

Chairman's Statement

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“ I am delighted to report strong results for 2004. 2004 was a strategically important year for the Group. In March, we listed our shares on the Stock Exchange. In November, we announced the acquisition of a 35% equity interest in World Grand Holdings Limited. Finally, in December, we welcomed Amcor Group, the world's largest cigarette packaging company, as a strategic investor and partner. These developments will help strengthen the Group's business foundation. ”

2004 was a strategically important year for Vision Grande. In March, we listed our shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) to the positive response of both institutional and retail investors. In November, we announced the acquisition of a 35% equity interest in World Grand Holdings Limited (“World Grand”) which owns 90% of Kunming World Grand Colour Printing Co., Ltd. (“Kunming World Grand”). Kunming World Grand is a key supplier of Kunming Cigarette Factory, the third largest cigarette manufacturer in the People's Republic of China (the “PRC”). This is a strategic opportunity for the Group to further increase its penetration of the cigarette package market in Yunnan Province, the largest cigarette manufacturing base in the PRC. Finally, in December, we welcomed The Amcor Group (“Amcor”), the world's largest cigarette packaging company, as a strategic investor and partner. Amcor's extensive experience in the industry will strengthen the Group's business foundation.

The World Grand acquisition and the Amcor strategic partnership occurred near the end of the year and therefore had no impact on the current year's results. However, I have no doubts that Vision Grande is now in a much stronger strategic position to capture new business opportunities with the help of better technology and economies of scale.

Turnover for Vision Grande and its subsidiaries (together the “Group”) increased to HK\$332.4 million, an increase of 43.3% compared to 2003 and profit attributable to Shareholders increased 22.7% reaching HK\$110.8 million. The Board of Directors has declared the payment of a final dividend of approximately HK5,208 cents per share and a special dividend of HK3.125 cents per share to the members of the Company. Including the interim dividend of HK5 cents per share, the total dividends for the year ended 31 December 2004 amounted to approximately HK13.333 cents per share.

The Group also achieved excellent progress at the operational level. The expansion of the Nanjing Sanlong production plant was successfully completed with the addition of a new production line which doubled annual production capacity to approximately 600,000 cartons. The expanded capacity not only satisfies increasing demand from Nanjing Cigarette Factory and Huaiyin Cigarette Factory, but also positions Nanjing Sanlong well for future growth.

The Victory Shenzhen production plant continued to expand its order book from existing and new customers, providing additional revenues for the Group. Another key growth driver in 2005 will be the manufacturing of laser laminated paper. This latest development will broaden the revenue stream, increase profitability and allow the Group to provide added value to its customers.

With Amcor as a strategic partner and the benefits from the acquisition of an interest in Kunming World Grand, Vision Grande faces a promising future. We expect the synergies created by our recent acquisition and strategic partnership will start contributing to the business and the results of the Group in 2005. The acquisition has enabled the Group to further diversify its customer base and has contributed to a significant reduction in our business risk profile. It will also improve our pricing power and allow the Group to take advantage of economies of scale. The Group will continue to monitor its business environment and look for opportunities for growth through acquisitions with particular attention to return on investment and long-term shareholder value.

On behalf of the Board of Directors, I would like to express our gratitude to our customers, suppliers, bankers, business associates and shareholders for their continuous support. I would also like to thank our staff for their continuous hard work over the years. Their professional knowledge and loyalty have been major contributing factors to the success of Vision Grande.

Li Wei Bo
Chairman

Hong Kong, 20 April 2005

