



[For Immediate Release]

## Vision Grande Announces First Annual Results After Listing

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**Turnover Increases 21.6% to HK\$232,027,000**

**Profit Surges 34.0% to HK\$90,252,000**

### Financial Highlights

- Turnover increased by 21.6% to approximately HK\$232,027,000
- Profit attributable to shareholders rose by 34.0% to approximately HK\$90,252,000, higher than the profit forecast of not less than HK\$85,000,000 made during listing
- Profit contribution from associated company, Nanjing Sanlong, grew 38.1% to approximately HK\$47,901,000
- Overall gross profit margin and net profit margin escalated to 36.0% and 38.9% respectively

(Hong Kong – 26 April 2004) – Cigarette package printer and laminated paper manufacturer – **Vision Grande Group Holdings Limited** (“Vision Grande” or the “Group”) (stock code: 2300) today announced its first annual results for the year ended 31 December 2003 since its successful listing on the Main Board of The Stock Exchange of Hong Kong Limited on 26 March 2004.

### Financial Performance

In line with the strong market demand for quality cigarette packages and the steady development of the laminated paper manufacturing business, the Group’s two core businesses, cigarette package printing and laminated paper manufacturing, recorded remarkable contribution in 2003. The Group achieved satisfactory results with turnover increasing 21.6% to approximately HK\$232,027,000. Profit attributable to shareholders escalated 34.0% to HK\$90,252,000 as compared with the previous year, and higher than the profit forecast of not less than HK\$85,000,000 made during listing. Basic earnings per share were approximately 28.2 HK cents, representing an increase of approximately 34.3% as compared to the previous year’s figure of 21.0 HK cents.

**Mr. Li Wei Bo, Chairman of Vision Grande** said, “We are very glad to announce our first annual results after our successful listing in March this year. 2003 was a challenging and fruitful year for the Group. Thriving on our solid foothold in the cigarette package printing and laminated paper manufacturing industries over the years, together with our aggressive yet well-planned expansion plans and prudent cost control systems, the Group performed well and secured profit growth for the year under review. We take pride in reporting rapid developments since the establishment of our business in 1998. Building on our remarkable achievements, we look forward to highly promising prospects in the years to come.”

### **Cigarette Package Printing Business**

Despite the adverse impact of the Severe Acute Respiratory Syndrome (“SARS”) outbreak causing a drop in sales orders from existing customers of the cigarette package printing business, the Group’s cigarette package printing technology has been fully developed and has won market recognition. Victory Honest Industries (Shenzhen) Co., Ltd. (“Victory Shenzhen”), the Group’s wholly-owned subsidiary, secured new customers from large state-owned cigarette manufacturers, such as Guangzhou No.1 Cigarette Factory, Mianyang Cigarette Factory and Meizhou Cigarette Factory in the fourth quarter of 2003, providing profitable and steady orders for the Group. Turnover from the cigarette package printing business of Victory Shenzhen amounted to approximately HK\$100,890,000, a surge of 106% as compared to HK\$48,878,000 over the previous year, accounting for 43.5% of the Group’s total turnover.

Furthermore, following the increasing demand from Nanjing Cigarette Factory and Huaiyin Cigarette Factory, sales from the Group’s 48% owned associated company – Nanjing Sanlong Packaging Co., Ltd. (“Nanjing Sanlong”) grew significantly and contributed a profit of HK\$47,901,000 to the Group, representing a growth of 38.1% against the previous year’s profit contribution of HK\$34,688,000.

Mr. Li continued, “The Group’s success can be attributed to our long-term and stable relationships with various state-owned cigarette industrial enterprises in the PRC, including Nanjing Cigarette Factory, Huaiyin Cigarette Factory, Kunming Cigarette Factory, Qujing Cigarette Factory and Xinzheng Cigarette Factory. We also benefited from the strategic relationships of Nanjing Sanlong with Nanjing Cigarette Factory and Huaiyin Cigarette Factory, as well as the long term procurement contracts expiring in April 2018 with these two factories, further enhancing the Group’s growth momentum and strengthening our revenue base.”

Looking ahead, the Group will broaden its customer base through focused sales and marketing efforts in promoting its services to large-scale cigarette factories in the PRC, in particular, the 36 key cigarette industrial enterprises identified by the State Tobacco Monopoly Administration for on-going development. Apart from consolidating the current marketing network, the Group is planning to further extend its sales network to the provinces of Guangdong, Yunnan and Jiangxi. Aiming at securing more large and prominent cigarette manufacturing customers, the Group will be able to enjoy greater economies of scale and achieve satisfactory returns.

To further enhance its competitiveness, the Group is currently applying for invention patents for its various printing and laminating technologies. Through keeping itself ahead of the market and introducing new designs with emphasis on environmental-friendly and anti-counterfeit features, Vision Grande's research and development professionals are consistently dedicated to the creation of innovative and quality cigarette package products. Currently, the Group is providing design samples with unique environmental-friendly and anti-counterfeit features for a number of potential customers.

### **Laminated Paper Manufacturing Business**

The Group's other core business – laminated paper manufacturing – recorded a turnover of approximately HK\$131,137,000 (2002: approximately HK\$141,884,000), accounting for 56.5% of the Group's total turnover.

Though the laminated paper manufacturing business was indirectly affected by the sluggish cigarette package printing market early last year, resulting in a delay in orders from existing customers, the Group, with its unique sales strategy, was able to secure several new cigarette package printing customers and to provide them with quality laminated papers, creating a win-win situation. In addition, the delayed orders caused by the outbreak of SARS were delivered on time in the second half of the year, supporting stable business development of laminated paper manufacturing. In the coming year, the Group will continue to generate growth momentum through exploring new potential customers and strengthening our relationship with existing ones.

Mr. Li said, "Vision Grande has always been dedicated to providing more quality choices of laminated papers to its customers. In 2003, the Group invented an environmental-friendly technology for the production of laminated papers. With the expected full-scale application of the technology in 2004 and further substitution of imported materials with domestic raw materials, we anticipate an increase in revenue from the laminated paper sector, as well as huge savings on production costs of the cigarette package printing business, further enhancing the overall profit margin for the Group."

In order to capture the huge business opportunities arising from the continuing growth in demand by existing and new customers for the Group's cigarette packages and laminated papers, Vision Grande will be fully utilising the production lines in both the Shenzhen and Nanjing plants. The Group has also planned to incorporate more advanced facilities and additional production lines, including one for laminated paper manufacturing and two for cigarette package printing, so as to strengthen production capacities and enhance cost-efficiencies, further consolidating the competitive advantages of the Group in the industry.

**Mr. Li concluded,** "With the above exciting developments in place, together with our unique printing technologies, strong customer base, and our professional and experienced staff, Vision Grande will increase the tempo of its activities, powering towards our goal of becoming one of the leading cigarette package printers and laminated paper manufacturers in the PRC."

#### **About Vision Grande**

Vision Grande is a fast growing printer of cigarette packaging and a manufacturer of laminated papers in the PRC. Possessing extensive expertise in the tobacco industry and unique printing technologies, the Group has been able to secure strategic relationships with large-scale cigarette manufacturers in the PRC. Furthermore, riding on the synergies brought about by the vertical integration of its production of laminated papers and cigarette packages, and the management's far-reaching development strategies, Vision Grande has managed to establish a leading position in the cigarette package market within just five years of operation. The Group was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 26 March 2004.

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