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None of the Directors, their associates or any existing shareholders of the Company whom to the knowledge of the Directors owns more than 5% of the issued share capital of the Company (immediately following the completion of the Share Offer and the Capitalisation Issue but without taking into account Shares that may be taken up under the Share Offer) has any interests in any of the five largest customers of the Group for each of the three years ended 31 December 2002.

Pricing of products

The Group determines the price of its tinplate cans and its tinplate lacquering and printing services based on the negotiation between the Group and its customers with reference to factors such as relationship with customers, location of customers, complexity of artwork, dimension of tinplate cans and size of purchase.

Payment terms

The Group generally offers credit terms ranging from 60 days to 90 days or by cash on delivery, depending on the past payment history and the length of business relationship with the relevant customers. The Group usually requires new customers to pay a 10% deposit on the purchase price in cash.

For each of the three years ended 31 December 2002, all of the Group's sales were settled in Renminbi by way of cash, bank cheques or remittances.

As part of the Group's credit control procedures, the management of the Group reviews from time to time information relating to customers financial conditions and operations to assess the credibility of existing customers and adjust the credit terms granted to its customers accordingly. The Group's sales and accounting staff also liaise with existing customers periodically for the settlement of outstanding balances. In addition, the management of the Group reviews the bad and doubtful debt position on a regular basis. Although the Group has not adopted any policy for making specific provisions on bad and doubtful debts, it has adopted a policy of making general allowance for doubtful debts based on the age of accounts receivable. The balance of the allowance for bad and doubtful debts as at respective balance sheet dates is determined in accordance with the Group's provision policy with reference to the age of respective debts. Any shortage or excess is therefore charged or credited to the income statement as appropriate. For the two years ended 31 December 2001, the amount of decrease in allowance for bad and doubtful debts was approximately RMB4.1 million and RMB0.4 million respectively. The amount of change in allowance for bad and doubtful debts during the year ended 31 December 2002 was insignificant.

Marketing

The Group's sales and marketing team comprises of 17 staff and is mainly responsible for fostering business relationships with existing and potential customers of the Group. A marketing staff of the Group is usually responsible for the promotion of the Group's products in one or two provincial regions in the PRC. When the Group first commenced its business in 1997, the Group's customers were mainly located in the Fujian Province and its surrounding areas. Throughout the years, the Group has gradually expanded towards the northern and western regions of the PRC.

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The following map illustrates the geographical distribution of the Group's products:



Set out below is a breakdown of turnover of the Group by geographical region during the three years ended 31 December 2002:

	Year ended 31 December		
	2000	2001	2002
Eastern China region (<i>Note 1</i>)	84.0%	63.6%	67.3%
Southern China region (<i>Note 2</i>)	2.9%	11.6%	8.3%
Northern China region (<i>Note 3</i>)	11.7%	18.0%	17.5%
South Western region (<i>Note 4</i>)	0.1%	0.3%	0.8%
North Eastern region (<i>Note 5</i>)	0.6%	5.1%	2.7%
North Western region (<i>Note 6</i>)	0.7%	1.4%	3.4%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

Notes:

1. Eastern China region includes Shanghai, Fujian, Zhejiang, Jiangxi, Anhui, Jiangsu and Shandong.
2. Southern China region includes Guangdong, Hunan, Hubei, Henan and Hainan.

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3. Northern China region includes Beijing, Tianjin, Shanxi and Hebei.
4. South Western region includes Sichuan and Yunnan.
5. North Eastern region includes Liaoning.
6. North Western region includes Xinjiang, Gansu, Shaanxi and Inner Mongolia.

To strengthen the Group's ties with its customers, the Group's marketing team maintains regular contact with its customers. This provides an opportunity for the Group to gain an insight on the latest market trends in the packaging industry and to take advantage of any potential business opportunities. To keep abreast of the latest styles of metal packaging and design, the marketing department of the Group collects information on the packaging industry through various types of magazines and participates in nation-wide trade fairs and exhibitions.

