



(Incorporated in the Republic of Singapore)
(Company Registration No. 197902249R)

PROPOSED 100% ACQUISITION OF TINPLATE PRINTING COMPANY IN TONG XIANG, ZHEJIANG PROVINCE, CHINA

INTRODUCTION

The Board of Directors of **Superior Multi-Packaging Limited** (the “Company”) wishes to announce that its wholly-owned subsidiary, Superior Precision Moulds & Packaging Container (Shanghai) Co., Ltd (“SMP Shanghai”), has entered into a sale and purchase agreement (the “Agreement”) to acquire the 100% share capital of **Zhejiang Guote Metal Decorating Co., Ltd** (“ZGMD”) (the “Acquisition”).

ABOUT ZGMD

Incorporated in the People’s Republic of China on 8 September 2006, ZGMD specializes in metal color printing, decoration and sale of metal tinplates. ZGMD’s production facility is located in Tudian Town Light Textile Industrial Park, Tongxiang, Zhejiang province. Its facility occupies a land area of about 9,402 square metres and is installed with printing and coating machinery from Japan, which are acquired less than 3 years ago.

RATIONALE FOR ACQUISITION

The Group’s core business is the manufacture and sale of metal containers and flexible packaging materials and the manufacture, fabrication and sale of stainless steel products. Geographically, the Group’s operations in the People’s Republic of China had contributed to approximately 50% of its consolidated revenue with nine operating units but only one tinplate printing facility in Langfang Huade in Langfang, Hebei Province which supplies substantively only to our subsidiary in Langfang.

The Group operations in East China, South China and South-west China remain very dependent on local tinplate printers to satisfy their customized printing needs. This translates into higher costs, slower turn-around time and printing schedule constraints which in turn affect overall profitability. The Acquisition allows the Group to secure a second tinplate printing facility to complement the Group’s existing core business and operations and facilitate the Group in capturing a bigger market share of the metal containers business in the East and South China region where the major customers are located.

The Directors are of the view that the Acquisition will complement the Group’s operations and core business as the ability to utilize its own printing facility is integral to its existing forming and

assembly operations in metal containers packaging. The risk profile of the Group is not expected to change materially in that the Acquisition:

- a) is not expected to affect the scale of the Company's existing operations significantly, but it may be the springboard to further product enhancement and expansion;
- b) will not result in a change in control of the Company; and
- c) will not have a significant adverse impact on the Company's earnings, working capital and gearing; and will not result in an expansion of the Company's business to a new geographical market and/or a new business sector.

PRINCIPAL TERMS OF ACQUISITION

Pursuant to the terms of the Agreement, the Company shall acquire a 100% interest in ZGMD for a consideration of RMB 8.8 million or approximately S\$1.8 million, subject inter-alia, to satisfactory completion of the Acquisition by the due approval of and registration with the relevant PRC authorities. The purchase consideration will be satisfied by payment of cash, which will be financed through a combination of internal resources and existing bank borrowings.

The purchase consideration was arrived at on a "willing-buyer, willing-seller basis", taking into consideration the net asset value of ZGMD of RMB 4.9 million or approximately S\$1.0 million and the following major factors:

- a) ZGMD holds a tinplate printing licence, which the Company will indirectly acquire through the Acquisition;
- b) ZGMD has an up and running tinplate printing facility, hence there will be cost savings (particularly in terms of management time and manpower) to be derived therefrom as well as the savings arising from outsourcing of tinplate printing activities;
- c) The piece of land of 9,420 square metres owned by ZGMD has 50 years of land use right expiring in 2056 and the Company expects upside in land valuation over time.

FINANCIAL EFFECTS

Earnings per share

Based on the Group's unaudited consolidated financial statements for the financial year ended 31 December 2009 ("FY2009") announced on 24 February 2010 and on the assumption that the Acquisition had been completed at the beginning of FY2009, the earnings per share of the Group for FY2009 would have been 1.23 cents instead of 1.28 cents.

Net Tangible Assets ("NTA") per share

Based on the Group's unaudited consolidated financial statements for FY2009 announced on 24 February 2010 and on the assumption that the Acquisition had been completed as at the end of FY2009, there is no material change to the NTA of the Group and the NTA per share of the Group as at 31 December 2009 would remain relatively unchanged at 0.375 cents.

RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

For the purposes of Rule 1006 of the Listing Manual of the SGX-ST, the Acquisition yields the following relative figures based on the tests set out in Rule 1006:

Clause 1006(a)	Not Applicable
Clause 1006(b)	The Target's net loss of approximately S\$84,000 for FY2009 represents a negative 2.7% of the Group's profit before tax as at 31 December 2009 of approximately \$3 million.
Clause 1006(c)	The purchase price of S\$1.8 million represents 9.4% of the Company's market capitalization of approximately S\$19.1 million (based on the weighted average price of the Company's shares transacted on 19 March 2010).
Clause 1006(d)	Not Applicable

As the relative figures computed under Rule 1006(c) of the Listing Manual exceed 5%, the Acquisition will be a discloseable transaction for the purpose of Rule 1010 of the Listing Manual.

However, as the relative figures computed under Rule 1006(b) of the Listing Manual yields a negative figure, the Company has, pursuant to Rule 1007, consulted SGX-ST on the application of Chapter 10 to the transaction. Based on the Group's rationale for the Acquisition and the facts set out herein, a ruling was obtained from SGX-ST that the Acquisition constitutes a discloseable transaction under Chapter 10 of the Listing Manual and that the Company is not required to obtain shareholders' approval for the Acquisition. Such ruling by SGX-ST is not to be taken as an indication of the merits of the Acquisition, the Company or the Group.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their interests in the Company, if any, none of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the Acquisition.

BY THE ORDER OF THE BOARD

Mr Wang Gee Hock
Chief Executive Officer
25th March 2010