



[For Immediate Release]

Vision Grande Announces 2004 Interim Results

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Turnover Increases 26% to HK\$122,666,000

Profit Grew by 30% to HK\$40,044,000

Financial Highlights

- Turnover increased by 26% to approximately HK\$122,666,000
- Profit attributable to shareholders grew by 30% to approximately HK\$40,044,000
- Overall gross profit margin and net profit margin were 36.8% and 32.6% respectively

(Hong Kong – 20 September 2004) – Cigarette package printer and laminated paper manufacturer – **Vision Grande Group Holdings Limited** (“Vision Grande” or the “Group”) (stock code: 2300) today announced its interim results for the six months ended 30 June 2004.

Financial Performance

Supported by the Group’s proven business operation and established market position, and through effective implementation of development plans and operating strategies, the Group’s two core businesses - cigarette package printing and laminated paper manufacturing - performed remarkably well during the reviewing period. Significant growth was achieved in the first half of 2004 with turnover and profit both reached new heights. Turnover increased by 26% to HK\$122,666,000 from approximately HK\$97,298,000 in the corresponding period last year. Profit attributable to shareholders grew by 30% to HK\$40,044,000 from last year’s approximately HK\$30,712,000. Basic earnings per share were HK 10.7 cents (2003: HK 9.6 cents). The Board of Directors recommends the payment of an interim dividend of HK 5 cents per share.

Mr. Li Wei Bo, Chairman of Vision Grande said, “We are pleased that Vision Grande continued to grow with leaps in both turnover and profit. In the first half of 2004, we significantly improved our fundamentals, including maximizing production capacity, enhancing product quality and developing new and more sophisticated printing technology. These efforts will help Vision Grande stay ahead of its competitors. We are confident of making the Group one of the leading cigarette package printers and laminated paper manufacturers in the PRC.”

Cigarette Package Printing Business

During the period, the Group's innovative cigarette package designs and patented printing technologies were well received by both its existing and potential customers. Moreover, the Group's advanced and high-quality production capabilities are well recognized by the market, adding to its competitive advantages. Turnover from the business segment surged as orders from existing customers and several newly secured customers flow in steadily.

Turnover from the cigarette packaging business operated by the Group's subsidiary, Victory Honest Industries (Shenzhen) Co., Ltd. ("Victory Shenzhen") amounted to approximately HK\$44,160,000, an increase of 19% over that of approximately HK\$36,973,000 in the same period last year, accounting for approximately 36% of the Group's total turnover.

Mr. Li continued, "With the management's dedicated effort, we successfully secured several new customers, including the Guangzhou No.2 Cigarette Factory and the two newly acquired cigarette factories in Liaoning Province by a large cigarette manufacturer Hongta Cigarette Factory, etc. Together they brought in profitable orders and provided the Group with steady income. The increase in orders will provide additional momentum for us to further develop our business and expand our market share."

With the completion of its new production plant at the end of 2003, Nanjing Sanlong Packaging Co., Ltd. ("Nanjing Sanlong"), an associated company 48%-owned by the Group, doubled its annual production capacity to approximately 600,000 cartoons in the first quarter of 2004. The increased capacity can satisfy the increasing demands of the Nanjing Cigarette Factory and Huaiyin Cigarette Factory and has significantly boosted the income base of Nanjing Sanlong. The current annual cigarette package production capacity of the Group (including the Shenzhen Factory and Nanjing Factory) reaches approximately 1,000,000 cartoons. The average utilization rate of the production lines also exceeds 60%.

Profit contribution from Nanjing Sanlong amounted to approximately HK\$15,238,000, representing a growth of 5% over the same period of last year's approximately HK\$14,563,000. When the handover between the old and new plants is completed and all teething problems resolved, the management anticipates much better performance for Nanjing Sanlong in production efficiency and profit contribution in the second half of 2004.

Looking ahead, to effect the further development of its cigarette package printing business, the Group will continue to focus on expanding its sales network to Guangdong Province, Yunnan Province, Hunan Province and Jiangxi Province, with the aim of securing larger and stable cigarette manufacturers as its customers.

In July this year, the Group signed a Memorandum of Understanding (“MOU”) with Kunming World Grand Colour Printing Company Limited (“Kunming World Grand”), a large cigarette package printing company in Yunnan Province, marking its further penetration into the Kunming market and in turn further strengthened its leading position in the PRC. The management firmly believes that the strategic co-operation will provide it the opportunity to explore potentials in the Yunnan province, the largest cigarette manufacturing base in the PRC, for its laminated papers and cigarette packages printing businesses.

Laminated Paper Manufacturing Business

The sales volume of laminated paper increased significantly and the business grew rapidly during the period. Turnover increased by 30% from approximately HK\$60,325,000 in the corresponding period last year to approximately HK\$78,506,000, accounting for approximately 64% of the Group’s total turnover.

Mr. Li said, “The fact that most cigarette package printers have not vertically integrated their laminated paper production processes while we enjoy a sound reputation in producing high quality laminated papers gives us a distinct edge over our competitors. Capitalizing on this unique edge, we implemented an unconventional sales strategy in the second half year of 2003, selling our laminated paper to other large-scaled cigarette package printers in the PRC for their printing and manufacturing needs.” This not only broadened the Group’s revenue stream and customer base, but also enables it to create a win-win situation.

With the successful incorporation of environmentally friendly and new advanced technologies into the production of laminated papers last year, the Group is prepared to start producing metallised and laser films for the manufacturing of laminated papers. It expects to achieve full-scale production for the operation in mid 2005. This will enable the Group to produce a wide array of innovative and ingenious laminated paper products. The management expects an increase in revenue from the laminated paper sector as well as substantial savings on the production cost of its cigarette package printing business, which will in turn further improve the Group’s overall profit margin.

Conclusion

According to a recent announcement issued by the State Tobacco Monopoly Administration of the PRC, the number of cigarette manufacturers had further consolidated from 185 to just over 80. Heeding the phenomenon, existing cigarette manufacturers are actively launching new brands and renew the package designs of their existing brands so as to maintain and strengthen their competitiveness and market share. As a result, cigarette manufacturers at large have become more demanding on the quality of cigarette packages with special focus on the quality of printing, design and outlook for their products, which will allow them to enhance product grading and pricing. Coinciding with Vision Grande's market positioning and development direction, the industry trend spawns excellent business opportunities for it.

The Group believes the cigarette package printing industry in the PRC has tremendous growth potential and will continue to flourish. Vision Grande will relentlessly focus on developing its two core businesses. Its management is confident of making strides this year in realizing the benefits from its strategic relationship with Kunming World Grand, thus moving another step closer to becoming the biggest player in the industry.

Mr. Li concluded, "Given the favourable operating environment of the tobacco industry in the PRC, our effective operating strategies and stringent cost control measures, the management is optimistic about delivering better and more encouraging results in the second half year. We are convinced that our management's tireless dedication will take the Group's businesses to new heights and create greater long-term values to our shareholders."

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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 secured 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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