MAJOR DEVELOPMENTS

Listing on the Stock Exchange

The Company's successful listing on the Main Board of the Stock Exchange on 26 March 2004 represented a major milestone for the Group.

The Group's long-term objective is to maintain its market leading position in the printing of cigarette packages and the manufacturing of laminated paper in the PRC. The listing has enabled the Group to increase its profile and the confidence of its existing and potential customers.

Acquisition of 35% Equity Interest in World Grand

The acquisition of 35% of World Grand, which owns 90% of Kunming World Grand, a key supplier of Kunming Cigarette Factory which is the third largest cigarette manufacturer in the PRC, will provide a strategic opportunity to penetrate the cigarette package market in Yunnan Province, the largest cigarette manufacturing base in the PRC. This strategic relationship will create synergies for both the Group and Kunming World Grand in terms of resource sharing, such as technology know-how, printing technology, consolidation of marketing and sales forces, as well as generate economies of scale. In addition, the acquisition will provide the Group with stable demand for laminated papers from Kunming World Grand and generate further business opportunities with respect to cigarette packaging printing.

Under the terms of the acquisition, World Grand has guaranteed the Company that it will reach a profit after tax and minority interests of not less than HK$105 million for the financial year ending 31 December 2005 and a total of HK$230 million for the two financial years ending 31 December 2005 and 31 December 2006. In addition, Kunming World Grand will source 60% to 80% of its laminated paper needs from Vision Grande, generating a stable revenue flow for the Group.

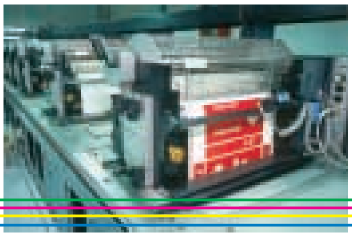
Strategic Partnership with Amcor

Amcor is the largest cigarette packaging company in the world. For over 10 years, it has been engaged in the manufacturing of hinge-lid cigarette blanks and specialty printed cartons for tobacco packaging at its plants in Beijing and Qingdao in the PRC. Because of geographical segmentation there is no direct competition between Amcor and the Group.

Amcor subscribed a total of 80,000,000 new shares in January 2005 which represents approximately 16.67% of the enlarged issued share capital of the Company. In addition, Amcor was also granted an option to buy 96,000,000 new shares by the end of 2005 which would bring Amcor's total ownership to 176,000,000 shares, equivalent to 30.56% of the enlarged issued shares of the Company.

The strategic partnership will result in extensive cooperation between the two companies that will include resource sharing. Leveraging Amcor's production management and quality assurance, the Group is expected to further enhance its position as market leader in the PRC. With Amcor as a strong international strategic partner with expertise complementing that of the Group, both Amcor and the Group will achieve a winning position in a rapidly consolidating industry.

These major developments achieved in 2004 will significantly enhance the Group's capabilities, allowing it to capture more business opportunities and increase its penetration of the market. At the operational level, the Group will be able to leverage economies of scale to improve efficiency and will benefit from increased technological know-how.



RESULTS

For the year ended 31 December 2004, the Group achieved satisfactory results. Turnover increased by 43.3% from 2003 to approximately HK$332.4 million and profit attributable to shareholders amounted to approximately HK$110.8 million, an increase of 22.7% from 2003.

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 whose names appear on the register of members of the Company on 20 May 2005 in respect of the financial year ended 31 December 2004 subject to approval by the members of the Company at the coming annual general meeting. 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 register of members of the Company will be closed for the period from 18 May 2005 to 20 May 2005 (both days inclusive) during which period no transfer of shares of the Company could be registered. In order to qualify for the final dividends and the special dividends, all transfers accompanied by the relevant share certificates has to be lodged not later than 4:00 p.m. on 17 May 2005 with Tricor Investor Services Limited.

BUSINESS REVIEW

Cigarette Package Printing

For the year ended 31 December 2004, the cigarette package printing business operated by the Group's subsidiary, Victory Shenzhen recorded a turnover of approximately HK$97.7 million, a decrease of 3.2% over 2003 as the Company modified its product mix, focusing on the sale of higher margin products with higher volume, and faced widespread management changes across its customer base. These revenues accounted for approximately 29.4% of the Group's total turnover (2003: 43.5%).

Nanjing Sanlong, a company 48% owned by the Group, has established long term and stable relationships with Nanjing Cigarette Factory and Huaiyin Cigarette Factory, which are the key cigarette industry enterprises in Jiangsu Province.

