

RESULTS

For the year ended 31st March, 2006, the Group recorded a turnover of approximately HK\$903 million, an increase of 6% compared with last year. Net profit attributable to shareholders decreased by 50% to approximately HK\$31 million.

The figures reflected the negative impact of a combination of unfavourable factors which hindered the Group's efforts in securing more sales and safeguarding its profit margins during the year. These unfavourable factors included higher oil prices, rising interest rates, and soaring operating costs in Mainland China, which significantly increased the Group's production and operating costs. At the same time, customers became more cautious in placing orders due to the weakening of consumer confidence; and customers demanded more competitive pricing for their orders in order to reduce their risks.

As explained in the sections below, whilst the management has taken measures to further enhance its cost efficiency to meet the challenges, some of the measures, including the Suzhou and Shaoguan initiatives, take time to achieve results. Meanwhile, the more intensified market competition made it difficult for the Group to pass on in full its additional costs to customers without affecting its sales.

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

業績

截至二零零六年三月三十一日止年度內，本集團錄得營業額約九億零三百萬港元，較去年度增長百分之六。股東應佔純利約為三千一百萬港元，下降百分之五十。

業績反映了整體營商環境的惡化。回顧年度內，多項不利因素滙成洪流，令集團的訂單拓展計劃受阻，邊際利潤受到衝擊。這些不利因素包括：油價上漲、利率飆升、內地經營成本大幅上升等，導致集團的生產與經營成本銳增。此外，鑑於消費者信心疲弱，客戶為求降低風險，在落單方面更為謹慎，訂單價格亦進一步偏軟。

如下文所述，管理層採取多項措施，進一步提高成本效益，應對挑戰。然而，部分措施（例如蘇州和韶關項目）需時彰顯效益。在此期間，由於市場競爭加劇，要把所有額外成本轉嫁予客戶而不影響營業額，存在著一定的困難。

集團年內之業績按主要產品類別分列如下：

		Turnover 營業額 HK\$'000 千港元	Profit before taxation 除稅前溢利 HK\$'000 千港元
Packaging materials, labels and paper products	包裝材料、標籤及紙類產品	864,992	48,921
Environmentally friendly products	環保產品	37,696	4,691
		902,688	53,612

DIVIDENDS

The Directors recommend a final dividend of HK1.5 cent (2005: HK2.5 cents) per share for the year ended 31st March, 2006 payable on Monday, 4th September, 2006 to shareholders whose names appear on the Register of Members on Friday, 18th August, 2006. Together with the interim dividend of HK1.5 cent (2005: HK1.5 cent) paid, full year dividends for the financial year would be HK3 cents per share (2005: HK4 cents).

BUSINESS REVIEW AND PROSPECTS

Three major challenges confronted the Group during the year under review, and in a way they were correlated to each other. First and foremost was the significant rise in production and operating costs. With higher oil prices and rising interest rates, costs of raw materials (in particular paper-based materials) and costs of funding increased substantially during the year. At the same time, operating costs including wages, electricity and other costs in Mainland China rose sharply due to increased competition for resources (including human resources) in the country.

As consumer confidence softened in the face of higher oil prices and rising interest rates, customers in general became more risk averse. To reduce their risks, customers demanded shorter delivery time and lower prices for their orders. This presented another formidable challenge to the Group. Due to the lack of pricing power across the value chain, Hong Kong/Mainland printing and packaging operators have been engaged in fierce competition for orders with low margins. With the emergence of countries such as India and Vietnam, competition became much stronger, and the local industry was in a dilemma as to whether to accept lower margins or lose sales. Moreover, due to the tight schedules imposed by customers, local operators had to bear the additional costs for subcontracting and airfreight to make delivery.

