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)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2005

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 2005.

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2005 *HK$'000* **(Audited)**	Year ended 31 December 2004 *HK$'000* (Audited and restated)
Revenue	**1,700,060**	974,147
Gross profit	**340,544**	226,123
Profit for the year	**74,471**	50,499
Dividends		
Interim	**HK2 cents**	HK2 cents
Proposed final	**HK3 cents**	HK3 cents
Earnings per share	**HK15.52 cents**	HK12.26 cents

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2005

	Notes	**2005** ***HK$'000*** **(Audited)**	2004 *HK$'000* (Audited and restated)
Revenue	*3*	**1,700,060**	974,147
Cost of sales		**(1,359,516)**	(748,024)
Gross profit		**340,544**	226,123
Other operating income		**8,107**	8,439
Selling and distribution costs		**(152,436)**	(90,761)
Administrative expenses		**(97,673)**	(91,135)
Amortisation of goodwill arising from the acquisition of subsidiaries		**–**	(4,647)
Surplus on revaluation of investment properties		**–**	7,525
Gain on disposal of property, plant and equipment		**2,065**	1,308
Finance costs	*4*	**(26,594)**	(4,111)
Share of results of associates		**3,544**	3,858
Amortisation of goodwill arising from the acquisition of an associate		**–**	(403)
Profit before tax	*5*	**77,557**	56,196
Income tax expenses	*6*	**(3,086)**	(5,697)
Profit for the year		**74,471**	50,499
Attributable to:			
Equity holders of the parent		**70,368**	50,216
Minority interests		**4,103**	283
		74,471	50,499
Dividends	*7*		
Interim		**10,068**	8,055
Proposed final		**15,102**	12,082
		25,170	20,137
Earnings per share	*8*		
Basic		**15.52 cents**	12.26 cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

At 31 December 2005

	Notes	**2005** *HK$'000* **(Audited)**	2004 *HK$'000* (Audited and restated)
Non-current assets			
Property, plant and equipment		**593,112**	554,052
Prepaid lease payments		**114,539**	114,368
Goodwill		**169,807**	134,602
Interests in associates		**83,801**	82,877
		961,259	885,899
Current assets			
Inventories		**239,165**	207,373
Trade and bills receivables	*9*	**623,158**	417,282
Prepaid lease payments		**934**	923
Prepayments, deposits and other receivables		**60,925**	61,338
Tax recoverable		**2,973**	8,313
Held-for-trading investments		**4,144**	–
Other investments		**–**	622
Pledged bank deposits		**630**	–
Bank balances and cash		**153,904**	151,812
		1,085,833	847,663

	Notes	**2005** *HK$'000* **(Audited)**	2004 *HK$'000* (Audited and restated)
Current liabilities			
Trade and bills payables	*10*	**175,881**	147,176
Other payables and accruals		**98,809**	128,341
Tax liabilities		**8,108**	15,410
Amount due to SNP Group		**832**	1,971
Amounts due to associates		**24,102**	13,862
Amounts due to minority shareholders		**8,096**	–
Bank borrowings – due within one year		**240,503**	158,881
Obligations under finance leases – due within one year		**3,432**	1,333
Derivative financial instruments		**4,893**	1,201
		564,656	468,175
Net current assets		**521,177**	379,488
Total assets less current liabilities		**1,482,436**	1,265,387
Non-current liabilities			
Bank borrowings – due after one year		**510,925**	500,000
Obligations under finance leases – due after one year		**3,095**	1,290
Deferred tax liabilities		**19,553**	16,721
		533,573	518,011
		948,863	747,376

EQUITY		
Capital and reserves		
Share capital	**50,341**	40,273
Reserves	**868,483**	704,448
Equity attributable to equity holders of the parent	**918,824**	744,721
Minority interests	**30,039**	2,655
	948,863	747,376

Notes:

1. Basis of preparation

The audited consolidated financial statements are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. Impact of new/revised HKFRSs and HKASs

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and prior accounting years are prepared and presented:

Business Combinations

In the current year, the Group has applied HKFRS 3 *Business Combinations* which is effective for business combinations for which the agreement date is on or after 1 January 2005. In previous years, goodwill arising on acquisitions was capitalised and amortised over its estimated useful life. The Group has applied the transitional provisions in HKFRS 3. On 1 January 2005, the Group eliminated the carrying amount of the related accumulated amortisation of HK$4,647,000 with a corresponding decrease in the cost of goodwill. The Group has discontinued amortising such goodwill from 1 January 2005 onwards and such goodwill will be tested for impairment at least annually. Goodwill arising on acquisitions after 1 January 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current year. Comparative figures for 2004 have not been restated (see Note 2A for the financial impact).

