Vision Grande Group Holdings Limited

(Stock code : 2300)

INTERIM REPORT 2006

CONTENTS

Chairman's statement

Chairman

Mr. Chan Chew Keak, Billy

I am honored to take the position of the Chairman of the Group on 27 April 2006 and am pleased to announce that the first half of 2006 has been a solid start for Vision Grande Group Holdings Limited (the "Company", and its subsidiaries, the "Group") in the next phase of its development to become the leading cigarette packaging printing and laminated papers manufacturing company in the People's Republic of China ("PRC").

For the period ended 30 June 2006 ("the Reporting Period"), the Group's turnover achieved a strong growth from approximately HK$173.6 million to HK$404.1 million and rose 133% as compared with the corresponding period of 2005. Other than the increase in our Shenzhen operation, the significant increase in turnover is contributed by the consolidation of Qingdao, Beijing and Kunming operations. Profit attributable to the equity holders of the Company amounted to approximately HK$83.5 million representing an increase of 20.7% as compared with corresponding period of last year. Basic earnings per share was HK$12.8 cents, representing a decrease of 12.9% as compared with the corresponding period of 2005. In order to prepare ourselves with sufficient resources for further development in future, the Board did not recommend the payment of an interim dividend for the Reporting Period.

Chairman's statement

The increase in turnover reflected the success of the Company's growth strategy, in particular focusing on consolidating strategic co-operation with its major stakeholders during the Reporting Period to lay the foundation for future continued profitable growth. The highlights of the Reporting Period have been:

1) The sound bridge built between the Group and Amcor Group, one of the world's leading cigarette packaging companies;

2) The acquisition of a controlling interest in Qingdao Leigh-Mardon Packaging Co., Ltd. and Beijing Leigh-Mardon Pacific Co., Ltd.; and

3) The acquisition of the remaining equity interest in World Grand Holdings Limited ("World Grand") and the expansion of the Board of Directors with representatives from World Grand.

The underlying objective of all these initiatives is consistent with the mission of the Company - to continue to deliver sustainable returns to shareholders. I believe the Company is well positioned to benefit from continued industry rationalisation, and with the dedicated efforts at work of the management and employees. The Group is on target to achieve its objective of becoming the leading tobacco printing specialist in the manufacturing and printing of cigarette packaging and laminated papers in the PRC.

During the Reporting Period, the Company has entered into a new chapter of growth by adopting two significant initiatives.

In February 2006, the Group completed its acquisition of Qingdao and Beijing operations from and issue of new shares to Amcor Group pursuant to which Amcor Group increased its shareholding to become the major substantial shareholder of the Group. The collaboration with Amcor Group enhances the Company's long term growth potential, provides a strategic opportunity for the Group to penetrate the businesses into the northern part of the PRC, diversifies the Group's revenue base and generates synergies for both the Group and Amcor Group as a result of sharing resources.

Chairman's statement

In May 2006, the Company completed its acquisition of the remaining equity interest in World Grand to make the latter the Company's wholly owned subsidiary. The Company was delighted to introduce the proprietors of World Grand as new shareholders of the Company and welcomed Mr. Chan Sai Wai and Mr. Ng Sai Kit as directors of the Company. The acquisition has enabled the Group to further penetrate into the cigarette packaging market in Yunnan Province which is the largest cigarette manufacturing base in the PRC and has also provided the Group with a significant contribution of earnings.

Following these initiatives, the Board has taken the opportunity to review all aspects of the Group's operations to ensure there are no impediments to achieving the Company's future growth targets. In this regard, the Board has taken a conservative approach and provision was made regarding property, plant and equipment, inventories, and trade and other receivables. The Board firmly believes that the Company's financial position is strengthened by these measures.

The continuous consolidation of the tobacco industry in the PRC has impacted the competitive landscape and business prospects of cigarette packaging printing companies. In view of the rapidly changing business environment, the Group believes that opportunities for profitable expansion will continue to emerge reinforcing the Group's strategy of becoming a market leader in the manufacturing and printing of cigarette packaging products in the PRC.

With the initiatives as outlined above, the Company has established a strong platform for continued future profitable growth but this will only be achieved by a total commitment in meeting the needs of our customers by providing high-quality products and after-sales services, and a continued focus on cost control, manufacturing excellence and innovation.

Chairman's statement

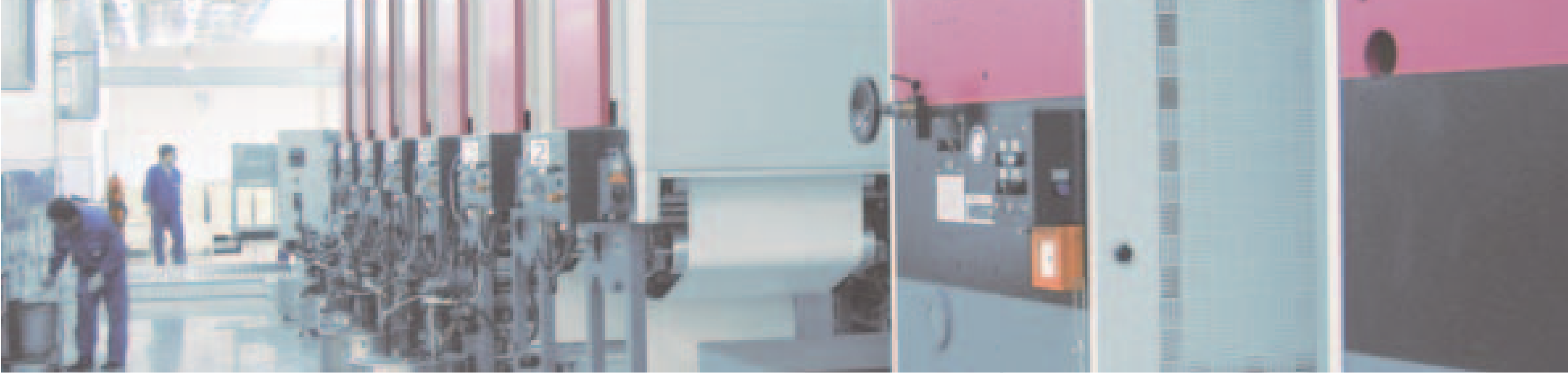
To further its ambitions, the Group intends to strengthen the existing cigarette packaging printing and laminated paper manufacturing through mergers and acquisitions with economic potentials, hence driving the overall businesses towards a higher level.

