



SNP Leefung Holdings Limited
利豐雅高印刷集團有限公司

INTERIM REPORT 2005
二零零五年中期報告



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INTERIM RESULTS

The Board of Directors of SNP Leefung Holdings Limited (the "Company") is pleased to announce the unaudited interim results for the six months ended 30 June 2005 of the Company and its subsidiaries (the "Group") together with the comparative figures for the same period as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June	
		2005 (Unaudited) HK\$'000	2004 (Unaudited and restated) HK\$'000
Turnover		703,162	380,829
Cost of sales		(553,627)	(291,936)
Gross profit		149,535	88,893
Other operating income		2,587	1,555
Selling and distribution costs		(62,525)	(31,257)
Administrative expenses		(48,238)	(40,445)
Gain on disposal of property, plant and equipment		2,476	238
Profit from operations	4	43,835	18,984
Finance costs	5	(7,926)	(831)
Share of results of associates		1,867	1,921
Amortisation of goodwill arising from the acquisition of an associate		-	(202)
Profit before tax		37,776	19,872
Income tax expenses	6	(5,664)	(2,849)
Profit for the period		32,112	17,023
Attributable to:			
Equity holders of the Company		30,173	16,882
Minority interests		1,939	141
		32,112	17,023
Interim dividend		10,068	8,055
Basic earnings per share	7	HK7.49 cents	HK4.19 cents
Interim dividend per share		HK2 cents	HK2 cents

CONSOLIDATED BALANCE SHEET

		30 June 2005 (Unaudited) HK\$'000	31 December 2004 (Audited and restated) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment		718,838	666,321
Land lease prepayment		13,007	13,169
Goodwill		170,394	134,602
Interests in associates		84,315	82,877
		986,554	896,969
Current assets			
Inventories		283,295	207,373
Trade receivables	8	528,586	417,282
Prepayments, deposits and other receivables		78,426	61,338
Financial assets at fair value through profit or loss		822	622
Tax recoverable		9,989	8,313
Amount due from SNP Group		1,032	–
Bank balances and cash		133,605	151,812
		1,035,755	846,740
Current liabilities			
Trade and bills payables	9	252,977	147,176
Other payables and accruals		151,837	129,542
Tax liabilities		14,653	15,410
Amount due to SNP Group		–	1,971
Amounts due to associates		17,954	13,862
Amount due to minority shareholders		8,096	–
Obligations under finance leases – due within one year		3,657	1,333
Bank borrowings – due within one year	10	177,766	158,881
		626,940	468,175
Net current assets		408,815	378,565
Total assets less current liabilities		1,395,369	1,275,534
Non-current liabilities			
Bank borrowings – due after one year	10	571,973	500,000
Obligations under finance leases – due after one year		5,028	1,290
Deferred tax liabilities		20,213	16,721
		597,214	518,011
		798,155	757,523
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	11	40,273	40,273
Reserves		729,770	714,595
		770,043	754,868
Minority interests		28,112	2,655
Total Equity		798,155	757,523

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2005	2004
	(Unaudited)	(Unaudited and restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow from operating activities	67,059	39,898
Net cash outflow from investing activities	(95,997)	(6,653)
Net cash inflow/(outflow) from financing activities	11,037	(29,853)
(Decrease)/increase in cash and cash equivalents	(17,901)	3,392
Cash and cash equivalents at 1 January	151,812	80,760
Effect of foreign exchange rate changes, net	(306)	–
Cash and cash equivalents at 30 June	133,605	84,152
Analysis of the balance of cash and cash equivalents		
Cash and bank balances	133,605	84,152
	133,605	84,152

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 30 June 2005											
	Attributable to equity holder of the Company											Total equity (Unaudited) HK\$'000
	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Property revaluation reserve (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Employee		Reserve fund (Unaudited) HK\$'000	Dividend reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Minority interests (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	
					Share-based							
Translation reserve (Unaudited) HK\$'000					compensation reserve (Unaudited) HK\$'000							
At 1 January 2005, as previously reported as equity	40,273	326,493	11,686	2,515	(1,834)	-	15,511	12,082	348,142	754,868	-	754,868
Arising from adoption of HKFRS 2	-	-	-	-	-	328	-	-	(328)	-	-	-
At 1 January 2005, as previously reported as minority interests	-	-	-	-	-	-	-	-	-	-	2,655	2,655
At 1 January 2005, as restated	40,273	326,493	11,686	2,515	(1,834)	328	15,511	12,082	347,814	754,868	2,655	757,523
Profit for the period ended 30 June 2005	-	-	-	-	-	-	-	-	30,173	30,173	1,939	32,112
Employee share option benefits	-	-	-	-	-	183	-	-	-	183	-	183
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	23,659	23,659
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(141)	(141)
Exchange differences on translation of overseas operations	-	-	-	-	(3,099)	-	-	-	-	(3,099)	-	(3,099)
Final 2004 dividend paid	-	-	-	-	-	-	-	(12,082)	-	(12,082)	-	(12,082)
Proposed 2005 interim dividend	-	-	-	-	-	-	-	8,055	(8,055)	-	-	-
At 30 June 2005	40,273	326,493	11,686	2,515	(4,933)	511	15,511	8,055	369,932	770,043	28,112	798,155

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Six months ended 30 June 2004																					
	Attributable to equity holder of the Company											Total equity (Unaudited) HK\$'000										
	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Property revaluation reserve (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Translation reserve (Unaudited) HK\$'000	Employee Share-based compensation reserve (Unaudited) HK\$'000	Reserve fund (Unaudited) HK\$'000	Dividend reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Minority interests (Unaudited) HK\$'000											
													Attributable to equity holder of the Company									
At 1 January 2004, as previously reported as equity	40,273	326,493	11,686	2,515	(4,636)	-	5,069	12,082	328,239	721,721	-	721,721										
Arising from adoption of HKFRS 2	-	-	-	-	-	62	-	-	(62)	-	-	-										
At 1 January 2004, as previously reported as minority interests	-	-	-	-	-	-	-	-	-	-	2,410	2,410										
At 1 January 2004, as restated	40,273	326,493	11,686	2,515	(4,636)	62	5,069	12,082	328,177	721,721	2,410	724,131										
Profit for the period ended 30 June 2004	-	-	-	-	-	-	-	-	16,882	16,882	141	17,023										
Employee share option benefits	-	-	-	-	-	126	-	-	-	126	-	126										
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(141)	(141)										
Final 2004 dividend paid	-	-	-	-	-	-	-	(12,082)	-	(12,082)	-	(12,082)										
Proposed 2004 interim dividend	-	-	-	-	-	-	-	8,055	(8,055)	-	-	-										
At 30 June 2004	40,273	326,493	11,686	2,515	(4,636)	188	5,069	8,055	337,004	726,647	2,410	729,057										

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The unaudited condensed interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") No. 34: Interim Financial Reporting and other relevant HKASs and Interpretations, the Hong Kong Financial Reporting Standards ("HKFRSs") 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").