The third challenge was related to the strategic measures taken by the Group to meet the first two challenges. As part of the efforts to increase its sales and cost efficiency, in earlier years the Group expanded its revenue source and manufacturing base to Suzhou and subsequently Shaoguan. During the year under review, the Suzhou plant was engaged in its second phase of development while the Shaoguan plant was under construction. Both incurred initial development costs as well as additional human resources for management, operations and marketing,

股息

董事會建議向二零零六年八月十八日(星期五)名列股東名冊的股東，派發截至二零零六年三月三十一日止年度的末期股息每股港幣一點五仙(二零零五年：港幣二點五仙)，有關股息將於二零零六年九月四日(星期一)派發。連同已派發的中期股息每股港幣一點五仙(二零零五年：港幣一點五仙)，本年度全年股息為每股港幣三仙(二零零五年：港幣四仙)。

業務概況及前瞻

回顧年度內，集團面對三項重大挑戰，它們在一定程度上是互相關連的。首項挑戰為生產與經營成本大幅上升。由於油價上漲、利率攀升，原材料價格(尤其紙價)及借貸利息同時飆升。兼且，內地企業對各類資源(尤其人力資源)需求殷切，導致國內的勞工、電力和其他經營成本銳升。

受到油價上漲和利率攀升影響，消費者信心持續減弱。有見及此，客戶紛紛縮短交貨期及調低訂單價格，藉此降低風險，這給集團帶來另一項重大挑戰。鑑於價值鏈整體欠缺議價能力，香港／中國大陸包裝印刷業被逼割價競爭，加上新興外判市場印度、越南等冒起，令競爭更為白熱化。身處困境中，廠商倘不接受低毛利就有可能喪失訂單，接受低毛利則成本風險上升，可謂進退兩難。事實上，為應付急單，廠商往往須作出外判及支付空運費，令經營成本進一步增加。

第三項挑戰與集團應對上述兩項挑戰所採取的策略有關。為加強銷售及降低經營成本，集團數年前起著手把生產及銷售基地逐步拓展至蘇州和韶關。回顧年度內，蘇州新廠進行第二期發展計劃，韶關新廠則在施工階段。兩者除涉及初期開辦成本外，在管理運作和市場推廣方面均需配置人手，難免增加集團開支。同一時



which inevitably affected the Group's bottom line. The challenge was made more pronounced as it coincided with the strong negative impact affecting the operating environment.

The Group's management has taken positive action to enhance the Group's cost efficiency and expand its sales in order to cope with the challenges. This action included more stringent control on the purchase of raw materials, further improvements in inventory management and logistics, and the launch of tailor-made sales incentives for targeted customers. Initiatives were introduced in the Suzhou plant including the further strengthening of management to speed up the breakeven point of the operation. Other ongoing measures included further enhancement in training to increase staff proficiency.

Whilst some of these measures take time to achieve the desired results, the management believes that the Group is overall on the right track. In implementing the Group's strategic plans, the management will make timely and appropriate adjustments, if necessary, but will not take shortcuts for short-term performance at the expense of the Group's medium and long-term performance and benefit. The management strongly believes that the Group is taking the right course of action to improve its performance in the medium term and to establish a stronger platform for its long-term prosperity, and is encouraged that the Group's businesses have shown signs of improvement in the first quarter of the current financial year.

Packaging materials, labels and paper products

Hong Kong/Mainland China Operations

The Group's printing and packaging businesses in Hong Kong/Mainland China achieved an increase in turnover for the year ended 31st March, 2006. However, due to strong pressure on profit margins, the businesses recorded a decline in profits. Such pressure came from customers' demand for more competitive pricing for their orders, as well as the significant increase in the operating costs (in particular labour costs) in Mainland China, and the higher costs of raw materials. Paper products, which command higher profit margins, recorded only a marginal growth in sales due to product realignment and internal restructuring undertaken by some of the Group's major customers. It is anticipated that the decrease will be temporary as orders for paper products began to pick up by the end of the financial year. The Group is looking into the possibility of tapping the potential of the European market for paper products.

期內，各項外在不利因素皆至，令集團的應對工作增添難度。

集團現正採取積極行動，提升成本效益增加產品銷量，更有效地應對上述挑戰。具體行動包括：加強監控原材料採購、改善存貨物流管理、為客戶提供互利促銷方案等。蘇州新廠亦正勵精圖治，包括加強有效管理、加快營運效率等。此外，集團繼續強化員工培訓，提升專業服務水平。

管理層相信，集團整體部署合理，惟部分措施需時彰顯效益。管理層定必努力落實策略和各項計劃，審時度勢，調整步伐，但絕不會為集團的短期表現採取權宜之計，令集團的中長線表現和利益受損。管理層深信，集團現正採取的行動，可有效地提升集團的中線表現，並為集團的長遠增長打造實力雄厚的平台。新的財政年度首個季度，集團業務有良好的增長勢頭，情況令人鼓舞。