The Company will continue keeping close relationship with the government authorities and strategic partners, in hope of laying solid foundation for further expansion. In line with the corporate culture "Ability-Emphasis and Human-Oriented", the Group will continue to recruit the highest quality people in fields like enterprise management. Systematic training programs will be carried out to retain a high quality workforce and to foster the continued business development of the Group, supported by the highest standards of corporate governance. The change of Board composition with broadened background and expertises will bring along with innovated management concepts. Through the enhanced management, the effective operation efficiency and high transparency, the Company is well positioned to continue to deliver sustainable profitable growth.

Finally, on behalf of the Board, I would like to take this opportunity to thank our customers and shareholders for their continued support. My sincere gratitude also extends to all directors and our dedicated staff without whom we would not be able to achieve our vision.

By order of the Board
Vision Grande Group Holdings Limited
Chan Chew Keak, Billy
Chairman

Hong Kong, 14 August 2006



Management discussion and analysis

From left to right, Mr. Peter Roderick Downing, Mr. Lee Cheuk Yin, Dannis, Mr. Oh Choon Gan, Eric, Mr. Ng Sai Kit, Mr. Tay Ah Kee, Keith, Mr. Chan Sai Wai, Mr. Chan Chew Keak, Billy, Mr. Li Wei Bo, Mr. Li Shui Dang, Mr. Au Yeung Tin Wah, Ellis and Mr. David John Cleveland Hodge.

Management discussion and analysis

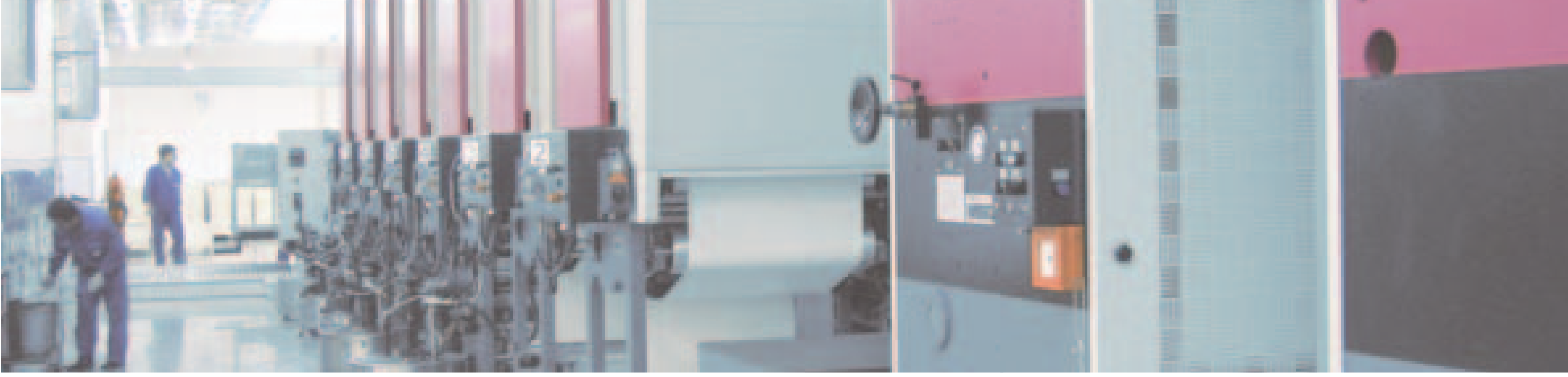
Industry overview

The first half of 2006 was a period full of opportunities and challenges for the tobacco packaging printing market in the People's Republic of China (the "PRC"). The industry consolidation that has taken place in tobacco market in recent years has provided major tobacco manufacturers that possessed high quality products and optimal production efficiencies and effectiveness with an opportunity to prosper and grow through mergers and acquisitions. As a result of the rationalization in the tobacco industry, a progressive consolidation in the cigarette packaging printing industry has also been occurring. This has created opportunities for cigarette packaging printers to further strengthen their competitive edges through mergers and acquisitions, thereby enhancing their abilities to partner with key tobacco manufacturers to capture growth opportunities. Cigarette packaging printers are actively improving their research and development capabilities to produce tobacco packages with distinctive designs and features and promote customers' brands to increase sales for customers; to improve technological know-how; and to guarantee timely delivery system.

During the Reporting Period, the Group, being one of the leading cigarette packaging products manufacturers in the PRC, has further expanded its operations by acquiring tobacco packaging printers that supply major tobacco brands in China, thus positioning the Group for continued future growth.

Major developments

During the Reporting Period, the successful acquisition of Qingdao Leigh-Mardon Packaging Co., Ltd. (the "Qingdao Plant") and Beijing Leigh-Mardon Pacific Packaging Co., Ltd. (the "Beijing Plant") secured Amcor Group, the world's largest cigarette packaging printing company, to be the single largest shareholder with around 40% equity stakes at present. This represented a significant milestone for the Group and enables the Group to leverage on Amcor's international state-of-the-art technology know-how, world class management system and mergers and acquisitions expertise going forward. Amcor's investment in the Group signifies its long term commitment to drive the Group to continue to expand in China on a larger scale.



Management discussion and analysis

The acquisition of Qingdao Plant and Beijing Plant not only enabled the Group to extend its presence to the northern part of China, but also diversified the Group's product base to incorporate mass low-mid end brands with lower selling price but bulk sales volume such as soft pack cigarettes. This will help to provide a more balanced product mix alongside the existing mid-high end products with higher selling price but lower sales volume, In view of the large and potential low-mid end product market in the northern part of China, the acquisition of Qingdao Plant provides a strong platform for the Group to access this segment. The Chinese joint venture partner as well as the major customer of Qingdao Plant is Etsong Group, which is the largest cigarette manufacturer in Shandong Province controlling five cigarette manufacturing plants in Shandong Province. The major product of Qingdao Plant is Harteman, a key brand of Etsong Group and a top brand in the northern part of China targeting mid-low end market.

In May 2006, the acquisition of the remaining equity interest in World Grand Holdings Limited ("World Grand") and its Kunming plant (the "Kunming Plant") has further extended the Group's business to the cigarette packaging market in Yunnan Province that is currently the largest cigarette manufacturing base in the PRC. Kunming Plant is believed to be one of the strongest and the best operated printers in China. The acquisition of Kunming Plant has enlarged the customer base of the Group to the top-tier cigarette manufacturers since World Grand is a major supplier of two leading tobacco companies in the PRC namely Hongyun Group, the second largest tobacco manufacturer in the PRC, and Guangdong Tobacco Group, a top-tier tobacco manufacturer in the PRC.

The strategic move of collaborating with Amcor Group and World Grand has made a sound contribution to the operation and management of the Group. The expanded platform of Amcor Group and the Group incorporated with World Grand's resources has endowed the Group with a centralized resources platform to realize economy of scale of operation, with which the Group has been able to centralize procurement activities, share market resources and design expertise as to further enhance machinery utilization rate, production efficiency and quality of customer service.

