



# 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 FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2006

#### 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 2006 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

	<i>Notes</i>	Three months ended 31 March 2006 (Unaudited) <i>HK\$'000</i>	Three months ended 31 March 2005 (Unaudited and restated) <i>HK\$'000</i>
Revenue	2	345,045	286,374
Cost of sales		(282,342)	(224,629)
Gross profit		62,703	61,745
Other operating income		2,188	843
Selling and distribution costs		(24,981)	(27,575)
Administrative expenses		(24,911)	(21,961)
Finance costs		(8,521)	(2,524)
Share of results of associates		928	889
Profit before tax		7,406	11,417
Income tax expenses	3	(805)	(2,170)
<b>Profit for the period</b>		<b>6,601</b>	<b>9,247</b>

**Attributable to:**

Equity holders of the parent		<b>5,012</b>	9,176
Minority interests		<b>1,589</b>	71
		<hr/> <b>6,601</b> <hr/>	<hr/> <b>9,247</b> <hr/>
Basic earnings per share	4	<hr/> <b>HK 1.00 cents</b> <hr/>	<hr/> <b>HK 2.24 cents</b> <hr/>

*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 statements for the year ended 31 December 2005.

In the current period, the Group has adopted, for the first time, a number of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods commencing on or after 1 January 2006. The adoption of these standards and interpretations do not have any material impact on accounting policies and financial results of the Group. Certain comparative figures have been reclassified to conform with the current period's disclosure requirements.

**2. Turnover by geographical areas**

	<b>Three months ended 31 March 2006 (Unaudited) HK\$'000</b>	Three months ended 31 March 2005 (Unaudited) HK\$'000
People's Republic of China	<b>95,032</b>	90,592
Hong Kong, SAR	<b>46,410</b>	12,319
Taiwan	<b>45,899</b>	1,850
The United States of America	<b>78,764</b>	110,436
The United Kingdom	<b>46,294</b>	46,711
Australia	<b>3,608</b>	7,274
Other areas	<b>29,038</b>	17,192
	<hr/> <b>345,045</b> <hr/>	<hr/> <b>286,374</b> <hr/>

### 3. Income tax expenses

	<b>Three months ended 31 March 2006 (Unaudited) HK\$'000</b>	Three months ended 31 March 2005 (Unaudited and restated) HK\$'000
Current tax:		
Hong Kong	(458)	1,656
Other jurisdictions	<u>1,302</u>	<u>514</u>
	<b>844</b>	2,170
Deferred taxation:	<u>(39)</u>	<u>–</u>
	<b><u>805</u></b>	<b><u>2,170</u></b>

Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) on the estimated assessable profits for the period.

Taxation for other jurisdictions are 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 2006 is based on the net profit attributable to the equity holders of the parent of approximately HK\$5,012,000 (2005: HK\$9,176,000) and the weighted average of 503,408,647 shares (2005: 409,573,275 shares as adjusted for the Rights Issue on 14 July 2005) in issue during the period.

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 share options were higher than the average market prices of the shares for both financial periods.

## MANAGEMENT DISCUSSION & ANALYSIS

For the first quarter ended 31 March 2006, the Group reported a turnover of HK\$345.0 million, an increase of 20.5% compared to the same quarter last year and a net profit attributable to the equity holders of the parent of HK\$5.0 million, a decrease of 45.4% compared to the same period last year.

The reason for the increase in turnover was attributed to the inclusion of the turnover from SNP Yau Yue Paper Products Limited ("SNP Yau Yue") which was acquired in May last year. The gross profit for the period increased slightly from HK\$61.7 million to HK\$62.7 million with the margin lowered from 21.6% to 18.2% in the current period. The decrease in the gross profit margin is primarily due to the change in the products mix in the current period, with higher weightage in corrugated products with lower gross margin than other lines of products. However, the corrugated business enjoyed lower level of selling and distribution expenses which brought a decrease in the percentage of selling and distribution expenses to turnover dropped from 9.6% to 7.2% in the current period. Higher labour cost and fuel and oil charges continued to dampen the gross profit margin in the current period. Cost saving measures, including stringent cost control, credit control and reduction in overhead expenses, have been implemented to counter these cost drivers across the Group.

The finance costs for the Group has increased by HK\$6.0 million, resulting from the combined effects of continual interest rate hikes and the increase in loan size for financing the acquisition of SNP Yau Yue. As at 31 March 2006, the Group's total borrowings (including bank borrowings and obligation under finance leases) amounted to HK\$700.0 million (31 December 2005: HK\$758.0 million), being 72.9% (31 December 2005: 80.0%) of the total equity. The Management continues to closely monitor the finance cost and where appropriate, hedging instruments, including interest rate swap, will be used in managing the interest rate exposure.

## **PROSPECTS**

At the operating level, the enlarged packaging printing business following the acquisition of SNP Yau Yue last year is expected to turnaround in the current year. Further, our joint venture in Shanghai is expected to commence operation in the third quarter this year and to contribute to the Group's growth beginning 2007.

Barring unforeseen circumstances the Management is cautiously optimistic that the operating performance of the Group will improve this year.

## **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**

*Executive Director and Chief Executive Officer*

Hong Kong  
19 April 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, and four independent non-executive Directors, being Mr. Cheng Wai Wing, Edmund, Mr. John Robert Walter, Mr. Lai Ming, Joseph and Ms. Kan Lai Kuen, Alice.*

\* *For identification purposes only*

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