1. GENERAL

The Company is incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

During the year, subsequent to the placing of 21,000,000 existing shares of the Company by Fu Teng Global Limited ("Fu Teng") (note 27(a)), a company incorporated in the British Virgin Islands, Fu Teng ceased to be the ultimate holding company of the Company.

The Company is an investment holding company. The principal activities of the Group are the manufacture and sale of tinplate cans for the packaging of food and beverage in the People's Republic of China (the "PRC"), and provision of tinplate lacquering and printing services. The principal activities of its subsidiaries are set out in note 35 to the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the consolidated financial statements of the Group.

HKAS 1 (Amendment)	Capital disclosures [1]
HKFRS 7	Financial instruments: Disclosures [1]
HKFRS 8	Operating segments [2]
HK(IFRIC) - INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies [3]
HK(IFRIC) - INT 8	Scope of HKFRS 2 [4]
HK(IFRIC) - INT 9	Reassessment of embedded derivatives [5]
HK(IFRIC) - INT 10	Interim financial reporting and impairment [6]
HK(IFRIC) - INT 11	HKFRS 2 - Group and treasury share transactions [7]
HK(IFRIC) - INT 12	Service concession arrangements [8]

[1] Effective for annual periods beginning on or after 1 January 2007.
[2] Effective for annual periods beginning on or after 1 January 2009.
[3] Effective for annual periods beginning on or after 1 March 2006.
[4] Effective for annual periods beginning on or after 1 May 2006.
[5] Effective for annual periods beginning on or after 1 June 2006.
[6] Effective for annual periods beginning on or after 1 November 2006.
[7] Effective for annual periods beginning on or after 1 March 2007.
[8] Effective for annual periods beginning on or after 1 January 2008.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved where the Company has the power to govern financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Service income is recognised when services are rendered.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight line method.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

Financial assets

Loans and receivables

Loans and receivables (including trade and other receivables and bank balances and deposits) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less any identified impairment losses. An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial instruments *(Cont'd)*

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity are set out below.

Convertible notes

Convertible notes are regarded as compound instruments, consisting of a liability component and an equity component, or in the case that the conversion options are not settled by the exchange of a fixed amount for fixed number of equity instrument, the issuer recognises the compound financial instrument in the form of financial liability with embedded derivatives. Derivatives embedded in a financial instrument are treated as separated derivatives when their economic risks and characteristics are not closely related to those of the host contract (the liability component) and the host contract is not carried at fair value through profit or loss. At the date of issue, both the conversion option derivative and liability component are recognised at fair value.

Issue costs are apportioned between the liability component and the conversion option derivative of the convertible notes based on their relative fair values at the date of issue. The portion relating to the conversion option derivative is charged directly to profit or loss.

The liability component is subsequently measured at amortised cost, using the effective interest rate method. The interest charged on the liability component is calculated by applying the original effective interest rate. The conversion option derivative is subsequently measured at fair value at each balance sheet date.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial instruments *(Cont'd)*

Financial liabilities and equity *(Cont'd)*

Other financial liabilities

Financial liabilities other than derivative financial instrument including trade and other payables, bills payable, amount due to a related company (former ultimate holding company), amounts due to directors and bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in the income statement.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the income statement.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Taxation *(Cont'd)*

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

The individual financial statements of each group entity and the consolidated financial statements are presented in Renminbi ("RMB"), the currency of the primary economic environment in which these entities operate (their functional currency), which is the same as the functional currency of the Company.

In preparing the financial statements of each group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items are recognised in the income statement in the period in which they arise.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the income statement in the period in which they are incurred.

Operating leases

Leases are classified as operating leases whenever, the terms of the lease do not transfer substantially all the risks and rewards of ownership to the leases.

Rentals payable under operating leases are changed to the income statement on a straight line basis over the period of the respective leases.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Share-based payments

The Group has applied HKFRS 2 "Share-based Payment" to share options granted on or after 1 January 2005. In relation to share options granted before 1 January 2005, the Group chooses not to apply HKFRS 2 with respect to share options granted on or before 7 November 2002 and vested before 1 January 2005.

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Retirement benefit cost

Payments to the state-managed retirement benefit schemes or the Mandatory Provident Fund Scheme, which are defined contribution schemes, are charged as an expense as they fall due.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value of derivative financial instruments

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

The fair value of derivative financial instruments is subject to the limitation of the Binomial model that incorporated market data and involved uncertainty in estimates used by management in the assumptions. Because the Binomial model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate. Details of the assumptions disclosed in note 26.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include pledged bank deposits, bank balances, trade and other receivables, trade and other payables, bills payables, amount due to a related company (former ultimate holding company), amounts due to directors, bank loans and derivative financial instruments. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group has minimal currency exposure as all sales are denominated in RMB. On the other hand, certain bank balances and loans of the Group are denominated in Hong Kong dollars and United State dollars. The Group currently does not have a foreign currency hedging policy. However, the management conducts periodical review of exposures of various currencies, and will consider hedging significant foreign currency exposures should the need arise.

