

The Directors have pleasure in submitting their annual report together with the audited financial statements of the Company for the year ended 31 December 2004.

GROUP REORGANISATION AND LISTING ON THE MAIN BOARD

The Company was incorporated in the Cayman Islands on 27 November 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law of the Cayman Islands"). Pursuant to a group reorganisation (the "Group Reorganisation") of the Group in preparation for the listing of the Company's shares (the "Shares") on the Main Board of the Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group on 10 March 2004. Details of the Company's subsidiaries now comprising the Group are set out in note 15 to the financial statements.

Further details of the Group Reorganisation are set out in note 1(b) to the financial statements and in the Company's prospectus dated 16 March 2004 (the "Prospectus").

The Shares were listed on and commenced trading on the Main Board of the Stock Exchange since 26 March 2004 (the "Listing"). After the Listing, the net proceeds from the initial public offering of approximately HK\$169 million have been used to implement the Group's future plans, to repay certain bank borrowings and to provide additional general working capital for the Group in accordance with the Prospectus.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 15 to the financial statements.

The Group's turnover and contribution to operating result for the year is attributable to manufacturing of laminated papers and printing of cigarette packages. The analysis of the principal activities and geographical locations of the operations of the Group are set out in note 30 to the financial statements.

RESULTS AND APPROPRIATIONS

The profit of the Group for the year ended 31 December 2004 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 31 to 69.

An interim dividend of HK5 cents per share (2003: Nil) was paid in October 2004. The Directors now recommend the payment of a final dividend of approximately HK5.208 cents per share (2003: Nil) and a special dividend of HK3.125 cents per share to the members of the Company whose names appear on the register of members of the Company on 20 May 2005 in respect of the year ended 31 December 2004.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in the statements of changes in equity on pages 34 to 35.

DISTRIBUTABLE RESERVES

At 31 December 2004, the Company's reserves available for cash distribution and/or distribution in specie amounted to approximately HK\$159 million. Under the Companies Law of the Cayman Islands, the share premium of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2004 are set out in note 15 to the financial statements.

FIXED ASSETS

Details of the movements in fixed assets of the Group during the year are set out in note 13 to the financial statements.

BORROWINGS

Details of the Group's borrowings as at 31 December 2004 are set out in notes 22 and 23 to the financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 24 to the financial statements.

Shares were issued during the year pursuant to the Group Reorganisation and the Listing to increase the capital base of the Company.

Details of the Company's share option scheme are set out in the paragraph headed "Share option scheme" of this report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company or the relevant laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing shareholders of the Company.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group is set out on pages 70 to 71.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Shares were listed on the Main Board of the Stock Exchange on 26 March 2004. Save for this, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's Shares during the year under review.

DIRECTORS

The Directors who held office during the year and up to the date of this report were as follows:

Executive directors

Mr. Li Wei Bo

Mr. Lee Cheuk Yin, Dannis

Mr. Cheung Chun Ming

Mr. Chan Chew Keak, Billy

(appointed on 24 January 2005)

Ms. Zhu Wei Li

(resigned on 24 January 2005)

Non-executive director

Mr. Sik Siu Kwan

(appointed on 26 March 2004 and
redesignated on 30 September 2004)

Independent non-executive directors

Mr. Ng Kwai Sang

(appointed on 26 March 2004)

Mr. Ng Pui Cheung, Joseph

(appointed on 26 March 2004)

Mr. Chung Kwok Mo, John

(appointed on 30 September 2004)

DIRECTORS *(continued)*

In accordance with article 86 of the articles of association of the Company, Mr. Chan Chew Keak, Billy and Mr. Chung Kwok Mo, John will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. In accordance with article 87 of the articles of association of the Company, Mr. Sik Siu Kwan will retire by rotation and, being eligible, offer himself for election at the forthcoming annual general meeting of the Company.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Li Wei Bo, Mr. Lee Cheuk Yin, Dannis and Mr. Cheung Chun Ming has entered into a service contract with the Company for a term of three years commencing from 26 March 2004 and thereafter be continuous until terminated by either party giving to the other not less than two months' written notice. Mr. Chan Chew Keak, Billy has been appointed as director since 24 January 2005 and his appointment will continue until terminated by either party giving to the other not less than one month's written notice.

Mr. Sik Siu Kwan has been appointed for a term of two years commencing from 26 March 2004.