The accounting policies and methods of computation used in the preparation of the interim financial statements are the same as those adopted in preparing the annual financial statements for the year ended 31 December 2004 except for the new adoption of HKFRSs and HKASs as disclosed in note 2 below.

2. Impact of new/revised HKFRSs and HKASs

The HKICPA has issued a number of new HKFRSs and HKASs and Interpretations, which are effective for the accounting periods commencing on or after 1 January 2005. The Group has adopted the following HKFRSs and HKASs issued up to 30 June 2005 which are pertinent to its operations and relevant to these interim financial statements.

HKAS 1	Presentation of Financial Statement
HKAS 17	Leases
HKAS 28	Investment in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based payments
HKFRS 3	Business Combinations

The adoption of these new/revised HKFRSs and HKASs has resulted in the following changes to the Group's accounting policies that have affected the amount reported or disclosures for the current or prior year.

- (a) The adoption of HKAS 1 has affected the presentation of minority interests, share of net after-tax results of associates and other disclosures.
- (b) The adoption of HKAS 17 has resulted in a change in accounting policy relating to leasehold land. Leasehold land and buildings were previously carried at valuation less accumulated depreciation. In accordance with the provisions of HKAS 17, a lease of land and building should be split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. The up-front prepayments made for the leasehold land and land use right are stated at cost and amortised over the period of the lease or where there is impairment, the impairment is expensed in the income statement whereas the leasehold buildings is stated at valuation less accumulated depreciation.
- (c) The adoption of HKFRS 2 has resulted in a change in accounting policy for employee share options. Prior to this, the provision of share options to employees did not result in a change to the profit and loss account. Following the adoption of HKFRS 2, the fair value of share options at grant date is amortised over the relevant vesting periods to the profit and loss account. HKFRS 2 has been applied retrospectively for all equity instruments granted to employees after 7 November 2002 and not vested at 1 January 2005. The change in such policy has resulted in an increase of HK\$63,000 and HK\$328,000 in the Group's employee share-based compensation reserve as at 1 January 2004 and 1 January 2005, respectively of which representing the amortization of share options to the profit and loss account.

2. Impact of new/revised HKFRSs and HKASs (continued)

(d) The adoption of HKFRS 3, HKAS 36 and HKAS 38 has resulted in changes in accounting policies in impairment of assets and goodwill. Prior to this, goodwill was:

- amortised on the straight-line basis over its estimated economic useful life which not exceeding 20 years; and
- assessed for impairment at each balance sheet date.

In accordance with the provision of HKFRS3:

- the Group ceased amortization of goodwill from 1 January 2005;
- accumulated amortization as at 31 December 2004 has been eliminated with a corresponding decrease in the cost of goodwill;
- from the year ending 31 December 2005 onwards, goodwill is tested annually for impairment, as well as when there are indication of impairment.

As a result of the adoption of HKFRS 3, HKAS 36 and HKAS 38, the goodwill amortization of approximately HK\$7.7 million has not been recognized in the profit and loss account for the six months ended 30 June 2005.

(e) The adoption of HKAS 32 and HKAS 39 has resulted in a change of accounting policy for recognition, measurement and disclosure of financial instruments. Until 31 December 2004, investments of the Group were classified as other investments and were stated in the balance sheet at fair value.

In accordance with the provision of HKAS 39, the investments have been classified into available-for-sale financial assets, financial assets at fair value through profit and loss and loans and receivables (which include bank deposits and cash and cash equivalents). The classification depends on the purpose for which the investments were held.

The transitional provisions of HKAS 39 are as follows:

- recognize all derivatives at fair value in the balance sheet from 1 January 2005;
- redesignate all investments into available-for-sale financial assets, financial assets through profit and loss and loans and receivables (which include bank deposits and cash and cash equivalents) from 1 January 2005;
- remeasure those financial assets or financial liabilities that should be measured at fair value and those that should be measured at amortised cost from 1 January 2005.

2. Impact of new/revised HKFRSs and HKASs (continued)

(f) The effect of changes in the above accounting policies on the consolidated balance sheet are as follows:

	Effect of adopting				Total effect on adoption of HKFRSs and HKASs HK\$'000
	HKAS 1 HK\$'000	HKAS 17 HK\$'000	HKFRS 2 HK\$'000	HKAS 32 & HKAS 39 HK\$'000	
At 1 January 2005 (audited and restated)					
Increase/(decrease) in assets					
Property, plant and equipment		(13,169)			(13,169)
Land lease prepayment		13,169			13,169
Other investments				(622)	(622)
Financial assets at fair value through profit or loss				622	622
Increase/(decrease) in equity					
Employee share-based compensation reserve			328		328
Retained profits			(328)		(328)
At 30 June 2005 (unaudited)					
Increase/(decrease) in assets					
Property, plant and equipment		(13,007)			(13,007)
Land lease prepayment		13,007			13,007
Other investments				(822)	(822)
Financial assets at fair value through profit or loss				822	822
Increase/(decrease) in equity					
Employee share-based compensation reserve			511		511
Retained profits			(511)		(511)

2. Impact of new/revised HKFRSs and HKASs (continued)

(g) The effect of changes in the above accounting policies on the consolidated income statement are as follows:

	Effect of adopting				Total effect on adoption of HKFRSs and HKASs HK\$'000
	HKAS 1 HK\$'000	HKAS 17 HK\$'000	HKFRS 2 HK\$'000	HKAS 32 & HKAS 39 HK\$'000	
For the six months ended					
30 June 2005 (unaudited)					
Increase/(decrease) in profit					
Increase in employee share option benefits			(183)		(183)
Decrease in depreciation		162			162
Increase in amortisation of land lease prepayment		(162)			(162)
Decrease in share of results of associates	(775)				(775)
Decrease income tax expenses	775				775
Total increase/(decrease) in profit	-	-	(183)	-	(183)
Increase/(decrease) in basic earnings per share (HK cents)	-	-	(0.05)	-	(0.05)
For the six months ended					
30 June 2004 (unaudited)					
Increase/(decrease) in profit					
Increase in employee share option benefits			(126)		(126)
Decrease in depreciation		162			162
Increase in amortisation of land lease prepayment		(162)			(162)
Decrease in share of results of associates	(733)				(733)
Decrease income tax expenses	733				733
Total increase/(decrease) in profit	-	-	(126)	-	(126)
Increase/(decrease) in basic earnings per share (HK cents)	-	-	(0.03)	-	(0.03)