Credit risk

At 31 December 2006, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses, if any, are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are banks of high credit quality in Hong Kong and state-owned banks with good reputation in the PRC.

The Group has no significant concentration of credit risk on trade receivables, with exposure spread over a number of counterparties and customers.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities. Interest bearing financial assets are mainly balances with banks which are all short term in nature. Interest bearing financial liabilities are mainly bank loans with fixed and floating interest rates, which expose the Group to fair value and cash flow interest rate risk respectively. The Group currently does not have policy on fair value and cash flow hedges of interest rate risk. However, the management monitors interest rate exposures and will consider hedging significant interest rate risk should the need arise.

6. TURNOVER AND SEGMENT INFORMATION

Turnover represents the net amounts received and receivable for goods sold and services rendered during the year.

Business segments

For management reporting purposes, the Group is currently organised into two divisions - (a) manufacture and sale of tinplate cans; and (b) provision of tinplate lacquering and printing services in the PRC.

The Group's operation by business segment is as follows:

	2006	2005
	RMB'000	RMB'000
Income statement		
Turnover - external		
Manufacture and sale of tinplate cans	**462,961**	416,283
Tinplate lacquering and printing services	**55,132**	54,506
	518,093	470,789
Segment result		
Manufacture and sale of tinplate cans	**113,398**	93,541
Tinplate lacquering and printing services	**25,823**	26,108
	139,221	119,649
Interest income	**2,805**	2,142
Unallocated corporate expenses	**(11,175)**	(8,997)
(Loss) gain on change in fair values of derivative financial instruments	**(10,449)**	389
Finance costs	**(6,306)**	(5,351)
Profit before taxation	**114,096**	107,832
Income tax expense	**(17,594)**	(14,491)
Profit for the year	**96,502**	93,341

6. TURNOVER AND SEGMENT INFORMATION *(Cont'd)*

Business segments *(Cont'd)*

	2006 RMB'000	2005 RMB'000
Balance sheet		
Assets		
Segment assets		
Manufacture and sale of tinplate cans	**293,146**	217,355
Tinplate lacquering and printing services	**9,665**	14,853
Assets in common use	**28,498**	22,053
Unallocated corporate assets	**425,619**	357,204
Total assets	**756,928**	611,465
Liabilities		
Segment liabilities		
Manufacture and sale of tinplate cans	**57,494**	62,486
Tinplate lacquering and printing services	**—**	—
Liabilities in respect of assets in common use	**3,297**	4,439
Unallocated corporate liabilities	**118,004**	110,061
Total liabilities	**178,795**	176,986
Other information		
Capital additions:		
Manufacture and sale of tinplate cans	**54,888**	14,036
Tinplate lacquering and printing services	**8,700**	—
Assets in common use	**4,227**	2,367
Unallocated corporate assets	**—**	34
	67,815	16,437
Depreciation of property, plant and equipment:		
Manufacture and sale of tinplate cans	**10,991**	10,437
Tinplate lacquering and printing services	**—**	—
Assets in common use	**2,984**	2,833
Unallocated corporate assets	**402**	609
	14,377	13,879

No geographical segment analysis is shown as the Group's operating businesses are substantially carried out in the PRC.

7. FINANCE COSTS

	2006 RMB'000	2005 RMB'000
Interest on borrowings wholly repayable within five years		
- bank borrowings	**4,423**	3,428
- convertible notes	**1,612**	1,788
	6,035	5,216
Bank charges	**271**	135
	6,306	5,351

8. PROFIT BEFORE TAXATION

	2006 RMB'000	2005 RMB'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration (note 9)	**2,776**	2,755
Other staff costs	**10,253**	8,274
Retirement benefit cost, other than directors	**113**	70
Share-based payments (note 31)	**2,424**	—
Total staff costs	**15,566**	11,099
Auditor's remuneration	**1,093**	1,053
Cost of inventories recognised as an expense	**359,632**	333,155
Depreciation of property, plant and equipment	**14,377**	13,879
Loss on disposal of property, plant and equipment	**4**	—
Minimum lease payments in respect of:		
- land and buildings	**1,085**	1,583
- machinery and equipment	**2,000**	1,500
Release of prepaid lease payments	**48**	48
and after crediting:		
Interest income	**2,805**	2,142
Net foreign exchange gain	**2,344**	177

