

CHAIRMAN'S STATEMENT

主席報告

BUSINESS REVIEW & OUTLOOK

For the financial year of 2004/2005, the group achieved a turnover of HK\$2,771 million and has recorded a net profit of HK\$418 million. This represents an increase in turnover of 63% and an increase in net profit of 47% over the same period last year. The major reason for the increases is capacity growth. PM5, our fifth production line with an annual capacity of 250,000MT, started operation early 2004. It is now running at full capacity and making contributions to the Group. PM6, our sixth production line with an annual capacity of 300,000MT, and just began operation in September 2004. Although PM6 is not running at the expected efficiencies, after further tuning for a period of time, it is expected to make further contributions to the Group in years to come.

During the year, the management was able to take a significant step to implement the Group's business strategy by vertically integrating its operation. In February 2005, the Group acquired a pulp mill with an annual capacity of 200,000MT which is located at Samoa, California, United States. Only half of its production volume is adequate to fulfill our existing demand of pulp while the remaining will be placed on the market for sale and in return bring us profit. Strategically, the management believes the acquisition in North America is a very important step in the Group's business development. It would reduce our dependence on the outside pulp suppliers and at the same time generating extra income, profit and lowering our existing paper production costs.

Looking ahead, the Group has begun construction of its third paper production industrial park located at Dongguan Hongmei, which will allow it to capture the continuously growing demand for quality containerboard in the Pearl River Delta region. PM7, our seventh production machine and our first production line at

業務回顧及展望

二零零四／零五財政年度，隨著集團生產能力增加，本集團共錄得營業額27.7億港元及純利4.18億港元，較去年同期增長63%及47%。年產25萬噸的第五號機（PM5）已於二零零四年初投產，並正以全速運行生產，對集團利潤作出貢獻。年產30萬噸的第六號機（PM6）瓦楞芯紙機亦相繼於二零零四年九月投產，雖然該機尚未達到預期之效益，但經過一段時間調試後，相信它將會為集團來年帶來應有的利潤貢獻。

年內，集團成功達到漿紙一體化的一條龍生產目標。集團於二零零五年二月收購了一間位於美國加州薩摩亞年產20萬噸的木漿製造廠，憑藉該廠一半的產量已可滿足集團造紙廠對木漿的需求，餘數將在市場出售，為集團帶來盈利。就策略而言，在北美洲收購木漿廠是集團發展重要的一環，既可以令集團無須倚賴其他木漿供應商，亦為集團帶來額外收入及利潤，和更有效控制造紙廠的生產成本。

展望未來，集團現正積極興建其位於東莞洪梅的第三間造紙工業園，以配合珠江三角洲對優質箱板原紙持續增長的需求。洪梅造紙廠的第一條生產線，年產40萬噸的第七號機（PM7）預計於二零零六年一月開始投產後，

Dongguan Hongmei, is expected to begin operation in January 2006. It will have an annual production capacity of 400,000MT of linerboard. Upon completion, the Group's total containerboard and pulp production capacity will reach 1.6 million metric tons and 0.2 million metric tons respectively. The Group anticipates a further improvement in its performance.

集團工業用包裝紙及木漿的總年產量將達至約160萬噸及20萬噸，為集團帶來更大貢獻。

On behalf of the Board

承董事會命

Lee Wan Keung, Patrick
Chairman

李運強
主席

Hong Kong, 28 June 2005

香港，二零零五年六月二十八日