
SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk factors”. You should read this section carefully before you decide to invest in the Offer Shares.

BUSINESS DESCRIPTION

The Group is principally engaged in the manufacture and sale of tinplate cans for the packaging of foods and beverages in the PRC. The Group also provides tinplate lacquering and printing services.

The Group has an established client base of over 60 PRC food and beverage producers located in 20 provinces in the PRC. The major customers of the Group include reputable food producers such as 福建台福食品有限公司 (Fujian Taifu Food Co., Ltd.), 溫州市太裕食品實業公司 (Wenzhou Shi Taiyu Food Industry Co., Ltd.), and beverage producers such as 山西大寨飲品有限公司 (Shanxi Dazhai Beverage Co., Ltd.) and 晉江羅山味力食品有限公司 (Jinjiang Luoshan Weili Food Co., Ltd.). The Group is positioned as a high-quality tinplate cans manufacturer in the PRC which provides all-in-one services in the production of tinplate cans for the packaging of foods and beverages. The Directors believe that the Group has an established reputation in the PRC food and beverage industry for its capability to manufacture high quality tinplate cans of various sizes in a timely manner.

The Group’s tinplate cans are commonly referred to as three-piece cans in the packaging industry in the PRC and are used by food and beverage producers to store a variety of beverages and processed foods such as fruit juice, protein drinks, tea beverages and congee. A typical tinplate can manufactured by the Group is made up of three components: (a) a cylindrical can body with lacquer applied on the inside and artwork printed on the outside; (b) a lacquered bottom lid; and (c) a lacquered easy-opening end. The Group manufactures the can bodies and the bottom lids, while the easy-opening ends are sourced from external suppliers.

The lacquering and printing of tinplate form integral parts of the production process of the Group’s tinplate cans. Lacquering involves the coating of a layer of lacquer on the inside of a tinplate can to prevent chemical reaction between the tinplate and the contents stored inside the tinplate can. Printing involves the transfer of an artwork onto the outside surface of a tinplate can by using lithography. The Directors recognise food and beverage producers rely, to a great extent, on the artwork printed on the tinplate cans to promote their products. Thus, in January 1998, the Group commenced the provision of tinplate lacquering and printing services in order to meet the needs of its customers. Furthermore, given its extensive experience and expertise in tinplate lacquering and printing accumulated over the years, the Group is currently engaged by other tinplate container manufacturers mainly located in the Fujian Province for its tinplate lacquering and printing services.

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The Group's manufacturing facilities are mainly located in Fuqing, Fujian Province, the PRC, which have a total gross floor area of approximately 12,383 sq.m.. The Group currently owns and operates two highly automated workshops in Fuqing, one for the manufacture of tinsplate cans and the other for tinsplate lacquering and printing. As at the Latest Practicable Date, the Group employed 253 full time employees at its manufacturing facilities located in Fuqing.

In preparation for the growing demand for tinsplate cans in the PRC, the Group has committed resources to expand its production capacity. In August 2002, the Group entered into a lease agreement with Shanxi Yiyang, an Independent Third Party, for the lease of a production plant including certain production facilities in Fenyang, Shanxi Province, the PRC for a period of two years. The production plant in Fenyang, which commenced operations in October 2002, comprises five production lines, two for the manufacture of tinsplate cans, one for the manufacture of bottom lids, one for tinsplate lacquering and one for tinsplate printing. The Group employed 86 full time employees at the production plant in Fenyang as at the Latest Practicable Date.

For the three years ended 31 December 2002, the total capacity of the Group's tinsplate can production was approximately 228 million cans, 228 million cans and 520 million cans per annum, while the total capacity for tinsplate lacquering and printing was approximately 22,176 tonnes, 22,176 tonnes and 36,696 tonnes of tinsplate per annum respectively.

The Directors estimate that the Group's production facilities for tinsplate cans were operated at approximately 68%, 78% and 81% of their optimal production capacities during the Track Record Period, while the Group's production facilities for tinsplate lacquering and printing were operated at approximately 26%, 56% and 86% of their optimal capacities during the same period respectively. Leveraging on its experience in tinsplate lacquering and printing and its sizable capacity in the manufacture of tinsplate cans, the Group is able to deliver high quality tinsplate cans to its customers in approximately five to ten days.