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the eight (2005: eight) directors were as follows:

	Year ended 31 December 2006								
	Yang Zongwang	Xie Xi	Xue De Fa	Ng Kin Sun*	Liu Zhi Qiang	Tong Hing Wah	Ng Wai Man	Chong Hoi Fung	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fees	—	—	—	—	—	124	124	124	372
Other emoluments									
Salaries and other benefits	1,081	191	189	619	124	—	—	—	2,204
Contributions to retirement benefits schemes	14	1	1	12	—	—	—	—	28
Performance related incentive payments (note)	64	23	24	51	10	—	—	—	172
Total emoluments	1,159	215	214	682	134	124	124	124	2,776
Share-based payments	—	191	191	191	—	—	—	—	573

* Resigned on 8 January 2007.

	Year ended 31 December 2005								
	Yang Zongwang	Xie Xi	Xue De Fa	Ng Kin Sun	Liu Zhi Qiang	Tong Hing Wah	Ng Wai Man	Chong Hoi Fung	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fees	—	—	—	—	—	126	126	126	378
Other emoluments									
Salaries and other benefits	1,044	193	184	630	126	—	—	—	2,177
Contributions to retirement benefits schemes	14	1	1	13	—	—	—	—	29
Performance related incentive payments (note)	64	22	23	52	10	—	—	—	171
Total emoluments	1,122	216	208	695	136	126	126	126	2,755

Note: The performance related incentive payment is determined with reference to the operating results, individual performance and comparable market statistics during both years.

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Cont'd)*

Employees' emoluments

For the year ended 31 December 2006, the five highest paid individuals included four (2005: four) directors of the Company, details of whose emoluments are included above. The emoluments of the remaining one (2005: one) highest paid individual(s) are as follows:

	2006	2005
	RMB'000	RMB'000
Salaries, allowances and other benefits	**254**	252
Contributions to retirement benefits schemes	**12**	12
Performance related incentive payments	**23**	21
	289	285
Share-based payments	**151**	—

The emoluments of each of the aforesaid employees were less than HK$1,000,000 (equivalent to approximately RMB1,000,000).

No emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during both years.

10. INCOME TAX EXPENSE

	2006 RMB'000	2005 RMB'000
The charge comprises:		
Income tax calculated at the rates prevailing in the PRC	**17,594**	14,491

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

A PRC subsidiary has operations in the Fujian province, the PRC which is located in a coastal city economic development zone. The applicable income tax rate for productive enterprises located in coastal cities is 24%, and a reduced rate of 15% for the operational profits derived from the relevant economic development zones, with a local enterprise tax rate of 3%. According to the letter issued by Fuqing State Tax Bureau on 28 March 2003, the local enterprise tax of 3% is exempted. In addition, another PRC subsidiary operating in the Shanxi province is exempted from PRC Foreign Enterprise Income Tax commenced 2005 for three years and thereafter a 50% tax relief for the next two years. The local enterprise tax of 3% is exempted according to local tax preferential policy.

The charge for the year can be reconciled to the profit before taxation for the year as follows:

	2006 RMB'000	2005 RMB'000
Profit before taxation	**114,096**	107,832
Tax at PRC income tax rate of 24% (2005: 24%)	**27,383**	25,880
Tax effect of expenses that are not deductible in determining taxable profit	**5,619**	2,263
Tax effect of income that is not taxable in determining taxable profit	**(30)**	(116)
Tax effect of income that is under tax holiday	**(5,201)**	(5,188)
Tax effect of income that is under preferential tax rate	**(10,556)**	(8,695)
Others	**379**	347
Tax charge for the year	**17,594**	14,491

The Group did not have any significant unprovided deferred taxation arising during the year or at the balance sheet date.

11. DIVIDEND

	2006 RMB'000	2005 RMB'000
Ordinary shares:		
Interim, paid - nil	—	—
Final, paid for 2005 - RMB0.025		
(2005: Final, paid for 2004 - RMB0.030) per share	**10,553**	12,549
	10,553	12,549

The final dividend for the year ended 31 December 2006 of HK$0.045 (equivalent to approximately RMB0.045) (2005: HK$0.024 (equivalent to approximately RMB0.025)) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2006 RMB'000	2005 RMB'000
Earnings:		
Profit for the year for the purposes of basic earnings per share	**96,502**	93,341
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**1,612**	1,788
Loss (gain) on change in fair value of conversion option derivative embedded in convertible notes	**4,861**	(389)
Profit for the year for the purposes of diluted earnings per share	**102,975**	94,740

12. EARNINGS PER SHARE *(Cont'd)*

	2006	2005
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**431,573,664**	422,800,000
Effect of dilutive potential ordinary shares:		
Convertible notes	**38,268,475**	46,705,805
Share options	**44,515**	—
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**469,886,654**	469,505,805

For the year ended 31 December 2006, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding warrants as the exercise price of these warrants is higher than the average market price for the Company's shares for the year ended 31 December 2006.

