

CHAIRMAN'S STATEMENT

主席報告

RESULTS

The Directors are pleased to report the audited consolidated results of the Group for the year ended 31st March, 2002. Turnover is down slightly by 3% to approximately HK\$560 million, while profit before taxation has increased by 72% to approximately HK\$52 million.

An analysis of the results for the year by principal product category is as follows:

業績

董事會欣然報告本集團截至二零零二年三月三十一日止年度經審核的綜合業績。營業額約為五億六千萬港元，較上年度微降百分之三；除稅前溢利約為五千二百萬港元，上升達百分之七十二。

年內之業績按主要產品類別分析如下：

		Profit (Loss)	
		before taxation	
	Turnover	除稅前	
	營業額	溢利(虧損)	
	HK\$'000	HK\$'000	
	千港元	千港元	
Packaging materials, labels and children's paper products	包裝材料、標籤及兒童紙類製品	546,741	65,016
Environmentally friendly products	環保產品	11,820	(6,770)
Licensed products	特許經營產品	1,742	(6,229)
		<u>560,303</u>	<u>52,017</u>

DIVIDENDS

The Directors recommend a final dividend of HK2 cents (2001: HK1 cent) per share for the year ended 31st March, 2002 payable to shareholders whose names appear on the register of members on 6th September, 2002. No interim dividend has been declared during the year ended 31st March, 2002 (2001: nil).

股息

董事會建議向二零零二年九月六日名列股東名冊的股東，派發截至二零零二年三月三十一日止年度的末期股息，每股港幣兩仙（二零零一年：港幣一仙）。截至二零零二年三月三十一日止年度並無派發中期股息（二零零一年：無）。

CHAIRMAN'S STATEMENT

主席報告

BUSINESS REVIEW AND PROSPECTS

The year ended 31st March, 2002 was a challenging one for the Group. The deterioration of the global economy that took place during the year was further aggravated by the tragic event happened on 11th September, 2001 in the United States. Customers, who had been cautious about replenishing their inventories in the first half of the year due to the uncertainties in consumer demand, decided to substantially reduce their orders in the fourth quarter in the aftermath of the incident. Although the adverse impact has subsequently moderated, it nevertheless affected the Group's turnover in the second half of the year. Moreover, it gave rise to more intensified market competition that resulted in extra pressure on product prices.

It was against this challenging background that the Group managed to achieve significant profit growth for the year. While it reflected the Group's tightened cost control and improved production efficiency, the underlying reason can be attributed to the Group's adoption of a proactive development strategy that is designed for securing long-term sustainable growth.

During the year, the Group continued to record a strong growth in the sales of children's paper products. As expected, these products proved to be more resilient to the economic downturn, and the Group's efforts in realigning its resources for the better development of this business have paid off. Sales of environmentally friendly products were depressed by the weakened interior packaging business, while the sales of "Greenworks" products encountered a setback in the second half of the year due to a fall in demand. But the overall

業務概況及前瞻

截至二零零二年三月三十一日止年度，本集團面對重重挑戰。年內，環球經濟持續低迷，美國發生「九一一」恐怖襲擊事件，令情況雪上加霜。上半年度，鑒於消費需求不明朗，客戶對補充存貨已抱有戒心，在第四季度更明顯的削減了訂單。雖然「九一一」事件帶來的衝擊其後逐漸減弱，但對集團下半年度的營業額已構成影響，並導致市場競爭加劇，對價格帶來額外的壓力。

儘管經營環境充滿挑戰，但集團在截至二零零二年三月三十一日止年度，仍能取得可觀的盈利增長。這不僅反映了集團加強成本控制及提高生產效率的措施得宜，更基本的原因是集團採取了主動出擊策略以爭取持久穩健的業務增長。

本年度內，兒童紙類製品繼續維持強勁的銷售增長。一如集團所料，這些產品具有較佳的抵禦經濟放緩的能力，而集團採取有效的資源調配，加強拓展該項業務，故能取得理想成績。環保產品方面，內包裝產品銷量放緩，而「綠色工程」(Greenworks)產品在下半年度，因市場需求轉弱而導致其銷量減少，但環保產品業務年內的整體表現仍符合預期。特許經營產品方面，由於集團逐步由特

Paper Packaging Materials



CHAIRMAN'S STATEMENT

主席報告

performance of the division was within the Group's expectations. As for the licensed products, the shifting of this division from being a licensee to becoming a licensor, and the termination of the acoolc.com website in November 2001, have helped to curb its loss.