The following table provides a breakdown of the Group's turnover by business activities:

	Year ended 31 December					
	2000		2001		2002	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Turnover by business activities						
Sale of tinsplate cans (<i>Note 1</i>)	115,002	97.8	137,036	84.7	218,711	83.3
Tinsplate lacquering and printing (<i>Note 2</i>)	<u>2,602</u>	<u>2.2</u>	<u>24,659</u>	<u>15.3</u>	<u>43,795</u>	<u>16.7</u>
Total turnover	<u>117,604</u>	<u>100.0</u>	<u>161,695</u>	<u>100.0</u>	<u>262,506</u>	<u>100.0</u>

Notes:

- Turnover derived from the sale of tinsplate cans during the Track Record Period included both turnover derived from the sale of tinsplate cans and the provision of tinsplate lacquering and printing services to those customers which ordered tinsplate cans from the Group.
- Turnover attributable to tinsplate lacquering and printing was derived from customers which required only the Group's services in tinsplate lacquering and printing but not the manufacture of tinsplate cans.

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PRINCIPAL STRENGTHS OF THE GROUP

The Directors consider that the Group's success is primarily attributable to the following factors:

1. the Group's senior management team having in-depth knowledge and over 10 years' extensive experience in the tinplate cans manufacturing industry;
2. the Group's provision of all-in-one services in the production of tinplate cans which includes lacquering, printing and manufacturing of tinplate cans;
3. the Group's technical expertise in tinplate lacquering and printing;
4. the Group's stringent quality control which has obtained the ISO 9002 accreditation; and
5. the established reputation of the Group among food and beverage producers in the Fujian Province.

TRADING RECORD

Set out below is a summary of the audited combined results of the Group for each of the three years ended 31 December 2002 which has been prepared on the basis that the current structure of the Group had been in place throughout the Track Record Period. This summary should be read in conjunction with the accountants' report set out in Appendix I to this prospectus:

	<i>Notes</i>	Year ended 31 December		
		2000	2001	2002
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	1	117,604	161,695	262,506
Cost of sales		<u>(78,220)</u>	<u>(111,851)</u>	<u>(162,356)</u>
Gross profit		39,384	49,844	100,150
Other operating income		352	491	1,398
Bad and doubtful debts		3,803	443	53
Selling expenses		(4,046)	(4,697)	(7,170)
Administrative expenses		<u>(2,642)</u>	<u>(3,429)</u>	<u>(3,886)</u>
Profit from operations		36,851	42,652	90,545
Finance costs		<u>(3,383)</u>	<u>(3,435)</u>	<u>(3,265)</u>
Profit before taxation		33,468	39,217	87,280
Taxation		<u>(3,552)</u>	<u>(4,730)</u>	<u>(11,320)</u>
Net profit for the year		<u>29,916</u>	<u>34,487</u>	<u>75,960</u>
Dividends		<u>19,536</u>	<u>25,965</u>	<u>30,000</u>
Earnings per Share — basic (<i>RMB</i>)	2	<u>0.100</u>	<u>0.115</u>	<u>0.253</u>

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Notes:

1. Turnover represents the net amounts received and receivable for goods sold and services rendered.
2. The calculation of earnings per Share is based on the profit attributable to shareholders during the Track Record Period and 300,000,000 Shares in issue and issuable, assuming the allotment and issue of the Shares under the Capitalisation Issue have been completed throughout the Track Record Period.

