



Registration No. 197300555N
(Incorporated in the Republic of Singapore)

SNP ANNOUNCES EARLY EXERCISE OF CALL OPTION TO ACQUIRE REMAINING 40% OF HONG KONG-BASED SNP YAU YUE PAPER PRODUCTS LIMITED

The Directors of SNP Corporation Ltd (“SNP or the “Company”) are pleased to announce that its Hong Kong-based subsidiary, SNP Leefung Holdings Limited (“Leefung”) has entered into an agreement to vary the Sale and Purchase Agreement dated 18 March 2005 for the early exercise of the call option to acquire the remaining 40% interest in Hong Kong-based SNP Yau Yue Paper Products Limited (“Yau Yue”).

As per SNP’s announcement of 15 March 2005, Yau Yue was incorporated in 1988. Its main business is in the production of corrugated box printing and sheets. It operates two factories in Shenzhen, China.

Leefung acquired the initial 60% interest in Yau Yue in March 2005. Under the Sale and Purchase Agreement, Leefung was granted a call option for the remaining 40% interest in Yau Yue exercisable within one (1) month after Leefung’s publication of its consolidated accounts for the year ending:

- a. 31 December 2007 where Yau Yue’s aggregate net profits for the period 1 January 2005 to 31 December 2007 exceeds HK\$30m; or
- b. 31 December 2008 where Yau Yue’s aggregate net profits for the period 1 January 2005 to 31 December 2008 is less than HK\$30m.

Leefung is exercising the call option early and varying the agreed valuation of Yau Yue’s shares from

- a. 40% of the price earning multiple of 6 times the yearly average net profit for the period 1 January 2005 to 31 December 2007 or 40% of the audited net asset value of Yau Yue (ex Dividend) as at 31 December 2007 (whichever is higher); or
- b. 40% of the price earning multiple of 6 times the yearly average net profit for the period 1 January 2005 to 31 December 2008 or 40% of the audited net asset value of Yau Yue (ex Dividend) as at 31 December 2008 (whichever is higher)



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to an agreed purchase consideration of HK\$55.2 million. The consideration of HK\$55.2 million is derived at 40% of the price earning multiple of 6 times Yau Yue's estimated profit after tax for FY2006. This purchase consideration is arrived at on a willing buyer willing seller basis.

By acquiring the remaining shares in Yau Yue at this time, SNP Group is able to benefit from the consolidation of profit accounting. This early call option will also enable SNP to restructure its packaging operation next year to fully integrate the Leefung packaging plant with Yau Yue in order to maximize resources and to drive cost benefits derived from the economy of scale of operation.

2.2 FINANCIAL EFFECTS

The pro forma financial effects of the acquisition of the remaining 40% interest in Yau Yue ("**Proposed Transaction**") are purely for illustrative purposes only and do not reflect the future actual financial position of the Company and its subsidiaries (the "**Group**") after the completion of the Proposed Transaction. The pro forma financial effects of the Proposed Transaction are based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2005 ("**FY2005**").

2.2.1 NET TANGIBLE ASSETS ("NTA")

Assuming that the Proposed Transaction had been completed on 31 December 2005 and based on the Group's audited consolidated financial statements for FY2005, the pro forma effects on the consolidated NTA of the Group are as follows:-

	Before Proposed Transaction	After Proposed Transaction
NTA (S\$ ' 000)	110,572	105,453
NTA per share (S\$)	0.95	0.91

2.2.2 Basic Earnings per Share

Assuming that the Proposed Transaction had been completed on 1 January 2005 and based on the Group's audited consolidated financial statements for FY2005, the pro forma effects on the consolidated earnings of the Group are as follows:-



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	Before Proposed Transaction	After Proposed Transaction
Net profit attributable to shareholders (S\$ ' 000)	15,188	15,795
Basic earnings per share (cents)	13.06	13.58

2.3 RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”)

For the purpose of Chapter 10 of the Listing Manual of the SGX-ST, the relative figures that were computed on the relevant bases set out in Rule 1006 of the Listing Manual of the SGX-ST are as follows:-

(a)	<u>Rule 1006(a)</u> Basis of comparison is not applicable to an acquisition of assets.	N.A.
(b)	<u>Rule 1006(b)</u> Net profits attributable to the Proposed Transaction for FY 2005 compared to the Group's net profits for FY2005.	4.6%
(c)	<u>Rule 1006(c)</u> Consideration of approximately S\$11.0 million (HK\$55.2 million) to effect the Proposed Transaction compared with the Company's market capitalization.	9.4%
(d)	<u>Rule 1006 (d)</u> There is no issue of shares in the Company to satisfy the consideration to effect the Proposed Transaction.	N.A.

The purchase consideration will be financed by internally generated funds and bank borrowings.

Except for their interests that arise out of their shareholdings in the Company, none of the Directors or substantial shareholders of the Company have any interest, direct or indirect in the acquisition.

By Order of the Board

KOO TSE CHIA
Company Secretary
28 December 2006

Submitted by Koo Tse Chia, Company Secretary on 28 December 2006.