The expansion of the Nanjing Sanlong production plant was fully completed in 2004 with new facilities installed and annual production capacity doubled to 600,000 cartons. The Group plans to further increase the utilisation rate of the plant in order to cope with increasing demand from Nanjing Cigarette Factory and Huaiyin Cigarette Factory. Contribution from Nanjing Sanlong amounted to approximately HK$38.3 million, representing a drop of 20.0% over 2003. The retooling and expansion of Nanjing Sanlong production plant somewhat affected these results but Management expects improvement in both profit contribution and production efficiency in the long run.

The current annual cigarette package production capacity of Victory Shenzhen and Nanjing Sanlong are 400,000 and 600,000 cartons respectively. The average utilisation rate of cigarette package printing and laminated paper manufacturing of Victory Shenzhen is 50% and 75% respectively and utilisation rate of Nanjing Sanlong is 60%.

Laminated Paper Manufacturing

The laminated paper manufacturing business underwent rapid growth of 79.0% over 2003 with sales reaching approximately HK$234.7 million, representing 70.6% of the Group's total turnover.

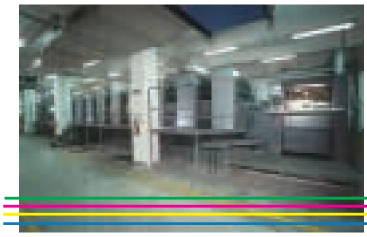
The Group has been moving upstream to complete the vertical integration of the production process for high quality laminated paper. Over the years, the Group has successfully moved from cigarette package printing to laminated paper manufacturing, followed by laser laminated paper manufacturing and now further upstream to laser film producing. This is a significant competitive advantage over other manufacturers, most notably in terms of cost reduction.

PROSPECTS

2005 will be a pivotal year for the Group. It will capitalise on the synergies arising from its recent acquisition of a 35% equity interest in World Grand and leverage the strategic partnership with Amcor to further implement its strategies for vertical integration, technological advancement and high capacity utilisation.

Through its partnership with Amcor, the Group will strengthen its competitive position as well as its management skills and corporate governance. Through resource sharing, including management as well as technology, the Group will be able to further control commodity prices.

As a direct result of the Group's acquisition, the risk profile of its business has been diversified. This will further provide the Group with negotiating leverage in the coming year and allow it to take advantage of economies of scale.



Management is confident that the Group has significant growth potential in its two core businesses, namely, cigarette package printing and laminated paper manufacturing. The vertically integrated production process, established customer relationships, and advanced technology will help capture future business opportunities and expand market share.

Cigarette Package Printing

The Group broadened its customer base by focusing its sales and marketing efforts on large cigarette manufacturers in the PRC. As a result, the Group increased orders from both existing and new customers and these new orders will have their full impact on production capacity starting in 2005. In order to further increase its market share, the Group is planning to expand sales in Guangdong Province, Yunnan Province and Jiangxi Province. The additional business coupled with high capacity production will generate economies of scale in 2005.

Laminated Paper Manufacturing

The Group will continue to expand its customer base in order to further increase revenues and profitability. Technological advantages resulting from our proprietary manufacturing process for laser printing equipment will broaden our revenue stream, increase profitability and allow the Group to provide additional value to its customers. Selling self-made laminated papers to other large-scale cigarette package printers in the PRC will continue to prove profitable and beneficial for all parties. In addition, commodities will be sourced both domestically and through imports in order to reduce cost and increase profitability. In order to sustain growth momentum, the Group will continue to expand sales of high quality laminated paper and will continue to focus on laser laminated paper manufacturing on the strength of its proprietary advanced technology and unique professional expertise.

Research and Development

The Group is strongly committed to research and development to create competitive advantages in a fragmented industry experiencing consolidation. The Group will continue to strengthen its research and development capabilities and produce increasingly sophisticated and high-quality cigarette packages to remain competitive. Anti-counterfeiting features will be a priority to protect our competitiveness in the field of advanced printing and production technologies. The Group intends to develop new production technologies to reduce production costs, develop new features, and improve product quality to broaden the customer base. The Group will also continue to remain vigilant in the area of corporate responsibility through the pursuit of environmentally friendly measures.