包裝材料、標籤及紙類產品

香港／中國大陸業務

截至二零零六年三月三十一日止年度內，集團香港／中國大陸包裝印刷業務營業額錄得增長，但因訂單價格進一步偏軟，加上原材料大幅漲價、內地各項經營成本（尤其勞工成本）顯著上升等不利因素，令包裝印刷業務的邊際利潤受壓，拉動整體盈利下降。紙類製品毛利較高，但由於部份客戶調整產品組合及進行內部重組，故年度內紙類製品銷量只輕微增長。相信有關影響只是暫時性，紙類製品訂單在財政年度後期已開始回復良好增長。集團現正研究開拓紙類製品歐洲市場。



The Group's major task during the year has been to strike the correct balance between gaining sales and safeguarding profit margins. To this end, "Starlite Innovation Centre" made additional efforts in helping customers to develop higher value products, while "Starlite Institute of Management" launched training programmes on value creation for its staff, customers and suppliers. At the same time, the Group has developed incentive plans with some major customers that aim to generate more sales for the Group during the slack season. The Group is also looking into the possibility of forming strategic alliances with carefully selected suppliers in order to further improve its purchase of raw materials and inventory management.

By implementing these focused measures and strategic plans (including the Suzhou and Shaoguan projects), the management aims to address both the short-term and medium-term needs of the Group, while reinforcing the Group's foundation for its long-term prosperity.

Suzhou Operation

Despite the unfavourable operating environment, the Suzhou subsidiary showed an improvement in sales during the year under review. The growth was propelled by the enhancement in productivity and effective marketing measures. However, due to the initial operating costs incurred from its second-phase expansion, the Suzhou subsidiary has yet to record a profit.

"Quality at reasonable price" is the cornerstone of the Group's Suzhou operations. Providing good-value products and services enabled the Suzhou subsidiary to gain more export business during the year in spite of strong competition. With regard to the domestic sector, pricing remains the key concern notwithstanding the fact that businesses in the Yangtze River delta are becoming more quality conscious. Indeed, while the Group successfully increased its domestic business during the year by capitalizing on its strong service, technological advantage and sophisticated workmanship, it paid special attention not to out-price itself. The Group is well aware that some hurdles remain to be overcome before the pricing issue can be fully resolved.

回顧年度內，集團致力爭取營業額及保障毛利，在兩者之間作出妥善平衡。循著這個目標，「星光創意中心」為客戶開發更多高增值產品，而「星光管理學院」則為員工、客戶和供應商提供更多增值課程。此外，集團與部分重要客戶落實互利計劃，改善集團訂單旺季落差，並正研究精選供應商建立策略聯盟，加強集團的原材料採購和存貨管理。

透過各項對應措施和策略行動（包括蘇州和韶關項目），管理層努力兼顧集團的中短期發展，並為集團的長遠增長打造實力雄厚的平台。

蘇州業務

回顧年度內，儘管營商環境欠佳，蘇州廠營業額仍穩步增長，主要由於成功增加產能及拓展市場所致。但因第二期發展計劃涉及初期開辦成本，故蘇州廠尚未錄得盈利。

蘇州廠以合理價格提供優質產品和服務。這個經營宗旨，令該廠出口業務在激烈競爭下仍有較快增長。本地業務方面，長江三角洲廠商日益重視產品服務質量，但對價格仍相當敏感。由於蘇州廠具有人才、科技優勢，形成服務和價格競爭力，故在拓展本地業務方面取得進展，並擬採用更敏銳的銷售策略，開啟新的增長空間。



In order to expand its business, the Suzhou plant started to provide labels printing services to a renowned multinational corporation based in the United States. The management believes there is strong growth potential for the labels printing business given the growing consumer market in the eastern China region. The labels printing business could be used as a stepping-stone for the Group to further penetrate both the export and domestic sectors.

The Group also continued with two other measures to strengthen its business and improve its internal operations. The first move concerns the upgrading of the Group's representative office in Shanghai into a wholly-owned subsidiary. This will enable the Group to obtain orders from the eastern China region and help increase the sales of the Suzhou plant. Preparations for the establishment of the Shanghai subsidiary are progressing smoothly.

