

CANTON PAPER MILL

of the

KWANGTUNG INDUSTRIAL CORPORATION

-- A SUMMARY --

I. PRE-WAR ESTABLISHMENT:

1. (a) Inception of Project: September 1, 1934.  
(b) Conclusion of Contract: November, 1934.  
(c) Completion of Construction: September, 1937.
2. Capital for Outlay: CN\$9,150,000.00 (1934 value), or  
Equivalent to US\$2,800,000.00
3. Site: Nam Shek Tao, Canton (廣州南石頭).
4. Area: 300 Mous, or approximately 50 Acres.
5. Suppliers & Builders:
  - (a) Machinery & Equipment: A. B. Karlstad Mekaniska  
Werkstad, Karlstad, Sweden. Agents: The Swed-  
ish Trading Co., Ltd., Hongkong.
  - (b) Power Plant: Skoda Works Ltd., Czechoslovakia.
6. Capacity: 50 tons of Newsprint per day of 24 hours.
7. Raw Materials: Native Pine, mostly from Kwangsi.
8. Erection Completed: September, 1937, when production  
started at an experimental stage.
9. Production Suspended: October, 1938, at the evacuation  
of Canton.

II. REMOVAL & RESTITUTION:

1. Dismantled: The whole plant was dismantled by the  
Japanese during enemy occupation of Canton in  
the years 1938-1945.

2. **Removal:** Removed by the Japanese to Yufutsu, Hokkaido, Japan, where it was re-erected as a subsidiary mill to the Koku-Saku Paper Mill.
3. **Negotiations for Restitution:** Repeated negotiations for restitution of the plant and equipment were conducted by the Ministry of Foreign Affairs, the Ministry of Economic Affairs and the Chinese Delegation to Japan with S.C.A.P., Tokyo. It was finally agreed that the machinery and equipment of the Mill which were removed from Canton, as well as supplementary parts and replacements added to by the Japanese to render the plant workable, would be restituted to the rightful owners --- the Kwangtung Provincial Government. The cost and charges of dismantling the plants at Yufutsu and transportation to the port of shipment in Japan are to be borne by the Japanese party.
4. **Investigation of the Plant:** In December, 1947, the Kwangtung Provincial Government delegated Mr. Paul C. Liu and Mr. Pei-Yeung Chan, pre-war Manager and Chief Engineer of the Paper Mill respectively, to proceed to Japan to make investigation and handle arrangements on the spot in respect of claims and restitution. After agreement was finally reached on the dismantlement of the plant, Mr. Liu returned to Canton for the preparation of re-erection, while Mr. Chan remained in Japan to handle dismantlement and shipment of the reclaimed equipment.
5. **Machinery & Equipment Reclaimed:** The whole lot of machinery and equipment reclaimed was estimated to be about 3,700 metric tons which consist of:
  - (a) 841 pieces of mechanical equipment, 1299 pieces of supplementary parts, some 350 tons of electrical appliances and piping which were the original properties of the Paper Mill in Canton.
  - (b) Some 1,047 pieces of mechanical parts which were augmented by the Japanese to maintain the operation of the plant.
6. **Dismantlement:** Completed at Yufutsu, and transported to the port of Muroran, Hokkaido, awaiting shipment, September/October, 1948.
7. **Shipment of Reclaimed Materials:**
  - (a) **First Shipment:** By the C.M.S.N. Liberty Ship "Hai Lieh", departed Muroran on October 23rd, 1948, and scheduled to arrive at Whampoa, Kwangtung, on or about November 2nd, 1948.

- (b) Second Shipment: To be shipped by the C.M.S.N. Liberty Ship "Hai Kwan", scheduled to sail from Muroran in early November, 1948, and to arrive at Whampoa during the middle of the same month.

III. RE-ERECTION AT THE ORIGINAL SITE:

1. Rebuilding and Repairs of Factory Building & Site:  
Works have been under way during recent months and are expected to be completed by the end of March 1949, on the following:
  - (a) Rebuilding and Repairs of Factory Buildings.
  - (b) Dredging of River Front.
  - (c) Repairs of Roads.
  - (d) Laying out of Tracks.
  
