

# CHAIRMAN'S STATEMENT

## 主席報告

### Business Review & Outlook

For the fiscal year of 2005/2006, the Group achieved a turnover of HK\$3,778 million and has recorded a net profit of HK\$600 million. This represents an increase in turnover of 36.3% and an increase in net profit of 43.6% over last year. During the year, we have started our seventh production line (PM7), with an annual capacity of 400,000MT, at our newest Hongmei plant, which is expected to bring contributions in the coming years. Now, all seven of our paper production lines (PM1 to PM7) and our pulp mill, with an annual paper capacity of 1,600,000MT and an annual pulp capacity of 200,000MT, are running at full capacity.

As China's economy grows, China's paper consumption will also grow at similar pace. While we expect China continue to be the most important market for our products, we will also be selling our products outside China to enhance our leadership position internationally. Our low cost structure, our superior quality and our strategic location make our products extremely competitive in the global market.

Within China, we will be introducing a wider range of products for different customers' needs. Further, our piers at Changshu and Chongqing are expected to be operational soon. With these piers, we hope to serve our customers better in the Yangtze River Delta and in the south-west region of China by allowing us to make more timely deliveries at a lower cost.

In order to supply the growing China and export markets, we have plans to start four new production lines in the next 18 months. Our eighth and tenth production lines (PM8 and PM10) will start operation at our Changshu plant. Likewise, our ninth and eleventh production lines (PM9 and PM11) will start operation at our Hongmei plant. With this expansion, the Group's annual paper capacity will exceed 3,100,000MT, making the Group one of the largest containerboard producers in the world.

On behalf of the Board

**Lee Wan Keung Patrick**

*Chairman*

Hong Kong, 26 June 2006

### 業務回顧及展望

於2005/2006財政年度，本集團共錄得營業額37.78億港元及純利6.00億港元，較去年增長36.3%及43.6%。年內，集團年產40萬噸的第七號生產線(PM7)在新落成的洪梅廠投產，將對來年度利潤作出貢獻。集團現時的七條造紙生產線(PM1至PM7)及木漿廠，年產量分別為160萬噸及20萬噸，全部正以全速運行生產。

隨著中國經濟增長，中國的紙張用量亦同樣穩步地增長。預期中國仍是我們最重要的市場，但我們亦同時會將產品銷往海外以提高集團在國際上的領導地位。低成本、優越的品質及策略性位置令本集團的產品在全球市場上非常具備競爭力。

在中國國內，我們將會推出更多類型的產品以滿足不同客戶的需要。再者，常熟及重慶之碼頭亦將會啟用。有了這兩個碼頭，我們希望可以更快捷及以更低成本運送貨品，提供更好的服務給予長三角及西南部的客戶。

為配合中國及出口市場的需求增長，集團已計劃在未來十八個月內加開四條造紙生產線。第八號及第十號生產線將在常熟廠房投產，而第九號及第十一號生產線將在洪梅廠房投產。產能增加後，集團造紙年產量將突破310萬噸，令集團繼續成為世界最大箱板原紙生產商之一。

承董事命

**李運強**

*主席*

香港，二零零六年六月二十六日