3. Business and geographical segments

(a) Business segments

Segment information of the three operating divisions are as follows:

Six months ended 30 June 2005

	Printing of books and magazines <i>HK\$'000</i>	Printing of packaging products <i>HK\$'000</i>	Printing of Pop-up and touch-and feel books <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue					
External sales	372,649	97,422	233,091	–	703,162
Inter-segment sales	149	4,235	1,075	(5,459)	–
Total	372,798	101,657	234,166	(5,459)	703,162
Result					
Segment result	43,393	(726)	15,532	–	58,199
Unallocated corporate expenses					(14,364)
Profit from operations					43,835
Finance costs					(7,926)
Share of results of associates	886	981	–	–	1,867
Profit before tax					37,776
Income tax expenses					(5,664)
Profit for the period					32,112

3. Business and geographical segments (continued)

(a) Business segments (continued)

Six months ended 30 June 2004 (Restated)

	Printing of books and magazines HK\$'000	Printing of packaging products HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment revenue				
External sales	340,539	40,290	–	380,829
Inter-segment sales	–	2,966	(2,966)	–
Total	340,539	43,256	(2,966)	380,829
Result				
Segment result	39,448	(4,171)	–	35,277
Unallocated corporate expenses				(16,293)
Profit from operations				18,984
Finance costs				(831)
Share of results of associates	940	981	–	1,921
Amortisation of goodwill arising from the acquisition of an associate	(202)	–	–	(202)
Profit before tax				19,872
Income tax expenses				(2,849)
Profit for the period				17,023

(b) Geographical segments

	Turnover	
	Six months ended 30 June 2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
The PRC, excluding Hong Kong	188,044	186,596
Hong Kong	41,795	9,949
	229,839	196,545
The United States of America	258,784	110,586
United Kingdom	121,732	39,020
Taiwan	32,938	3,364
Australia	20,588	27,403
Other areas	39,281	3,911
	703,162	380,829

Contribution to profit by geographical market has not been presented as the contribution to profit from each market is substantially in line with the overall Group's ratio of profit to turnover.

4. Profit from operations

	Six months ended 30 June	
	2005 (Unaudited) HK\$'000	2004 (Unaudited and restated) HK\$'000
Profit from operations has been arrived at after charging:		
Staff costs, including directors' remuneration		
– Salaries, wages and other benefits	106,592	46,761
– Retirement benefit scheme contributions, net of forfeited contributions of nil (2004: nil)	2,642	2,203
Total staff costs	109,234	48,964
Auditors' remuneration	823	538
Amortisation of land lease prepayment	162	162
Depreciation	34,503	22,277
Exchange loss, net	–	664
Minimum lease payment under operating leases:		
– Plant and machinery	69	615
– Land and buildings	5,668	50
	5,737	665
And after crediting:		
Rental income	458	141
Less: outgoings	(400)	(12)
Net rental income	58	129
Interest income	835	456
Exchange gain, net	35	–

5. Finance costs

	Six months ended 30 June	
	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
Interest on:		
– bank and other borrowings wholly repayable within five years	5,198	831
– bank and other borrowings wholly repayable over five years	2,613	–
– obligations under finance leases	115	–
	7,926	831

6. Income tax expenses

The charge comprises:

	Six months ended 30 June	
	2005 (Unaudited) <i>HK\$'000</i>	2004 (Unaudited and restated) <i>HK\$'000</i>
Current tax:		
Hong Kong	3,764	1,068
Other jurisdictions	1,900	1,781
	5,664	2,849

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.

7. 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\$30,173,000 for the six months ended 30 June 2005 (2004: HK\$16,882,000 as restated) and on the weighted average number of 402,726,918 (2004: 402,726,918) shares 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.

8. Trade 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 receivables, based on payment due date, and net of allowance, is as follows:

	30 June 2005 (Unaudited) <i>HK\$'000</i>	31 December 2004 (Audited) <i>HK\$'000</i>
	Within credit period	385,927
1 – 30 days	58,693	49,528
31 – 60 days	29,726	40,248
61 – 90 days	17,472	10,272
Over 90 days	36,768	14,814
	528,586	417,282

9. Trade and bills payables

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

	30 June 2005 (Unaudited) HK\$'000	31 December 2004 (Audited) HK\$'000
0 – 30 days	210,440	119,533
31 – 60 days	30,318	14,695
61 – 90 days	3,626	3,303
91 – 120 days	1,836	2,213
Over 120 days	6,757	7,432
	252,977	147,176

10. Bank Borrowings

	30 June 2005 (Unaudited) HK\$'000	31 December 2004 (Audited) HK\$'000
Secured bank loans	28,264	6,736
Unsecured bank loans	721,475	652,145
	749,739	658,881

The above amounts bear interest at prevailing market rates and are repayable as follows:

	30 June 2005 (Unaudited) HK\$'000	31 December 2004 (Audited) HK\$'000
Within one year	177,766	158,881
In the second year	120,727	100,000
In the third to fifth years inclusive	356,246	275,000
Over five years	95,000	125,000
	749,739	658,881
Less: Amount due for settlement within one year (shown under current liabilities)	(177,766)	(158,881)
Amount due for settlement after one year	571,973	500,000

11. Share capital

	No. of shares	Nominal value HK\$'000
Ordinary shares of HK\$0.10 each:		
Authorised:		
At 1 January 2005	500,000,000	50,000
Increase in authorized capital passed at the special general meeting on 22 June 2005	500,000,000	50,000
At 30 June 2005	1,000,000,000	100,000
Issued and fully paid:		
At 1 January 2005 and 30 June 2005	402,726,918	40,273

12. Capital commitments

	30 June 2005 (Unaudited) HK\$'000	31 December 2004 (Audited) HK\$'000
Commitments in respect of the acquisition of property, plant and equipment		
– contracted for but not provided	13,318	3,878
– authorised but not contracted for	–	47
	13,318	3,925

13. Contingent liabilities

There were no material contingent liabilities of the Group at the end of the period under review.

14. Related party transactions

- (a) During the period, the Group entered the following transactions with Beijing SNP Leefung Changcheng Printers Co., Ltd., an indirect 47% owned associate.