For the year ended 31 December 2005, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of these options is higher than the average market price for the Company's shares for the year ended 31 December 2005.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Office equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At 1 January 2005	36,843	4,245	123,150	2,766	1,517	168,521
Additions	12,277	—	3,965	75	120	16,437
At 31 December 2005	49,120	4,245	127,115	2,841	1,637	184,958
Additions	37,650	6,979	22,870	275	41	67,815
Disposals	—	—	—	—	(19)	(19)
At 31 December 2006	86,770	11,224	149,985	3,116	1,659	252,754
DEPRECIATION						
At 1 January 2005	9,299	1,728	30,476	642	476	42,621
Provided for the year	1,703	627	11,081	250	218	13,879
At 31 December 2005	11,002	2,355	41,557	892	694	56,500
Provided for the year	2,981	238	10,670	259	229	14,377
Eliminated on disposals	—	—	—	—	(15)	(15)
At 31 December 2006	13,983	2,593	52,227	1,151	908	70,862
NET BOOK VALUES						
At 31 December 2006	72,787	8,631	97,758	1,965	751	181,892
At 31 December 2005	38,118	1,890	85,558	1,949	943	128,458

13. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

The above items of property, plant and equipment are depreciated over their estimated useful lives and after taking into account their estimated residual values, using the straight line method, at the following rates per annum:

Buildings	5%
Leasehold improvements	10% - 20%
Plant and machinery	10%
Motor vehicles	20%
Office equipment	20%

The buildings of the Group are situated in Fujian and Shanxi, the PRC and are held under medium-term leases. The Group is in the process of obtaining the building ownership certificates in respect of buildings with a net book value of RMB21,401,000 (2005: RMB10,568,000).

14. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent medium-term land use rights situated in Fujian, the PRC.

	2006	2005
	RMB'000	RMB'000
Analysed for reporting purposes as:		
Current portion	**48**	48
Non-current portion	**2,016**	2,064
	2,064	2,112

15. INVENTORIES

	2006	2005
	RMB'000	RMB'000
Raw materials	**9,672**	11,154
Packing materials	**368**	252
Finished goods	**3,620**	3,801
	13,660	15,207

16. TRADE RECEIVABLES

The Group allows an average credit period of two to three months to its trade customers. An aged analysis of trade receivables is as follows:

	2006	2005
	RMB'000	RMB'000
Within 3 months	123,644	103,224
Over 3 months but not more than 6 months	1,867	—
	125,511	103,224

The directors of the Company consider that the carrying amount of trade receivables approximates its fair value.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The directors of the Company consider that the carrying amount of these assets approximates to its fair value.

18. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. They carry at prevailing market interest rates which range from 3.3% to 4.765% per annum (2005: 3.45% per annum). The pledged bank deposits will be released upon the settlement of relevant bills payables and bank loans.

Deposits amounting to RMB16,413,000 (2005: RMB12,962,000) have been pledged to secure bills payables and short-term bank loans and are therefore classified as current assets. The remaining deposits amounting to RMB5,252,000 (2005: nil) have been pledged to secure long-term bank loans and are therefore classified as non-current assets.

The directors of the Company consider that the carrying amount of pledged bank deposits approximates its fair value.

19. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less at prevailing market interest rates. The directors of the Company consider that the carrying amount of these assets approximates its fair value.

20. TRADE PAYABLES

An aged analysis of trade payables is as follows:

	2006 RMB'000	2005 RMB'000
Within 3 months	**14,216**	20,966
Over 3 months but not more than 6 months	**33**	—
Over 6 months but not more than 1 year	**61**	10
	14,310	20,976

The directors of the Company consider that the carrying amount of trade payables approximates its fair value.

21. BILLS PAYABLE

Bills payable is aged within six months from the balance sheet date. The directors of the Company consider that the carrying amount of bills payable approximates its fair value.

22. RECEIPT IN ADVANCE, OTHER PAYABLES AND ACCRUED CHARGES

The directors of the Company consider that the carrying amount of these liabilities approximate to its fair value.