In addition, the Group took the initiative to expand its source of revenue and to strengthen its core competitiveness. During the year, the Group decided to expand its operations in China by reactivating its subsidiary in Suzhou for the establishment of a new production plant. The infrastructure and machinery installation works have commenced, with staff recruitment and sales and marketing being under way. Moreover, the Group has set up the "Starlite Innovation Centre" to enhance its customer relations through providing innovative services, and the "Starlite Institute of Management" to improve its staff proficiency. Details of these developments are elaborated on in the sections below. The Directors anticipate that these measures will enable the Group to maintain long-term satisfactory growth.

Packaging materials, labels and children's paper products

Hong Kong Operations/Mainland China Operations

During the second half of the year, the Group's printing and packaging businesses in Hong Kong/Mainland China recorded a decline in turnover primarily due to reduced orders from United States customers following the "September 11th" incident. As a result, the full-year turnover of these operations dropped slightly from that of the previous year. However, with tightened cost control and improved production efficiency, the Group managed to improve the gross profit margin of these core businesses. Strong growth continued in the sales of children's paper products, which was supported by an

許經營人變為經營權授出人，並於二零零一年十一月終止 acoolc.com 網址的運作，故該項業務的虧損經已收窄。

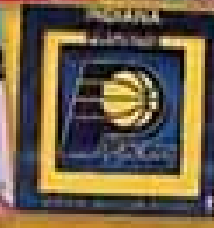
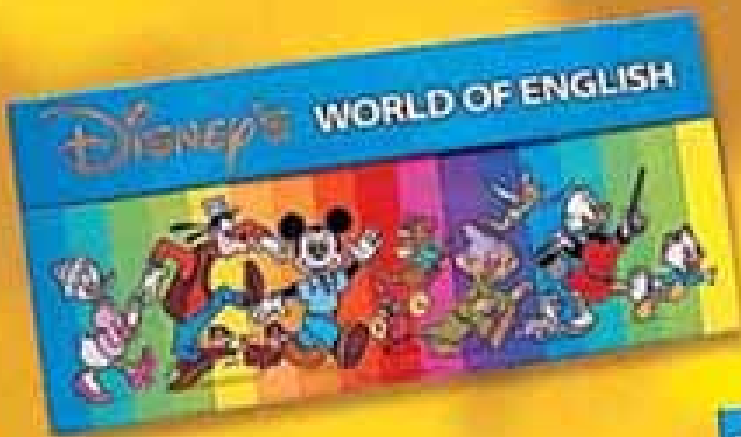
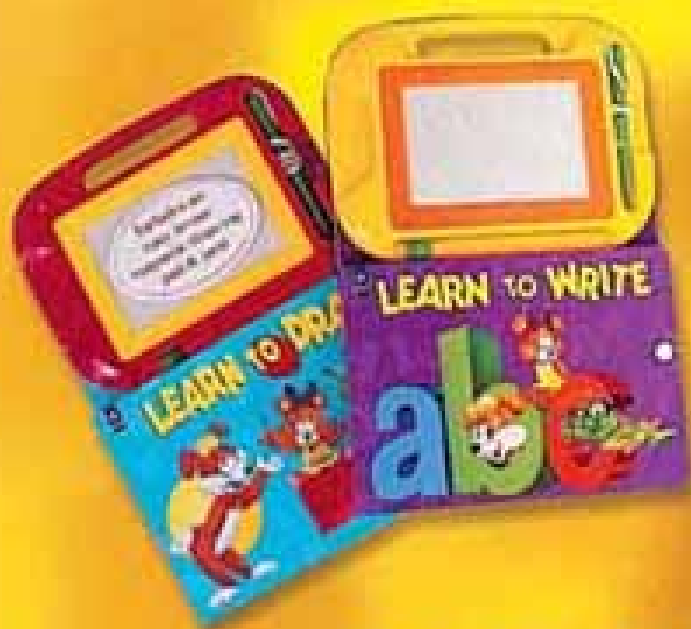
集團採取主動措施以擴闊收入來源及加強核心競爭力。本年度內，集團決定重新啟動位於蘇州的附屬公司，著手完成廠區基礎建設、設備引進、人才招聘和開展營銷業務，藉此擴展集團的中國華東業務；同時，成立了「星光創意中心」以創新服務加強客戶關係、「星光管理學院」以提高員工質素。該等措施的詳情載於下文，董事會預期這些超前部署可令集團享有理想的持久增長。