The second move is related to the transfer of the Suzhou plant from the direct control of the Singapore subsidiary to the direct control of the Group's holding company for Hong Kong/Mainland China manufacturing operations. This will enable the Suzhou plant to benefit financially and strategically from the Group's further development in the eastern China region. It is also in line with the Group's localisation measure to reduce its operating costs in Mainland China. The transfer is expected to be completed in the current financial year.

Meanwhile, the Group has strengthened the management of the Suzhou plant and tightened up its cost control. The Group is also looking into other areas that may help the Suzhou subsidiary to become more cost-efficient. These efforts represent essential steps in the ongoing improvement of the Group's operations. The management is hopeful that the Suzhou plant will be able to further improve its performance in the near future and contribute to the long-term development of the Group in Mainland China.

Shaoguan Project

Construction of the new production plant in Shaoguan progressed on schedule during the year under review, with its phase-one development completed in the second quarter of 2006.

此外，蘇州廠已擴展服務範圍，開始為美國一家知名跨國公司提供標籤印刷服務。隨著華東消費市場日益蓬勃，管理層相信標籤印刷業務具有巨大增長潛力，並可為蘇州廠提供踏腳石以開拓更多本地及出口印制業務。

集團並繼續進行兩項策略性行動，協助集團增加銷量和營運效益。首項行動為集團上海辦事處升格為全資附屬公司。此舉可促進集團在華東地區的業務，並協助蘇州廠增加營業收益。有關計劃現正順利進行。

另一項行動為蘇州廠由新加坡附屬公司旗下，轉由集團負責香港／中國大陸生產業務的控股公司直接持有。從財務和策略著眼，這項安排可讓蘇州廠受惠於集團在華東地區的業務擴展，並配合集團本地化政策以降低內地工資成本。有關行動可望於本財政年度完成。

此外，集團已加強蘇州廠的管理和內部監控，並正研究從其他方面協助該廠增加營業收益，全面提升該廠的競爭優勢。管理層相信，蘇州廠可望取得更佳成績，協助集團在中國大陸進一步拓展業務。

韶關新廠

韶關新廠於年度內如期施工，並已於二零零六年第二季完成首期發展計劃。

The management believes that this new plant will be able to take over some of the labour-intensive orders from the Group's Shenzhen plant in the peak season of 2006. The lower operating costs in Shaoguan compared to those in Shenzhen and Guangzhou will also help the Group to further strengthen its competitiveness. Moreover, the new plant will enable the Group to centralise its production of labour-intensive products under one roof and achieve higher operating efficiency.

Singapore Operation

The printing sector in Singapore faced intense competition from other Asian-based companies in product pricing. As a result, while the Group's Singapore subsidiary, Starlite Printers (Far East) Pte Ltd, managed to increase its turnover, it recorded a decline in profit during the year.

The Singapore subsidiary is continuing to tighten its cost control and streamline its operations. A major focus of these measures is to make improvements in operational logistics and allocation of resources. Moreover, the Group is exploring the possibility of reactivating its operations in Malaysia as part of the means to safeguard the sales and profitability of the Singapore subsidiary and to obtain new business in the Asian region.

In September 2005, Starlite Printers (Far East) Pte Ltd was awarded the "Singapore Packaging Star Awards (SSA) 2005" by the Packaging Council of Singapore and the Singapore Manufacturers' Federation in recognition of its outstanding achievement in product packaging.

Environmentally friendly products

Due to the unfavourable operating environment, the environmentally friendly products division recorded a decrease in turnover and profit during the year under review. The management is taking measures to improve the performance of the division, including the further tightening of cost control and improvement of cost efficiency in the production of interior packaging products and "Greenworks" products and the diversification to other paper products.

