



SNP LEEFUNG HOLDINGS LIMITED

利豐雅高印刷集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 623)

RESULTS ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2005

RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2005

The Board of Directors of SNP Leefung Holdings Limited (the “Company”) are pleased to announce the unaudited third quarter results and nine months results for the year ending 31 December 2005 of the Company and its subsidiaries (the “Group”) together with the comparative figures for the corresponding period of last year as follows:

CONSOLIDATED INCOME STATEMENT

		Three months ended 30 September 2005 (Unaudited)	Three months ended 30 September 2004 (Unaudited & restated)	Nine months ended 30 September 2005 (Unaudited)	Nine months ended 30 September 2004 (Unaudited & restated)
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	2	572,877	276,204	1,276,039	657,033
Cost of sales		(457,363)	(212,048)	(1,010,990)	(503,984)
Gross profit		115,514	64,156	265,049	153,049
Other operating income		1,135	1,552	3,722	3,107
Selling and distribution costs		(50,120)	(19,521)	(112,645)	(50,778)
Administrative expenses		(26,012)	(19,875)	(74,250)	(60,319)
(Loss)/gain on disposal of property, plant and equipment		(364)	–	2,112	237
Amortisation of goodwill arising from the acquisition of subsidiaries		–	(1,154)	–	(1,154)
Profit from operations		40,153	25,158	83,988	44,142
Finance costs		(8,994)	(967)	(16,920)	(1,798)
Share of results of associates		955	1,090	2,822	3,011
Amortisation of goodwill arising from the acquisition of an associate		–	(102)	–	(304)

Profit before tax		32,114	25,179	69,890	45,051
Income tax expenses	3	(4,048)	(4,362)	(9,712)	(7,211)
Profit for the period		28,066	20,817	60,178	37,840
Attributable to:					
Equity holders of the Company		27,000	20,746	57,173	37,628
Minority interests		1,066	71	3,005	212
		28,066	20,817	60,178	37,840
Basic earnings per share	4	HK 6.2 cents	HK 5.1 cents	HK 13.0 cents	HK 9.2 cents

Notes:

1. Basis of preparation and accounting policies

The accounting policies and methods of computation used in preparing the quarterly results are the same as those adopted in preparing the annual financial statements for the year ended 31 December 2004 except described below.

In 2005, the Group has adopted various new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) issued by the Hong Kong Institute of Certified Public Accountant (“HKICPA”) which are effective for accounting periods commencing on or after 1 January 2005. Details of the adoption of the new and revised HKFRSs and HKASs together with the impact on the Group’s accounting policies are disclosed in the 2005 Interim report.

2. Turnover by geographical areas

	Three months ended 30 September 2005 (Unaudited) HK\$’000	Three months ended 30 September 2004 (Unaudited) HK\$’000	Nine months ended 30 September 2005 (Unaudited) HK\$’000	Nine months ended 30 September 2004 (Unaudited) HK\$’000
The PRC, excluding Hong Kong	101,970	100,785	290,014	287,381
Hong Kong	53,108	8,699	94,903	18,648
	155,078	109,484	384,917	306,029
United States of America	200,694	98,755	459,478	209,341
United Kingdom	126,916	36,278	248,648	75,298
Taiwan	45,541	3,917	78,479	7,281
Australia	12,587	14,070	33,175	41,473
Other areas	32,061	13,700	71,342	17,611
	572,877	276,204	1,276,039	657,033

3. Income tax expenses

Three months ended 30 September 2005 (Unaudited) HK\$'000	Three months ended 30 September 2004 (Unaudited) HK\$'000	Nine months ended 30 September 2005 (Unaudited) HK\$'000	Nine months ended 30 September 2004 (Unaudited) HK\$'000
--	--	---	---

The charge comprises:

Current tax:

Hong Kong	1,417	1,692	5,181	2,760
Other jurisdictions	2,631	2,670	4,531	4,451
	4,048	4,362	9,712	7,211

Hong Kong profits tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profit for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

4. Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$27,000,000 (2004: HK\$20,746,000 as restated) for the three months ended 30 September 2005 and HK\$57,173,000 (2004: HK\$37,628,000 as restated) for the nine months ended 30 September 2005 and on the weighted average number of 438,445,698 shares (2004: 409,573,275 shares as restated) in issue during the period.

There was no dilution arising from the outstanding share options granted by the Company in 2003 and 2005. The dilution from the outstanding share options granted by the Company in 2004 was immaterial. Accordingly, diluted earnings per share have not been shown.

5. Comparative figures

Due to adoption of new/revised HKFRSs and HKASs for the current period, the accounting treatment and presentation of certain items on the financial statements have been revised to comply with the new requirements. Accordingly, certain figures have been adjusted to reserves in prior year. Also, certain comparative figures have been reclassified to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

In a challenging business environment for the third quarter of 2005, the Company reported a profit of HK\$28.1 million. Profit for the current period represented an increase of 34.8% over that of the same period last year.

The primary reasons for the significant increase in turnover and profit for the current period were due to the inclusion of the results contributed from the pop-up books printing subsidiaries, namely SNP Excel (Hong Kong) Company Limited and SNP Excel (Thailand) Co., Ltd, that were acquired in September 2004 and the corrugated box printing subsidiary, SNP Yau Yue Paper Products Limited ("SNP Yau Yue") acquired in May 2005.

For the three months ended 30 September 2005, the Group's sales amounted to HK\$572.9 million, up from HK\$276.2 million in the same period of last year. Apart from the turnover contributed from the subsidiaries mentioned above, there was an encouraging organic growth from our core printing business, especially in the overseas sales in hard-cover books. This was the result of the efforts contributed by the sales teams in Europe and United States. The increase in paper prices and oil prices in this year continued to exert pressure on the gross profit margin for the third quarter, resulting in the gross profit margin's decline from 23% to 20%. The Group had taken effective cost control measures in other areas to partially offset the impact of the paper price and oil price increase.

The finance costs for the Group increased by HK\$8.0 million in the current period, resulting from the increase in bank loans for financing the acquisition of the subsidiaries and the continued increase in interest rates during the period.

During the period, the Company raised approximately HK\$120.8 million before expenses by way of a rights issue of 100,681,729 Rights Shares at a price of HK\$1.20 per Rights Share on the basis of one Rights Share for every four existing Shares held payable in full on acceptance. Details of the rights issue are set out in the Company's prospectus dated 23 June 2005 and the announcement published on 15 July 2005.

PROSPECTS

As our EBITDA has improved from HK\$83.3 million to HK\$138.7 million on a nine-month basis, the Management, after taking into account the seasonality factor, expects the performance of our core operations to remain satisfactory in the fourth quarter. However, this may be affected by the increasingly difficult macro economic dynamics, ranging from increase in energy costs, utility shortage in China and higher interest rates. On the other hand, our in-progress joint venture with the Shanghai World Expo Group will provide us with a good opportunity to build a solid infra-structure to further expand our China business. In addition, with the expertise of SNP Yau Yue in the corrugated printing business, the Group will be able to consolidate its Packaging business by maximizing the synergies through integration with our original corrugated printing operation in the Dongguan plant.

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 all our shareholders for their support and our customers for their business.

By Order of the Board

Yeo Chee Tong

Executive Director and Chief Executive Officer

Hong Kong, 20 October 2005

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. Lai Ming, Joseph and Ms. Alice Kan Lai Kuen.

* *For identification purposes only*

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