

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Results of Operation

Turnover and net profit attributable to shareholders for the year ended 31 March 2006 was HK\$3,778 million and HK\$600 million, representing an increase of 36.3% and 43.6%, as compared to HK\$2,771 million and HK\$418 million, respectively, for last year. The earnings per share for the year was HK62.24 cents when compared with HK43.54 cents for last year.

The increase in turnover and net profit were mainly attributable to the significant increase in the Group's sales of containerboard mainly due to the result of the full year commercial operation of the paper machine VI which started in September 2004.

Distribution Costs and Administrative Expenses

The Group's distribution costs and administrative expenses increased by approximately 117% and 37% from HK\$54.5 million and HK\$109.6 million for the year ended 31 March 2005 to HK\$118.5 million and HK\$150.3 million for the year ended 31 March 2006 respectively as a result of the expansion in the operation of the Group and the increase in the Group's turnover during the year.

Finance Costs

The Group's finance costs was HK\$72.9 million for the year ended 31 March 2006 as compared to HK\$13.1 million for the year ended 31 March 2005. The increase was mainly due to the increase in average amount of outstanding bank loans during the year.

Inventories, Debtors' and Creditors' Turnover

The inventory turnover of the Group's raw materials and finished products were 85 days and 12 days, respectively, for the year ended 31 March 2005 as compared to 100 days and 11 days, respectively, for the year ended 31 March 2006. This exhibits continued strong demand from our customers.

The Group's debtors' turnover days were 65 days for the year ended 31 March 2006 as compared to 66 days for the year ended 31 March 2005. This is in line with the credit terms of around 45 days to 60 days granted by the Group to its customers.

The Group's creditors' turnover days were 18 days for the year ended 31 March 2005 as compared to 26 days for the year ended 31 March 2006 and is in line with the credit terms granted by the Group's suppliers to the Group.

經營業績

截至二零零六年三月三十一日止年度的營業額及股東應佔純利分別為37.78億港元及6.0億港元，較去年的27.71億港元及4.18億港元，分別增加36.3%及43.6%。本年度的每股盈利為62.24港仙，去年則為43.54港仙。

營業額及純利同告上升，主要歸因於本集團自二零零四年九月開始投產的第六號造紙機於本年度全年投產，帶動本集團箱板原紙銷量激增所致。

分銷成本及行政費用

本集團的分銷成本及行政費用分別由截至二零零五年三月三十一日止年度的54.5百萬港元及1.10億港元，上升至截至二零零六年三月三十一日止年度的1.19億港元及1.50億港元，增加約117%及37%。分銷成本及行政費用有所增加，原因是本集團於年內擴充業務，以及本集團的營業額增加所致。

財務成本

截至二零零六年三月三十一日止年度，本集團的財務成本為72.9百萬港元，而於截至二零零五年三月三十一日止年度則為13.1百萬港元。財務成本上升主要由於年內未償還平均銀行貸款增加所致。

存貨、應收賬款及應付賬款周轉期

本集團於截至二零零五年三月三十一日止年度的原料及製成品存貨周轉期分別為85日及12日，而於截至二零零六年三月三十一日止年度則分別為100日及11日。由此可見，本集團客戶需求的增長勢頭依然強勁。

本集團於截至二零零六年三月三十一日止年度的應收賬款周轉期為65日，而於截至二零零五年三月三十一日止年度則為66日。上述應收賬款周轉期與本集團給予客戶介乎45日至60日的信貸期相符。

本集團於截至二零零五年三月三十一日止年度的應付賬款周轉期為18日，而於截至二零零六年三月三十一日止年度則為26日。上述應付賬款周轉期與供應商給予本集團的信貸期相符。

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Liquidity, Financial Resources and Capital Structure

The total shareholders' fund of the Group as at 31 March 2006 was HK\$3,577 million (31 March 2005: HK\$3,041 million). As at 31 March 2006, the Group had current assets of HK\$1,846 million (31 March 2005: HK\$1,373 million) and current liabilities of HK\$1,148 million (31 March 2005: HK\$912 million). The current ratio was 1.61 as at 31 March 2006 as compared to 1.51 at 31 March 2005.