管理層相信，韶關新廠可於今年旺季承接集團深圳廠部分手工繁複訂單。韶關營運成本遠低於深圳和廣州，有助集團進一步提升競爭力，加上集團可把手工操作工序集中到韶關新廠進行，從而提高集團的營運效益。

新加坡業務

回顧年度內，新加坡印刷業面對亞洲同業在價格方面的激烈競爭。在這情況下，集團新加坡附屬公司——星光印刷（遠東）有限公司仍能錄得營業額增長，但毛利出現下降。

該公司現正繼續採取措施，進一步加強成本控制及盈利能力，重點包括精簡業務架構、改善物流運作及優化資源分配。此外，集團現正研究重新啟動馬來西亞業務，藉此保障新加坡附屬公司的營業額和盈利，以及增加集團在亞洲區的生意額。

二零零五年九月，星光印刷（遠東）有限公司獲新加坡包裝協會及新加坡廠商協會頒授「新加坡包裝(SSA)星獎二零零五」，表彰該公司在產品包裝方面的傑出表現。

環保產品

回顧年度內，由於營商環境欠佳，環保產品業務之營業額和盈利均下降。管理層正採取措施改善該項業務的表現，包括加強成本監控及把產品系列由內包裝環保產品及「綠色工程」(Greenworks)產品進一步擴闊至其他紙類產品。

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, 2006, the Group's cash and bank balances and short-term bank deposits amounted to approximately HK\$90 million.

During the year under review, the interest expenses of the Group amounted to approximately HK\$14 million compared to approximately HK\$6 million recorded last year. Currently, the Group has Renminbi-denominated loan facilities amounting to approximately RMB80 million that are available for the Group's Shenzhen, Guangzhou, Shaoguan and Suzhou plants for working capital purposes.

As at 31st March, 2006, the Group had a working capital surplus of approximately HK\$55 million compared to a working capital surplus of approximately HK\$48 million as at 31st March, 2005. The Group's debt-to-equity ratio as at 31st March, 2006 was 87% (2005: 62%), based on short-term and long-term bank borrowings and other debts/borrowings (excluding trade related debts) of approximately HK\$300 million (2005: HK\$203 million), and shareholders' funds of approximately HK\$345 million (2005: HK\$327 million). The Group will continue to adopt prudent policies to maintain a healthy financial position.

CHARGE ON ASSETS

As at 31st March, 2006, certain assets of the Group with an aggregate carrying value of approximately HK\$17 million (2005: HK\$25 million) were pledged to secure the banking facilities of the Group.

EXCHANGE RATE EXPOSURE

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollars, US dollars, Chinese Renminbi, Japanese Yen, Singapore dollars or Euro. The exchange rate of US dollars/Hong Kong dollars is relatively stable due to the current peg system in Hong Kong. On the other hand, the existing Renminbi-denominated sales revenue helps to reduce the Group's commitments of Renminbi-denominated operating expenses in China. Transaction values involving Japanese Yen or Euro were primarily related to the Group's purchase of machinery and such exposures were generally hedged by forward contracts.

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。截至二零零六年三月三十一日，集團的現金和銀行結餘及短期銀行存款共約九千萬港元。

回顧年度內，集團的利息支出約為一千四百萬港元，去年約為六百萬港元。現時，集團約有八千萬元人民幣銀行貸款額度，乃為集團位於深圳、廣州、韶關及蘇州的生產基地提供營運資金。

於二零零六年三月三十一日，集團營運資金錄得約五千五百萬港元盈餘，而二零零五年三月三十一日則有約四千八百萬港元盈餘。集團截至當日的債務權益比率為百分之八十七（二零零五年：百分之六十二），乃根據短期及長期帶息銀行借款及其他借貸（不計貿易信貸）約三億港元（二零零五年：二億零三百萬港元），與股東權益約三億四千五百萬港元（二零零五年：三億二千七百萬港元）計算。集團會繼續採取審慎的理財策略，確保資金狀況維持穩健。

資產抵押

於二零零六年三月三十一日，本集團合共賬面淨值約一千七百萬港元（二零零五年：二千五百萬港元）之資產已按予銀行作為後者授予本集團貸款額度之抵押。

匯兌風險

本集團大部分資產、負債及交易均以港元、美元、人民幣、日圓、新加坡元及歐元結算。香港現行之聯繫匯率制度令美元／港元匯率相對穩定。而集團現有以人民幣結算之銷售收益，有助減低集團內地附屬公司以人民幣結算之經營費用所承擔之貨幣風險。至於涉及日圓和歐元之交易額，主要為集團購買機器付出，並普遍以遠期合約對沖匯率風險。

HUMAN RESOURCES DEVELOPMENT

Currently the Group has more than 7,000 employees. The Group maintains good relations with its employees, providing them competitive packages and incentive schemes as well as various training programmes. A Share Option Scheme complying with the revised Listing Rules requirements was adopted in September 2002 under which share options will be granted to certain employees (including executive directors of the Company) as incentive for their contribution to the Group. Following the opening of the "Starlite Institute of Management", the Group provides various training and development programmes to staff on an ongoing basis. The Group will explore the possibility of launching other special training programmes with universities in China and education institutions abroad to further enhance its staff quality.

