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# Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2001.

## **PRINCIPAL ACTIVITIES**

The Company's principal activity is investment holding. The Group's principal activities have 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 2001 is set out in note 13 to the financial statements.

## **RESULTS AND DIVIDEND**

The Group's loss for the year ended 31 December 2001 and the state of affairs of the Company and of the Group at the same date are set out in the financial statements on pages 18 to 45 of this annual report.

The directors do not recommend the payment of any dividends for the year ended 31 December 2001.

## **FIXED ASSETS**

Details of movements in the fixed assets of the Group are set out in note 14 to the financial statements.

## **SUBSIDIARIES**

Particulars of the Company's subsidiaries are set out in note 15 to the financial statements.

## **ASSOCIATES**

Particulars of the associates of the Group are set out in note 16 to the financial statements.

## **BANK LOANS AND OTHER BORROWINGS**

All of the bank loans are secured and repayable within one year. Details of the Group's other borrowings are set out in notes 20 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 2001, 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.



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# Report of the Directors

## RESERVES

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

## DISTRIBUTABLE RESERVES

At 31 December 2001, 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 2001 may 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 2001 is 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 73% of the total turnover for the year and the percentage of sales attributable to the group's largest customer was 14%.

Purchases from the five largest suppliers accounted for 82% of the total purchases for the year and purchases from the largest supplier included therein amounted to 27% of the total purchases for the year.

As far as the directors are aware, neither the directors, their associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "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\$573,000 (2000: HK\$468,000) and were made in respect of employees of the Group. There were no forfeited contributions during the year (2000: Nil). As at 31 December 2001, no forfeited contributions (2000: Nil) were available to reduce the Group's contributions to the pension scheme in future years. The pension schemes of the PRC subsidiaries are 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.

As from 1 December 2000, the Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000.

## GUARANTEE TO AN ASSOCIATE

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



# Report of the Directors

## 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 87 of the Company, Ms. Hou Mai Chin will retire from the board by rotation and, being eligible, offer herself for re-election at the forthcoming annual general meeting.

## DIRECTORS' SERVICE CONTRACTS

The Company has 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 bonuses 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 bonuses 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 directors had a 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.



# Report of the Directors

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

At 31 December 2001, 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

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.



# Report of the Directors

## DIRECTORS' AND MANAGEMENT BIOGRAPHIES

### Executive Directors

**Mr. Wong Man Wing**, aged 57, 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 14 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 59, is responsible for the personnel of the Group. She has more than 20 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 38, was educated in Harbin 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.

### Non-executive Directors

**Mr. Lee Yuen Kwong**, aged 41, 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 45, 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.

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.



# Report of the Directors

## Management

**Mr. Chiang Kwok Hai**, aged 38, 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 13 years' experience in the plastics industry. Mr. Chiang left the Group during the year.

**Mr. Wang Jianfeng**, aged 30, joined the Group in March 1996, is the Assistant General Manager of the Group's Shanghai plant. He is in charge of the factories production operations and the sales business in Shanghai.

**Mr. Chen Chengyu**, aged 36, joined the Group in March of 1993. He is the financial manager of the Shanghai plant and responsible for the financial management. He has 15 years' experience in the field of financial management.

**Mr. Lin Liming**, aged 41, joined the Group in 1997. He is the sales manager in Shanghai plant and mainly responsible for the sales business of food cans and PET bottles. He has been sales manager for several international corporations.

**Mr. Xu Yongming**, aged 46, joined the Group in September 1996. He is working in the can making industry over 30 years and is the Group's Shanghai plant manager.

**Mr. Liao Hsiuchu**, aged 52 is the factory manager in charge of the printing and lacquering operations in the Fujian plants. He has more than 26 years' experience in the metal printing industry and joined the Group in September 1996. Mr. Liao left the Group during the year.

**Mr. Cheng Ziqiang**, aged 62, is the factory manager of the Group's Shanghai operation. He has more than 22 years' exercise in factory management and joined the Group in March 1995. Mr. Cheng left the Group during the year.

**Mr. Yang Senchi**, aged 52, is the plant manager for the Shanghai plant. He has more than 30 years' experience in the can manufacturing industry and joined the Group in September 1996. Mr. Yang left the Group during the year.

**Ms. Ho Wing Yi**, aged 31, is the company secretary of the Company and holds a Bachelor Degree in Accountancy. She is Certified Public Accountant and is also associate members of the Chartered Association of 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.



# Report of the Directors

## SUBSTANTIAL SHAREHOLDERS

At 31 December 2001 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	123,480,000*
JHY International Inc.	112,610,000

\* *Itochu Corporation was deemed to be interested in 32,616,000 shares in the Company by virtue of its shareholding in Itochu Hong Kong Limited which owned these shares.*

Save as disclosed above, no other person was recorded in the register as having an interest of 10% or more of the share capital of the Company.

## PURCHASE, SALE OR REDEMPTION 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.

## POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 28 to the financial statements.



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# 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 period covered by the annual report except that prior to:

- (i) the appointment of two independent non-executive directors of the Company on 26 February 2001;
- (ii) the appointment of a company secretary on 19 March 2001; and
- (iii) the formation of the Audit Committee on 12 April 2001.

The Audit Committee has adopted the terms of reference governing the authority and duties of the audit committee.

## AUDITORS

During the year, Messrs. RSM Nelson Wheeler, who acted as auditors of the Company for the year 2000, resigned and Horwath Hong Kong CPA Limited were appointed as auditors of the Company. 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  
26 April 2002