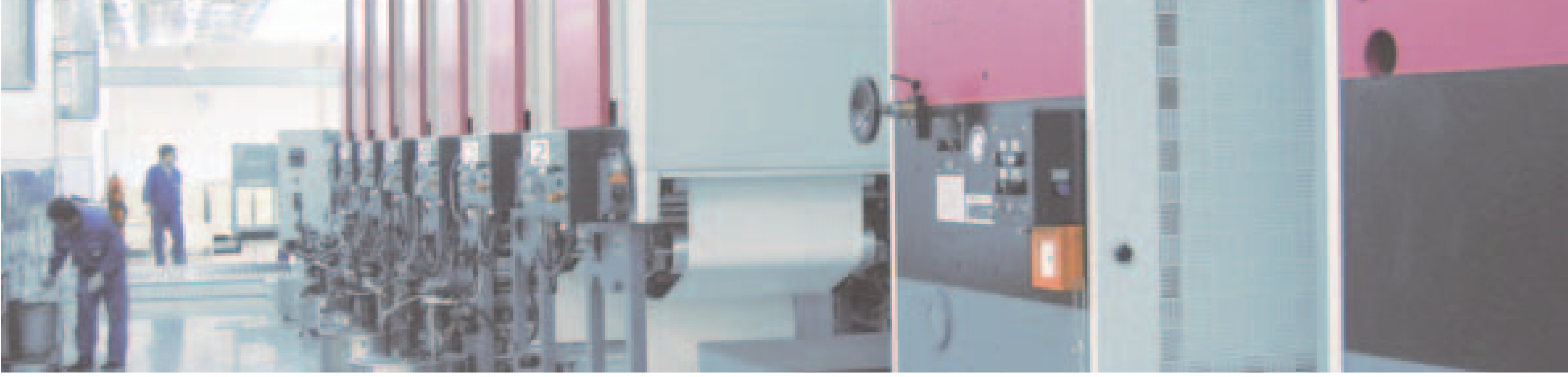
Additionally, with the sophisticated international knowledge and experience of Amcor Group in corporate governance and the extensive expertise of World Grand in the management of tobacco packaging printing industry, the joining of Amcor's and World Grand's major personnel into the Board of the Company has strengthened the standard of corporate governance and broadened the management expertise of the Group.

Business review

During the Reporting Period, the Group achieved a turnover of HK$404.1 million, representing an increase of 132.7% as compared to the corresponding period of previous year. Profit attributable to shareholders increased by 20.7% to approximately HK$83.5 million as compared to that of the corresponding period in 2005. The significant growth of the Group was mainly attributable to: i) the acquisition of Qingdao, Beijing and Kunming Plants, and ii) the satisfactory sales growth in Victory Honest Industries (Shenzhen) Co., Ltd. (the "Shenzhen Plant") and an associated company, Nanjing Sanlong Packaging Co., Ltd. (the "Nanjing Plant").

During the Reporting Period, the manufacturing of laminated paper recorded an increase in turnover of 3.9% to HK$122.4 million which was mainly due to growth in demand from Nanjing Plant and Kunming Plant. Following the incorporation of Kunming Plant as the wholly-owned subsidiary of the Group in June 2006, the sales of laminated paper previously recorded from the Kunming Plant will now be eliminated on consolidation.

Turnover of cigarette packaging printing was HK$281.7 million, representing a growth of 404.2% during the Reporting Period. As a dominant revenue driver of the Group, the high growth recorded in the cigarette packaging printing segment was principally due to the inclusion of the substantial contribution from the newly acquired Qingdao, Beijing and Kunming Plants.



Management discussion and analysis

During the Reporting Period, Kunming Plant recorded the strongest turnover and profit growth but its turnover was not contributed to the Group until June 2006 after the acquisition of the remaining equity interest in World Grand is completed. Continued to benefit from its strong marketing network and efficient management, Kunming Plant continued to record a persistent growth in sales to its largest customer, Hongyun Group, which is the second largest tobacco manufacturer in China. More promising to our future growth from Kunming Plant is that it prints Yunyan brand, which is a top brand of Hongyun Group. Another key customer of Kunming Plant is Guangdong Tobacco Group. Since Guangdong Tobacco Group has become Kunming Plant's new client in late 2005, its substantial increase in sales order during the Reporting Period has become a key growth driver of Kunming Plant.

The newly acquired Qingdao and Beijing Plants both attained a sound growth in turnover during the Reporting Period. The acquisition of these plants not only enabled the Group to extend its presence to the northern part of China but also diversified the Group's product base to incorporate mass low-mid end brands with lower selling price but bulk sales volume such as soft pack. With consumer's spending power accelerating in the northern region, the Group believes this will provide further growth potential for the Group in future.

Apart from the growth brought by acquisitions, the Nanjing and Shenzhen Plants also recorded a solid contribution to the Group. The profit from Nanjing Plant increased due to the growth of sales from its two major customers, namely Nanjing Cigarette Factory and Huaiyin Cigarette Factory. With the stable and sizable orders from Changsha Cigarette Factory and a number of new orders that are in the pipeline, the Group believes that Shenzhen Plant is well positioned to deliver further organic growth for the Group in future.

Prospects

The Group believes that its combination of Amcor Group and World Grand forms a powerful team in the tobacco packaging printing industry that will lead the Group to a further success in future.

Looking forward, the expanded business platform together with the professional expertise of new board members will assist the Group to acquire suitable targets for sustainable growth. The Group will continue to focus on acquisition targets that are a cultural fit to the Group and the key suppliers of top cigarette manufacturers producing market-winning brands.