Nature of transactions	Six months ended 30 June	
	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
Subcontracting fee paid	18,874	20,744
Rental income received	458	–
Sales of goods	688	624

The transactions were determined at the rates fairly negotiated between both parties.

- (b) During the period, the Group also entered the following transactions with SNP Group.

Nature of transactions	Six months ended 30 June	
	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
Services fee paid	626	470
Subcontracting fee paid	–	242
Sales of goods	930	84

The transactions were carried out at the terms agreed by both parties.

15. Comparative figures

Due to adoption of new/revised FRSs 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.

ACQUISITION OF SNP YAU YUE PAPER PRODUCTS LIMITED

(formerly known as Yau Yue Paper Products Limited)

On 18 March 2005, the Company has entered into an acquisition agreement pursuant to which the shareholders of SNP Yau Yue Paper Products Limited ("SNP Yau Yue") conditionally agreed to sell and the Company conditionally agreed to purchase the Sale Shares, representing 60% of the issued share capital of SNP Yau Yue, for an aggregate cash consideration of HK\$68.4 million. The transaction has been completed in early May 2005.

With the successful acquisition of SNP Yau Yue, the Group will be able to immediately gear up its existing packaging business to a growth stage as the enlarged packaging business will contribute about one-fourth of the Group's annual turnover. SNP Yau Yue's business knowledge and experience in the corrugated box business will help turnaround the Group's current loss-making corrugated box printing business. Further costs synergies will be achieved upon full integration of the Group's existing packaging business and SNP Yau Yue.

SUBSEQUENT EVENT

On 25 May 2005, the Board of Directors announced that the Company proposed to raise not less than approximately HK\$120.8 million before expenses by way of a rights issue of not less than 100,681,729 Rights Shares and not more than 100,767,979 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 on the Record Date, 22 June 2005.

As mentioned in the announcement published by the Company dated 14 July 2005, 372 valid acceptances of provisional allotment of Rights Shares have been received for a total of 93,829,048 Rights Shares and 366 valid applications for excess Rights Shares have been received for a total of 43,168,198 Rights Shares, resulting in a total of valid applications of 136,997,246 Rights Shares. Accordingly, the Rights Issue was approximately 1.36 times subscribed, of which approximately 0.93 times were subscribed under the provisional allotment of Rights Shares and approximately 0.43 times were subscribed under the excess applications for the Rights Shares. As a result of the over-subscription of the Rights Shares, the Underwriter's obligations under the Underwriting Agreement have been discharged.

After the completion of the Rights Issue, the number of Shares in issue has increased from 402,726,918 Shares to 503,408,647 Shares.

DIVIDEND

The Board has resolved to declare an interim dividend of HK 2 cents per share for the six months ended 30 June 2005 (six months ended 30 June 2004: HK 2 cents) payable on Thursday, 25 August 2005, to shareholders whose names appear on the register of members of the Company on Friday, 19 August 2005.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Tuesday, 16 August 2005 to Friday, 19 August 2005, 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, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 15 August 2005.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

For the first half of 2005, the Company reported a turnover of HK\$703.2 million. This represented an increase of 84.7% over 2004's turnover of HK\$380.8 million. The profit for the period amounted to HK\$32.1 million which is 88.6% higher than the profit of HK\$17.0 million in 2004.

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

At the end of June 2005, the Group's sales amounted to HK\$703.2 million, up from HK\$380.8 million last year. The sales of the export book division increased by HK\$26.3 million, representing an increase of 15% over the last corresponding period. In 2004, the Company had successfully set-up new sales teams in Europe and United States. This has started to create value for the Company in expanding overseas sales since last year. Our PRC business was maintaining a stable growth of 4% in the turnover as compared to that of last year. The actual growth rate is higher than the reported number as certain customers have changed their order arrangements by supplying their own materials, mainly paper, for production. Our newly installed web press has provided the necessary increase in capacity to cope with the increase in sales. The overall increase in book and magazine printing has helped improve the profitability in our core printing operation. However, such improvement was partly offset by the increase in paper and other materials prices during the period under review. Meanwhile, the pop-up business that we acquired last year remained stable, despite unexpected utility and labour shortages, that have now largely been solved with additional power generators and aggressive recruitment drives inland, and severance payments amounting to HK\$2 million resulting from the relocation of its head office from Hong Kong to Panyu in February 2005. Our packaging business also saw improvement as compared with last year, narrowing its total losses to HK\$0.7 million. This was helped by the contribution from SNP Yau Yue upon consolidating its performance in beginning May 2005. The finance costs of the Group increased by HK\$7.1 million in the current period, resulting from an increase in bank loans for financing the acquisition of the subsidiaries and increase in interest rates.

As reflected by the six months cashflow statement, the operating cash inflow remained strong at HK\$67.1 million (2004: HK\$39.9 million). An interim dividend of HK 2 cents is proposed which is the same as that of last year.

Financial Review

As at 30 June 2005, the Group's cash and bank balances amounted to HK\$133.6 million while the total assets and the net assets were approximately HK\$2,022.3 million (31 December 2004: HK\$1,743.7 million) and HK\$798.2 million (31 December 2004: HK\$757.5 million as restated) respectively. The current ratio as at 30 June 2005 was 1.65, against 1.81 as at 31 December 2004. This decrease is mainly due to increase in borrowings classified under current liabilities, which is a result of increase in bank borrowings. As at 30 June 2005, the total borrowings from banks including obligations under finance leases amounted to approximately HK\$758 million, of which 24.0%, 16.3%, 47.2% and 12.5% were repayable within the first year, the second year, the third to fifth years and over the fifth year respectively. Of the total borrowings, HK\$750.7 million were denominated in Hong Kong dollars, an equivalent of HK\$1 million denominated in Thailand Baht and an equivalent of HK\$6.3 million denominated in US Dollar. These loans are principally on a floating rate basis. When appropriate, hedging instruments including swaps were used in managing the interest rate exposure.

MANAGEMENT DISCUSSION & ANALYSIS (continued)

Financial Review (continued)

The Group's net gearing ratio based on net debts to equity has increased from 67% as at 31 December 2004 to 78% at 30 June 2005. However, following the completion of Rights Issue as mentioned in the paragraph under "Subsequent event", which will raise funds of approximately HK\$120 million, our net gearing ratio will be reduced to approximately 63%. Taking into account the Group's ability to generate cash from operations, and approximately HK\$598 million unutilized bank facilities at 30 June 2005, the Board considers that the Group has sufficient financial resources to finance future capital expenditure plans.

