

On behalf of the Board of Directors of Sinocan Holdings Limited (the "Company"), I present the annual results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2000 to the shareholders.

RESULTS

The Group suffered a slight decline in turnover and recorded a loss for the year. Turnover for the year amounted to HK\$208 million, representing a decrease of 19% over the previous year. Loss attributable to shareholder was HK\$57 million, equivalent to a loss per share of HK\$0.07.

DIVIDENDS

The Board of Directors does not recommend the payment of any dividends for the year ended 31 December 2000.

BUSINESS REVIEW

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's principal activity consists of the manufacture of steel cans and plastic bottles for use in the beverage, food and chemical industries and the provision of tinplate processing, lacquering and printing services.

The decrease in the Group's turnover for the year was attributed mainly to the termination of the Group's production bases in Fujian, Dongguan and Tianjin in the People's Republic of China ("PRC") during the year 1999. Meanwhile, the overall market atmosphere for the beverage industry remains poor and the Directors believe that there is still a trend for an over-supply of three-piece steel can and the inducement of a continuous fall in the price of cans in the PRC.

The business in Shanghai gradually picked up during the year. Driven by strong market demand, the plastic bottles business recorded a turnover of HK\$67 million, representing an increase of 6% over the previous year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2000, the Group's borrowings amounted to HK\$657 million. As stated in the Group's last annual report for the year ended 31 December 1999, JHY International Inc. ("JHY"), the Company's largest creditor, with a loan amounted to HK\$513 million, had informed the Company that it intended to convert the debts into new shares of the Company. However, JHY has not yet put forward to the Company any definite proposal regarding the terms and conditions of the debt-to-equity conversion and the timetable in relation thereto up to the date of this

Chairman's Statement

statement. The loan is unsecured, bears interest at the rates ranging from 6.75% to 10.75% per annum and has no fixed terms of repayment.

The bank loans amounted to HK\$112 million were repayable within one year. The loans from minority shareholders of a subsidiary amounted to HK\$32 million are unsecured, bear interest at the Hong Kong dollar best lending rate and have no fixed terms of repayment.

As at 31 December 2000, certain assets of the Group were pledged to secure bank loans granted to the Group.

The Group continued to have a high gearing ratio, calculated on the basis of the Group's interest-bearing loans over deficiency on shareholders' funds, at approximately 450% as at 31 December 2000.

As stated in the last annual report, the Company had given several guarantees in proportion to its shareholding in an associate (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Kisco (B.V.I.) Limited, in respect of Kisco (B.V.I.) Limited's bank borrowings of approximately HK\$44 million in total. This resulted in contingent liabilities of approximately HK\$20 million to the Company, details of which are set out in note 27 to the financial statements.

BUSINESS PROSPECTS

Currently the Group is still facing a severe liquidity problem and unsatisfactory business environment. In the meantime, the Group is financing the daily activities through internal generating resources. The ability of the Group to operate and steer through the existing difficult period depends on the successful outcome of the restructuring plans and any further measures to be implemented by the Company to turnaround the Group's business.

ACKNOWLEDGEMENT

Finally, I would like to take this opportunity to thank my colleagues in the Board and staff members at every level for their support and hard work during the year.

Wong Man Wing

Chairman

Hong Kong

23 April 2001