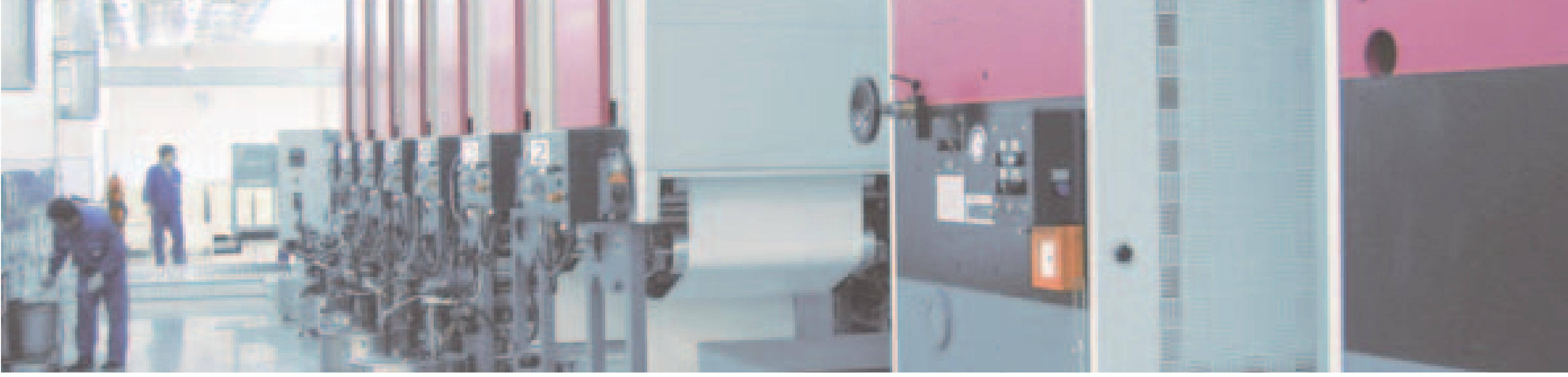
Leveraging on the strengths of sophisticated technology know-how and sufficient human and financial resources, the Group will further expand its presence in different areas of China and ameliorate its product mix with higher value so as to establish a much more solid and balanced foundation for a healthy and sustainable future growth.

As the Group will be facing challenges in managing the broadened business platform in future, the Group has dedicated to capitalize on the expertise of Amcor and to recruit the highest quality management in fields like enterprise management. The objective is to align our corporate management and corporate governance to world class standard. Last but not least, the Group will fulfil the responsibilities as a good corporate citizen to achieve excellence in environment, health and safety with an ultimate aim to serve its best for betterment of society.

Capital structure, resources and liquidity

Borrowing and banking facilities

As at 30 June 2006, the Group had aggregated banking and loan facilities, including those facilities from banks and finance lease creditors, of HK$451.1 million of which HK$180.4 million was utilized. The Group generally finances its operations with finance leases and banking facilities provided by its banks and finance lease creditors in Hong Kong and the PRC.



Management discussion and analysis

As at 30 June 2006, the Group's short term borrowings of HK$119.3 million were repayable within one year, HK$25.0 million was repayable after one year and within two years.

As at 30 June 2006, the obligations under finance leases of the Group amounted to HK$36.1 million, of which HK$14.9 million was repayable within one year, HK$21.2 million was repayable after two years and within five years.

As at 30 June 2006, 80% of 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 30 June 2006, the Group had net current assets of HK$415.7 million. The current assets include inventories of HK$193.2 million, trade and other receivables of HK$446.4 million, leasehold land payments of HK$0.1 million, prepayments and deposits of HK$20.2 million, pledged bank deposits of HK$10.4 million and bank and cash balances of HK$296.5 million. The current liabilities include trade and other payables of HK$304.4 million, bills payables of HK$93.7 million, provision for taxation of HK$18.8 million, short term borrowings of HK$119.3 million and current portion of obligations under finance leases of HK$14.9 million.

Capital Structure

As at 30 June 2006, the Group had net tangible assets of HK$776.6 million, comprising non-current assets of HK$520.6 million (comprising property, plant and equipment of HK$490.4 million, leasehold land payments of HK$0.7 million, interest in an associated company of HK$29.5 million), net current assets of HK$415.7 million, non-current liabilities of HK$46.2 million (comprising obligations under finance leases of HK$21.2 million and long term interest-bearing borrowings of HK$25.0 million) and minority interests of HK$113.5 million.

Charges on the Group's assets

As at 30 June 2006, the Group's bank deposits of HK$10.4 million was pledged in respect of banking facilities granted to the Group.

Capital Commitments

As at 30 June 2006, the Group had capital commitment contracted but not provided for in respect of acquisition of plant and machinery of HK$12.2 million.

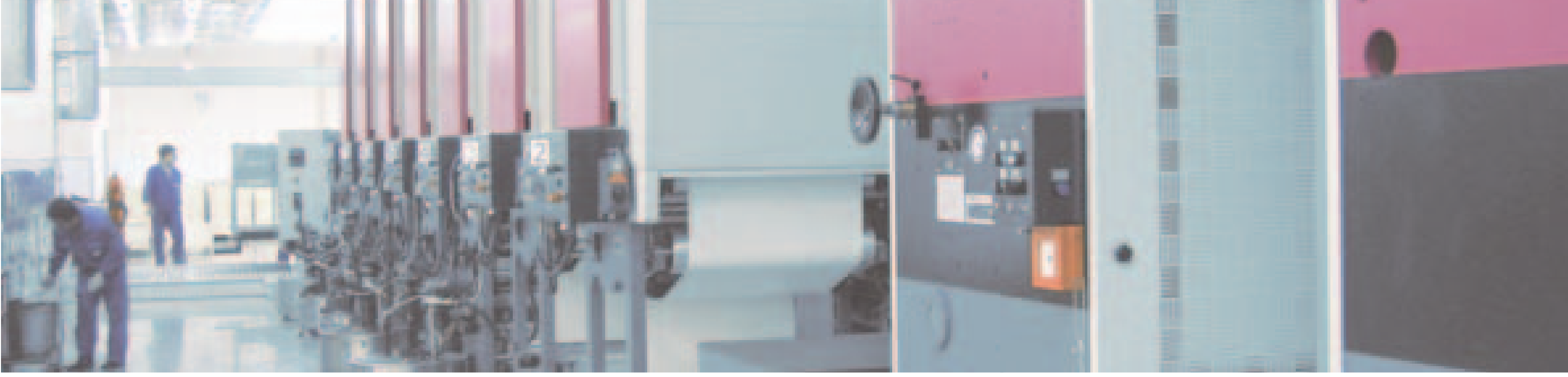
Working capital

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

Remuneration policies and employees information

As at 30 June 2006, the Group had over 2,000 full time employees in Hong Kong and the PRC. Total staff costs (including directors' emoluments) amounted to HK$38.3 million (six months ended June 2005: HK$9.2 million) for the period. 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.

In addition to salaries, the Group provides staff benefits including medical insurance and contributions to the 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.



Management discussion and analysis

Significant investment and material acquisitions

During the period under review, the Group completed the acquisitions of 100% of Bellgate International Limited, which owns 83% equity interest of Beijing Leigh-Mardon Pacific Packaging Co., Ltd. and 60% equity interest of Qingdao Leigh-Mardon Packaging Co., Ltd., and the remaining 68.5% of World Grand, which owns 100% equity interest of Kunming World Grand Colour Printing Co., Ltd.. The Group believes that these acquisitions will significantly complement its existing operations through the addition of value-added relationships, vertical integration, technological advantage, and synergistic benefits.

The new subsidiaries contributed HK$152,784,000 to the Group's revenue and HK$40,283,000 to the Group's profit before tax for the period between the date of acquisition and the balance sheet date.

