

CHAIRMAN'S LETTER

The financial year 2004/2005 can be summarised as a year full of opportunities and challenges. It was against this background that the Starlite people made it an urgent task to increase our competitiveness. We launched the "Thriving On 2004" campaign at all fronts to face the arduous circumstances, focusing on the continuous improvement of our management and putting all our management philosophies into practice. Our primary objective is to further increase our cost efficiency.

The past financial year saw the continued benefits of our efforts to provide innovative products and services to customers in the overseas and domestic markets. With strong team spirit and common belief, we made solid and practicable adaptations in our operations catering for the challenges in the two sides of the supply chain. As such, despite the pressure brought by the higher costs of raw materials, the tightened supply of labour, the unstable supply of electricity, and the rising operating costs in general, we managed to ride out the choppy storms with our joint efforts.

As an enterprise expands — particularly when the expansion involves cross regional endeavours — the readiness of the middle management team is in the spotlight. Also, confronting the enterprise is the chaotic competition in a limited marketplace, which makes staff training a major and pressing issue. In view of such, the Board has requested the "Starlite Institute of Management" and "Starlite Innovation Centre" to make further enhancements in their tasks of training up staff and stimulating their creativities. Not only should we meet the needs of our customers, we should also provide services that bring unexpected delights to customers. Moreover, we should further improve our communications with the suppliers, the bankers and the financial sector, and we should further increase our transparency.

In the Yangtze River delta, one of the fastest growing economic regions in China, we come across many renowned multinational corporations from all over the world, who set their eyes on the Yangtze River delta and initiated a new round of investments there. As for Starlite, our Suzhou plant is now in its third year of operation. With the completion of its second-phase development, the installation of the new machinery purchased from Europe, and its comprehensive facilities for staff accommodation and training, the Suzhou plant is now a distinguished enterprise among the printing and packaging concerns in the area, and enjoys a high degree of competitive advantage. Particularly pleasing is the fact that the staff members of the Suzhou plant, who came from various places of China, have greatly improved their proficiency

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總的來說，二零零四年／二零零五年度充滿機遇與挑戰，提升我們的競爭能力更形迫切。因此，「提升二零零四」行動全面展開，應對嚴峻環境；持續改善我們的管理，將一切管理概念化成實際行動，以產生效益為目標。

剛剛過去的上個財政年度，我們繼續發揮了團隊精神，為海內外市場提供了富創意的產品，為客戶提供了富創意的服務。我們上下一心，同心同德，在供應鏈的兩端做了切實可行的規劃。儘管集團面臨原材料上漲、勞動力緊張、電力短缺和輔料等營運總成本全面上升壓力，但在同事們的共同努力下，我們平穩地渡過了一道又一道難關。

隨著企業不斷發展，尤其是跨區域擴張，中層骨幹呈現青黃不接。與此同時，我們要面對有限市場的無序競爭，這更加突顯了培訓員工的重要性和迫切性。因此，董事會要求星光管理學院和創意中心更好地承擔培訓和創新的任務。我們不單滿足客戶的要求，還要為客戶提供讓他們感到驚喜的服務模式。同樣，與我們的供應商、銀行以及金融界要做更多的溝通，提供更高的透明度。

在中國最發達經濟區之一的長江三角洲，我們接觸了來自世界各地的著名跨國企業，他們把目光集中到長江三角洲，掀起了新一輪的投資熱潮。星光（蘇州）建成投產已進入第三個年頭，隨著二期工程的逐步完成，以及員工宿舍、培訓中心的完善，尤其是新的歐洲設備的引進，形成了與其他企業的較大差異，進一步增強了競爭力。特別可喜的是，來自全國各地的同事通過教育培訓，綜合素質不斷提高，集團董事會非常有信心，星光（蘇州）在年內會收

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after training. The Board is very confident that the Suzhou plant will be able to achieve a breakeven in the current financial year and eventually become one of the major high-end printing services providers in the Yangtze River delta.

During the past year, our subsidiaries in various parts of the world have devoted strong efforts to improve their logistics. Irrespective of the minor or major nature of these improvements, the staff members have contributed their wisdom and enthusiasm to the enhancements of product and service qualities. The subsidiaries have principally met the Board's three requirements being "low cost, strong innovation and high efficiency".

Some of the ideas proposed by Professor Chen Chunhua, our Chief Consultant of Corporate Planning, have been put into practice. With the diligent work of our staff members, the Starlite paper products export business has gained the endorsement and praise of customers, which laid solid ground for our further market expansion. Starlite (Shenzhen) recorded satisfactory results that were within our targets. Starlite (Far East) and Guangzhou Starlite Environmentally Friendly Center made steady developments that were in line with our expectations. The Shaoguan new production plant is under construction and is expected to commence operation in the first half of 2006.

Looking ahead, we are formulating plans to reduce the volatility of orders between the peak and slack seasons of our printing and packaging businesses in order to obtain more balanced and healthy developments. In view of the increasing demand for China-made merchandise in the global market, the Group will continue to expand its product varieties in packaging products, children's books, educational products, stationery, paper products, arts and crafts products and etc., and seek to diversify into the visual media business. Such efforts will help us to further penetrate the global paper products market.

The year 2005 is the 35th anniversary of Starlite. The success of the Group is the result of the diligence of all our staff, the support of customers, suppliers, bankers and our friends in the financial community, and the trust of all our shareholders. On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to all of them!

Lam Kwong Yu
Chairman

Hong Kong, 14th July, 2005

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支平衡，並成為長三角高端印刷供應商的佼佼者。

過去的一年，各地的分公司都想方設法改善工作流程，從小改善到大改革。員工通過發揮自身的智慧和熱情，不斷提高精品意識和服務質素，初步達到了董事會提出的「低成本、富創意和高效率」的三個要求。

高級企劃總顧問陳春花教授的一些設想已逐步變成現實，紙品出口業務經過同事們的努力，星光品牌得到客人的肯定、贊許，為下一步的市場拓展奠定了很好的基礎。星光(深圳)成績良好，與預訂目標相符。星光(遠東)、星光環保(廣州)發展平穩，取得了預期的效果。韶關科藝創意工業有限公司正在修建廠房，預期明年上半年可投入服務。

市場展望：包裝市場，通過規劃逐步改變旺季高峰與淡季低谷的現象，讓業務得到均衡、健康的發展。隨著全球市場對中國商品的需求日益增加，集團將繼續發展多元化業務，包括包裝、兒童圖書、教育產品、文具、紙品、精雕紙藝等，並逐步延伸到視覺媒體業務，不斷拓展環球紙製品市場。

今年是星光創辦三十五周年。星光能有今天，是全體員工共同努力的結果，是廣大客戶、供應商、銀行以及金融界朋友支持的結果，是所有股東信任的結果。在此，我並代表董事會向大家表示忠心感謝！

林光如
主席

香港，二零零五年七月十四日