Each of Mr. Ng Kwai Sang and Mr. Ng Pui Cheung, Joseph has been appointed for a term of two years commencing 26 March 2004 while Mr. Chung Kwok Mo, John has been appointed for a term of two years commencing from 30 September 2004. All of them are subject to retirement by rotation in accordance with the articles of association of the Company.

The Company confirms that it has received from each of its independent non-executive directors an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules and the Company considers the independent non-executive directors to be independent.

Save as disclosed above, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 6 to the financial statements.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group and the employer's costs charged to the consolidated income statement for the year are set out in note 7 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save and except for agreements entered into for the purpose of the Group Reorganisation and those disclosed under the paragraph headed "Related party transactions" below, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 16 to 19 of the annual report.

RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 31 December 2004 which do not constitute connected transactions under the Listing Rules are set out in note 12 to the financial statements.

DISCLOSURE OF INTERESTS

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

As at 31 December 2004, the following Directors had or were deemed to have interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

Name of Director	Nature of interest	No. of Shares held	Position	Approximate percentage of issued share capital
Mr. Li Wei Bo	Personal	294,464,000	Long	73.616%
Mr. Lee Cheuk Yin, Dannis	Personal	3,272,000	Long	0.82%

Save as disclosed above, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2004 (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

DISCLOSURE OF INTERESTS *(continued)*

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

As at 31 December 2004, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Shareholder	No. of Shares held	Position	Approximate percentage of issued share capital
Ms. Gu Lily Ying <i>(Note 1)</i>	294,464,000	Long	73.616%
Amcors Packaging (Asia) Pty Ltd. <i>(Note 2)</i>	176,000,000	Long	30.56%
Amcors Limited <i>(Note 2)</i>	176,000,000	Long	30.56%
AMB Packaging Pte Limited <i>(Note 2)</i>	176,000,000	Long	30.56%

Note 1: Ms. Gu Lily Ying is the spouse of Mr. Li Wei Bo, the chairman of the Company. Ms. Gu Lily Ying is deemed to be interested in the Shares beneficially owned by Mr. Li Wei Bo pursuant to the SFO.

Note 2: They are deemed to be interested pursuant to Part XV of the SFO in respect of the number of Shares which may be issued to AMB Packaging Pte Limited upon completion and exercise of the option granted under the subscription and option agreement dated 9 December 2004.

Save as disclosed above, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

DISCLOSURE OF INTERESTS *(continued)*

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders *(continued)*

Save as disclosed above and the paragraph headed "Share option scheme" below, at no time during the year were rights to acquire benefits by means of the acquisition of Shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

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

As at 31 December 2004, no option have been granted or agreed to be granted to any person under the Share Option Scheme.

Details of the Share Option Scheme are set out in note 25 to the financial statements and the Prospectus.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year under review.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers accounted for approximately 87.0% of the total sales for the year and the sales attributable to the largest customer included therein accounted for approximately 59.7%. Nanjing Sanlong was one of the five largest customers of the Group.

The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 61.5% of the total purchases for the year and the purchases attributable to the largest supplier included therein accounted for approximately 20.2%.

Save as disclosed above, none of the Directors, any of their associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's Shares) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or any of their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in note 31 to the financial statements.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

The Shares were listed on the Main Board of the Stock Exchange on 26 March 2004. Since that date, none of the Directors is aware of any information which would indicate that the Company is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2004. However the independent non-executive directors of the Company are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's articles of association.

AUDIT COMMITTEE

The Company set up an audit committee (the "Committee") on 10 March 2004, which was established in accordance with the requirements of the Code of Best Practice, for the purpose of reviewing and providing supervision on the financial reporting process and internal control system of the Group.

The Committee comprises the three independent non-executive Directors with Mr. Ng Kwai Sang acting as Chairman.

The financial statements of the Group and of the Company for the year ended 31 December 2004 together with the notes attached thereto have been reviewed by the Committee, which was of the opinion that such statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

AUDITORS

RSM Nelson Wheeler will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of RSM Nelson Wheeler as auditors of the Company is to be proposed at the forthcoming annual general meeting.

There is no change in auditors of the Company since the first appointment on 1 December 2003.

On behalf of the Board of Directors

Li Wei Bo

Chairman and Executive Director

Hong Kong, 20 April 2005