

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2000.

### **PRINCIPAL ACTIVITIES**

The Company's principal activity is investment holding. The Group's principal activities had not changed during the year and consisted 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.

### **SEGMENTAL INFORMATION**

An analysis of the Group's turnover and contribution to loss after finance costs by principal activity for the year ended 31 December 2000 is set out in note 5 to the financial statements.

### **RESULTS AND DIVIDEND**

The Group's loss for the year ended 31 December 2000 and the state of affairs of the Company and the Group as at the same date are set out in the financial statements on pages 20 to 53 of this annual report.

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

### **PROPERTY, PLANT AND EQUIPMENT**

Details of movements in the property, plant and equipment of the Group are set out in note 13 to the financial statements.

### **SUBSIDIARIES**

Particulars of the Company's subsidiaries are set out in note 14 to the financial statements.

### **ASSOCIATES**

Particulars of the associates of the Group are set out in note 15 to the financial statements.

## **Report of the Directors**

### **BANK LOANS AND OTHER BORROWINGS**

Details of the Group's bank loans and other borrowings are set out in notes 19 to 21 to the financial statements.

### **SHARE CAPITAL AND SHARE OPTIONS**

There were no movements in the Company's share capital during the year. Details of the Company's share option scheme are set out in note 23 to the financial statements. As at 31 December 2000, no individual has entitlement on the share option scheme.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

### **RESERVES**

Details of movements in the reserves of the Company and the Group during the year are set out in note 24 to the financial statements.

### **DISTRIBUTABLE RESERVES**

As at 31 December 2000, the Company had no retained profits available for cash distribution. The Company's share premium account of HK\$321,180,000 as at 31 December 2000 might be distributed in the form of fully paid bonus shares. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company in the amount of HK\$28,227,000 as at 31 December 2000 is only distributable to shareholders in certain circumstances, which the Company is currently unable to satisfy.

### **MAJOR CUSTOMERS AND SUPPLIERS**

The percentage of sales attributable to the Group's five largest customers for the year was less than 46% of the total turnover for the year.

Purchases from the five largest suppliers accounted for 74% of the total purchases for the year and purchases from the largest supplier included therein amounted to 32% of the total purchases for the year.

### **MAJOR CUSTOMERS AND SUPPLIERS** *(continued)*

As far as the directors are aware, neither the directors, their associates (as defined in Listing Rules), nor any shareholders which to the knowledge of the directors own more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest customers or suppliers.

### **PENSION COSTS**

The pension scheme contributions made by the Group during the year amounted to HK\$468,000 (1999: HK\$675,000) and were made in respect of employees of the Group in the PRC. There were no forfeited contributions during the year (1999: Nil). As at 31 December 2000, no forfeited contributions (1999: Nil) were available to reduce the Group's contributions to the pension scheme in future years. The pension scheme is operated by the PRC government whereby monthly contributions based on a percentage of the salaries of the eligible full time employees are made by the Group.

### **CONNECTED TRANSACTIONS**

As at 31 December 2000, Sinocan (B.V.I.) Limited, a wholly-owned subsidiary of the Company, had provided shareholder advances totalling HK\$539,335,000 to Sinocan Lianxing Limited, a non wholly-owned subsidiary of the Company, bearing interest at the Hong Kong dollar best lending rate prevailing during the period of advances. The advances are unsecured and have no fixed terms of repayment. The principal purpose of these advances is to finance the non wholly-owned subsidiary's investment in Shanghai Sinocan Lianxing Metal Containers & Printing Co. Ltd.

As at 31 December 2000, Sinocan (B.V.I.) Limited, a wholly-owned subsidiary of the Company, had provided shareholder advances totalling HK\$110,746,000 to Sinocan PET Investment Limited, a non wholly-owned subsidiary of the Company, bearing interest at the Hong Kong dollar best lending rate prevailing during the period of advances. The advances are unsecured and have no fixed terms of repayment. The principal purpose of these advances is to finance the non wholly-owned subsidiary's investment in Sinocan Huaxing Plastics Containers Co., Ltd.

## Report of the Directors

### GUARANTEE TO AN ASSOCIATE

The Company had given several guarantees in proportion to its shareholding in an associate in respect of the associate's bank borrowings, details of which are set out in note 27 to the financial statements.