Share-based Payment

In the current year, the Group has applied HKFRS 2 *Share-based Payment* which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of share options granted to directors and employees of the Company, determined at the date of grant of the share options, over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. Now the Group is required to apply HKFRS 2 retrospectively to share options that were granted before 1 January 2005 and had not yet vested on 1 January 2005. Comparative figures have been restated (see Note 2A for the financial impact).

Financial Instruments

In the current year, the Group has applied HKAS 32 *Financial Instruments: Disclosure and Presentation* and HKAS 39 *Financial Instruments: Recognition and Measurement*. HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial instruments of the Group are presented for current and prior accounting periods. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31 December 2004, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 ("SSAP 24"). Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in profit or loss. Held-to-maturity investments are carried at amortised cost less impairment losses (if any). From 1 January 2005 onwards, the Group has classified and measured its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. Available-for-sale equity investments that do not have quoted market prices in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less impairment after initial recognition. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method after initial recognition.

On 1 January 2005, the Group classified and measured its debt and equity securities in accordance with the transitional provisions of HKAS 39. As a result, "other investments" amounted to HK$622,000 has been classified as held-for-trading investments on 1 January 2005 (see Note 2A).

Financial assets and financial liabilities other than debt and equity securities

From 1 January 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition. The Group has applied the relevant transitional provisions in HKAS 39. However, there has been no material effect on how the results for the current accounting period are prepared and presented.

Derivatives and hedging

From 1 January 2005 onwards, all derivatives that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments. Under HKAS 39, derivatives (including embedded derivatives separately accounted for from the non-derivative host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. The corresponding adjustments on changes in fair values would depend on whether the derivatives are designated as effective hedging instruments, and if so, the nature of the item being hedged. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in profit or loss for the period in which they arise.

The Group has applied the relevant transitional provisions in HKAS 39. As the derivatives that do not meet the requirements of hedge accounting in accordance with HKAS 39, the Group has, from 1 January 2005 onwards, deemed such derivatives as held for trading. The Group measured its derivative at fair value and recorded the amount in "other payable and accruals" account prior to 1 January 2005 with the change in fair values recognised in profit or loss for the period in which they arise. As a result, "other payable and accruals" amounted to HK$1,201,000 has been classified to derivative financial instruments on 31 December 2004.

Owner-occupied Leasehold Interest in Land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current year, the Group has applied HKAS 17 *Leases*. Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively (see Note 2A for the financial impact).

2A. Summary of the effects of the changes in accounting policies

The effects of the changes in the accounting policies described above on the results for the current and prior year are as follows:

	2005	2004
	HK$'000	*HK$'000*
Non-amortisation of goodwill	**17,748**	–
Decrease in share of results of associates	**(1,409)**	(1,382)
Decrease in income tax expenses	**1,409**	1,382
Recognition of share-based payments as expenses	**(466)**	(266)
Increase (decrease) in profit for the year	**17,282**	(266)

The cumulative effects of the application of the new HKFRSs on 31 December 2004 and 1 January 2005 are summarised below:

	As at 31 December 2004 (originally stated)	**Retrospective adjustments**			**As at 31 December 2004 (restated)**	**Prospective adjustments**	**As at 1 January 2005 (restated)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		HKAS 1	HKAS 17	HKFRS 2		HKAS 39	
Balance sheet items							
Property, plant and equipment	679,490	–	(125,438)	–	554,052	–	554,052
Prepaid lease payments	–	–	115,291	–	115,291	–	115,291
Held-for-trading investments	–	–	–	–	–	622	622
Other investments	622	–	–	–	622	(622)	–
Other payables and accruals	(128,341)	–	–	–	(128,341)	–	(128,341)
Derivative financial instruments *(Note)*	(1,201)	–	–	–	(1,201)	–	(1,201)
Other net assets	206,953	–	–	–	206,953	–	206,953
Total effects on assets and liabilities	757,523	–	(10,147)	–	747,376	–	747,376
Share capital	40,273	–	–	–	40,273	–	40,273
Retained profits	348,142	–	–	(328)	347,814	–	347,814
Share options reserve	–	–	–	328	328	–	328
Property revaluation reserve	11,686	–	(10,147)	–	1,539	–	1,539
Other reserves	354,767	–	–	–	354,767	–	354,767
Minority interests	–	2,655	–	–	2,655	–	2,655
Total effects on equity	754,868	2,655	(10,147)	–	747,376	–	747,376
Minority interests	2,655	(2,655)	–	–	–	–	–

Note: The Group measured its derivatives at fair value and recorded the amount in "other payable and accruals" account on 31 December 2004. As a result, "other payable and accruals" amounting to HK$1,201,000 has been reclassified to derivative financial instruments on 31 December 2004.

The financial effects of the application of the new HKFRSs to the Group's equity on 1 January 2004 are summarised below:

	As originally stated	**HKAS 1**	**HKAS 17**	**HKFRS 2**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Share capital	40,273	–	–	–	40,273
Retained profits	328,239	–	–	(62)	328,177
Share options reserve – recognition of equity-settled share-based payment expenses	–	–	–	62	62
Property revaluation reserve	11,686	–	(10,147)	–	1,539
Other reserves	341,523	–	–	–	341,523
Minority interests	–	2,410	–	–	2,410
Total effects on equity	721,721	2,410	(10,147)	–	713,984

3. Segment information

(a) Business segments

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

Inter-segment sales are charged at prevailing market prices.

Segment information about these businesses is presented below:

For the year ended 31 December 2005

	Printing of books and magazines *HK$'000*	Printing of packaging products *HK$'000*	Printing of pop-up and touch-and-feel books *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue					
External sales	**855,882**	**296,781**	**547,397**	**–**	**1,700,060**
Inter-segment sales	**178**	**13,806**	**7,577**	**(21,561)**	**–**
Total	**856,060**	**310,587**	**554,974**	**(21,561)**	**1,700,060**
Result					
Segment result	**92,803**	**3,988**	**38,584**	**–**	**135,375**
Unallocated corporate expenses					**(34,768)**
Finance costs					**(26,594)**
Share of results of associates	**1,582**	**1,962**	**–**	**–**	**3,544**
Profit before tax					**77,557**
Income tax expenses					**(3,086)**
Profit for the year					**74,471**

For the year ended 31 December 2004 (Restated)

	Printing of books and magazines *HK$'000*	Printing of packaging products *HK$'000*	Printing of pop-up and touch-and-feel books *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue					
External sales	691,124	95,683	187,340	–	974,147
Inter-segment sales	353	6,611	414	(7,378)	–
Total	691,477	102,294	187,754	(7,378)	974,147
Result					
Segment result	80,978	(9,391)	13,340	–	84,927
Surplus on revaluation of investment properties					7,525
Amortisation of goodwill arising from the acquisition of subsidiaries	–	–	(4,647)	–	(4,647)
Unallocated corporate expenses					(30,953)
Finance costs					(4,111)
Share of results of associates	1,896	1,962	–	–	3,858
Amortisation of goodwill arising from the acquisition of an associate	(403)	–	–	–	(403)
Profit before tax					56,196
Income tax expenses					(5,697)
Profit for the year					50,499

(b) ***Geographical segments***

	2005 *HK$'000*	2004 *HK$'000*
Segment Revenue		
People's Republic of China	**398,065**	392,819
Hong Kong, SAR	**155,714**	24,317
Taiwan	**119,040**	8,710
The United States of America	**574,485**	331,885
United Kingdom	**313,838**	115,215
Australia	**42,401**	46,406
Other areas	**96,517**	54,795
	1,700,060	974,147

4. Finance costs

	2005 *HK$'000*	2004 *HK$'000*
Interest on:		
Bank and other borrowings wholly repayable within five years	**18,423**	3,144
Bank and other borrowings wholly repayable over five years	**7,840**	914
Obligation under finance leases	**331**	53
	26,594	4,111