23. AMOUNTS DUE TO DIRECTORS

The amounts represent principally emoluments payable to directors. They are unsecured, interest-free and repayable on demand. The directors of the Company consider that the carrying amount of amounts due to directors approximates its fair value.

24. BANK LOANS

	2006 RMB'000	2005 RMB'000
The maturity of the bank loans, which are secured, is as follows:		
Within one year	**92,290**	53,150
After one year, but not exceeding two years	**5,125**	10,660
After two years, but not exceeding five years	**—**	5,330
	97,415	69,140
Less: Amount due within one year and included in current liabilities	**(92,290)**	(53,150)
Amount due after one year	**5,125**	15,990

Bank loans of RMB30,375,000 (2005: RMB29,640,000) and RMB31,040,000 are denominated in Hong Kong dollars and United States dollars respectively, and arranged at floating rates from 2% to 2.75% over HIBOR (2005: 2% over HIBOR) per annum and 1.75% over LIBOR per annum respectively.

Other bank loans are denominated in RMB and arranged at fixed interest rate of 5.850% (2005: 5.841%) per annum.

The directors of the Company consider that the carrying amount of bank loans within one year approximates its fair value and estimate the difference between the carrying amount and fair value of bank loans due after one year is insignificant.

25. CONVERTIBLE NOTES

The convertible notes in the principal sum of HK$30,000,000 (equivalent to RMB31,800,000) (the "Notes") are denominated in Hong Kong dollars and issued on 13 December 2004. The Notes are convertible into ordinary shares of the Company at any time between the day after the expiry of 6 months from the date of issue of the Notes and their maturity date at an initial conversion price of HK$0.660 (equivalent to approximately RMB0.700) per share, subject to adjustments. As announced by the Company on 6 June 2006, the conversion price was adjusted to HK$0.610 (equivalent to approximately RMB0.628) per share pursuant to the subscription agreement as a result of the shareholders' approval for the payment of the final dividend for the year ended 31 December 2005 in cash. The adjustment of the conversion price became effective from 7 June 2006.

On 17 October 2006, the conversion price was further adjusted to HK$0.609 (equivalent to approximately RMB0.617) per share pursuant to the subscription agreement as a result of the placing and issuing of 21,000,000 new shares (note 27(a)). The adjustment of the conversion price became effective from 17 October 2006. All the other terms of the convertible notes remain unchanged.

25. CONVERTIBLE NOTES *(Cont'd)*

If the Notes have not been converted, they will be redeemed on 12 December 2006 at par. Interest of 4% per annum will be paid semi-annually in arrears until that maturity date.

The proceeds received from the issue of the Notes have been split between the liability element and the embedded conversion option (note 26) to convert the liability into equity of the Company.

The movement of the liability component of the convertible notes for the year is set out below:

	2006	2005
	RMB'000	RMB'000
CARRYING AMOUNT		
At beginning of the year	**30,727**	30,784
Interest charged	**1,612**	1,788
Interest payable	**(1,147)**	(1,260)
Effect of foreign exchange rate changes	**(1,192)**	(585)
Converted by the noteholders during the year	**(30,000)**	—
At end of the year	**—**	30,727

The interest charged for the year is calculated by applying an effective interest rate of 5.841%.

On 6 December 2006, the convertible notes were converted into 49,261,081 shares of HK$0.10 each in the Company at the conversion price of HK$0.609 (note 27(b)).

26. DERIVATIVE FINANCIAL INSTRUMENTS

	2006	2005
	RMB'000	RMB'000
Warrants	**7,310**	—
Conversion option derivative	**—**	627
	7,310	627

26. DERIVATIVE FINANCIAL INSTRUMENTS *(Cont'd)*

Warrants

As announced by the Company on 9 May 2006, the Company entered into a warrant instrument dated 4 May 2006 (the "Instrument") with an independent subscriber (the "Subscriber"). Pursuant to the Instrument, the Company agreed to issue and the Subscriber agreed to subscribe for the warrants conferring rights to subscribe up to 38,000,000 new ordinary shares of HK$0.10 each in the Company, subject to adjustments, at an initial subscription price of HK$0.88 per share, subject to adjustments, at any time from 21 May 2006 to 18 May 2009, both dates inclusive (the "Warrants").

The initial subscription price per share is HK$0.88 (equivalent to approximately RMB0.880) as at the date of issue of the Warrants until 18 May 2007, and thereafter will be HK$0.88 as adjusted downward by the Company on the first anniversary of the date of issue of the Warrants. The adjusted subscription price will be such price in Hong Kong dollars as equals the market price of shares determined on the first anniversary of the date of issue of the Warrants, but in no case will be less than HK$0.71 (equivalent to approximately RMB0.710).