If the acquisitions had been completed on 1 January 2006, total Group's turnover would have been increased by HK$273,633,000 and profit for the period would have been HK$147,583,000. The proforma information is for illustrative purposes only and is not necessarily an indicative turnover and results of operations of the Group that actually would have been achieved had the acquisition being completed on 1 January 2006, nor is it intended to be a projection of future results.

Gearing ratio

As at 30 June 2006, the Group's gearing ratio as a percentage of total borrowings over total assets was 5.8% (31 December 2005: 16.5%). The management believes that the gearing ratio is at 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 six months ended 30 June 2006, all 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

Corporate guarantees were given by the Company to banks to secure banking facilities granted to certain subsidiaries of the Company. As at 30 June 2006, the facilities amount utilized was HK$130.4 million (31 December 2005: HK$115.5 million)

At 30 June 2006, the Group did not have any significant contingent liabilities (31 December 2005: Nil).

Other information

Dividends

No interim dividend has been declared by the Board for the six months ended 30 June 2006.

Disclosure of interests

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at 30 June 2006, the following Directors had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong (the "SFO")) (i) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listing Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

Name of Director	*Note*	Capacity	Number of shares held	Position	Approximate percentage of issued share capital
Mr. Li Wei Bo		Beneficial owner	148,260,000	Long	18.92%
Mr. Chan Sai Wai	*1*	Interest of controlled corporation	27,920,000	Long	3.56%
Mr. Ng Sai Kit	*2*	Interest of controlled corporation	20,940,000	Long	2.67%
Mr. Lee Cheuk Yin, Dannis		Beneficial owner	3,272,000	Long	0.42%

Note 1: These Shares are held by Oriental Honour Limited, the entire issued share capital of which is beneficially owned by Mr. Chan Sai Wai.

Note 2: These Shares are held by Joy Benefit Limited, the entire issued share capital of which is beneficially owned by Mr. Ng Sai Kit.

Disclosure of interests (continued)

Save as disclosed above, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2006 (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listing Companies contained in the Listing Rules.

(b) Persons who have an interest or short position which is disclosureable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors, as at 30 June 2006, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	*Note*	**Capacity**	**Number of shares held**	**Position**	**Approximate percentage of issued share capital**
Amcor Limited	*1*	Interest of controlled corporation	313,870,000 Shares	Long	40.05%
Amcor Packaging (Asia) Pty Limited	*1*	Interest of controlled corporation	313,870,000 Shares	Long	40.05%
Amcor Fibre Packaging-Asia Pte Limited	*1*	Beneficial owner	313,870,000 Shares	Long	40.05%
Mr. Li Zhong Hua	*2*	Beneficial owner	45,000,000 Shares	Long	5.74%

Disclosure of interests (continued)

Note 1: The shares of Amcor Limited are listed on the Australian Stock Exchange Limited and, in the form of American Depositary Shares evidenced by American Depositary Receipts on the NASDAQ National Market System in the United States. Amcor Packaging (Asia) Pty Limited and Amcor Fibre Packaging-Asia Pte Limited are wholly owned subsidiaries of Amcor Limited.

Note 2: Mr. Li Zhong Hua is the son of Mr. Li Wei Bo, an executive Director.

Save as disclosed above, as at 30 June 2006, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Share option scheme

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include any employees, directors, substantial shareholders or any of their respective associates of the Company and/or any of its subsidiaries or associated companies. The Share Option Scheme became effective for a period of 10 years commencing on 10 March 2004.

During the period under review, no share option has been granted or agreed to be granted to any person under the Share Option Scheme. As at 30 June 2006, there was no outstanding share option granted under the Share Option Scheme.

Purchase, sale and redemption of the Company's Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares for the six months ended 30 June 2006.

Compliance with Appendix 10 of the Listing Rules

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Appendix 10 of the Listing Rules throughout the period under review. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with such code of conduct and required standard of dealings throughout the period under review.

Compliance with Code of Corporate Governance Practices

Corporate governance

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. At the annual general meeting of the Company held on 26 May 2006, a resolution has been passed by the shareholders to require that every director, including Chairman and those appointed for a specific term shall be subject to retirement by rotation at least once every three years, and all directors appointed to fill a casual vacancy shall be subject to election by the shareholders at the first general meeting after their appointment.

Under code A.2.1 of the Code of Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules, the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual and the division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. In April 2006, Mr. Chan Chew Keak, Billy has been designated as the Chairman and CEO of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies. As such, it is beneficial to the business prospects of the Company. Save and except the above, the Board considers that the Company has complied with the CG Code.

Audit Committee

The Audit Committee of the Company comprises the three independent non-executive Directors of the Company, namely, Mr. Tay Ah Kee, Keith (Chairman of the Audit Committee), Mr. Au Yeung Tin Wah and Mr. Oh Choon Gan. The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed internal control and financial reporting matters with senior management relating to the preparation of the unaudited condensed financial results of the Group for the six months ended 30 June 2006. There is no disagreement raised by the Audit Committee on the accounting treatment adopted by the Company.

By Order of the Board
Vision Grande Group Holdings Limited
Chan Chew Keak, Billy
Chairman

Hong Kong, 14 August 2006

Condensed interim consolidated financial statements

RESULTS

The board (the "Board") of directors (the "Directors") of Vision Grande Group Holdings Limited ("the Company") is pleased to announce the unaudited condensed financial results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2006 (the "Reporting Period") together with the unaudited comparative figures for the corresponding period in 2005 as follows:

Condensed consolidated income statement

	Note	For the six months ended 30 June **2006** **(unaudited)** **HK$'000**	 2005 (unaudited) HK$'000
Turnover	3	**404,117**	173,630
Cost of sales		**(293,625)**	(107,394)
Gross profit		**110,492**	66,236
Other revenue		**16,601**	1,056
Selling and distribution costs		**(11,191)**	(5,466)
Administrative expenses		**(34,972)**	(22,847)
Other operating expenses		**(14,217)**	(1,212)
Operating profit	4	**66,713**	37,767
Finance costs	5	**(6,970)**	(3,572)
Share of net profit of associated companies		**42,959**	38,165
Profit before taxation		**102,702**	72,360
Taxation	6	**(12,600)**	(2,959)
Profit for the period		**90,102**	69,401
Attributable to the Company		**83,512**	69,184
Minority interest		**6,590**	217
		90,102	69,401
Earnings per share for profit attributable to the equity holders of the Company during the period	7		
– basic (HK cents)		**12.8**	14.7
– diluted (HK cents)		**12.8**	13.9
Dividends	8	**60,679**	40,000