包裝材料、標籤及兒童紙類製品

香港／中國大陸業務

下半年度內，由於「九一一」事件導致美國客戶減少訂單，集團的香港／中國大陸包裝印刷業務，營業額出現下降，令全年度的營業額較去年度輕微減少。然而，透過加強成本控制及提高生產效率，集團成功增加該等核心業務的毛利率。兒童紙類製品，由於業務廣泛，設計新穎，加上積極進行市場推廣，

Paper Products



CHAIRMAN'S STATEMENT

主席報告

expanded product range, innovative design, and aggressive marketing. The Group intends to further capitalise on the resilience of these products by actively seeking new customers and the opportunities to engage in the distribution of these products.

In August 2001, Starlite Printers Limited, the Group's principal subsidiary for the printing and packaging businesses, was awarded the "2001 Trade and Industry Department Quality Award" by the Hong Kong Trade and Industry Department in recognition of the subsidiary's supreme quality performance. Moreover, Starlite Development (China) Limited, another wholly-owned subsidiary of the Group engaging in the marketing of children's paper products, was awarded the "2001 Trade Development Council Export Marketing Award" by the Hong Kong Trade Development Council in September 2001.

In order to further enhance its customer service, the Group established the "Starlite Innovation Centre" at its Shenzhen plant in January 2002 to initiate new product design and packaging for customers. It is aimed at turning the traditional customer/supplier relations into a business partnership that shares common goals and objectives, through the provision of added-value services that are crucial to the successful launch of products. By providing a truly one-stop service from design to finishing, the Group is in a better position to reinforce the loyalty of existing customers and to attract new customers of multinational capacity, which it is anticipated will bring long-term benefits to the Group's sales and profits. The centre has received favourable response from local and overseas customers since it commenced operation.

故銷量保持強勁增長。集團計劃進一步發揮此系列產品的效益，除積極尋找新客戶外，並研究發展有關產品的經銷批發業務。

二零零一年八月，集團從事包裝印刷業務的主要附屬公司一星光印刷有限公司，獲工業貿易署頒予「二零零一年工業貿易署品質獎」，表彰其在質量方面的卓越表現。集團另一家全資附屬公司一星光發展(中國)有限公司，從事兒童紙類製品貿易，於二零零一年九月，榮獲香港貿易發展局頒予「二零零一年貿易發展局出口市場推廣獎」。

為進一步加強客戶服務，集團於二零零二年一月在深圳廠成立「星光創意中心」，主動為客戶提供產品設計和包裝的新構思。該中心的宗旨，是藉著提供有助客戶推廣產品的增值服務，把傳統的客戶／供應商關係，轉化為目標一致、互助互利的業務夥伴關係。隨著該中心的成立，集團從產品設計到成品交付，提供更出色的一條龍服務。這既可增加現有客戶對集團的倚重，亦可更有效地吸引國際新客戶，對集團的營業額和盈利，料可帶來長遠裨益。該中心啟用以來，廣獲本地和海外客戶的好評。



Greenworks Activity Kits

100% Recycled Paper



CHAIRMAN'S STATEMENT

主席報告

Singapore Operation

The downturn of the Singapore economy, caused mainly by the slowdown of the United States economy and the protracted slump in the global electronics industry, has restrained Starlite Printers (Far East) Pte. Ltd. ("Starlite (Far East)"), a wholly-owned subsidiary of the Group in Singapore, from sustaining another year of growth in both turnover and profit.

Apart from stepping up its cost control, marketing and corporate management, Starlite (Far East) has taken a strategic move to increase its revenue by becoming the Group's new driving force for further expansion in China, with the first project being the reactivation of the Group's subsidiary in Suzhou. The Group is hopeful that this move will benefit the long-term development of the Singapore subsidiary.