Employees policy

At the end of June 2005, the Group employed a total of approximately 210 employees in Hong Kong and a workforce of approximately 8,500 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, contributions to staff's provident fund and discretionary training subsidies. Share options and bonuses are also available to employees of the Group at the discretion of the directors and depending upon the financial performance of the Group.

Pledge of assets

As at 30 June 2005, the Group had pledged certain land and buildings with the aggregate net book value of approximately HK\$2 million (2004: nil) as securities for generating banking facilities granted to the Group.

PROSPECTS

Overall, the Management is optimistic about the performance of the Group in the second half of this year:

- Strong U.S market demand is expected to drive our export markets.
- Our China Division, following the installation of a new web press and the award of a major print contract for Vogue magazine, is likely to continue its strength into 2006.
- With the expertise of SNP Yau Yue in corrugated box printing, the Group is able to consolidate its Packaging Division, which aims to breakeven at operating level by the full year of 2005.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

As at 30 June 2005, the interests and short positions in the shares and share options of the Company and its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Cap.571) ("SFO")) as recorded in the register maintained under Section 352 of Part XV of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transaction by Directors of Listed Companies ("Model Code"), were as follows:

(1) Long positions in shares and underlying shares of the Company

(a) Ordinary shares of HK\$0.10 each of the Company

Name of director	Capacity	Number of shares held	Percentage of issued share capital as at 30 June 2005
Mr. Yang Sze Chen, Peter	Beneficial owner	900,000	0.22%
	Held by controlled corporation (<i>Note 1</i>)	16,514,867	4.10%
		17,414,867	4.32%

Note 1: These shares were held through Team Long Development Limited, a company that was wholly owned by Mr. Yang Sze Chen, Peter.

Note 2: Apart from these share held, as at 30 June 2005, Mr. Peter Yang was entitled to the provisional allotments of 225,000 and 4,128,716 nil-paid rights shares both personally and through Team Long Development Limited, respectively.

(b) Share options of the Company

Name of director	Capacity	Date of grant	Number of share options held	Number of underlying shares
Mr. Yeo Chee Tong	Beneficial owner	9 October 2003	450,000	450,000
		25 November 2004	225,000	225,000
		12 April 2005	225,000	225,000
			900,000	900,000

DIRECTORS' INTERESTS IN SHARES AND OPTIONS (continued)**(2) Long positions in shares and underlying shares of the associated corporation of the Company, SNP Corporation Ltd ("SNP")**(a) *Ordinary shares of S\$0.50 each of SNP*

Name of director	Capacity	Number of shares held	Percentage of issued share capital as at 30 June 2005
Mr. Yeo Chee Tong	Beneficial owner	1,086,553	0.93%
	Held by spouse	111,500	0.10%
Mr. Cheng Wai Wing, Edmund	Beneficial owner	1,198,053	1.03%
		35,000	0.03%
		1,233,053	1.06%

(b) *Share options of SNP*

Name of director	Capacity	Number of share options held	Number of underlying shares	Exercise price S\$	Exercisable period		
Mr. Yang Sze Chen, Peter	Beneficial owner	1,250	1,250	1.29	15 October 2004 to 14 October 2013		
		1,250	1,250	1.29	15 October 2005 to 14 October 2013		
		1,250	1,250	1.29	15 October 2006 to 14 October 2013		
		1,250	1,250	1.29	15 October 2007 to 14 October 2013		
		5,000	5,000	0.83	21 October 2005 to 20 October 2014		
		5,000	5,000	0.83	21 October 2006 to 20 October 2014		
		5,000	5,000	0.83	21 October 2007 to 20 October 2014		
		5,000	5,000	0.83	21 October 2008 to 20 October 2014		
		2,750	2,750	0.90	19 April 2006 to 18 April 2015		
		2,750	2,750	0.90	19 April 2007 to 18 April 2015		
		2,750	2,750	0.90	19 April 2008 to 18 April 2015		
		2,750	2,750	0.90	19 April 2009 to 18 April 2015		
				36,000	36,000		

DIRECTORS' INTERESTS IN SHARES AND OPTIONS (continued)**(2) Long positions in shares and underlying shares of the associated corporation of the Company, SNP Corporation Ltd ("SNP") (continued)***(b) Share options of SNP (continued)*

Name of director	Capacity	Number of share options held	Number of underlying shares	Exercise price S\$	Exercisable period
Mr. Yeo Chee Tong	Beneficial owner	10,000	10,000	0.50	23 April 2002 to 22 April 2011
		10,000	10,000	0.50	23 April 2003 to 22 April 2011
		10,000	10,000	0.50	23 April 2004 to 22 April 2011
		10,000	10,000	0.50	23 April 2005 to 22 April 2011
		10,000	10,000	0.50	11 October 2002 to 10 October 2011
		10,000	10,000	0.50	11 October 2003 to 10 October 2011
		10,000	10,000	0.50	11 October 2004 to 10 October 2011
		10,000	10,000	0.50	11 October 2005 to 10 October 2011
		20,000	20,000	0.69	17 April 2006 to 16 April 2012
		20,000	20,000	0.61	23 October 2005 to 22 October 2012
		20,000	20,000	0.61	23 October 2006 to 22 October 2012
		20,000	20,000	0.59	15 April 2004 to 14 April 2013
		20,000	20,000	0.59	15 April 2005 to 14 April 2013
		20,000	20,000	0.59	15 April 2006 to 14 April 2013
		20,000	20,000	0.59	15 April 2007 to 14 April 2013
		20,000	20,000	1.29	15 October 2004 to 14 October 2013
		20,000	20,000	1.29	15 October 2005 to 14 October 2013
		20,000	20,000	1.29	15 October 2006 to 14 October 2013
		20,000	20,000	1.29	15 October 2007 to 14 October 2013
		20,000	20,000	1.19	21 April 2005 to 20 April 2014

DIRECTORS' INTERESTS IN SHARES AND OPTIONS (continued)**(2) Long positions in shares and underlying shares of the associated corporation of the Company, SNP Corporation Ltd ("SNP") (continued)***(b) Share options of SNP (continued)*