Condensed interim consolidated financial statements

Condensed consolidated balance sheet

	Note	30 June 2006 (unaudited) HK$'000	31 December 2005 (audited) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	**490,363**	196,545
Leasehold land payments		**731**	854
Goodwill	10	**1,605,558**	1,081
Interest in an associated company	11	**29,548**	260,164
		2,126,200	458,644
Current assets			
Inventories		**193,159**	47,632
Trade and other receivables	12	**446,458**	269,627
Leasehold land payments		**82**	82
Due from an associated company	11	**–**	14,227
Prepayments and deposits		**20,205**	39,606
Pledged bank deposits		**10,424**	15,244
Bank and cash balances		**296,479**	93,654
		966,807	480,072
Total assets		**3,093,007**	938,716
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	13	**7,837**	4,800
Reserves		**2,374,372**	643,106
Minority interest		**113,450**	6,660
Total equity		**2,495,659**	654,566

Condensed interim consolidated financial statements

Condensed consolidated balance sheet (continued)

	Note	30 June 2006 (unaudited) HK$'000	31 December 2005 (audited) HK$'000
LIABILITIES			
Non-current liabilities			
Obligations under finance leases		**21,234**	28,780
Long term interest-bearing borrowings		**25,000**	–
		46,234	28,780
Current liabilities			
Trade and other payables	14	**304,387**	85,815
Bills payables		**93,705**	36,869
Provision for taxation		**18,827**	6,155
Short term interest-bearing borrowings		**119,277**	112,066
Current portion of obligations under finance leases		**14,918**	14,465
		551,114	255,370
Total liabilities		**597,348**	284,150
Total equity and liabilities		**3,093,007**	938,716
Net current assets		**415,693**	224,702
Total assets less current liabilities		**2,541,893**	683,346

Condensed interim consolidated financial statements

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2006

	Group — Attributable to equity holders of the Company										
	Share capital (unaudited) HK$'000	Share premium (unaudited) HK$'000	Exchange reserve (unaudited) HK$'000	Revaluation reserve (unaudited) HK$'000	Retained profits (unaudited) HK$'000	Capital reserve (unaudited) HK$'000	Statutory surplus reserve (unaudited) HK$'000	Enterprise expansion and general reserve funds (unaudited) HK$'000	Total (unaudited) HK$'000	Minority interest (unaudited) HK$'000	Total equity (unaudited) HK$'000
At 1 January 2006	4,800	362,637	5,865	–	253,155	–	17,473	3,976	647,906	6,660	654,566
Currency translation	–	–	5,441	–	–	–	–	–	5,441	826	6,267
Profit for the period	–	–	–	–	83,512	–	–	–	83,512	6,590	90,102
Dividend relating to 2005 (note 8)	–	–	–	–	(60,679)	–	–	–	(60,679)	–	(60,679)
Issue of new shares (note 10 and 13)	3,037	1,698,167	–	–	–	–	–	–	1,701,204	–	1,701,204
Share issue expenses	–	(5,645)	–	–	–	–	–	–	(5,645)	–	(5,645)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	99,374	99,374
Current period additions	–	–	–	–	–	1,411	–	–	1,411	–	1,411
Transfer from an associated company	–	–	–	9,334	–	–	(275)	–	9,059	–	9,059
At 30 June 2006	7,837	2,055,159	11,306	9,334	275,988	1,411	17,198	3,976	2,382,209	113,450	2,495,659

For the six months ended 30 June 2005

	Group — Attributable to equity holders of the Company										
	Share capital (unaudited) HK$'000	Share premium (unaudited) HK$'000	Exchange reserve (unaudited) HK$'000	Revaluation reserve (unaudited) HK$'000	Retained profits (unaudited) HK$'000	Capital reserve (unaudited) HK$'000	Statutory surplus reserve (unaudited) HK$'000	Enterprise expansion and general reserve funds (unaudited) HK$'000	Total (unaudited) HK$'000	Minority interest (unaudited) HK$'000	Total equity (unaudited) HK$'000
At 1 January 2005	4,000	170,658	1,346	–	163,951	–	13,326	3,934	357,215	3,085	360,300
Currency translation	–	–	29	–	–	–	–	–	29	–	29
Profit for the period	–	–	–	–	69,184	–	–	–	69,184	217	69,401
Dividend relating to 2004	–	–	–	–	(40,000)	–	–	–	(40,000)	–	(40,000)
Issue of new shares	800	199,200	–	–	–	–	–	–	200,000	–	200,000
Share issue expenses	–	(7,873)	–	–	–	–	–	–	(7,873)	–	(7,873)
At 30 June 2005	4,800	361,985	1,375	–	193,135	–	13,326	3,934	578,555	3,302	581,857

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Condensed interim consolidated financial statements

Condensed consolidated cash flow statement

	For the six months ended 30 June	
	2006	2005
	(unaudited)	(unaudited)
	HK$'000	HK$'000
NET CASH FROM OPERATING ACTIVITIES	**290,786**	32,018
NET CASH USED IN INVESTING ACTIVITIES	**(232,275)**	(210,114)
NET CASH FROM FINANCING ACTIVITIES	**10,342**	178,428
NET INCREASE IN CASH AND CASH EQUIVALENTS	**68,853**	332
Bank and cash balances from acquisition of subsidiaries	**128,531**	–
Exchange differences arising on consolidation	**5,441**	29
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**93,654**	132,765
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**296,479**	133,126
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
BANK AND CASH BALANCES	**296,479**	133,126

Notes to the condensed consolidated financial statements

1. Basis of preparation and accounting policies

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2005.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2005. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes HKASs and Interpretations).

The interim financial report is unaudited and has been reviewed by the audit committee of the Company.

Notes to the condensed consolidated financial statements

2. Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk, liquidity risk and cash flow and fair value interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Foreign exchange risk

The Group carries out its business in the People's Republic of China (the "PRC") and most of the transactions are denominated in Renminbi ("RMB"). The Group is exposed to foreign exchange risk arising from RMB exposures, with respect to Hong Kong dollars. Since the exchange rates between RMB and Hong Kong dollars remain relatively stable, the Group had neither engaged in any derivative activities nor committed to any financial instruments to hedge its balance sheet exposures. The Directors consider the Group's foreign exchange risk to be minimal.

Credit risk

As at 30 June 2006, the three largest trade receivables represent approximately 26% (31 December 2005: 44%) of the total trade receivables. The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The allowance for doubtful debts is based upon a review of the expected collectibility of all trade and other receivables.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 30 June 2006 in relation to trade and other receivables, deposits paid and bank and cash balances is the carrying amount of those assets as stated in the consolidated balance sheet.