### DIRECTORS

The directors of the Company during the year were:

#### *Executive directors:*

Mr. Wong Man Wing

Ms. Hou Mai Chin

Mr. Yang Zhen (appointed on 26 February 2001)

#### *Independent non-executive directors:*

Mr. Lee Yuen Kwong (appointed on 26 February 2001)

Mr. Lau Wing Keung (appointed on 26 February 2001)

In accordance with by-law 86(2) of the Company, Mr. Yang Zhen, Mr. Lee Yuen Kwong and Mr. Lau Wing Keung will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

### DIRECTORS' SERVICE CONTRACTS

The Company had entered into a service contract with Mr. Wong Man Wing, a director of the Company, for the provision of management services to the Group. The service contract was for a term of three years and had not been renewed upon its expiry on 31 May 2000.

Under the above service contract, Mr. Wong Man Wing was entitled to receive discretionary management bonus which, if paid, would be calculated as a percentage of the consolidated net profit (after tax and minority interests, but before extraordinary items) of the Group in each relevant financial year. The aggregate amount of management bonus payable to all of the executive directors may not exceed 2% of such profit in any relevant financial year. No such management bonus was paid during the year.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has any service contract with the Company or its subsidiaries which is not determinable by the Company or its subsidiaries within one year without payment other than statutory compensation.

## DIRECTORS' INTERESTS IN CONTRACTS

No director had any beneficial interest in any contract of significance to the business of the Company to which the Company or any of its subsidiaries was a party during the year.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

As at 31 December 2000, the interests of the directors and chief executives in the issued share capital of the Company and its associates (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")) as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance were as follows:

### (a) The Company

Name of director	Type of interest	Number of ordinary shares
Mr. Wong Man Wing	Other ( <i>Note</i> )	142,531,682
Madam Hou Mai Chin	Other ( <i>Note</i> )	142,531,682
	Personal	40,000

*Note:* 83,420,000 of these shares were held by First Regal (Hong Kong) Limited, which was owned by a family trust (the "Wong Family Trust"), the beneficiaries of which included Mr. Wong Man Wing, Madam Hou Mai Chin and their family members.

59,111,682 of these shares were held by Lucky Earn Holdings Limited, a corporate trustee for a unit trust, the units of which were beneficially owned by the Wong Family Trust and Mr. Wong Man Wing.

Mr. Wong Man Wing was a director of First Regal (Hong Kong) Limited and Lucky Earn Holdings Limited.

### (b) Fore Great International Limited

Name of director	Type of interest	Number of non-voting deferred shares
Mr. Wong Man Wing	Personal	220,000
Madam Hou Mai Chin	Personal	200,000

## Report of the Directors

### **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL** *(continued)*

Save as disclosed above, none of the directors and the chief executives or their associates had any personal, family, corporate or other beneficial interest in the equity or debt securities of the Company or any of its associated corporations within the meaning of the SDI Ordinance.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### **EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID EMPLOYEES**

#### **(a) Emoluments of Directors**

Details of emoluments of the Directors are set out in note 10(a) to the financial statements.

The aggregate emoluments paid or payable by the Company and/or its subsidiaries for the year ended 31 December 2000 in respect of each of the persons who was a director of the Company at any time during the financial year amounted to less than HK\$1,000,000.

#### **(b) Five highest paid employees**

Details of emolument of five highest paid individuals are set out in note 10(b) to the financial statements.

Of the five individuals with highest emolument, one is a director whose emoluments are disclosed in note 10(a) to the financial statements, the aggregate of the emoluments in respect of each of the five highest paid individuals during the financial year ended 31 December 2000 amounted to less than HK\$1,000,000.

#### **(c) Share options**

No share options were granted to the directors and the five highest paid employees during the year.

### DIRECTORS' AND MANAGEMENT BIOGRAPHIES

#### Executive Directors

Mr. Wong Man Wing, aged 56, is the chairman of the Company and a member of the Political Consultative Committee of the Fujian Province of the People's Republic of China. He is a co-founder of the Group, prior to which he was engaged in metal trading in Hong Kong and Southeast Asia. Mr. Wong has more than 13 years' experience in the packaging industry and is now overseeing the implementation of the major business development of the Group.

Ms. Hou Mai Chin, aged 58, is responsible for the personnel of the Group. She has more than 19 years' experience in trading and office management. She is the wife of Mr. Wong Man Wing and is also a co-founder of the Group.

Mr. Yang Zhen, aged 37, was educated in Haerbin Industrial University and finished the professional study of hydraulic pressure engineering in 1987. Mr. Yang joined the Group as Assistant to General Manager in December 1997, prior to which he has over 10 years' experience in the metallic manufacturing industry. He was appointed as an executive director of the Company in February 2001 and is responsible for the directorship of the Group.