In June 2002, Starlite (Far East) won the prestigious "Singapore Star Award 2002" jointly awarded by the Packaging Council of Singapore and the Singapore Confederation of Industries in recognition of the Singapore subsidiary's innovative and creative designs of quality finished products in packaging.

Given Starlite (Far East)'s outstanding record in meeting challenges and brilliance in human resources development and total quality management, the Directors believe that the Singapore subsidiary will be able to improve its performance when the economic conditions recover.

新加坡業務

受到美國經濟放緩及環球電子行業持續不景氣的影響，新加坡經濟急速放緩，集團設於新加坡的全資附屬公司——星光印刷（遠東）有限公司（「星光遠東」），本年度未能維持營業額和利潤的增長。

星光遠東已加強成本控制、市場推廣和內部管理，並作出策略性調動，成為集團進一步拓展中國業務的生力軍，藉此增加收入來源。首個項目為接手集團位於蘇州的附屬公司。集團相信此項策略調整有助星光遠東長遠發展。

二零零二年六月，星光遠東獲新加坡包裝協會和新加坡工業總會頒予「新加坡星獎二零零二」，表彰其在優質包裝成品的創意設計。

基於星光遠東在人才培訓及推行全面優質管理上均有卓越成績，董事會相信，當經濟環境好轉時，該公司會一如以往的良好表現。

Licensed Products



Robbi the bunny
愛比小兔亞比



CHAIRMAN'S STATEMENT

Suzhou Project

Following careful evaluation of the business opportunities in China, the Group decided earlier this year to reactivate its Suzhou subsidiary with the establishment of a new production plant in Suzhou. Construction and machinery installation works in respect of the production plant are scheduled to be completed by the end of this July. Commercial production is expected to commence in August.

As a strategic move, Starlite Printers (Suzhou) Co., Ltd. has been transferred and become a wholly-owned subsidiary of Starlite (Far East) and put under the management of the Singapore team. The Suzhou subsidiary will be principally engaged in the printing and packaging businesses with products for domestic and export sale. Apart from serving the existing Singapore customers who have a presence in Shanghai and the vicinity, the Suzhou subsidiary will also actively seek for other prestigious multinational customers.

Given the Group's long presence in China, its knowledge of the domestic market and strong experience in meeting challenges, plus the experience and dedicated efforts of the Singapore management team, the Directors are optimistic that the Suzhou project will be able to seize the business opportunities in China and beyond and generate good revenue for the Group.

Environmentally friendly products

The year under review saw a decline in the sales of the Group's environmentally friendly products. Products for interior packaging usage encountered strong price competition, whereas sales of "Greenworks" brand products were affected by the unfavorable economic conditions in the second half of the year.

主席報告

蘇州項目

經細心評估中國的業務機會後，集團於今年初決定重新啟動位於蘇州的附屬公司——星光印刷(蘇州)有限公司，並由該公司負責在蘇州成立新廠。該廠可望於今年七月落成及裝妥機器，於八月正式投產。

集團已作出策略性調動，把星光印刷(蘇州)有限公司撥歸為星光遠東的全資附屬公司，由星光遠東負責管理。新廠主要從事印刷及包裝業務，產品將供客戶在中國內銷及出口海外市場。除了為現已在上海及鄰近城市設有據點的新加坡客戶服務外，亦會積極開拓其他國際優質客戶。

憑著集團對中國市場的豐富經驗和知識以及善於迎接挑戰的能力，再加上新加坡管理隊伍的經驗和積極投入，董事會滿懷信心，蘇州項目定能抓緊中國及海外市場提供的機遇，為集團提供良好的收益。

環保產品

本年度內，集團的環保產品銷量下降。內包裝環保產品受制於激烈的價格競爭，而「綠色工程」(Greenworks)產品的銷量，因下半年度經濟環境進一步惡化而受影響。

CHAIRMAN'S STATEMENT

主席報告

The Group has taken measures to improve the performance of this division, which include the restructuring of the marketing team in late 2001. Moreover, while continued efforts were made during the year to promote the products in local and overseas markets, more stringent controls have been adopted to enhance cost efficiencies.