2. Financial risk management (continued)

(a) Financial risk factors (continued)

Liquidity risk

The Group manages its liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions.

Cash flow and fair value interest rate risk

As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from short term interest-bearing borrowings. At 30 June 2006, 80% of the Group's borrowings were at fixed rates which expose the Group to fair value interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. The Directors are of the opinion that the aforesaid risks are not material to the Group.

(b) Fair value estimation

The Group's financial assets mainly include trade and other receivables, deposits paid and bank and cash balances. The Group's financial liabilities mainly include trade and other payables, bills payables, short term interest-bearing borrowings and obligations under finance leases. The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated balance sheet approximate their respective fair values.

3. Turnover and segmental information

Turnover represents revenue arising from printing of cigarette packages and manufacturing of laminated papers. The Group's primary format for reporting segment information is business segment.

	Printing of cigarette packages For the six months ended 30 June		Manufacturing of laminated papers For the six months ended 30 June		Eliminations For the six months ended 30 June		Consolidated For the six months ended 30 June	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
REVENUE								
External revenue	**281,742**	55,883	**122,375**	117,747	**–**	–	**404,117**	173,630
Inter-segment revenue*	**6,335**	–	**29,232**	22,321	**(35,567)**	(22,321)	**–**	–
Total revenue	**288,077**	55,883	**151,607**	140,068	**(35,567)**	(22,321)	**404,117**	173,630
RESULTS								
Segment results	**61,602**	15,617	**37,431**	34,129	**–**	–	**99,033**	49,746
Unallocated corporate expenses							**(48,921)**	(13,035)
Other revenue							**13,104**	961
Operating profit excluding interest income							**63,216**	37,672
Finance costs							**(6,970)**	(3,572)
Interest income							**3,497**	95
Share of net profit of associated companies							**42,959**	38,165
Taxation							**(12,600)**	(2,959)
Profit for the period							**90,102**	69,401

* *Inter-segment revenue is charged at costs*

Notes to the condensed consolidated financial statements

4. Operating profit

The Group's operating profit is stated after charging the following:

	For the six months ended 30 June	
	2006	2005
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Cost of inventories sold	**293,265**	99,955
Depreciation	**15,756**	5,257
Impairment loss of property, plant and equipment	**3,431**	–
Provision for inventories	**6,717**	–
Allowance for trade and other receivables	**11,099**	–

5. Finance costs

	For the six months ended 30 June	
	2006	2005
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Interest on bank loans and overdrafts	**5,608**	3,020
Finance lease charges	**1,362**	552
	6,970	3,572

Notes to the condensed consolidated financial statements

6. Taxation

The taxation charge represents:

	For the six months ended 30 June	
	2006	2005
	(unaudited)	(unaudited)
	HK$'000	HK$'000
PRC enterprise income tax	**12,600**	2,959

No provision for Hong Kong profits tax has been made as the Group has no assessable profit in Hong Kong.

Pursuant to relevant income tax laws of the PRC, the subsidiaries of the Company are subject to income tax rates of 15% to 30%, mainly depending on the places of incorporation/establishment.

According to relevant tax laws and regulations in the PRC, the subsidiaries of the Company, Mattie Hologram Technology (Huizhou) Co., Ltd ("Mattie Hologram") and Xian Great Sky Laser Hologram Co., Ltd ("Xian Hologram") and Kunming World Grand Colour Printing Co., Ltd. ("Kunming World Grand") are entitled to a full exemption from the PRC enterprise income tax for the first two years and 50% reduction for the following three years commencing from the profitable year of operation after fully set off against the accumulated losses brought forward.

Victory Honest Industries (Shenzhen) Co., Ltd. ("Victory Shenzhen") was accredited as a 先進技術企業 by 深圳市貿易工業局. Pursuant to relevant tax laws and regulations in the PRC, Victory Shenzhen is entitled to prolong 50% reduction of the enterprise income tax (effective income tax rate of 7.5%) for three years commenced from year 2005.

There was no material unprovided deferred taxation. The Group has unused tax losses of approximately HK$40 million (31 December 2005: HK$39 million) at 30 June 2006 available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

7. Earnings per share

(a) Basic earnings per share is calculated based on the Group's unaudited profit attributable to the equity holders of the Company for the six months ended 30 June 2006 of HK$83,512,000 (30 June 2005: HK$69,184,000) and the weighted average number of shares of 650,903,000 ordinary shares in issue during the period ended 30 June 2006 (30 June 2005: 469,834,000 shares).

(b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of potentially dilutive ordinary shares. There were no potentially dilutive ordinary shares as at 30 June 2006.

A reconciliation of the weighted average number of shares in the basic earnings per share calculation to that used in the diluted earnings per share calculation is as follows:

	Number of shares for the six months ended 30 June	
	2006	2005
	'000	'000
Weighted average number of shares used in the basic earnings per share calculation	**650,903**	469,834
Effect of potentially dilutive shares in respect of share options	**–**	27,035
Weighted average number of shares used in the diluted earnings per share calculation	**650,903**	496,869

Notes to the condensed consolidated financial statements

8. Dividends

	For the six months ended 30 June 2006 (unaudited) HK$'000	2005 (unaudited) HK$'000
Final dividend paid for 2005	**60,679**	–
Final dividend paid for 2004	**–**	25,000
Special dividend paid for 2004	**–**	15,000
	60,679	40,000

The dividend paid during the period was HK$60,679,000, being HK$0.085 per share for year 2005.

9. Property, plant and equipment

(a) Addition

During the six months ended 30 June 2006, the Group acquired property, plant and equipment at fair value of approximately HK$318 million comprising property, plant and equipment during the acquisition of subsidiaries (note 10).

(b) Impairment loss

During the six months ended 2006, based on the Group's assessment of the recoverable amount of the property, plant and equipment, impairment loss of approximately HK$3,431,000 was made to the condensed consolidated income statement.

9. Property, plant and equipment (continued)

(c) Valuation

The Group's property, plant and equipment were revaluated subsequent to the acquisition date by an independent firm of professional surveyors, on an open market value basis in their existing state by reference to comparable market transactions and where appropriate on the basis of capitalisation of the net income allowing for reversionary income potential.

10. Goodwill

	Group (unaudited) HK$'000
Cost	
At 1 January 2006	1,081
Acquisition of subsidiaries	1,604,477
At 30 June 2006	1,605,558

On completion date, the Group acquired the entire issued share capital of Bellgate International Limited ("Bellgate"), an investment holding company, which indirectly owned 83% equity interest in Beijing Leigh – Mardon Pacific Packaging Co., Ltd and 60% equity interest in Qingdao Leigh – Mardon Packaging Co., Ltd. The consideration, before expenses, was satisfied by the allotment and issue of new shares of the Company, fair valued at approximately HK$836 million.