Name of director	Capacity	Number of share options held	Number of underlying shares	Exercise price S\$	Exercisable period		
Mr. Yeo Chee Tong	Beneficial owner	20,000	20,000	1.19	21 April 2006 to 20 April 2014		
		20,000	20,000	1.19	21 April 2007 to 20 April 2014		
		20,000	20,000	1.19	21 April 2008 to 20 April 2014		
		20,000	20,000	0.83	21 October 2005 to 20 October 2014		
		20,000	20,000	0.83	21 October 2006 to 20 October 2014		
		20,000	20,000	0.83	21 October 2007 to 20 October 2014		
		20,000	20,000	0.83	21 October 2008 to 20 October 2014		
		37,500	37,500	0.90	19 April 2006 to 18 April 2015		
		37,500	37,500	0.90	19 April 2007 to 18 April 2015		
		37,500	37,500	0.90	19 April 2008 to 18 April 2015		
		37,500	37,500	0.90	19 April 2009 to 18 April 2015		
				610,000	610,000		
		Mr. Tay Siew Choon	Beneficial owner	5,000	5,000	0.50	23 April 2002 to 22 April 2011
5,000	5,000			0.50	23 April 2003 to 22 April 2011		
5,000	5,000			0.50	23 April 2004 to 22 April 2011		
5,000	5,000			0.50	23 April 2005 to 22 April 2011		
50,000	50,000			0.69	17 April 2003 to 16 April 2007		
50,000	50,000			0.59	15 April 2004 to 14 April 2008		
70,000	70,000			1.19	21 April 2005 to 20 April 2009		
77,000	77,000			0.90	19 April 2006 to 18 April 2010		
		267,000	267,000				

DIRECTORS' INTERESTS IN SHARES AND OPTIONS (continued)**(2) Long positions in shares and underlying shares of the associated corporation of the Company, SNP Corporation Ltd ("SNP") (continued)***(b) Share options of SNP (continued)*

Name of director	Capacity	Number of share options held	Number of underlying shares	Exercise price S\$	Exercisable period
Mr. Cheng Wai Wing, Edmund	Beneficial owner	30,000	30,000	0.59	15 April 2004 to 14 April 2008
		50,000	50,000	1.19	21 April 2005 to 20 April 2009
		55,000	55,000	0.90	19 April 2006 to 18 April 2010
		135,000	135,000		
Mr. John Robert Walter	Beneficial owner	30,000	30,000	0.50	23 April 2002 to 22 April 2006
		30,000	30,000	0.69	17 April 2003 to 16 April 2007
		30,000	30,000	0.59	15 April 2004 to 14 April 2008
		50,000	50,000	1.19	21 April 2005 to 20 April 2009
		55,000	55,000	0.90	19 April 2006 to 18 April 2010
		195,000	195,000		
		1,243,000	1,243,000		

DIRECTORS' INTERESTS IN SHARES AND OPTIONS (continued)**(3) Long positions in shares and underlying shares of other associated corporations of the Company***(a) Shares*

Name of director and company in which interest is held		Capacity	Number of shares held	Percentage of issued share capital as at 30 June 2005
(i)	Interest in Singapore Technologies Engineering Ltd			
	Ordinary shares of S\$0.10 each			
	Mr. Yeo Chee Tong	Beneficial owner	2,568	0.00%
(ii)	Interest in CapitaLand Limited			
	Ordinary share of S\$1.00 each			
	Mr. Tay Siew Choon	Beneficial owner	850	0.00%
(iii)	Interest in Raffles Holdings Limited			
	Ordinary shares of S\$0.50 each			
	Mr. Tay Siew Choon	Beneficial owner	10,000	0.00%
(iv)	Interest in Vertex Investment (II) Ltd			
	Ordinary shares of US\$1.00 each			
	Mr. Tay Siew Choon	Beneficial owner	2	0.03%
(v)	Interest in Vertex Technology Fund Ltd			
	Ordinary shares of US\$1.00 each			
	Mr. Tay Siew Choon	Beneficial owner	20	0.02%
(vi)	Interest in Vertex Technology Fund (II) Ltd			
	Ordinary shares of US\$1.00 each			
	Mr. Tay Siew Choon	Beneficial owner	500	0.33%
	Redeemable preference shares of US\$0.01 each			
	Mr. Tay Siew Choon	Beneficial owner	500	0.33%

DIRECTORS' INTERESTS IN SHARES AND OPTIONS (continued)**(3) Long positions in shares and underlying shares of other associated corporations of the Company (continued)***(a) Shares (continued)*

Name of director and company in which interest is held	Capacity	Number of shares held	Percentage of issued share capital as at 30 June 2005
(vii) Interest in SembCorp Industries Ltd			
Ordinary shares of S\$0.25 each			
Mr. Tay Siew Choon	Held by spouse	51,322	0.00%
Mr. Cheng Wai Wing, Edmund	Held by spouse	20,400	0.00%
(viii) Interest in Singapore Food Industries Limited			
Ordinary shares of S\$0.05 each			
Mr. Tay Siew Choon	Held by spouse	863,000	0.17%
(ix) Interest in Singapore Computer Systems Limited			
Ordinary shares of S\$0.25 each			
Mr. Tay Siew Choon	Held by spouse	971,000	0.63%
(x) Interest in Singapore Telecommunications Ltd			
Ordinary shares of S\$0.15 each			
Mr. Tay Siew Choon	Beneficial owner	1,560	0.00%
	Held by spouse	1,430	0.00%
		2,990	0.00%
Mr. Yeo Chee Tong	Beneficial owner	5,590	0.00%
	Held by spouse	1,616	0.00%
		7,206	0.00%

DIRECTORS' INTERESTS IN SHARES AND OPTIONS (continued)**(3) Long positions in shares and underlying shares of other associated corporations of the Company (continued)***(a) Shares (continued)*

Name of director and company in which interest is held	Capacity	Number of shares held	Percentage of issued share capital as at 30 June 2005
(xi) Interest in SMRT Corporation Ltd Ordinary shares of S\$0.10 each			
Mr. Tay Siew Choon	Beneficial owner	30,000	0.00%
(xii) Interest in Telechoice International Limited Ordinary shares of S\$0.02 each			
Mr. Tay Siew Choon	Beneficial owner	60,000	0.01%
Mr. Yeo Chee Tong	Beneficial owner	9,000	0.00%
(xiii) Interest in Neptune Orient Lines Limited Ordinary shares of S\$1.00 each			
Mr. Tay Siew Choon	Held by spouse	50,000	0.00%
(xiv) Interest in DBS Group Holdings Limited Ordinary shares of S\$1.00 each			
Mr. Cheng Wai Wing, Edmund	Held by spouse	2,000	0.00%
(xv) Interest in Keppel Corporation Limited Ordinary shares of S\$0.50 each			
Mr. Cheng Wai Wing, Edmund	Held by spouse	17,000	0.00%

DIRECTORS' INTERESTS IN SHARES AND OPTIONS (continued)**(3) Long positions in shares and underlying shares of other associated corporations of the Company (continued)***(b) Share options*