2. Survey and Inspection of Restituted Materials:  
An intensive survey and inspection of the machinery and parts will have to be conducted upon arrival. A final list of inventory for which replacement is required will then be made.
  
3. Re-erection and installation of Machinery and Equipment:  
Arrangements are already being made with the original suppliers, Karlstad Mekaniska Werkstad, Sweden, to furnish replacements that would be required, and also to despatch competent engineers and erectors to handle the tasks of re-erection. The installation is expected to be completed before the end of 1949, when production will be resumed.

October 29, 1948.

**MONTHLY ESTIMATION OF THE EXPENDITURE & INCOME ACCOUNT  
OF PAPER MILL:- (PRODUCTION 1500 TONS PER MONTH)**

**A. Income (Unit: US\$ )**

500 tons of writing paper @ \$280.-*	US\$ 140,000.-
1,000 tons of newsprint @ \$182.40 * (@ \$55.- a month)	182,400.-
	US\$ 322,400.-

**B. Expenditure (Unit: US\$)**

**a. Production Expenditure**

**Materials:**

1. Pine 5,500 tons @ \$10.-*	US\$ 55,000.-
2. Coal 3,600 tons @ \$11.-*	39,600.-
3. Lime stone 400 tons @ \$2.-	800.-
4. Sodium hydrosulphite 50 tons @ \$15.-	7,500.-

5. Resin 15 tons @ \$40.-  
\* Pine paper & newsprint are calculated according to current market prices in Hongkong, while the price of resin is higher than that of Hongkong.

**b. Spare Parts:**

1. Wire clothes (4 sht.)	US\$ 8,000.-
2. Felt (12 sht.)	24,000.-
3. Canvas (2 sht.)	4,000.-

\* Prices of pine & coal & wages/labours are calculated after the change of new currency on Aug. 15th 1948.

**c. Others:**

1. Oils	} US\$ 15,000.-
2. Packings	
3. Metals	

**d. Repairing & Replacement** ..... US\$ 50,000.-

**e. General Office Expenditure:-**

1. Overhead Expense	US\$ 4,000.-
2. Salaries & Wages* (for 50 staff @ \$40.-)	2,000.-
3. Capital Interest	1,500.-
4. Two Foreign Engineers @ \$500.-	1,000.-
5. Depreciation	18,888.-

Buildings Machinery and Plant

(Total Value at US\$3,400,000.- on  
Straight Line Method for 15 years)

f. Labour:

1. Mechanics (for 80 @ \$35.- a month*) .....	US\$ 2,800.0
2. Assist. Mechanics (for 120 @ \$25.- a month) .....	3,000.-
3. Common Labour (for 200 @ \$15.- a month) .....	3,000.-