On completion date, the Group acquired the remaining 68.5% equity interest in World Grand Holdings Limited ("World Grand"), an investment holding company, which owned 100% equity interest in Kunming World Grand. The consideration, before expenses, was satisfied partly by cash and partly by allotment and issue of new shares of the Company, fair valued at approximately HK$994 million.

10. Goodwill (continued)

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	Acquiree's carrying amount before combination (unaudited) HK$'000	**Fair value adjustments (unaudited)** HK$'000	**Fair value (unaudited)** HK$'000
Net assets acquired:			
Property, plant and equipment	230,069	87,872	317,941
Inventories	124,365	(1,522)	122,843
Trade and other receivables	266,717	(371)	266,346
Prepayments and deposits	17,892	–	17,892
Bank and cash balances	128,531	–	128,531
Trade and other payables	(284,490)	–	(284,490)
Net assets	483,084	85,979	569,063
Minority interest			(133,057)
Reclassified acquisition of an associated company in previous year			(41,172)
Goodwill on acquisition			1,455,188
Return on investment			(16,600)
Total consideration			1,833,422
Total consideration, satisfied by			
Share consideration, at fair value			1,391,190
Direct cost relating to the acquisition			19,332
Return on investment			(16,600)
Cash consideration			439,500
			1,833,422
Net cash outflow arising on acquisition			
Cash consideration paid			(439,500)
Bank and cash balances acquired			128,531
			(310,969)

10. Goodwill (continued)

The new subsidiaries contributed HK$152,784,000 to the Group's revenue and HK$40,283,000 to the Group's profit before tax for the period between the date of acquisition and the balance sheet date.

If the acquisitions had been completed on 1 January 2006, total Group's turnover would have been increased by HK$273,633,000 and profit for the period would have been HK$147,583,000. The proforma information is for illustrative purposes only and is not necessarily an indicative turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2006, nor is it intended to be a projection of future results.

11. Interest in an associated company

	30 June 2006 (unaudited) HK$'000	31 December 2005 (audited) HK$'000
The period/year end balance comprises of the followings:		
Share of net assets other than goodwill	**29,548**	80,047
Goodwill on acquisition	**–**	180,117
	29,548	260,164
Amount due from an associated company	**–**	14,227
	29,548	274,391

Notes to the condensed consolidated financial statements

11. Interest in an associated company (continued)

(a) As at 30 June 2006, the Group had interests in an unlisted associated company as follows:

Name	Place of incorporation/ operation	Particulars of registered capital/issued shares held	Percentage of interest held	Principal activities
Nanjing Sanlong Packaging Co., Ltd ("Nanjing Sanlong")	PRC	US$2,100,000	48%	Printing of cigarette packages

(b) On 30 May 2006, the Group acquired the remaining 68.5% equity interest in World Grand, previously an associated company of the Group (note 10).

12. Trade and other receivables

Trade and other receivables of the Group included trade receivables and bills receivables of approximately HK$307,229,000 and HK$75,024,000 (31 December 2005: HK$205,355,000 and HK$20,782,000) respectively. The general credit terms of the Group to its trade customers range from one month to three months. The aging analysis of trade receivables is as follows:

	30 June 2006 (unaudited) HK$'000	31 December 2005 (audited) HK$'000
Current to 30 days	**215,056**	115,495
31 to 90 days	**39,850**	58,398
Over 90 days	**52,323**	31,462
	307,229	205,355

13. Share capital

	Note	Number of Shares '000	Amount HK$'000
Shares of HK$0.01 each			
Authorised:			
At 31 December 2005 and 30 June 2006		1,000,000	10,000
Issued and fully paid:			
At 1 January 2006		480,000	4,800
Issue of new shares	(a)	16,670	167
	(b)	96,000	960
	(c)	121,200	1,212
	(d)	69,800	698
At 30 June 2006		783,670	7,837

Note:

(a) On 27 February 2006, Amcor Fibre Packaging-Asia Pte Limited subscribed for 16,670,000 new shares of HK$0.01 of the Company at a subscription price of HK$4.20 per share.

(b) On 27 February 2006, Amcor Fibre Packaging-Asia Pte Limited subscribed for 96,000,000 new shares of HK$0.01 each of the Company at a subscription price of 2.50 per share.

(c) On 27 February 2006, the Company allotted and issued 121,200,000 new shares of HK$0.01 each, at HK$4.20 per share, credited as fully paid up, as full consideration for the acquisition of Bellgate.

(d) On 30 May 2006, the Company allotted and issued 69,800,000 new shares of HK$0.01 each at HK$7.00 per share, credited as fully paid up, as partial consideration for the acquisition of World Grand.

(e) The excess of the fair value over the par value of the shares issued during the period in (a) to (d) has been credited to share premium account of the Company.

(f) All shares, both issued and unissued, rank pari passu in all respects at 30 June 2006.

14. Trade and other payables

Trade and other payables of the Group included trade payables of approximately HK$180,122,000 (31 December 2005: HK$49,004,000). The aging analysis of trade payables is as follows:

	30 June 2006 (unaudited) HK$'000	31 December 2005 (audited) HK$'000
Current to 30 days	**111,171**	36,475
31 to 90 days	**39,113**	6,335
Over 90 days	**29,838**	6,194
	180,122	49,004

15. Related party transactions

During the period, the Group had the following material related party transactions:

	For the six months ended 30 June 2006 (unaudited) HK$'000	2005 (unaudited) HK$'000
Sales of laminated papers to associated companies		
Nanjing Sanlong	**74,573**	87,173
Kunming World Grand	**30,525**	30,574

15. Related party transactions (continued)

At balance sheet date, the following balances with related parties included in:

	30 June 2006 (unaudited) HK$'000	31 December 2005 (audited) HK$'000
Trade and other receivables:		
Nanjing Sanlong	**27,629**	13,680
Kunming World Grand	**–**	17,457
Trade and other payables:		
Nanjing Sanlong	**28,953**	10,982

The above amounts are of trade in nature, unsecured, interest free and repayable within 90 days.

16. Capital commitments

	30 June 2006 (unaudited) HK$'000	31 December 2005 (audited) HK$'000
Contracted but not provided for:		
Acquisition of plant and machinery	**12,154**	11,342

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Notes to the condensed consolidated financial statements

17. Contingent liabilities

Corporate guarantees were given by the Company to banks to secure banking facilities granted to certain subsidiaries of the Company. As at 30 June 2006, the facilities amount utilised was HK$130.4 million (31 December 2005: HK$115.5 million)

At 30 June 2006, the Group did not have any significant contingent liabilities (31 December 2005: Nil).