

## PROSPECTS

Taking into consideration the recent economic and political events, the business environment for the second half of this year is still uncertain. As noted in the aforementioned "Business Review" section, the Group has encountered a slowdown in its existing printing business, the Directors are currently adopting dynamic strategies to implement various measures in broadening its income sources as well as trimming down of expenditures. Packaging market in the PRC is expanding rapidly whilst at the same time, consumers are becoming more demanding and sophisticated. Changing lifestyle, better living quality, availability of more varieties of commodities and escalating market competition all contribute to the increasing demand for new-look packaging. It is estimated that production value of packaging industry in the PRC will increase by about 8% annually from 2001 to 2005. The Directors are expecting a strong demand of wine boxes, consumer products packaging and other packaging products from the PRC upon its becoming a member to the World Trade Organization in November 2001.