5. Profit before tax

	2005	2004
	HK$'000	*HK$'000*
		(Restated)
Profit before tax has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
– Salaries, wages and other benefits	**233,194**	137,825
– Retirement benefit scheme contributions, net of forfeited contributions of HK$4,000 (2004: HK$5,000)	**5,790**	4,715
Total staff costs	**238,984**	142,540
Auditors' remuneration	**2,146**	1,222
Depreciation of property, plant and equipment	**72,397**	50,375
Minimum lease payment under operating leases:		
– Plant and machinery	**127**	96
– Properties	**15,918**	4,496
	16,045	4,592
Exchange (gain) loss, net	**(1,878)**	3,046
(Reversal of) write down of inventories, net	**(3,145)**	1,882
Allowance for doubtful debts, net	**2,552**	6,315
Rental income	**(1,089)**	(1,185)
Less: outgoings	**879**	966
Net rental income	**(210)**	(219)
Interest income	**(2,140)**	(1,164)
Increase in fair value of held-for-trading investments	**(44)**	–
Decrease in fair value of derivative financial instruments	**3,692**	1,201
Share of tax of associates (included in share of results of associates)	**1,409**	1,382

6. Income tax expenses

	2005	2004
	HK$'000	*HK$'000*
		(Restated)
Current tax:		
– Hong Kong	**5,701**	2,035
– Other jurisdictions	**6,282**	5,851
	11,983	7,886
(Over) underprovision in prior years:		
– Hong Kong	**(9,200)**	(834)
– Other jurisdictions	**960**	1,762
	(8,240)	928
	3,743	8,814
Deferred taxation	**(657)**	(3,117)
	3,086	5,697

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profit for the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

7. Dividends

	2005	2004
	HK$'000	*HK$'000*
Interim dividend paid: HK2 cents (2004: HK2 cents) per share	**10,068**	8,055
Final dividend proposed: HK3 cents (2004: HK3 cents) per share	**15,102**	12,082
	25,170	20,137

The Company paid an interim dividend of HK2 cents for the six months ended 30 June 2005 on 25 August 2005. The Board of Directors recommends a final dividend of HK3 in respect of the results for the year ended 31 December 2005.

8. Earnings per share

The calculation of the basic earnings per share is based on the net profit attributable to the equity holders of the parent of HK$70,368,000 (2004: HK$50,216,000 as restated), and the weighted average of 453,534,504 shares (2004: 409,573,275 shares as restated) in issue during the year. The weighted average numbers of ordinary shares for the purpose of basic earnings per share have been adjusted for Rights Issue on 14 July 2005.

No diluted earnings per share have been presented because the exercise prices (as adjusted for the effect of share-based payments) of the Company's options were higher than the average market prices of the shares for both financial years.

9. Trade and bills receivables

The Group allows different credit periods to its trade customers depending on the type of printing services provided. Credit periods vary from 90 to 180 days in accordance with the industry practice.

An aged analysis of the trade and bills receivables, based on payment due date, and net of allowance, is as follows:

	2005	2004
	HK$'000	*HK$'000*
Within credit period	**345,744**	302,420
1 - 30 days	**141,657**	49,528
31 - 60 days	**62,215**	40,248
61 - 90 days	**33,580**	10,272
Over 90 days	**39,962**	14,814
	623,158	417,282

The fair value of the Group's trade and bills receivables at 31 December 2005 was approximate to the corresponding carrying amount.

10. Trade and bills payables

An aged analysis of the trade and bills payables, based on payment due date, is as follows:

	2005	2004
	HK$'000	*HK$'000*
0 - 30 days	**148,797**	119,533
31 - 60 days	**11,901**	14,695
61 - 90 days	**7,423**	3,303
91 - 120 days	**3,569**	2,213
Over 120 days	**4,191**	7,432
	175,881	147,176

The fair value of the Group's trade and bills payables at 31 December 2005 was approximate to the corresponding carrying amount.

11. **Comparative figures**

Due to adoption of new/revised HKFRSs and HKASs for the current year, 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 in prior year. Also, certain comparative figures have been reclassified to conform with the current year's presentation.