#### Independent Non-executive Directors

Mr. Lee Yuen Kwong, aged 40, has been practicing as a Certified Public Accountant for over ten years. He has wide experience in auditing, tax and financial management in various fields and industries. Mr. Lee graduated from Sunderland Polytechnic, he holds a Bachelor of Arts in Business Studies and is also a Certified Public Accountant and an independent non-executive director of a Hong Kong listed company. He was appointed as an independent non-executive director in February 2001.

Mr. Lau Wing Keung, aged 44, is a solicitor practised in Hong Kong and was admitted as a solicitor in England & Wales. Mr. Lau has extensive experience in advising companies and business organisations in Hong Kong in matters relating to company and commercial law. Prior to joining the legal profession, he had extensive working experience in international and local accounting firms in Hong Kong and Canada. Mr. Lau holds a Bachelor of Commerce (Honours) Degree in Business Administration from the University of Windsor, Canada, and is a Certified General Accountant of Canada (CGA). He was appointed as an independent non-executive director in February 2001.

## Report of the Directors

### **DIRECTORS' AND MANAGEMENT BIOGRAPHIES** *(continued)*

#### **Independent Non-executive Directors** *(continued)*

Details of directorships of the Company's directors in each of those companies which has an interest in the ordinary share capital of the Company as disclosed pursuant to the provisions of Part II of the SDI Ordinance are set out under the section headed "Directors' and chief executives' interests in share capital" in this report.

#### **Management**

Mr. Chiang Kwok Hai, aged 37, is the vice president of the Group and general manager of the plastic bottle operations. He joined the Group in December 1997. He has more than 12 years' experience in the plastics industry.

Mr. Liao Hsiuchu, aged 51, is the factory manager in charge of the printing and lacquering operations in the Fujian plants. He has more than 25 years' experience in the metal printing industry and joined the Group in September 1996.

Mr. Wong Man Yiu, aged 50, was the finance manager of the Group's manufacturing operations in the People's Republic of China. He had more than 10 years' experience in accounting prior to joining the Group in February 1990. Mr. Wong left the Group during the year.

Mr. Cheng Ziqiang, aged 61, is the factory manager of the Group's Shanghai operation. He has more than 21 years' exercise in factory management and joined the Group in March 1995.

Mr. Yang Senchi, aged 51, is the plant manager for the Shanghai plant. He has more than 29 years' experience in the can manufacturing industry and joined the Group in September 1996.

Ms. Ho Wing Yi, aged 30, is the company secretary of the Company and financial controller of the Group. She holds a Bachelor Degree in Accountancy from the Hong Kong Polytechnic University. She is Certified Public Accountant and is also associate members of the Association of Chartered Certified Accountants and the Hong Kong Society of Accountants. Prior to joining the Group in March 2001, she worked for a listed company in Hong Kong and two international public accounting firms.



### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2000 and save for the interest of the directors in the shares as disclosed in the paragraph headed “Directors’ and chief executives’ interests in share capital” above, according to the register of interests kept by the Company under Section 16(1) of the SDI Ordinance, the persons who had or were deemed to have an interest in 10% or more of the issued share capital of the Company were as follows:

Name	Number of ordinary shares held
Itochu Corporation	127,240,000*
JHY International Inc.	112,486,000

\* Itochu Corporation was deemed to be interested in 36,376,000 shares in the Company by virtue of its shareholding in Itochu Hong Kong Limited which owned these shares.

Save as disclosed above, the directors are not aware of any shareholder who is interested in 10% or more of the share capital of the Company.

### PURCHASE, REDEMPTION OR SALE OF THE COMPANY’S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed shares during the year.

### SIGNIFICANT INVESTMENTS AND ACQUISITIONS

The Group did not engage in any material acquisitions or disposals of subsidiaries or associated companies during the year.

## Report of the Directors

### CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the accounting year covered by the annual report except that no independent non-executive directors and company secretary were appointed by the Company during the financial year. Also, no audit committee was established during the financial year.

Subsequent to the financial year and up to date of this annual report, the Company has complied with the Code of Best Practice as follows:

- (i) two independent non-executive directors of the Company have been appointed;
- (ii) a company secretary has been appointed; and
- (iii) an audit committee has been established.

### YEAR 2000 ISSUE

The Group is not affected by any Year 2000 compliance issues during the millennium change-over. The Group's computer systems were operating smoothly when entering into the new century.

### AUDITORS

RSM Nelson Wheeler retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

### ON BEHALF OF THE BOARD

**Wong Man Wing**

*Chairman*

Hong Kong

23 April 2001