COMPETITION

The Directors believe that the entry barriers to the tinplate cans manufacturing industry are relatively low as advanced technology and substantial capital investment are not necessary. Accordingly, the Directors consider that the Group faces competition from other cans manufacturers in the PRC with similar or even larger production capacities and similar lines of services. Despite the intense competition, the Directors are of the view that the Group has a competitive edge over its competitors on the basis of those factors summarised in the paragraph headed "Competitive advantages of the Group" above. In addition, the Group is committed to increasing its competitiveness by diversifying its product portfolio, expanding its sales network and implementing stringent quality control procedures.

INTELLECTUAL PROPERTY RIGHTS

The Group has registered one trademark in the PRC, and is applying for registration of a trade/service mark in Hong Kong, the registration of which has not yet been granted. Details of the Group's intellectual property rights are set out in the paragraph headed "Intellectual property rights of the Group" in Appendix IV to this prospectus.

Other than those described in the paragraph headed "Intellectual property rights of the Group" in Appendix IV to this prospectus, the Group did not adopt any particular policy for the prevention of infringement of intellectual property rights. The Directors have confirmed that the Group was not exposed to any infringement claims during the Track Record Period.

CERTIFICATES, PERMITS AND LICENCES

As confirmed by the PRC legal advisers to the Company, throughout the Track Record Period, Fuwang has obtained all requisite certificates, permits and business licences from the relevant regulatory authorities in the PRC for its business operations, including the latest Certificate of Approval for Establishment of Enterprises with Foreign Investment ("Certificate of Approval") issued by 福建省人民政府 (the People's Government of Fujian Province) on 16 December 2002, the latest business licence ("Business Licence") issued by 福州市工商行政管理局 (the Industrial and Commercial

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Administration Bureau of Fuzhou City) on 23 January 2003, 印刷經營許可證 (the Permit for Operation of Printing Business) (“Printing Permit”) issued by 福建省新聞出版局 (the News and Publication Bureau of Fujian Province) on 6 December 2002 and 特種行業許可證 (the Permit for Special Industry) (“Special Industry Permit”) issued by 福清市公安局 (the Public and Security Bureau of Fuqing City) on 18 December 2002.

The scope of business permitted under Fuwang’s business licences since its incorporation and prior to 23 January 2003 was “the production of easy-opening cans and other metal products, colour paper boxes, paper containers and other high quality colour printing products, of which the easy-opening cans are 100% for export”. As all the Group’s products are sold in the PRC, Fuwang made an application to the relevant PRC governmental authorities for, and was granted the approval for the amendment of its business scope by removing such export requirement. Accordingly, the Business Licence and the Certificate of Approval were issued to Fuwang respectively. The PRC legal advisers have confirmed that since there are no legal liabilities and penalties imposed on the non-compliance with the domestic and overseas sales ratio prescribed by the business licence of a foreign-invested entity under the relevant PRC laws and regulations, the failure of Fuwang to comply with the export requirement of its easy-opening cans prior to 23 January 2003 did not and will not affect the legality of the business operation of Fuwang. Mr. Yang and the Vendor have agreed to indemnify the Group against, among other things, any liabilities and penalties imposed on the Group in this respect.

The business scope of Fuwang permitted under the Business Licence is the production of easy-opening cans and other metal products, colour paper boxes, paper containers and other high quality colour printing products (excluding products restricted by the State and in respect of those projects requiring approval, they should only be operated within the approved scope and term). The business activities currently engaged by Fuwang are the manufacture and sale of tins cans and the provision of tins lacquering and printing services. As advised by the PRC legal advisers to the Company:

- (i) the Printing Permit and the Special Industry Permit were applied by and granted to Fuwang pursuant to 設立外商投資印刷企業暫行規定 (The Provisional Regulations on the Establishment of Foreign-invested Printing Enterprises) jointly issued by 國家新聞出版總署 (State Press and Publication Administration) and 中華人民共和國對外經濟貿易合作部 (The Foreign Trade and Economic Cooperation Bureau of the PRC) on 29 January 2002. The fact that Fuwang has not carried out any production of colour paper boxes, paper containers and other high quality colour printing products, which are covered by its business licence, does not violate any applicable PRC laws and regulations;
- (ii) Fuwang has obtained all requisite certificates, permits and business licences for its business operations throughout the Track Record Period and is not required to obtain any printing licence for its provision of tins lacquering and printing services as the Printing Permit obtained by Fuwang relates to the production of colour paper boxes, paper containers and other high quality printing products;
- (iii) the sale by Fuwang of its manufactured tins cans, which is not expressly stated in the Business Licence, does not violate any PRC laws and regulations, since pursuant to the

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中華人民共和國中外合資經營企業法 (The Sino-foreign Joint Venture Law of the PRC), 中華人民共和國中外合資經營企業法實施條例 (The Implementing Rules of the Sino-foreign Joint Venture Law of the PRC), 中華人民共和國外資企業法 (The Foreign-invested Enterprises Law of the PRC) and 中華人民共和國外資企業法實施條例 (The Implementing Rules of the Foreign-invested Enterprises Law of the PRC), both Sino-foreign joint ventures and foreign-invested enterprises are entitled to sell their self-manufactured products; and

- (iv) although income derived from the Group's customers solely for its tinsplate lacquering and printing services was not classified under the Group's turnover for the sale of tinsplate cans, the provision of the aforesaid services by Fuwang falls within the scope of business set out in the Business Licence, since both tinsplate lacquering and printing form integral part of the production of tinsplate cans for the following reasons:
- tinsplate cans must be properly lacquered before they can be used for packaging of foods and beverages as the lacquer coated inside the tinsplate cans is required to prevent chemical reactions between the tinsplate and the contents stored inside the tinsplate cans; and
 - artwork must be printed directly onto the surface of the tinsplate cans according to specifications. Food and beverage producers will not accept tinsplate cans without printed artwork as finished products since the artwork is important for the marketing of their products. As such, the printing of artwork constitutes part of the production of tinsplate cans.

INSURANCE

The Group has effected insurance with 中國太平洋財產保險股份有限公司 (China Pacific Property Insurance Co., Ltd.) against losses or damages of the Group's properties. The aggregate amount of insurance coverage of the Group's properties as at the Latest Practicable Date is approximately RMB31 million. The Group, however, does not maintain any product liability insurance. During the Track Record Period, the Group has not experienced any claims made by any of its customers relating to the products and services provided by the Group. The Directors consider that the Group's insurance coverage over its properties is adequate. Although the Group did not maintain any product liability insurance, the Directors do not foresee any significant possibility of future product liability resulting from claims made by any of its customers against the Group.

ENVIRONMENTAL PROTECTION

In complying with the relevant environmental laws and regulations, the Group has installed the environmental protection facilities as required by the Fuqing City Environmental Protection Bureau (the "Bureau") and obtained the relevant certificate from the Bureau.

The Directors have confirmed that the Group has not paid any fees to the Bureau as it is not required to pay unless its wastage emission has exceeded the maximum level stipulated by the Bureau.

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The Directors have confirmed that the Group has not breached any of the relevant environmental protection laws and regulations since the commencement of its operation.

FINANCING

The Group established a number of debt financing arrangements to provide further financing for its capital expenditures and operations during the Track Record Period, including bank loans, one-year term loans from the local municipal government and from outside parties. Further details of these debt financing arrangements of the Group are set out in the paragraph headed “Notes to the Financial Information” in Appendix I to the prospectus.