The initial subscription price of HK$0.88 per share represents a premium of approximately 1.15% to the closing price of HK$0.87 (equivalent to approximately RMB0.896) per share as quoted on the Stock Exchange on 3 May 2006, being the date immediately before the date of Instrument. The proceeds of HK$1,672,000 (equivalent to approximately RMB1,722,000, represents the fair value of Warrants at initial recognition) was used for the general working capital purposes. The directors of the Company are authorised to issue these new shares pursuant to the general mandate granted by the annual general meeting of the Company held on 3 June 2005.

At 31 December 2006, no Warrants have been exercised since the date of issue and carried at fair value. Exercise in full of such Warrants would results in the issue of 38,000,000 additional ordinary shares of HK$0.10 each in the Company. During the year, a loss on change in fair value of RMB5,588,000 was recognised in the consolidated income statement.

Conversion option derivative

The conversion option derivative represents the fair value of an conversion option that is embedded in the convertible notes (note 25) to convert the liability into the equity of the Company. During the year, a loss on change in its fair value of RMB4,861,000 (2005: a gain on change in its fair value of RMB389,000) was recognised in the consolidated income statement.

26. DERIVATIVE FINANCIAL INSTRUMENTS *(Cont'd)*

Conversion option derivative *(Cont'd)*

The fair values of Warrants and conversion option derivative were calculated using the Binomial model. The inputs into the model were as follows:

	Warrants	Conversion option derivative	
	31.12.2006	6.12.2006	31.12.2005
Share price at date of valuation	HK$0.670	HK$0.720	HK$0.630
Exercise price	HK$0.880	HK$0.609	HK$0.630
Expected volatility	43.19%	42.88%	20.41%
Expected life	2.39 years	—	1 year
Risk-free rate	3.55%	3.30%	3.91%
Expected dividend yield	3.58%	—	3.88%

Because the Binomial model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

27. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2005, 31 December 2005 and 31 December 2006	2,000,000,000	200,000
Issued and fully paid:		
At 1 January 2005 and 31 December 2005	422,800,000	42,280
Exercise of share options	3,700,000	370
Issue of new shares for cash (note a)	21,000,000	2,100
Issue of new shares on conversion of convertible notes (note b)	49,261,081	4,926
At 31 December 2006	496,761,081	49,676

27. SHARE CAPITAL *(Cont'd)*

	RMB'000
Shown in the financial statements	
At 31 December 2006	52,287
At 31 December 2005	44,817

Notes:

(a) As announced by the Company on 6 October 2006, the Company entered into a placing and subscription agreement dated 5 October 2006 (the "Agreement") with Fu Teng and an independent placing agent (the "Placing Agent"). Pursuant to the Agreement, Fu Teng agreed to place a total of 21,000,000 existing shares of HK$0.10 each in the share capital of the Company at a price of HK$0.80 per share (the "Placing Price") to an institutional investor, The SFP Asia Master Fund Ltd., a then substantial shareholder of the Company, through the Placing Agent, and Fu Teng also agreed to subscribe for 21,000,000 new shares of HK$0.10 each of the Company at the price of HK$0.80 per share, which is equal to the Placing Price. The directors of the Company are authorised to issue these new shares pursuant to the general mandates granted by the shareholders of the Company on 6 June 2006.

The Placing Price represents a discount of approximately 2.44% to the closing price of the Company's shares as quoted on the Stock Exchange on 5 October 2006, being the date of the Agreement. The placing became unconditional on 19 October 2006. The new shares subscribed by Fu Teng, representing approximately 4.92% of the then existing issued share capital of the Company and approximately 4.69% of the enlarged share capital of the Company, were issued and allotted on 17 October 2006. Fu Teng's equity interest in the Company was reduced from approximately 51.79% immediately before the placing and the subscription to approximately 49.36% immediate thereafter.

(b) On 6 December 2006, the Company issued 49,261,081 shares of HK$0.10 each in the Company upon conversion of HK$30,000,000 convertible notes by the noteholders at the conversion price of HK$0.609 (note 25).

All the shares which were issued by the Company during the year rank pari passu with each other in all respects.

28. RESERVES

(a) Basis of appropriations to reserves

As stipulated by the relevant laws and regulations in the PRC, Fujian Fuwang Metal Products Co., Ltd. ("Fuwang") and Shanxi Zhanpen Metal Products Co., Ltd. ("Zhanpen") are required to provide for the surplus reserve fund and the enterprise expansion fund. Appropriation to such reserve funds are made out of net profit after taxation as reported in the statutory financial statements of Fuwang and Zhanpen prepared in accordance with PRC Accounting Standards and the amount and allocation basis are decided by their respective board of directors annually. The surplus reserve fund can be used to make up prior year losses of Fuwang and Zhanpen, if any, and can be applied in conversion into capital by means of capitalisation issue. The enterprise expansion fund is used for expanding the capital base of Fuwang and Zhanpen by means of capitalisation issue.