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Total ..... US\$240,688.-

Gross Profit ..... US\$ 81,712.-

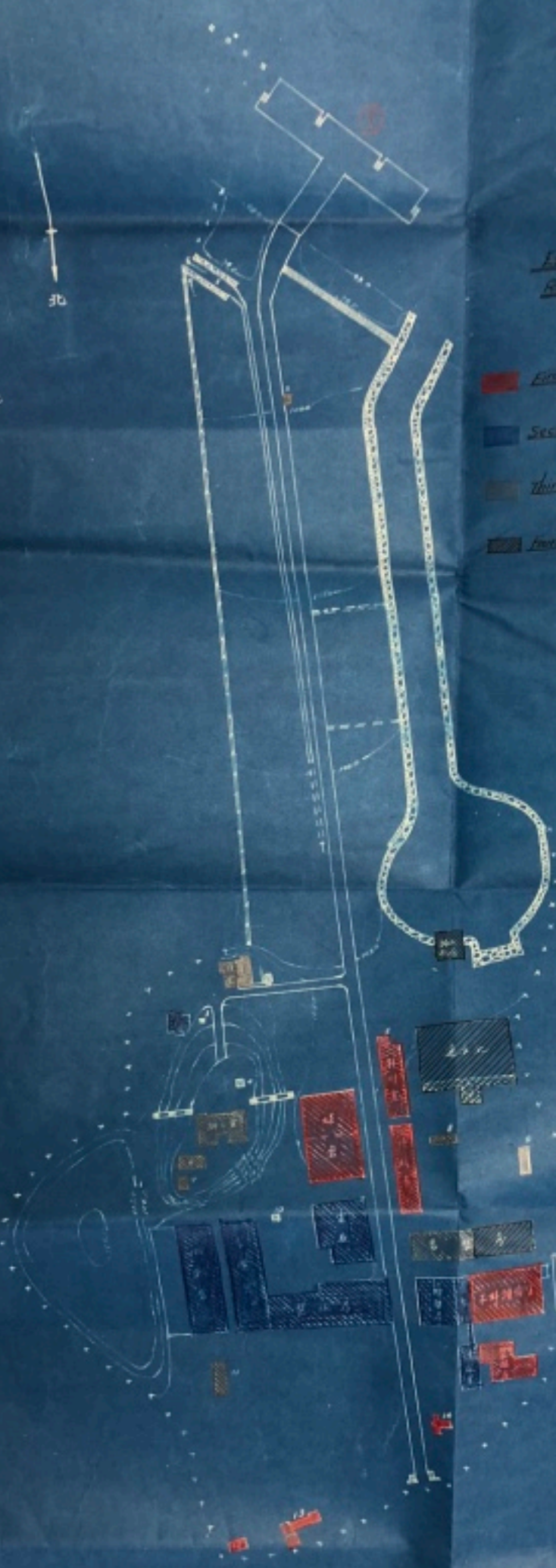
Annual Gross Profit ..... US\$920,544.00

Note: \* Prices of writing paper & newsprint are calculated according to current market prices in Hongkong, while the price at Canton is about 50% higher than that of Hongkong.

Prices of pine & coal & wages <sup>of</sup>labours and staffs are readjusted after the change of new currency on Aug. 19th 1945.

1. 地磅室
2. 檢驗室
3. 水池
4. 一
5. 儲水池
6. 紙倉
7. 貯倉
8. 蒸氣房
9. 蒸氣房
10. 工人室
11. 紙倉
12. 蒸氣房
13. 一
14. 貯倉

北



Estimates for Rebuilding & Repairing of CANTON PAPER MILL

- First stage: Aug-Oct, 1948 GT 70,348.22  
(Amount contracted)
- Second stage: Oct-Nov, 1948 GT 215,295.25  
(Amount contracted)
- Third stage: Nov, 1948 - Jan, 1949 GT 70,020.41  
(Amount contracted)
- Fourth stage: Jan, 1949 - March, 1949 GT 384,360  
(Estimate including 20% margin)

廣東實業有限公司			
南石頭紙廠平面圖			
繪圖	吳德祥	比例	1/2000
測量	侯世榮	日期	374.78
審核		圖號	PP3751-1
總經理			

廣州  
廣東實業有限公司  
KWANGTUNG INDUSTRIAL CORPORATION  
79. THE BUND  
CANTON. CHINA

Mr. Bland Calder,  
United States Commercial Attache,  
c/o U. S. Consulate-General,  
Shameen, Canton.

廣東實業有限公司  
Kwangtung Industrial Corporation

TELEGRAPHIC ADDRESS:  
"INDUSCORP-CANTON"  
OR  
"1395-CANTON"

TELEPHONE NUMBERS:  
GEN. MANAGER 10598  
OFFICE 10665, 13475

79, THE BUND  
CANTON, CHINA

SUBSIDIARIES:  
SAICHUEN CEMENT WORKS  
CANTON TEXTILE MILL  
CANTON MACHINE WORKS  
KWANGTUNG BREWERY  
CANTON ICE FACTORY  
SHUNTAK SUGAR FACTORY  
MUILUK JUTE MILL

OUR REFERENCE GHE37/688

October 29, 1948.