Name of director and company in which interest is held	Capacity	Number of share options held	Number of underlying shares	Exercise price S\$	Exercisable period
(i) Interest in Chartered Semiconductor Manufacturing Ltd					
Mr. Tay Siew Choon	Beneficial owner	23,443	23,443	4.26	15 August 2002 to 15 August 2006
		29,304	29,304	3.46	22 February 2003 to 22 February 2007
		234,439	234,439	3.88	1 May 2002 to 1 May 2007
		46,887	46,887	1.86	30 August 2003 to 30 August 2007
		25,000	25,000	0.72	28 February 2004 to 28 February 2008
		35,000	35,000	1.10	29 August 2004 to 29 August 2008
		60,000	60,000	1.70	27 February 2005 to 27 February 2009
				454,073	454,073
(ii) Interest in CapitaLand Limited					
Mr. Tay Siew Choon	Beneficial owner	12,500	12,500	2.02	19 June 2002 to 18 June 2006
		12,500	12,500	2.02	19 June 2003 to 18 June 2006
		12,500	12,500	2.02	19 June 2004 to 18 June 2006
		12,500	12,500	2.02	19 June 2005 to 18 June 2006
		10,000	10,000	1.32	11 May 2003 to 10 May 2007
		10,000	10,000	1.32	11 May 2004 to 10 May 2007
		10,000	10,000	1.32	11 May 2005 to 10 May 2007
		10,000	10,000	1.32	11 May 2006 to 10 May 2007
				90,000	90,000

DIRECTORS' INTERESTS IN SHARES AND OPTIONS (continued)**(3) Long positions in shares and underlying shares of other associated corporations of the Company (continued)***(b) Share options (continued)*

Name of director and company in which interest is held	Capacity	Number of share options held	Number of underlying shares	Exercise price S\$	Exercisable period
(iii) Interest in The Ascott Group Limited					
Mr. Tay Siew Choon	Beneficial owner	10,000	10,000	0.37	21 December 2001 to 30 December 2006
		12,000	12,000	0.32	30 June 2002 to 30 December 2006
		12,000	12,000	0.35	5 May 2003 to 30 December 2006
		23,000	23,000	0.32	10 May 2004 to 30 December 2006
		57,000	57,000		
(iv) Interest in STT Communication Limited					
Mr. Tay Siew Choon	Beneficial owner	25,000	25,000	1.42	19 September 2001 to 18 September 2010
		25,000	25,000	1.42	19 September 2002 to 18 September 2010
		25,000	25,000	1.42	19 September 2003 to 18 September 2010
		25,000	25,000	1.42	19 September 2004 to 18 September 2010
		3,750	3,750	0.92	28 April 2005 to 27 April 2011
		7,500	7,500	0.50	24 November 2005 to 23 November 2011
		20,000	20,000	0.50	29 June 2005 to 28 June 2012
		20,000	20,000	0.50	29 June 2006 to 28 June 2012
		25,000	25,000	0.57	30 July 2005 to 29 July 2013
		25,000	25,000	0.57	30 July 2006 to 29 July 2013
		25,000	25,000	0.57	30 July 2007 to 29 July 2013
		50,000	50,000	1.08	29 July 2005 to 28 July 2014
		50,000	50,000	1.08	29 July 2006 to 28 July 2014
		50,000	50,000	1.08	29 July 2007 to 28 July 2014
50,000	50,000	1.08	29 July 2008 to 28 July 2014		
426,250	426,250				

DIRECTORS' INTERESTS IN SHARES AND OPTIONS (continued)**(3) Long positions in shares and underlying shares of other associated corporations of the Company (continued)***(b) Share options (continued)*

Name of director and company in which interest is held	Capacity	Number of share options held	Number of underlying shares	Exercise price S\$	Exercisable period
(v) Interest in SembCorp Industries Ltd					
Mr. Tay Siew Choon	Beneficial owner	500,000	500,000	2.21	20 May 2001 to 19 May 2009
		125,000	125,000	1.94	27 June 2001 to 26 June 2010
		125,000	125,000	1.94	27 June 2002 to 26 June 2010
		125,000	125,000	1.94	27 June 2003 to 26 June 2010
		125,000	125,000	1.94	27 June 2004 to 26 June 2010
		12,500	12,500	1.50	20 April 2002 to 19 April 2006
		12,500	12,500	1.50	20 April 2003 to 19 April 2006
		12,500	12,500	1.50	20 April 2004 to 19 April 2006
		12,500	12,500	1.50	20 April 2005 to 19 April 2006
		6,250	6,250	1.54	8 May 2003 to 7 May 2007
		6,250	6,250	1.54	8 May 2004 to 7 May 2007
		6,250	6,250	1.54	8 May 2005 to 7 May 2007
		6,250	6,250	1.54	8 May 2006 to 7 May 2007
		6,250	6,250	0.93	18 October 2003 to 17 October 2007
		6,250	6,250	0.93	18 October 2004 to 17 October 2007
		6,250	6,250	0.93	18 October 2005 to 17 October 2007
		6,250	6,250	0.93	18 October 2006 to 17 October 2007
		6,250	6,250	1.09	3 June 2004 to 2 June 2008
		6,250	6,250	1.09	3 June 2005 to 2 June 2008
		6,250	6,250	1.09	3 June 2006 to 2 June 2008
		6,250	6,250	1.09	3 June 2007 to 2 June 2008
		6,250	6,250	1.24	19 November 2004 to 18 November 2008
		6,250	6,250	1.24	19 November 2005 to 18 November 2008
		6,250	6,250	1.24	19 November 2006 to 18 November 2008
		6,250	6,250	1.24	19 November 2007 to 18 November 2008
		1,150,000	1,150,000		

DIRECTORS' INTERESTS IN SHARES AND OPTIONS (continued)**(3) Long positions in shares and underlying shares of other associated corporations of the Company (continued)***(b) Share options (continued)*

Name of director and company in which interest is held	Capacity	Number of share options held	Number of underlying shares	Exercise price S\$	Exercisable period
(vi) Interest in Green Dot Internet Services Pte Ltd					
Mr. Tay Siew Choon	Beneficial owner	4,156	4,156	1.00	12 March 2003 to 11 March 2013
		4,157	4,157	1.00	12 March 2004 to 11 March 2013
		4,157	4,157	1.00	12 March 2005 to 11 March 2013
		4,157	4,157	1.00	12 March 2006 to 11 March 2013
		2,616	2,616	1.00	1 April 2004 to 31 March 2014
		2,616	2,616	1.00	1 April 2005 to 31 March 2014
		2,617	2,617	1.00	1 April 2006 to 31 March 2014
		2,617	2,617	1.00	1 April 2007 to 31 March 2014
		2,920	2,920	1.00	1 April 2005 to 31 March 2015
		2,920	2,920	1.00	1 April 2006 to 31 March 2015
		2,920	2,920	1.00	1 April 2007 to 31 March 2015
		2,921	2,921	1.00	1 April 2008 to 31 March 2015
				38,774	38,774
(vii) Interest in Global Crossing Ltd					
Mr. Tay Siew Choon	Beneficial owner	4,400	4,400	10.16	12 January 2005 to 11 January 2014
		3,300	3,300	10.16	12 January 2006 to 11 January 2014
		3,300	3,300	10.16	12 January 2007 to 11 January 2014
		11,000	11,000		

Other than the interests holdings as disclosed above, none of the directors, chief executives and their associates, had any interests or short positions in any shares, underlying shares or debenture of the Company or any of its associated corporations that was required to be recorded under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2005.