SHARE OFFER STATISTICS

Market capitalisation (*Note 1*) approximately HK\$471 million

Historical earnings per Share (*Note 2*) HK18.72 cents

Historical price/earnings multiple (*Note 3*) 6.57 times

Adjusted net tangible asset value per Share (*Note 4*) HK48.03 cents

Notes:

1. The calculation of market capitalisation of the Shares is based on the Offer Price of HK\$1.23 per Share and 382,800,000 Shares in issue immediately after the Share Offer and the Capitalisation Issue but takes no account of any Shares which may fall to be allotted and issued pursuant to the Over-allotment Option or the exercise of options that may be granted under the Share Option Scheme or which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed “Resolutions in writing of all the shareholders of the Company passed on 2 June 2003” in the section headed “Further information about the Company and its subsidiaries” in Appendix IV to this prospectus.
2. The calculation of historical earnings per Share is based on the Group’s net profit for the year ended 31 December 2002 and 382,800,000 Shares in issue immediately after the Share Offer and the Capitalisation Issue, but takes no account of any Shares which may fall to be allotted and issued pursuant to the Over-allotment Option or the exercise of options that may be granted under the Share Option Scheme or which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed “Resolutions in writing of all the shareholders of the Company passed on 2 June 2003” in the section headed “Further information about the Company and its subsidiaries” in Appendix IV to this prospectus.
3. The historical price/earnings multiple is based on the historical earnings per Share of HK18.72 cents for the year ended 31 December 2002 and the Offer Price of HK\$1.23 per Share.
4. The adjusted net tangible asset value per Share has been arrived at after making the adjustments as stated in the paragraph headed “Adjusted net tangible assets” under the section headed “Financial information” of this prospectus and on the basis of a total of 382,800,000 Shares in issue immediately after the Share Offer and the Capitalisation Issue, but takes no account of any Shares which may fall to be allotted and issued pursuant to the Over-allotment Option or the exercise of options that may be granted under the Share Option Scheme or which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed “Resolutions in writing of all the shareholders of the Company passed on 2 June 2003” in the section headed “Further information about the Company and its subsidiaries” in Appendix IV to this prospectus.

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FUTURE PLANS AND PROSPECTS

The growing consumption of food and beverage products in the PRC and the increasing variety of beverages and canned food being manufactured by PRC food and beverage producers in recent years have led to surging demand for tins used for the packaging of these products. The Directors believe that the increasing use of tins and containers in product packaging provides vast opportunities for the Group to expand its product offerings. With the economic development strategy of the western region of the PRC, the Directors believe that there will be an increasing demand for food and beverage products in that region, which will in turn create a strong demand for tins.

It is the Group's mission to become a leading provider of metal containers in the PRC. The Group aims to attain its mission through implementing the following strategies:

Product development

The Directors consider that the development of new products is crucial to the Group's success in the future. In order to introduce packaging for different types of products, the Group intends to develop aerosol cans, gift boxes, and other tins in a variety of shapes and sizes. In particular, the Group plans to develop tins for bottled alcohol, insecticides, and air fresheners. Through the introduction of new products, the Directors believe that the Group's source of revenue can be widened and profitability can be further increased.

In this connection, the Group has entered into a technology development agreement with the printing and packaging engineering department of 西安理工大學 (Xi'an University of Technology) in September 2002 for the research and development of metal container packaging technology for the prevention of counterfeit bottled wine. The Directors expect that such technology developed in the collaboration with 西安理工大學 (Xi'an University of Technology) will be introduced in the PRC around July 2003.

Strengthen the sales and marketing of the Group's products in the western region of the PRC

The Directors plan to take advantage of the economic development in the western region of the PRC by expanding the Group's customer base in that region. The Group has established good business relations with a number of recognised food and beverage producers in the western region of the PRC. In particular, the Group has entered into an agreement with 山西大寨飲品有限公司 (Shanxi Dazhai Beverage Co., Ltd.) for the manufacture of approximately 30 million tins in 2003. Capitalising on the Group's success, the Group plans to recruit additional sales and marketing staff to focus on promoting the Group's products and services to existing and potential customers in the western region of the PRC.

To facilitate the sale and distribution of the Group's products in the western region of the PRC, the Group entered into a lease agreement with Shanxi Yiyong in August 2002 for the lease of a production plant in Fenyang, Shanxi Province, the PRC for a period of two years. With the lease of the production plant and facilities in Fenyang, the Directors believe that the Group can provide high quality tins to its customers in the western region of the PRC in a cost-effective and timely manner.

