

**VISION GRANDE GROUP HOLDINGS LTD:
WHEN DEBT STARTS TO RISE, GO PUBLIC**

It is very apparent that debt was increasing much too quickly for the likes of senior management of Vision Grande Group Holdings Ltd (Code: 2300, Main Board, The Stock Exchange of Hongkong Ltd) and, so, as is the formula for getting out of debt in many parts of Asia, these days: Go public!

The Company raised about \$HK170 million in the Placing and Public Offer on March 16, 2004, by Offering 80 million, one-cent Shares at a Premium of \$HK2.34 per Share.

The flotation was a huge success, the shares, being oversubscribed some 11.80times.

The money, raised in this float, is to be used for the following purposes, the Prospectus states at Page 98:

1. \$HK62 million *'for expanding the production facilities for printing and manufacturing of cigarette packages and laminated papers'*;
2. \$HK15 million *'for research and development of new printing and laminating technologies'*;
3. \$HK15 million for sales and marketing;
4. \$HK25 million for the retirement of bank borrowing; and,
5. *'The remaining (amount of money from the float to be used) for general working capital the Group'*.

Point Number 4 – \$HK25 million for the retirement of bank borrowings – is very telling if one scans the Prospectus and assimilates certain published facts with total borrowings.

Page 125 of the Prospectus, under the heading, '**Borrowings**', shows that, as at January 31, 2004, the Company owed about \$HK143.24 million, as follows:

Bank Overdrafts	\$HK 4,526,000
Short-Term Bank Loans	\$HK113,452,000
Obligations under Finance Leases	<u>\$HK 25,262,000</u>
TOTAL :	<u>\$HK143,240,000</u>

Relative to the Turnover of Vision Grande Group for the Financial Year, ended December 31, 2002, this amount of debt is quite a whack, representing about 75 percent of the entire volume of activity for that Financial Year.

On April 26, 2004, Vision Grande Group brought out its 2003 Financial Year's results, indicating that the Turnover had risen, during that Year, to about \$HK232.03 million.

Even so, a debt burden of the order of \$HK143.24 million is, still, about 62 percent of that Turnover.

Which is, still, very high in TARGET's books.

But, as this medium has stated, many times in the past, in the People's Republic of China (PRC), there is a rule book, which is a little different from many other rule books, used in most other countries.

What Is Vision Grande Group?

Vision Grande Group describes its activities in the following manner:

'The Group started its business in April 1998 when it established Nanjing Sanlong (Packaging Company Ltd) in Nanjing of the PRC, which is an associated company of the Company principally engaged in the manufacturing and printing of cigarette packages ...'. (Page 60 of the Prospectus)

'The Group is a fast growing printer of cigarette packages and manufacturer of laminated papers for cigarette packages in the PRC in terms of sales revenue and net profit. The Group started its first full year of operations in 2000 and within a short period of three years, the Group recorded an audited combined revenue of approximately HK\$191 million and an audited combined net profit after taxation of approximately HK\$67 million for the year ended 31 December 2002 ...' (Page 63 of the Prospectus)

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