Mr. Bland Calder  
United States Commercial Attache  
c/o U. S. Consul-General  
Shameen, Canton

Dear Mr. Calder:

Re: Canton Paper Mill

For your information we take great pleasure to forward to you three (3) enclosures; namely, (a) A Summary of the Canton Paper Mill of the Kwangtung Industrial Corporation, (b) Monthly Estimation of the Expenditure & Income Account of Paper Mill (production 1,500 tons per month), and (c) A blue print of the plane view of the Canton Paper Mill

As to the estimated cost of the re-erection job, we figure that the following amounts in foreign exchange, in addition to imbursements in Chinese currency, will have to be incurred:


Salaries of four (4) Erectors and one (1) Engineer.....	US\$ 79,500.00
Cost of Replacement Parts.....	300,000.00
Railway tracks and Building Materials.....	17,320.00
Total.....	<u>US\$ 396,820.00</u>

We should like to observe that of this amount of US\$396,820.00, US\$300,000.00 is an estimated figure, for which the actual commitment will be known when confirmed by Karlstad Mekaniska Werkstad.

We trust that the above information will be of interest to you.

Yours faithfully,

KWANGTUNG INDUSTRIAL CORPORATION



General Manager

HCC/LT  
Enclosures



Canton Textile Mill No. 2  
Ho-nan, Canton (17) China

CONSULATE GENERAL OF THE UNITED STATES  
OF AMERICA  
CANTON, CHINA  
NOV 1 - 1948

Mr. A. Blank Calder  
Commercial Attache of the  
United States of America.  
Present.

VIA AIR MAIL

廠 二 第 廠 織 紡 州 廣  
**CANTON COTTON MILL No. 2**

HONGKONG OFFICE  
201 BANK OF EAST ASIA BLDG.  
HONG KONG  
TEL. 33877-33707

CANTON, CHINA  
FACTORY: FONG CHICK CHONG ROAD,  
HO-NAN, CANTON  
廣州市河南紡織廠路

CANTON OFFICE  
88 SHANG KAU ROAD,  
CANTON  
TEL. 11329

October 30, 1948

Mr. A. Blank Calder  
Commercial Attache of the  
United States of America  
Present.

Dear Mr. Clader:

I had great pleasure of your visit to our Cotton Mill.  
In order to enable you to have a clear picture of this mill,  
We beg to send you this Field Investigation Report of the  
Council For United States Aid.

Your attention will be greatly appreciated.

Yours very sincerely,

T. H. Yung  
Manager.

*T. H. Yung*

Enclosure: Field Investigation Report.

COUNCIL FOR UNITED STATES AID

No. \_\_\_\_\_

FIELD INVESTIGATION REPORT

Name of Company \_\_\_\_\_  
 Name of Mill Canton Cotton Mill Mill No. 2  
 Mill Address Fong Chick Rd. Ho-nan, Canton Office Address 88 Shang Kan Rd, Canton

1. Installations:

	In Place Not Operable	Operable	Operating	Total
Spindles:	5,076		13,332	18,408
Looms:				

Front roll speed on 20's 150 r.p.m. Speed \_\_\_\_\_ r.p.m.  
 Dia. of front roll 7/8 inches. on 12lbs. Cloth  
 Production of 12 lbs. Cloth \_\_\_\_\_ y.p.h.

2. Idle Installations

Reasons of Idling	Spinning			Weaving		
	Spindles idling	Measures to restore operation	Expect date to Operate	Looms Idling	Measures to restore operation	Expect date to operate
1. Waiting for parts	5,076	5,076	two months			
2. In repairing						
3. Lack of carding loom to balance operation	5,076	5,076	two months			
4. In maintenance	"	"				
5. Power Shortage	"	"				
6. Lack of cotton	"	"				
7. Labor trouble	"	"				
8. Other reasons: (lack of stock) (lack of scatcher)	"	"				

Date October 18, 1948 Mill-in-charge T.M. Yung

Investigator \_\_\_\_\_

\*Doubling and twisting not included

- Note:
1. Operating spindle means:  
The spinning frame is fully creeled, there is adequate power and labor. The machine was actually operated in the last previous working day or will operate on next working day.
  2. Operable spindle means:  
The frame is ready to spin as far as all parts and auxiliary materials are concerned. Such a frame needs only stock, power and/or labor to operate.
  3. Spindle in place means:  
The machinery is fastened in place and has most of its parts assembled. The other of its parts are available or on order.