(b) Special reserve

The special reserve of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation taken place in June 2003.

29. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2006			2005		
	Land and buildings RMB'000	**Machinery and equipment RMB'000**	**Total RMB'000**	Land and buildings RMB'000	Machinery and equipment RMB'000	Total RMB'000
Within one year	**1,699**	**938**	**2,637**	1,588	1,500	3,088
In the second to fifth year inclusive	**3,034**	**—**	**3,034**	3,026	938	3,964
Over five years	**1,138**	**—**	**1,138**	1,440	—	1,440
	5,871	**938**	**6,809**	6,054	2,438	8,492

The lease payments represent the rental payable by the Group for certain of the premises and machinery and equipment. The lease payments are fixed for an average of 5 years and no arrangements have been entered into for contingent rental payments.

30. CAPITAL COMMITMENTS

	2006 RMB'000	2005 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment		
- contracted for but not provided in the financial statements	**3,760**	10,081
- authorised but not contracted for	**—**	—
	3,760	10,081

31. SHARE OPTION SCHEME

Pursuant to the written resolutions passed by all of the shareholders of the Company on 2 June 2003, the Company adopted a share option scheme (the "Scheme"). The purpose of the Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Scheme, the directors of the Company may, at their absolute discretion, invite any employee (whether full-time or part time, including any executive director), any non-executive director (including independent non-executive director), any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder, any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or its investee companies to take up options to subscribe for shares in the Company representing up to a maximum 10% of the shares in issue as at the date of commencement of listing of shares of the Company on the Stock Exchange and subject to renewal with shareholders' approval. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in any one year exceeding the higher of 0.1% of the Company's shares in issue and with a value in excess of HK$5,000,000 must be approved by the Company's shareholders.

Options granted must be taken up within 21 days of the date of grant, upon payment of HK$1 per each grant of options. Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the board of directors but in any event not exceeding 10 years. The exercise price is determined by the directors of the Company and will be not less than the higher of the closing price of the Company's shares on the date of grant, the average closing prices of the shares for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

31. SHARE OPTION SCHEME *(Cont'd)*

The following table discloses details and movements of the Company's share options held by the directors of the Company and employees during both years:

	Date of grant	Exercise price HK$	Exercisable period	Outstanding at 1.1.2005 and 31.12.2005	Granted during the year ended 31.12.2006	Exercised during the year ended 31.12.2006	Outstanding at 31.12.2006
Directors of the Company, including ex-Director	25 May 2006	0.800#	25 May 2006 to 24 May 2016	—	6,000,000	—	6,000,000
Senior management	10 February 2004	0.810*	10 February 2004 to 9 February 2014	11,000,000	—	(3,700,000)	7,300,000
Employees	10 February 2004	0.810*	10 February 2004 to 9 February 2014	19,000,000	—	—	19,000,000
	25 May 2006	0.800#	25 May 2006 to 24 May 2016	—	2,280,000	—	2,280,000
	20 November 2006	0.708Δ	20 November 2006 to 19 November 2016	—	7,660,000	—	7,660,000
				30,000,000	15,940,000	(3,700,000)	42,240,000

Equivalent to approximately RMB0.800

* Equivalent to approximately RMB0.810

Δ Equivalent to approximately RMB0.708

The Company received notional consideration for options granted during the year.

The closing price of the Company's shares immediately before 25 May 2006 and 20 November 2006, the date of grant of the options, were HK$0.770 and HK$0.700 respectively (equivalent to approximately RMB0.793 and RMB0.708 respectively).

The closing price of the Company's share immediately before 5 October 2006 on which the share options were exercised was HK$0.820 (equivalent to approximately RMB0.832).

31. SHARE OPTION SCHEME *(Cont'd)*

The estimated fair value of the share options granted on those dates were HK$0.151 and HK$0.153 respectively (equivalent to approximately RMB0.151 and RMB0.153 respectively). Details of the fair value of the share options determined at the date of grant on 25 May 2006 and 20 November 2006 using the Black-Scholes option pricing model with the inputs are as follows:

	25 May 2006	**20 November 2006**
Share price at date of grant	HK$0.760	HK$0.700
Exercise price	HK$0.800	HK$0.708
Expected volatility	39.89 %	42.65%
Expected life of options	2 years	2 years
Risk-free rate	4.33 %	3.69%
Expected dividend yield	3.15 %	3.43%

Notes:

(i) The volatility measured at the standard deviation of expected share price returns is based on a statistical analysis of daily share prices over certain periods immediately preceding the grant date.