PRIVATE INVESTORS

Pursuant to four agreements (“Placing Agreements”) all dated 8 July 2002 made between Nikjak and each of (i) Luskin Star; (ii) Dynamic Bright; (iii) Equity Eye; and (iv) China Plaza, Nikjak sold 80, 75, 70 and 25 shares in Bloxworth to Luskin Star, Dynamic Bright, Equity Eye and China Plaza respectively, representing 8%, 7.5%, 7% and 2.5% of the entire issued share capital of Bloxworth as at the completion of the Placing Agreements and the Fu Teng Agreement (as referred to below) on 8 July 2002. The consideration paid by Luskin Star, Dynamic Bright, Equity Eye and China Plaza were US\$388,000, US\$363,750, US\$339,500 and US\$121,250, respectively. Such consideration was calculated by reference to the net asset value as at 31 December 2001 of Fuwang, the operating subsidiary of Bloxworth, in the amount of approximately US\$4.85 million (equivalent to approximately RMB40,094,000 as set out in the financial statements prepared under the PRC Accounting Standards and audited by 福清鑫玉融有限責任會計師事務所 (Fuqing Xinyurong Certified Public Accountants Ltd.), certified public accountants registered in the PRC).

Pursuant to another placing agreement (“Fu Teng Agreement”) dated 8 July 2002 made between Fu Teng and China Plaza, Fu Teng sold 55 shares in Bloxworth to China Plaza representing 5.5% of the entire issued share capital of Bloxworth as at the completion of the Placing Agreements and Fu Teng Agreement on 8 July 2002. The consideration paid by China Plaza was US\$266,750. Such consideration was calculated by the same reference as that for the Placing Agreements.

Immediately after completion of the Share Offer and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised), each of China Plaza, Luskin Star, Dynamic Bright and Equity Eye will hold 24,000,000 Shares, 24,000,000 Shares, 22,500,000 Shares and 21,000,000 Shares, representing 6.27%, 6.27%, 5.88% and 5.48% respectively of the issued share capital of the Company.

The Directors confirmed that none of the placing of shares in Bloxworth set out above was financed directly or indirectly by any connected person (as defined in the Listing Rules) of the Company and that none of the private investors is accustomed to take instructions from a connected person (as defined in the Listing Rules) of the Company in relation to the above placings.

All the private investors and their beneficial owners are Independent Third Parties and so far as the Directors are aware, the private investors are independent from and not connected with each other.

CONNECTED TRANSACTION

Following the listing of Shares on the Stock Exchange, the transaction set out below between the Group and Mr. Yang, an executive Director and a substantial shareholder of the Company, will constitute a connected transaction for the Company under the Listing Rules.

Tenancy agreement between the Group and Mr. Yang

Pursuant to a tenancy agreement dated 16 September 2002 entered into between Mr. Yang as lessor and Fuwang as lessee, Fuwang agreed to lease an office unit on 25th Floor and a carparking space situated at Jin Yuan Plaza, Guang Da Road, Tai Jiang District, Fuzhou City, Fujian Province, the PRC from Mr. Yang for a term of three years from 1 January 2003 to 31 December 2005 at a monthly rental of RMB9,100 or an annual rental of RMB109,200 (inclusive of management, sanitary, newspaper delivery and equipment depreciation fees but exclusive of all relevant outgoings (including water and electricity charges, telephone charges and carparking fees)).

Mr. Yang is an executive Director and a substantial shareholder of the Company. The tenancy agreement, therefore, constitutes a connected transaction for the Company,

BMI Appraisals Limited, an independent property valuer, has reviewed the terms of the tenancy agreement and has confirmed that the rental payable under the agreement is fair and reasonable.

Based on the confirmation of BMI Appraisals Limited, the Directors (including the independent non-executive Directors) and the Sponsors are of the opinion that the terms of the tenancy agreement are fair and reasonable so far as the shareholders of the Company are concerned and have been entered into by the Group in the ordinary course of business of the Group and on normal commercial terms.

Given that the annual rental payable by the Group under the tenancy agreement is less than the de-minimis threshold of HK\$1,000,000 as stipulated under Rule 14.24(5) of the Listing Rules, the transaction is not subject to any disclosure or shareholders' approval requirements.