

Chairman's Statement



On behalf of the board (the "Board") of directors (the "Directors"), I am pleased to report the first annual results of Vision Grande and its subsidiaries (together the "Group") after the listing (the "Listing") of its shares on the main board (the "Main Board") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 March 2004. The satisfactory response of the initial public offering indicates the support and confidence from institutional and individual investors. During the year under review, the Group performed satisfactorily with profit reaching HK\$90 million, outperforming the profit estimate made in the prospectus on 16 March 2004 (the "Prospectus").

The successful listing has set another important milestone for Vision Grande, providing sufficient financial resources for the Group's future development. Vision Grande will continue to expand and develop its two core businesses – cigarette package printing and laminated paper manufacturing, with an aim to achieving additional economies of scale through vertical integration. Vision Grande has also been dedicated to the research and development of advanced technologies. During the year, the Group had invented an environment-friendly technology for the production of laminated papers. With the expected full-scale application of the technology in the year 2004, we anticipate an increase in the laminated paper sector's revenue, as well as substantial savings on production costs of the cigarette package printing business.

Furthermore, the Group's fully developed technology in cigarette package printing and its market recognition have contributed to the continual increase in customers, thereby generating remarkable revenue streams for the Group. In order to enhance its competitiveness, the Group is currently applying for invention patents for its various printing and laminating technologies. Through keeping ourselves ahead of the market and introducing new ideas for packaging designs, our research and development ("R&D") professionals are consistently dedicated to the creation of innovative and quality cigarette packaging products.

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Although the severe acute respiratory syndrome outbreak in early 2003 has resulted in a delay in orders from existing customers, we have been able to regain the delayed orders from existing customers as well as securing a number of new orders during the fourth quarter in 2003, enabling the Group to outperform sales levels of the previous year. Furthermore, with our unique sales strategy, we have developed a few more cigarette package printing customers, to whom we provide our quality laminated papers, in creation of a win-win situation. In the coming year, we will continue to generate growth momentum through strengthening of our relationships with existing customers and exploring of new potential customers.

In order to meet the increasing demand from customers, the Group has been investing in advanced manufacturing and printing facilities to enhance production capacities. In late 2003, the Group's associated company – Nanjing Sanlong – had its annual production capacity doubled to approximately 600,000 cartons. Together with its prudent and effective cost control measures, the Group has been able to achieve outstanding results for the year.

Leveraging on our advance printing technologies, strong customer base and experienced professionals, Vision Grande has been able to establish solid foundations within five years' time. Moreover, the introduction of New World Enterprise Holdings Limited and Tai Fook Securities Group Limited as our strategic investors would assist the Group in capturing every future business opportunity to generate satisfactory investment returns for our shareholders.



On behalf of the Directors, I would like to take this opportunity to express my gratitude to our customers, suppliers, bankers, business associates and shareholders for their continuous support. I would also like to thank our staff for their hard work over the years, whose professional knowledge and loyalty have been a major factor for Vision Grande's success.

Li Wei Bo
Chairman

Hong Kong, 26 April 2004