(ii) The above calculation is based on the assumption that there is no material difference between the expected volatility over the whole life of the options and the historical volatility of the shares in the Company set out above.

(iii) As the Black-Scholes model requires the input of highly subjective assumptions based on the directors' best estimate, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

During the year, the Group recognised an expense of RMB2,424,000 (2005: nil) in relation to share options granted by the Company.

32. RETIREMENT BENEFITS PLANS

In the PRC, the Group and its employees in the PRC participate in retirement benefit schemes regulated by the local municipal governments, pursuant to which the Group and its PRC employees pay contributions to the schemes. The Group is currently required to pay a monthly contribution at 18% of the respective employees' average monthly salary in the preceding year.

In Hong Kong, the Group has set up a retirement scheme in accordance with the mandatory provident fund requirements prescribed by the Mandatory Provident Fund Schemes Ordinance. The Group is required to contribute 5% of the respective employees' monthly salary (up to a maximum contribution of HK$1,000 (equivalent to approximately RMB1,000) by the Group) on a monthly basis to the fund.

33. RELATED PARTY TRANSACTIONS

Other than the related party balances disclosed in note 23 to the consolidated financial statements, the Group also had the following material transactions with the related parties.

(a) Compensation of key management personnel

The remuneration of executive directors and other members of key management during the year was as follows:

	2006	2005
	RMB'000	RMB'000
Short-term benefits	**2,807**	2,719
Post-employment benefits	**39**	34
Share-based payments	**573**	—
	3,419	2,753

The remuneration of directors and key executives is determined by the remuneration committee and management respectively having regard to the performance of individuals and market trends.

(b) Details of new shares issued to Fu Teng during the year are set out in note 25(a). The entire issued share capital of Fu Teng is owned by a director of the Company.

(c) During the year, the Group obtained short-term fund from Fu Teng, amounting to HK$10,220,000 (equivalent to approximately RMB10,657,000) (2005: HK$6,700,000, equivalent to approximately RMB7,102,000) and repaid to Fu Teng, amounting to HK$13,260,000 (equivalent to approximately RMB13,703,000) (2005: HK$3,700,000, equivalent to approximately RMB3,848,000). It is unsecured, interest-free and repayable on demand. The advance was repaid in full during the year.

(d) On 1 November 2005, the Group entered into a tenancy agreement with a director of the Company for the lease of an office unit for a term of three years commencing from 1 December 2005 to 30 November 2008. Rental paid by the Group under the tenancy agreement during the year amounted to RMB45,000 (2005: RMB3,750).

In addition, as at 31 December 2006, a short-term bank loan of HK$10,000,000 (equivalent to approximately RMB10,000,000) of the Group is secured by a pledged bank deposit of HK$1,000,000 (equivalent to approximately RMB1,000,000) given by a director of the Company.

34. POST BALANCE SHEET EVENT

On 26 February 2007, the Group entered into a five-year interest rate swap contract as part of its financial management strategy. The notional amount of the interest swap contract is HK$390 million and swaps from 9% to (first 6 months: 7.00%, thereafter: 7.00% with adjustment on certain financial index). On the effective date of the interest swap contract, the Group received an upfront payment from the bank, amounting to HK$39 million.

35. SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2006 are as follows:

Name of subsidiary	Place of incorporation or establishment/ operation	Paid-up share/ registered capital	Proportion of nominal value of ordinary issued capital/ registered capital held by the Company		Principal activities
			Directly	Indirectly	
Bloxworth Enterprises Limited	British Virgin Islands/ Hong Kong	US$1,000	100%	—	Investment holding
Chinawinner Enterprises Limited	British Virgin Islands/ Hong Kong	US$1,000	100%	—	Inactive
Rich Victory Development Limited	Hong Kong	HK$1	100%	—	Inactive
Fujian Fuwang Metal Products Co., Ltd.	PRC - wholly owned foreign enterprise	US$15,100,000	—	100%	Manufacture and sale of tinplate cans for the packaging of food and beverage in the PRC, and provision of tinplate lacquering and printing services
Shanxi Zhanpen Metal Products Co., Ltd.	PRC - wholly owned foreign enterprise	US$1,000,000	—	100%	Manufacture and sale of tinplate cans for the packaging of good and beverage in the PRC

None of the subsidiaries had any debt securities subsisting at 31 December 2006 or at any time during the year.