint

The audited net tangible asset of SPrint was approximately Baht323 million (equivalent to approximately HK\$63.3 million) and approximately Baht367 million (equivalent to approximately HK\$71.9 million) as at 31 December 2002 and 2003, respectively. The following table shows the audited turnover and profits of SPrint for the two years ended 31 December 2003:

	Year ended 31 December	
	2002	2003
	<i>Baht million</i>	<i>Baht million</i>
Turnover	540.7	581.1
(Loss)/profit before tax	(30.9)	48.3
(Loss)/profit after tax	(30.9)	45.3

Financial information of CTT

The audited net tangible asset of CTT was Baht102 million (equivalent to approximately HK\$20.0 million) and Baht102 million (equivalent to approximately HK\$20.0 million) as at 31 December 2002 and 2003, respectively. The following table shows the audited turnover and profits of CTT for the two years ended 31 December 2003:

	Year ended 31 December	
	2002	2003
	<i>Baht' 000</i>	<i>Baht' 000</i>
Turnover	336.6	1,122.0
Profit before tax	215.3	1,031.7
Profit after tax	183.0	1,040.3

REASONS FOR AND BENEFITS OF THE ACQUISITION

With the proven profitable track record of the Acquired Companies, the Acquisition will substantially increase the Company's earning base. The Acquisition will also enable the Enlarged Group to become one of the leading players in the printing industry and one of the world's largest pop-up and touch-and-feel books manufacturers. In addition, the Directors consider that the Enlarged Group will be able to tap on certain marketing, production and purchasing synergistic opportunities arising from the merging of the business of the Group and those of the Acquired Companies.

FUTURE PLANS AND PROSPECTS

After completion of the Acquisition, the Directors will review the operation of the Group and those of the Acquired Companies with the ultimate goal of streamlining and merging the operation of the Group and those of the Acquired Companies and establish a more efficient and cost-effective operation.

The Directors do not foresee any changes to the composition of the members of the Board solely arising from the Acquisition.

GENERAL

Since the aggregate audited consolidated profits of the Acquired Companies for the year ended 31 December 2003 exceeds 100% of the audited consolidated profits of the Company for the year ended 31 December 2003, the Acquisition constitutes a very substantial acquisition pursuant to Rule 14.06(5) of the Listing Rules and will be treated as a reverse takeover pursuant to Rule 14.06(6) of the Listing Rules. The Stock Exchange has indicated to the Company that it will treat the Company as a new listing applicant pursuant to the Listing Rules if the Acquisition proceeds.

A new listing application in respect of the Acquisition will be made to the Stock Exchange. Pursuant to the Listing Rules, the Company must comply with all the listing requirements as stipulated in Chapter 8 of the Listing Rules. **Such application may or may not be approved by the Listing Committee of the Stock Exchange and is also subject to other conditions. Shareholders and potential investors of the Company are advised to exercise caution in dealing in the shares of the Company.**

As SNP Corporation is the controlling shareholder of the Company, the Acquisition also constitutes a connected transaction pursuant to Rule 14A.13 of the Listing Rules. Accordingly, the Acquisition is conditional upon approval by the Independent Shareholders which voting shall be taken by poll. SNP Corporation and its associates shall abstain from voting in the SGM.

An independent board committee of the Company will be established to consider the Acquisition and to advise the Independent Shareholders. Anglo Chinese Corporate Finance, Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company regarding the Acquisition.

Tai Fook Capital Limited is the financial adviser to the Company on the Acquisition and the sponsor to the Company's listing application.

A circular containing, among other things, (i) details of the Acquisition Agreements; (ii) the recommendations of the independent board committee of the Company in relation to the Acquisition Agreements; and (iii) the advice of the independent financial adviser to the independent board committee of the Company in relation to the Acquisition Agreements, will be despatched to shareholders of the Company at the same time as or before the Company gives notice of the SGM to its shareholders.

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
“Acquired Companies”	Excel, SPrint and CTT
“Acquisition”	the proposed acquisition of the Sale Shares pursuant to the Acquisition Agreements
“Acquisition Agreements”	the Excel Agreement and the SPrint Agreement
“Board”	board of Directors
“Baht”	Thai Baht, the lawful currency of the Kingdom of Thailand
“Company” or “Leefung”	SNP Leefung Holdings Limited, a company incorporated in Bermuda with limited liability and whose securities are listed on the Stock Exchange
“CTT”	CTT & Associates Limited, a company incorporated under the laws of the Kingdom of Thailand. CTT holds 440,000 SPrint Common Shares (representing approximately 4.04% of the total voting share capital of SPrint) and 11,219,996 SPrint Preference Shares (representing approximately 1.03% of the total voting share capital of SPrint)
“CTT Common Shares”	common shares of Baht100 each in the share capital of CTT
“CTT Sale Shares”	4,898 CTT Common Shares, representing approximately 98.93% of the total voting share capital of CTT
“Directors”	the directors of the Company
“Enlarged Group”	the Group and the Acquired Companies
“Excel”	SNP Excel United Company Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of SNP Corporation

“Excel Agreement”	the conditional sale and purchase agreement dated 3 May 2004 entered into between the Company and SNP Corporation in relation to the acquisition of the Excel Sale Shares by the Company
“Excel Sale Shares”	7,000,000 ordinary shares of HK\$1.00 each in the issued share capital of Excel, representing the entire issued share capital of Excel
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	the shareholders of the Company other than SNP Corporation and its associates
“Listing Committee”	the listing sub-committee of the directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Sale Shares”	the Excel Sale Shares, the SPrint Sale Shares and the CTT Sale Shares
“SGM”	the special general meeting of the Company to be convened to consider the Acquisition
“Singapore Exchange”	The Singapore Exchange Securities Trading Ltd
“SNP Corporation”	SNP Corporation Ltd, a company incorporated in Singapore and whose issued shares are listed on Singapore Exchange. SNP Corporation is the controlling shareholder of the Company having a shareholding interest of approximately 70.11% as at the date of this announcement
“SPrint”	SNP SPrint (Thailand) Co., Ltd., a company incorporated under the laws of the Kingdom of Thailand and a subsidiary of SNP Corporation
“SPrint Agreement”	the conditional sale and purchase agreement dated 3 May 2004 entered into between the Company and SNP Corporation in relation to the acquisition of the SPrint Sale Shares and the CTT Sale Shares by the Company
“SPrint Common Shares”	common shares of Baht10 each in the share capital of SPrint having the right to one vote per share
“SPrint Preference Shares”	non-convertible preference shares of Baht10 each in the share capital of SPrint having the right to one vote per one hundred SPrint Preference Shares. These shares are entitled to non-cumulative dividend of Baht4.50 per share per annum

“SPrint Sale Shares”	10,339,999 SPrint Common Shares, representing approximately 94.93% of the total voting share capital of SPrint
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$”	Singapore dollars, the lawful currency of Singapore

For illustration purpose, unless otherwise stated, the following currency conversion rates have been used in this announcement:

S\$1 = HK\$4.5921
HK\$1 = Baht5.1049

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

Hong Kong, 3 May 2004

As at the date of this announcement, the Board comprises two executive Directors, being Mr. Yeo Chee Tong and Mr. Yang Sze Chen, Peter, one non-executive Director, being Mr. Tay Siew Choon, and four independent non-executive Directors, being Mr. Cheng Wai Wing, Edmund, Mr. John Robert Walter, Mr. Wong Kwong Shing, Frank and Mr. Kyle Arnold Shaw Junior.

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