The Group generally finances its operations with internally generated cashflow and credit facilities provided by its principal bankers in Hong Kong and the PRC. As at 31 March 2006, the Group had outstanding bank borrowings of HK\$883 million (31 March 2005: HK\$769 million). These bank loans were secured by corporate guarantees provided by certain subsidiaries of the Company. In addition, the Group issued HK\$1,000 million zero coupon convertible bonds due in 2011 in January 2006. The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) increased from 0.23 as at 31 March 2005 to 0.47 as at 31 March 2006 as a result of the capital expenditure spent on paper machine VII during the year.

The Group's liquidity position remains strong and the Group possesses sufficient cash and available banking facilities to meet its commitments, working capital requirements and future investments for expansion.

The Group's transactions and the monetary assets are principally denominated in Renminbi, Hong Kong dollars or United States dollars. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year ended 31 March 2006. During the year ended 31 March 2006, the Group has used currency structured instruments, foreign currency borrowings or other means to hedge its foreign currency exposure. In this regards, the Group considers its currency risk is significantly reduced.

流動資金、財務資源及資本結構

於二零零六年三月三十一日，本集團的股東資金總額為35.77億港元（二零零五年三月三十一日：30.41億港元）。於二零零六年三月三十一日，本集團的流動資產達18.46億港元（二零零五年三月三十一日：13.73億港元），而流動負債則為11.48億港元（二零零五年三月三十一日：9.12億港元）。二零零六年三月三十一日的流動比率為1.61，二零零五年三月三十一日則為1.51。

本集團一般以內部產生的現金流量，以及中港兩地主要往來銀行提供的信貸備用額作為業務的營運資金。於二零零六年三月三十一日，本集團的未償還銀行貸款為8.83億港元（二零零五年三月三十一日：7.69億港元）。該筆銀行借貸由本公司若干附屬公司提供的公司擔保作為抵押。另外，本集團於二零零六年一月已發行於二零一一年到期之10億港元可換股債券。因第七號造紙機令資本開支於年內增加，本集團的淨資本負債比率（借貸總額減現金及現金等價物除以股東權益）由二零零五年三月三十一日的0.23上升至二零零六年三月三十一日的0.47。

本集團的流動資金狀況保持穩健，且具備充裕的現金及可供動用的銀行備用額以應付集團的承擔、營運資金需要，並作為日後投資以擴充業務所需。

本集團的交易及貨幣資產主要以人民幣、港元或美元計值。截至二零零六年三月三十一日止年度，本集團的營運或流動資金未曾因匯率波動而面臨任何重大困難或影響。截至二零零六年三月三十一日止年度，本集團採用貨幣結構工具、外幣借貸或其他途徑作外幣對沖方法。就此而言，本集團認為貨幣風險已大幅降低。

Use of Proceeds From the Issue of the Convertible Bonds

The net proceeds from the issue of the convertible bonds which was completed in January 2006, of approximately HK\$972 million, will be used to finance the Group's acquisition of paper machine VIII and related production equipment and services which are expected to be incurred over the next one year. The proceeds from the issue of the convertible bonds not immediately applied towards the purchase of paper machine VIII have been employed as general working capital.

Employees

As at 31 March 2006, the Group had a workforce of more than 3,200 people. Salaries of employees are maintained at competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the Company.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

The Group has a Share Option Scheme whereby employees of the Group are granted options to acquire shares in the Company.

發行可換股債券所得款項用途

於二零零六年一月完成發行可換股債券所得款項淨額約為9.72億港元，用作購買本集團第八號造紙機及有關生產設備。這些開支預計將於未來一年產生。未用於購買第八號造紙機之發行可換股債券所得款項淨額，則已撥作一般營運資金。

僱員

於二零零六年三月三十一日，本集團擁有逾3,200名員工。僱員薪酬維持於具競爭力水平，並會每年審閱，且密切留意有關勞工市場及經濟市況趨勢。本集團亦為僱員提供內部培訓，並按員工表現及本公司盈利發放花紅。

本集團並無出現任何重大僱員問題，亦未曾因勞資糾紛令營運中斷，在招聘及挽留經驗豐富的員工時亦不曾出現困難。本集團與僱員的關係良好。

本集團設有購股權計劃，本集團僱員可據此授購股權，以認購本公司股份。