CAPITAL STRUCTURE, FINANCIAL RESOURCES AND LIQUIDITY

Borrowing and banking facilities

As at 31 December 2004, the Group had aggregate banking and loan facilities, including those facilities from banks and finance lease creditors, of approximately HK$226.3 million of which approximately HK$169.0 million was utilised. The Group generally finances its operation with finance leases and banking facilities provided by its banks and finance lease creditors in Hong Kong and the PRC.

As at 31 December 2004, the short term borrowings of the Group of approximately HK$145.1 million were repayable within one year.

As at 31 December 2004, the obligations under finance leases, of the Group amounted to approximately HK$23.9 million, of which approximately HK$7.9 million was repayable within one year, approximately HK$7.9 million was repayable after one year but within two years, and approximately HK$8.1 million was repayable after two years but within five years.

As at 31 December 2004, all the borrowings of the Group bore interest at fixed rates.

The short term borrowings and obligations under finance leases of the Group are either denominated in Hong Kong dollars or Renminbi.

Net current assets

As at 31 December 2004, the Group had net current assets of approximately HK$85.0 million. The current assets comprised inventories of approximately HK$50.2 million, trade and other receivables of approximately HK$209.1 million, prepayments and deposits of approximately HK$30.1 million, bank and cash balances of approximately HK$132.7 million and pledged bank

deposits of approximately HK$2.2 million. The current liabilities comprised trade and other payables of approximately HK$76.2 million, bills payables of approximately HK$22.2 million, provision for taxation of approximately HK$6.1 million, short term borrowings of approximately HK$145.1 million, current portion of obligations under finance leases of approximately HK$7.9 million and deposit received from a subscriber of approximately HK$81.8 million.

Capital structure

As at 31 December 2004, the Group had net tangible assets of approximately HK$356.1 million comprising non-current assets of approximately HK$290.2 million (comprising fixed assets of approximately HK$144.5 million, interest in an associated company of approximately HK$53.9 million and deposit for acquisition of an associated company of approximately HK$91.8 million), net current assets of approximately HK$85.0 million, non-current liabilities of approximately HK$16.0 million (comprising entirely obligations under financial leases) and minority interests of approximately HK$3.1 million.

Charges on the Group's assets

As at 31 December 2004, the Group's bank deposits of approximately HK$2.2 million were pledged to banks in respect of banking facilities granted to the Group.

Capital commitments

As at 31 December 2004, the Group had capital commitments contracted but not provided for in respect of acquisition of plant and machinery of approximately HK$23.5 million and unpaid capital contribution for the investment in an associated company of approximately HK$91.8 million.

Working capital

Taking into account the financial resources available to the Group, including internally generated funds, the available banking and loan facilities and the net proceeds from the share offer, the Directors are of the opinion that the Group has sufficient working capital for its present requirements.

REMUNERATION POLICIES AND EMPLOYEE INFORMATION

As at 31 December 2004, the Group had over 500 full time employees in Hong Kong and the PRC. Total staff costs (including directors' emoluments) amounted to approximately HK$20.2 million (2003: HK$13.6 million) for the year. All full time salaried employees, except for factory workers and contract employees, are being paid on a monthly basis, plus a discretionary performance bonus. Factory workers are being remunerated based on a basic wage plus production incentive. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

In addition to salaries, the Group provides staff benefits including medical insurance and contributions to staff's provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS

During the year under review, the Group acquired a 35% equity interest in World Grand for HK$183.75 million. The Group believes that this acquisition will significantly complement its existing operations through the addition of value-added relationships, vertical integration, technological advantage, and synergistic benefits.

The Group also welcomed Amcor as a strategic partner, resulting in a capital infusion of HK$200 million. In addition, the partnership has added technical know-how, strategic advantage, and synergies that will contribute significantly to the performance of the Group in the future.

GEARING RATIO

As at 31 December 2004, the Group's gearing ratio, expressed as a percentage of total borrowings over total assets was 23.6% (2003: 41.7%). The management believes that the gearing ratio is at an acceptable level for the Group and the Group would be able to create sufficient financial resources to discharge its debts.

FOREIGN EXCHANGE EXPOSURE

The Group does not currently have any hedging activities against its foreign exchange exposure nor does it adopt any formal hedging policies. During the year ended 31 December 2004, all of the Group's sales and purchases were settled in United States of America dollars, Hong Kong dollars and Renminbi. The Directors consider the Group's risk exposure on foreign exchange as minimal.

CONTINGENT LIABILITIES

As at 31 December 2004, the Group did not have any significant contingent liabilities.