Licensed products

The sluggish consumer demand across the Asia-Pacific region continued to affect the performance of the licensing division. During the year, following careful evaluation, the Group has terminated the licensing agreements with the licensors of Japanese cartoon characters "Doraemon" and "Sanrio", and shifted the focus of this division from being a licensee to becoming a licensor to capitalise on the Group's own brand "Robbi the bunny".

Having reconsidered the market conditions for e-commerce and drawn on the experience of the dotcom companies, the Group has terminated the acoolc.com website in the second half of the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's sources of funding include cash generated from the Group's operations and banking facilities provided to the Group by banks mainly in Hong Kong and Mainland China. As at 31st March, 2002, the Group's cash and bank balances and short-term bank deposits amounted to approximately HK\$67 million.

集團已採取措施改善該項業務，包括於二零零一年年底重組其市場推廣隊伍。此外，集團在本地和海外繼續致力推廣有關產品，並更嚴謹地監控該等推廣活動的成本效益。

特許經營產品

特許經營產品業務受制於亞太區持續疲弱的消費市道。經周詳研究後，集團已於本年度終止與日本卡通品牌多啦A夢 (Doraemon) 和 Sanrio 產品的特許經營協議，並由特許經營人變為經營權授出人，以集團自創品牌小兔亞比 (Robbi the bunny) 為主力。

經重新考慮電子商貿的市況及參考其他網站公司的經驗後，集團已於下半年度終止 acoolc.com 網站的運作。

流動資金及財務資源

集團的主要資金來源，包括業務經營帶來的現金收入及中港兩地銀行界提供的信貸融資。截至二零零二年三月三十一日，集團的現金和銀行結餘及短期銀行存款共約六千七百萬元。

CHAIRMAN'S STATEMENT

主席報告

During the year, the interest expenses of the Group dropped by 37% to approximately HK\$8.7 million, which resulted from the Group's improved cash flow and prevailing low interest rates. The Group will continue to make use of lower cost Renminbi loan facilities to hedge against possible upward adjustments of Hong Kong dollar interest rates in the future. Currently, the Group has Renminbi-denominated loan facilities amounting to approximately RMB35 million that are available for the Group's plants in Mainland China for working capital purposes.

As at 31st March, 2002, the Group had a working capital deficiency of approximately HK\$12 million, which represented a reduction of HK\$42 million compared to approximately HK\$54 million as at 31st March, 2001. The Group's debt-to-equity ratio as at 31st March, 2002 was 62% (31st March, 2001: 77%), based on short-term and long-term bank borrowings and other borrowings (excluding trade related debts and borrowings) of approximately HK\$116 million (31st March, 2001: HK\$118 million), and shareholders' funds of approximately HK\$187 million (31st March, 2001: HK\$153 million). The drop in debt-to-equity ratio was mainly attributable to the continued improvements in the operating results of the Group. The Group will continue to adopt prudent policies to maintain a healthy financial position.

本年度內，由於集團的現金流量改善，兼且利率持續低企，故集團的利息支出減少百分之三十七至約八百七十萬港元。基於人民幣貸款的成本較低，集團會繼續利用人民幣貸款，作為對沖港元利率未來可能上升所帶來的影響。現時，集團約有三千五百萬元人民幣銀行信貸總額，乃為集團位於中國的生產基地提供營運資金。

截至二零零二年三月三十一日，集團之營運資金短絀約為一千二百萬港元，與二零零一年三月三十一日之五千四百萬港元比較，約有四千二百萬港元的改善。集團截至當日的債務權益比率為62%（二零零一年三月三十一日為：77%），乃根據短期及長期銀行借款及其他借貸（不計貿易信貸）約一億一千六百萬港元（二零零一年三月三十一日：一億一千八百萬港元），與股東權益約一億八千七百萬港元（二零零一年三月三十一日：一億五千三百萬港元）計算。債務權益比率下降，主要由於集團的經營業務持續改善。集團會繼續採取審慎政策，確保財政狀況維持穩健。

CHAIRMAN'S STATEMENT

主席報告

EXCHANGE RATE EXPOSURE

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollars, US dollars or Renminbi. As the exchange rates of Hong Kong dollar, US dollar and Renminbi were relatively stable during the year, the Group was not exposed to material exchange risk.

