

CHAIRMAN'S STATEMENT



To enhance its competitive edge, the Group devotes to accelerate the internal integration of management, sales and human resources departments, aiming to capture larger market share and production scale in the market. By adopting prudent development strategies, the Group dedicates to be the leading packaging group in the PRC.

On behalf of the board of directors (the “Board” or the “Directors”) of Spread Prospects Holdings Limited (the “Company”), I am pleased to report a profitable year of the Company and its subsidiaries (collectively refer to the “Group”) for the year ended 31 December 2003, coinciding with the first financial year for the Group as a listed company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 2 July 2003.

On behalf of the Group, I would like to express my appreciation and gratitude towards all parties for their trust and support in building our business over the years in particular for the successful listing on the Main Board.

For the year ended 31 December 2003, the Group’s turnover amounted to approximately RMB337.6 million, representing an increase of approximately 28.6% as compared to that of the last year. The net profit of the Group was approximately RMB78.7million for the year, representing an increase of approximately 3.6% as compared to that of the last year. The Board recommends a final dividend of RMB0.04 per share for the year ended 31 December 2003.

Despite of the outbreak of Severe Acute Respiratory Syndrome (SARS) during the first half of 2003 and the price fluctuation of tinplate, the operating profit and net profit of the Group for the year ended 31 December 2003 still recorded an increase by approximately 12.0% and approximately 3.6% to approximately RMB101.4 million and approximately RMB78.7 million respectively, when compared to that of the last year. The surge in profit was derived from the enormous market demand of the metal packaging industry in the People’s Republic of China (the “PRC”). The Group’s success can be accredited to its continuous efforts in management improvement, effective integration of the whole operation process and upgrading of the production techniques. To maintain its leading edge in the competitive tinplate cans market in the PRC, the Group will continue to leverage on these strengths.

CHAIRMAN'S STATEMENT

During the year under review, the canned food market in the PRC was undergoing an expeditious development. Benefited from this favourable business environment, the Group achieved substantial growth in its sale of tinplate cans for food. The Group entered into agreements with two new customers for the purchase of tinplate cans for food which brought about prominent increase to the turnover of the Group's tinplate cans for food.

During the year under review, in respect of the manufacture and sale of tinplate cans, the Group's production plant in Fenyang, Shanxi Province, the PRC recorded continuous increase and captured a substantial market share in the Shanxi Province, the PRC. Besides, the Group's tinplate lacquering and printing services also recorded a steady growth. In response to the accelerating demand for high quality artwork from metal container producers, the Group had purchased a new supra-speed automated colour printing production line at the end of 2003, which is expected to commence operation in the first half of 2004.

The Group has projected continued market growth in the metal packaging industry in the PRC for the year ahead. To enhance its competitive edge, the Group dedicates to accelerate the integration of its management, sales and human resources departments, aiming to capture larger market share and production scale in the market. By adopting prudent development strategies, the Group dedicates to be a leading metal packaging group in the PRC.

The Group will also adopt different promotion strategies to retain existing clients and attract new customers in order to support the projected market growth rate and to capture a larger market share. With its passion for excellence, the Group will continue to contribute its professional knowledge and expertise in metal packaging to help its customers in product development which allows them to attain profit optimisation. The Group's research & development team will be committed to the continuous improvement of the production techniques and product development process of the Group, enabling the Group to satisfy the growing needs of its customers.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere thanks to our valuable shareholders and customers for their invaluable assistance and strong support to the continual growth of the Group. I am also grateful to our management and committed staff for their continual dedicated efforts throughout the year.

By order of the Board

Yang Zongwang

Chairman

Hong Kong, 6 April 2004