FINAL DIVIDEND

The Board has resolved to declare a final dividend of HK3 per share for the year ended 31 December 2005 (2004: HK3 cents) to be payable on Tuesday, 11 April 2006, to shareholders whose names appear on the register of members of the Company on 17 March 2006.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 14 March 2006 to Friday, 17 March 2006, both days inclusive, during which period 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, Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 13 March 2006.

MANAGEMENT DISCUSSION & ANALYSIS

Sales of different products

	2005	2004
	HK$'000	*HK$'000*
Book Printing	**543,115**	418,915
Magazines Printing	**311,993**	271,396
Pop-up and touch-and-feel books Printing	**547,397**	187,340
Packaging Printing	**296,781**	95,683
Colour Separation	**774**	813
	1,700,060	974,147

Sales within different regions

	2005	2004
	HK$'000	*HK$'000*
Peoples Republic of China	**398,065**	392,819
Hong Kong, SAR	**155,714**	24,317
Taiwan	**119,040**	8,710
The United States of America	**574,485**	331,885
United Kingdom	**313,838**	115,215
Australia	**42,401**	46,406
Other areas	**96,517**	54,795
	1,700,060	974,147

BUSINESS AND FINANCIAL REVIEW

2005 was a remarkable year for SNP Leefung. In May 2005, the Company completed the acquisition of a 60% stake in SNP Yau Yue Paper Products Limited ("SNP Yau Yue", formerly known as Yau Yue Paper Products Limited) from the founders of SNP Yau Yue for an aggregate cash consideration of HK$68.4 million. In July 2005, the Company raised HK$120 million, before expenses, by way of a Rights Issue of 100,681,729 Rights Shares at a price of HK$1.2 per Rights Share on the basis of one Rights Share for every four existing Shares held.

During the year under review, we were able to attain sound operating and financial results under a very competitive market environment. The Group posted a record turnover of HK$1,700 million, up from HK$974 million, representing an increase of HK$726 million, approximately 75% over last year. The increase was attributed to the inclusion of the full-year turnover from the pop-up business which amounted to approximately HK$547 million and the turnover contributed by the newly-acquired SNP Yau Yue of approximately HK$215 million. Our core printing businesses continue to provide positive contributions in terms of operating profits and cashflows, the EBITDA has improved significantly from HK$116.7 million for the year 2004 to HK$177.5 million for 2005.

Despite the pressure from the increase in operating costs such as fuel and oil charges, labour costs, etc, we were able to maintain our gross profit margin at 20%, which was slightly down from 23% in last year. Cost savings were achieved through effective reduction in overhead expenses. We continue to strive for stringent cost control, low bad debt levels and the enhancement of cost efficiency across the Group.

Finance costs have increased from HK$4.1 million to HK$26.6 million as a result of the additional interest costs incurred for the additional loans drawn for the acquisition of subsidiaries and the continual increase in the interest rates.

China Division

Being a well-known printing group in Mainland China, we are focusing on producing high-quality magazines and hardcover books. In early 2005, we acquired new machineries to increase our production capacity to cope with the expansion in demands from the market. Even with the increased capacity, our sales orders almost utilized our full production capacity bringing in a turnover of approximately HK$385 million for the year. With our continuous proactive marketing efforts and our prestige in the market, we expect that our PRC sales will grow next year.

Export Division

The turnover has increased by 39% over the year. This is primarily due to the continual efforts by our overseas sales team which has become fully functional in 2005. Further, we will benefit from the integration with the SNP Excel (Hong Kong) Company Limited ("Excel (HK)") by having better opportunities in cross selling to existing customers.

Packaging Division

With the acquisition of SNP Yau Yue, the Packaging Division made a turnaround in 2005, as compared to losses incurred in 2004 as a result of the incorporation of the eight-month results from SNP Yau Yue. This was mainly attributed to the effectiveness of the new management team in increasing the sales volume, obtaining bulk purchase discounts and implementing cost control measures.

Pop-up Division

Since the acquisition of Excel (HK) and SNP Excel (Thailand) Co., Ltd ("Excel (Thai)") in September 2004, the Pop-up Division started to have a full year contribution of HK$547 million for year 2005 versus a partial inclusion of four-month results in the previous year. Other than benefiting from the synergistic opportunities in the areas of marketing and production, the profitability of the Group is expected to improve upon the diversification of its product offerings into pop-up books business.