SHARE OPTIONS SCHEME AND SHARE AWARD SCHEMES

(a) 2003 Scheme

A share option scheme (the "2003 Scheme") of the Company was adopted on 28 August 2003 for the purpose of providing incentives and rewards to eligible participants, including the executive directors of the Company, who contribute to the success of the Group's operations.

The Board of Directors of the Company may, at their discretion, grant options to the eligible participant including any employee, officer, director or consultant of the Group. The maximum number of shares of the Company which may be issued upon exercise of all options granted under its 2003 Scheme or any other share option scheme adopted by the Company must not exceed 30% of its issued share capital from time to time. The maximum number of shares issuable under the options to each eligible participant in any 12-month period is limited to 1% of the shares in issue unless it is approved by shareholders in a general meeting of the Company. Any share options granted to a substantial shareholder or an independent non-executive director of the Company or to any of their associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of the grant) in excess of HK\$5 million, in any 12-month period, are subject to shareholders' approval in a general meeting of the Company.

At 30 June 2005, the number of shares of the Company in respect of which options had been granted and remained outstanding under the 2003 Scheme of the Company was 3,285,000, representing 0.82% of the shares of the Company in issue at that date.

The offer of a grant of share options may be accepted within 30 business days from the date of the offer, upon payment of a consideration by the offeree. The consideration for a grant of options of the Company is HK\$1.00. The exercise period of the share options granted is determined by the Board of Directors.

The exercise price of the share options is determined by the Board of Directors. The exercise price of the share options must be the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer; (ii) the average of the Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

The following table discloses details of the share options under 2003 Scheme held by a director and employees and movements in such holdings during the six months ended 30 June 2005:

	Date of grant	Number of Share Options			Exercise price per share HK\$	
		Outstanding at 1.1.2005	Granted during the period	Lapsed during the period		Outstanding at 30.06.2005
A director	09.10.2003	450,000			450,000	1.45
	25.11.2004	225,000			225,000	1.05
	12.04.2005		225,000		225,000	1.63
Employees	09.10.2003	1,330,000		(400,000)	930,000	1.45
	25.11.2004	895,000		(187,500)	707,500	1.05
	12.04.2005		747,500		747,500	1.63
		2,900,000	972,500	(587,500)	3,285,000	

The options granted may be exercised in accordance with the terms of the relevant scheme as to:

- (i) 25% of the options will be exercisable after the expiry of 12 months from the date of grant (the "First Exercise Date");
- (ii) 25% of the options will be exercisable after the expiry of each successive 12 months period from the First Exercise Date; and
- (iii) the options will expire after ten years from the date of grant.

SHARE OPTIONS SCHEME AND SHARE AWARD SCHEMES (continued)

(b) Share award schemes

The Company adopted a performance related incentive award scheme and a time-based incentive award scheme (together the "Share Award Schemes") on 18 March 2004 for the purpose of recognizing the performance and/or contribution by certain employees of the Group, including executive Directors, giving incentives to retain them and attracting suitable personnel for further development of the Group. Pursuant to the Share Award Schemes, awards of performance shares, which are released to the recipients free of payment, are granted conditional on performance targets set based on medium-term corporate objectives.

As at 30 June 2005, no awards pursuant to the Share Award Schemes had been made.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinances shows that the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company.

Ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of ordinary shares	Percentage of issued share capital as at 30 June 2005
SNP Corporation Ltd	Beneficial owner	282,343,988	70.11%
Green Dot Capital Pte Ltd	Held by controlled corporation (<i>Note 1</i>)	282,343,988	70.11%
Temasek Capital (Private) Limited	Held by controlled corporation (<i>Note 1</i>)	282,343,988	70.11%
Temasek Holdings (Private) Limited	Held by controlled corporation (<i>Note 1</i>)	282,343,988	70.11%

Note 1: These shares were held through SNP Corporation Ltd, a company in which Green Dot Capital Pte Ltd, a wholly owned subsidiary of Temasek Capital (Private) Limited, has a 55% shareholding. Temasek Capital (Private) Limited is a wholly owned subsidiary of Temasek Holdings (Private) Limited.

Note 2: At 30 June 2005, SNP was provisionally allotted 70,585,997 nil-paid rights shares pursuant to the Rights Issue.

Note 3: Pursuant to the Underwriting Agreement signed with Tai Fook Securities Company Limited ("Tai Fook") on 25 May 2005, Tai Fook has agreed to underwrite 30,095,732 shares under the Rights Issue exercise.

For details of the nil-paid right shares, please refer to the Prospectus issued by the Company on 23 June 2005.

Other than as disclosed above, the Company has not been identified of any other interests or short position in the issued share capital of the Company as at 30 June 2005.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and the unaudited interim financial statements for the six months ended 30 June 2005.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the six months ended 30 June 2005.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, save as disclosed below, the Company has complied with the Code of Corporate Governance Practices, as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, throughout the accounting period covered by the interim report.

Under the Code provisions A.4.2 in Appendix 14 of the Listing Rules, all directors appointed to fill casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific terms, should be subject to retirement by rotation at least once every three years.

According to the Bye-laws of the Company, one-third of the directors for the time being shall retire from office by rotation at each annual general meeting. The directors to retire by rotation shall be those who have been longest in office since their last re-election or appointment. The current Bye-laws of the Company does not comply fully with the provisions of the Code. The Board will review in the current year the relevant Bye-laws and propose any amendment, if necessary, to ensure compliance with the Code on Corporate Governance Practices as set out in 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 complied with the required standards as set out in the Code during the six months ended 30 June 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 during the period. In addition, we would 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
21 July 2005



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