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## FUTURE PLANS

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### FUTURE PLANS AND PROSPECTS

The growing consumption of food and beverage products in the PRC and the increasing variety of beverages and canned food being manufactured by PRC food and beverage producers in recent years have led to surging demand for tins used for the packaging of these products. The Directors believe that the increasing use of tins and containers in product packaging provides vast opportunities for the Group to expand its product offerings. With the economic development strategy of the western region of the PRC, the Directors believe that there will be an increasing demand for food and beverage products in that region, which will in turn create a strong demand for tins.

It is the Group's mission to become a leading provider of metal containers in the PRC. The Group aims to attain its mission through implementing the following strategies:

#### **Product development**

The Directors consider that the development of new products is crucial to the Group's success in the future. In order to introduce packaging for different types of products, the Group intends to develop aerosol cans, gift boxes, and other tin containers in a variety of shapes and sizes. In particular, the Group plans to develop tin containers for bottled alcohol, insecticides, and air fresheners. Through the introduction of new products, the Directors believe that the Group's source of revenue can be widened and profitability can be further increased.

In this connection, the Group has entered into a technology development agreement with the printing and packaging engineering department of 西安理工大學 (Xi'an University of Technology) in September 2002 for the research and development of metal container packaging technology for the prevention of counterfeit bottled wine. The Directors expect that such technology developed in the collaboration with 西安理工大學 (Xi'an University of Technology) will be introduced in the PRC around July 2003.

#### **Strengthen the sales and marketing of the Group's products in the western region of the PRC**

The Directors plan to take advantage of the economic development in the western region of the PRC by expanding the Group's customer base in that region. The Group has established good business relations with a number of recognised food and beverage producers in the western region of the PRC. In particular, the Group has entered into an agreement with 山西大寨飲品有限公司 (Shanxi Dazhai Beverage Co., Ltd.) for the manufacture of approximately 30 million tins in 2003. Capitalising on the Group's success, the Group plans to recruit additional sales and marketing staff to focus on promoting the Group's products and services to existing and potential customers in the western region of the PRC.

To facilitate the sale and distribution of the Group's products in the western region of the PRC, the Group entered into a lease agreement with Shanxi Yiyong in August 2002 for the lease of a production plant in Fenyang, Shanxi Province, the PRC for a period of two years. With the lease of the production plant and facilities in Fenyang, the Directors believe that the Group can provide high quality tins to its customers in the western region of the PRC in a cost-effective and timely manner.

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## FUTURE PLANS

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### **Expansion of production facilities of the Group**

The existing production facilities of the Group in Fuqing, Fujian Province, the PRC, includes three production lines for the manufacture of three-piece tinplate cans, one production line for the manufacture of bottom lids, one production line for tinplate lacquering and two production lines for the printing of artwork on tinplate. In anticipation of the growing market demand for tinplate cans and containers in the PRC, the Group intends to expand its production capacity and facilities. The Group plans to install one production line for the manufacture of two-piece cans for the packaging of fish and meat products and one production line for the manufacture of aerosol cans. In addition, the Group also plans to install a new production line for the lacquering of tinplate and one production line for the printing of tinplate. The Directors expect that part of the new production equipment to be purchased by the Group will be installed at the new production facilities proposed to be established on the parcel of land adjacent to the Group's existing production plant in Fuqing.

To cope with the increase in production capacity of the production facilities in Fuqing, the Directors plan to install additional ventilation and air pollution control equipment for the existing production facilities of the Group. The Directors anticipate that the installation of the additional ventilation and air pollution control equipment will be completed by July 2003.

The production plant leased by the Group in Fenyang, Shanxi Province, the PRC currently has two production lines for the manufacture of three-piece tinplate cans, one production line for the manufacture of bottom lids, one production line for tinplate lacquering and one production line for tinplate printing. The Group plans to purchase one production line for the manufacture of metal containers for the packaging of bottled wine, paint, chemical products and gift boxes.

Upon completion of the installation of the aforesaid production equipment, the Directors estimate that the Group's annual capacity for tinplate can production and tinplate lacquering and printing will be increased to approximately 697 million cans and approximately 51,216 tonnes, respectively.

### **USE OF PROCEEDS**

The net proceeds from the New Issue, after deduction of related expenses to be borne by the Company in relation to the Share Offer and assuming the Over-allotment Option is not exercised, are estimated to be approximately HK\$86.4 million. The Company intends to apply the net proceeds as follows:

- (a) as to approximately HK\$2 million, for product development;
- (b) as to approximately HK\$2 million, for the expansion of sales and marketing capability;
- (c) as to approximately HK\$40 million, for the expansion of production facilities and the purchase of additional production equipment for the Group's production plant in Fuqing;

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## FUTURE PLANS

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- (d) as to approximately HK\$5 million, for the establishment of production facilities in the parcel of land adjacent to the Group's production plant in Fuqing;
- (e) as to approximately HK\$8 million, for the purchase of additional production equipment for the production plant in Fenyang; and
- (f) as to the balance of approximately HK\$29.4 million, as general working capital of the Group.

Should the Over-allotment Option be exercised in full, the Company will receive additional net proceeds of approximately HK\$18 million. The Directors intend to use such additional proceeds as general working capital of the Group.

In the event that the net proceeds from the New Issue are not immediately used for the above purposes, the Directors will place such net proceeds on short term deposits with licensed banks or financial institutions in Hong Kong.