Capital Investments

During the year, we have invested approximately HK$67 million in upgrading our existing facilities and increasing 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 demands from our valuable customers. The installation of the Group's first eight-colour sheetfed press in our Dongguan plant will be completed by the end of February. We are confident that we are well-equipped to consolidate our position as a leading printer in the printing industry.

OUTLOOK

Following the acquisition of the new business lines in packaging printing, we continue to reinforce our prime focus on the development of the core printing business. Our joint venture with the Shanghai Expo Group is expected to commence operations in the third quarter of 2006, which represents a further stepping stone in the vast PRC market. With the full integration with SNP Excel companies and SNP Yau Yue, we are optimistic that we will have an encouraging growth in 2006.

In addition to organic growth, the Group will continually explore 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 postings within the Group will be provided to enrich the professional knowledge of our dedicated employees.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2005, the Group's cash and bank balances amounted to HK$154 million while the total assets and the net assets were approximately HK$2,047 million and HK$949 million respectively.

The current ratio at year end increased slightly from 1.81 to 1.92 and the total bank borrowings had increased to HK$751 million. The net gearing ratio based on total borrowings less cash and bank balances to total equity has decreased from 68% to 64% as at year end as a result of the funds raised from the Rights Issue. In view of the Group's ability to generate cash from its operations, together with approximately HK$846 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 2005, total equity was HK$949 million, which had increased by HK$202 million, as compared to HK$747 million as at 31 December 2004.

As at 31 December 2005, the Group's total borrowings (including bank borrowings and obligation under finance leases) amounted to HK$758.0 million (31 December 2004: HK$661.5 million) which represents 80% (31 December 2004: 89%) of the total equity. Of the total borrowings, HK$244.0 million, HK$121.8 million, HK$327.2 million and HK$65 million will be repayable within one year, the second year, the third to fifth years and over five years respectively. The total borrowings comprise an amount of HK$740.1 million denominated in Hong Kong Dollars; HK$15.4 million denominated in Renminbi and HK$2.5 million denominated in Thai Baht.

TREASURY POLICIES

The Group maintains a conservative approach on foreign exchange exposure management. The majority of the Group's borrowings, approximately 98% of the total borrowings at the year end date, were in Hong Kong Dollars while the remaining balance was in other currencies.

The Group's borrowings are principally on a 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 2005, the Group pledged its bank deposits and property, plant and equipment with an aggregate carrying value of approximately HK$11.4 million (31 December 2004: HK$10 million) as securities for generating banking facilities granted to the Group.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

At the end of 2005, the Group employed a total of approximately 200 employees in Hong Kong and a workforce of approximately 8,000 in the PRC and Thailand.

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.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and the financial statements for the year ended 31 December 2005.

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 2005.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

As stated in the Company's interim report for the six months ended 30 June 2005, the Board has undertaken to review and propose the necessary amendments to the Bye-laws of the Company in order to ensure its compliance with the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules. At the Special General Meeting of the Company held on 8 December 2005, a special resolution was passed to amend the Bye-laws of the Company so that (i) any director appointed to fill a casual vacancy shall be subject to re-election by Shareholders at the Company's first general meeting after the appointment rather than the Company's next following annual general meeting after the appointment and (ii) every director shall be subject to retirement by rotation at least once every three years and directors holding office as the Chairman of the Board or the Managing Director shall also be subject to retirement by rotation.

Accordingly, in the opinion of the directors, the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Code"). Having made specific enquiry of the directors of the Company, all the directors confirmed that they had compiled with the required standards as set out in the Code during the year ended 31 December 2005.

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.

CHANGE OF COMPANY SECRETARY

The Board announces that Mr. Lo Kin Cheung has resigned as the Company Secretary of the Company with effect from 8 February 2006. Mr. Lo confirmed that he has no disagreement with the Company, and there are no matters relating to his resignation that should be brought to the attention of the Stock Exchange and the Shareholders. Miss Wong Yuk Har has been appointed as the Company Secretary of the Company with effect from 8 February 2006.

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

Hong Kong
8 February 2006

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"