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Expansion of production facilities of the Group

The existing production facilities of the Group in Fuqing, Fujian Province, the PRC, includes three production lines for the manufacture of three-piece tinplate cans, one production line for the manufacture of bottom lids, one production line for tinplate lacquering and two production lines for the printing of artwork on tinplate. In anticipation of the growing market demand for tinplate cans and containers in the PRC, the Group intends to expand its production capacity and facilities. The Group plans to install one production line for the manufacture of two-piece cans for the packaging of fish and meat products and one production line for the manufacture of aerosol cans. In addition, the Group also plans to install a new production line for the lacquering of tinplate and one production line for the printing of tinplate. The Directors expect that part of the new production equipment to be purchased by the Group will be installed at the new production facilities proposed to be established on the parcel of land adjacent to the Group's existing production plant in Fuqing.

To cope with the increase in production capacity of the production facilities in Fuqing, the Directors plan to install additional ventilation and air pollution control equipment for the existing production facilities of the Group. The Directors anticipate that the installation of the additional ventilation and air pollution control equipment will be completed by July 2003.

The production plant leased by the Group in Fenyang, Shanxi Province, the PRC currently has two production lines for the manufacture of three-piece tinplate cans, one production line for the manufacture of bottom lids, one production line for tinplate lacquering and one production line for tinplate printing. The Group plans to purchase one production line for the manufacture of metal containers for the packaging of bottled wine, paint, chemical products and gift boxes.

Upon completion of the installation of the aforesaid production equipment, the Directors estimate that the Group's annual capacity for tinplate can production and tinplate lacquering and printing will be increased to approximately 697 million cans and approximately 51,216 tonnes, respectively.

USE OF PROCEEDS

The net proceeds from the New Issue, after deduction of related expenses to be borne by the Company in relation to the Share Offer and assuming the Over-allotment Option is not exercised, are estimated to be approximately HK\$86.4 million. The Company intends to apply the net proceeds as follows:

- (a) as to approximately HK\$2 million, for product development;
- (b) as to approximately HK\$2 million, for the expansion of sales and marketing capability;
- (c) as to approximately HK\$40 million, for the expansion of production facilities and the purchase of additional production equipment for the Group's production plant in Fuqing;

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- (d) as to approximately HK\$5 million, for the establishment of production facilities in the parcel of land adjacent to the Group's production plant in Fuqing;
- (e) as to approximately HK\$8 million, for the purchase of additional production equipment for the production plant in Fenyang; and
- (f) as to the balance of approximately HK\$29.4 million, as general working capital of the Group.

Should the Over-allotment Option be exercised in full, the Company will receive additional net proceeds of approximately HK\$18 million. The Directors intend to use such additional proceeds as general working capital of the Group.

In the event that the net proceeds from the New Issue are not immediately used for the above purposes, the Directors will place such net proceeds on short term deposits with licensed banks or financial institutions in Hong Kong.

RISK FACTORS

The Directors consider that the business of the Group is subject to a number of risk factors which can be categorised into (i) risks relating to the Group; (ii) risks relating to the industry; and (iii) risks associated with the PRC, and are summarised as follows:

Risks relating to the Group

- Potential product liability
- Reliance on key personnel
- Reliance on major customers
- Reliance on major suppliers
- Sustainability of high profit margin
- Environmental regulations and enforcement
- Payment terms
- Technological changes
- Price fluctuations in raw materials
- Debt to equity ratio

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- Dividends
- Non-inclusion of a profit forecast for the year ending 31 December 2003
- Non-compliance with domestic and overseas sales ratio under Fuwang's business licence
- Preferential tax treatment
- Land use rights in respect of future production facilities

Risks relating to the industry

- Competition
- Statistics

Risks associated with the PRC

- Political and economic considerations
- Legal and regulatory considerations
- Government control of currency conversion and exchange rate
- The outbreak of severe acute respiratory syndrome