匯兌風險

本集團所有資產、負債及交易均以港元、美元及人民幣計算，由於年內港元、美元及人民幣之匯率維持穩定，故此本集團並無任何重大之匯兌風險。

HUMAN RESOURCES DEVELOPMENT

Currently, the Group has more than 3,000 employees. The Group maintains good relations with its employees, providing them competitive packages and incentive schemes as well as various training programmes. Besides, a Share Option Scheme was adopted in 1993 under which share options were/will be granted to certain employees as incentive for their contribution to the Group.

人力資源發展

集團現僱用超過3,000名員工。集團與員工一直保持良好關係，除為員工提供合理薪酬和獎勵外，並實施各項員工技能培訓計劃。此外，本集團設有於一九九三年採納之僱員購股權計劃，並選取若干對本集團有貢獻之員工授以購股權。

In May 2002, the Group celebrated the formal opening of the "Starlite Institute of Management". The institute represents a major move of the Group to further enhance its human resources development and total quality management. The facility is located in a six-storey building at the Group's Shenzhen plant, with the ground floor being the training centre and the remaining floors serving as staff quarters. It is a venue for providing staff training as well as seminars for our customers and vendors. A large variety of topics, such as printing techniques, quality assurance and control, production and materials planning, and human resources development, are planned for the training programmes, which will be conducted by senior executives of the Group, reputable lecturers from universities and external consultants.

二零零二年五月，「星光管理學院」正式啟用，標誌著集團為促進人力資源發展及全面優質管理跨進一大步。該學院設於集團深圳廠區，樓高六層，底層為培訓中心，其餘五層為員工宿舍。除了為員工提供培訓外，該學院亦為客戶和供應商提供研習班。現已擬定的課程涵蓋多項實務，包括印刷科技、質量管理、生產與物料計劃、人力資源發展等，由集團的高級行政人員、知名大學講師及外聘顧問負責講解。

CHAIRMAN'S STATEMENT

主席報告

LOOKING AHEAD

There are mixed opinions on the economic outlook of the United States and Europe. While some signs of an economic rebound have emerged, it is difficult to tell if a full or sustained recovery is in sight. In the rest of the world, with China as a major exception, the economic prospects seem to be clouded with uncertainties.

It is widely believed that China will continue to attain solid economic growth in the coming years, and its entry to the World Trade Organisation will help to promote trade and investment activities across the continents. Eastern Chinese cities, in particular those such as Shanghai and Suzhou, are considered to be among the major beneficiaries of these developments.

The Group is adopting a proactive strategy to meet the challenges and to seize opportunities which are open to the Group. This involves pre-emptive measures against anticipated difficulties, and expanding the source of revenue such as the launch of the Suzhou project and the intention to engage in the distribution of children's paper products. All in all, it represents the Group's philosophy of balancing risk and return, with the core being the continuous strengthening of its competitive advantages. The Directors believe this strategy will result in the generation of good returns for the shareholders.

未來展望

對於美國和歐洲的經濟前景，現時仍是眾說紛紜；雖然該等國家的經濟有若干反彈跡象，但仍難以肯定全面或持久的經濟復甦是否在望。至於其他市場，除中國外，大部份國家和地區的經濟前景仍未明朗。

各界普遍相信，中國經濟於今後數年可持續穩定增長，而中國加入世界貿易組織將有助於星光拓展環球商貿之機遇。在這個發展過程中，華東城市尤其是上海和蘇州，被視為主要的受惠者。

集團現正採取主動策略以迎接挑戰及抓緊機遇，這包括預料可能遇上的困難防患未然，以及為擴展收入來源而作出例如蘇州項目及研究從事有關兒童紙類製品的經銷批發業務等策略性部署。總括而言，集團的策略方針是平衡風險與回報，並持續加強集團的核心競爭優勢。董事會相信，這項策略定能為股東帶來良好的回報。

CHAIRMAN'S STATEMENT

主席報告

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank our shareholders, customers, bankers, suppliers and friends in the community for their continued support and all our staff for their loyalty and dedication.

On behalf of the Board

LAM KWONG YU

Chairman

Hong Kong, 18th July, 2002

致謝

本人謹代表董事會，衷心感謝各位股東、客戶、銀行界、供應商以及社會友好給予本集團的鼎力支持，更感謝全體員工的盡心盡力、忠心不渝。

承董事會命

主席

林光如

香港，二零零二年七月十八日