LOOKING AHEAD

Concerns over further rises in interest rates have caused high volatility in major capital markets. In an attempt to ward off inflation, major central banks, including the United States' Federal Reserve and the European Central Bank, have increased their benchmark rates, while the Bank of Japan has indicated that it will soon end its easy monetary policy. Elsewhere, China is introducing new measures to rein in its overheating economy, focusing on the key areas of fixed asset investment and bank loans. These developments come at a time when the global economy is showing signs of slowing down, raising concerns including stagflation fears and underlining the uncertain outlook facing the global economy.

This uncertain outlook presents strong challenges to the Hong Kong/Mainland printing and packaging industry. Given the fact that corporations in the United States have already been tightening their "Just In Time" inventory management and reducing their purchase prices, any further risk-control measures adopted by them would create additional pressure on the local industry. Moreover, there are signs that operating costs in Mainland China will continue to rise, partly because increasing wages is a good means to help address social issues and partly because many sectors including the utilities sectors are still in the early stage of deregulation.

人力資源發展

集團現僱用超過七千名員工。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。集團於二零零二年九月採納一個符合新修訂上市規則的新購股權計劃，選擇部分對集團有貢獻的員工（包括本公司執行董事）授予購股權。隨著「星光管理學院」啟用，集團致力為員工提供各項持續性的培訓及人才發展計劃。集團將繼續研究與中國的大學和海外的教育機構合作，開辦其他專業實用技術課程。

未來展望

在進一步加息的陰霾籠罩下，環球資本市場大幅波動。為防通脹重燃，各主要央行包括美國聯邦儲備局和歐洲央行均調高基準利率，而日本央行亦表明將於短期內終止其寬鬆銀根政策。此外，中國宣布採取新一輪宏調措施以遏止經濟過熱，重點包括固定資產投資和銀行貸款。正當環球經濟有迹象放緩之際，上述發展令人倍感關注（包括擔心出現滯脹），亦顯示環球經濟面對不明朗的前景。

經濟景氣不明朗，為香港／中國大陸包裝印刷業帶來嚴峻的挑戰。許多美國客戶原已收緊「適時存貨制」(Just in time inventory)及調低訂單價格，倘他們採取進一步措施控制風險，對香港／中國大陸包裝印刷業會構成更大的壓力。此外，有迹象顯示中國內地經營成本將持續上升，部分原因是增加工資有助紓緩社會矛盾，部分原因與國內許多行業（包括電力行業）仍處於市場經濟初期有關。

As explained above, the Group is taking positive action to improve its performance in the medium term and to establish a stronger platform for its growth in the long run. This action includes the Suzhou and Shaoguan initiatives, the expansion of sales for paper products, the further strengthening of cost control measures, and the formation of strategic alliances with customers and suppliers. Among them, the Suzhou plant has completed its second-phase development while the Shaoguan plant will soon start operation. The management is closely monitoring the progress of the plants and will take appropriate action to ensure that they can deliver satisfactory results. Whilst it may take time for these results to come through, the management will use its best efforts to minimize the negative factors facing the Group during the transition. Starlite has a strong track record of turning the odds into its favour, as evidenced by the selection of the Company by Forbes Asia as one of the "200 Best Under a Billion" Asian companies in October 2005. The Group will continue with this spirit to strive for growth notwithstanding the unfavourable environment.

ACKNOWLEDGEMENT

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, 6th July, 2006

如上文所述，集團正致力改善中短期表現，並為長遠增長打造實力雄厚的平台。這些積極措施包括：拓展蘇州和韶關項目、加強紙類製品銷售、進一步收緊成本監控、與客戶和供應商建立策略聯盟等。蘇州項目已完成第二期發展計劃，韶關新廠亦將正式投產，管理層會密切監察兩廠的進度，確保它們取得滿意的成果。這可能還需要一些時間，在過渡期內，管理層會積極採取多項措施，務求把各種不利因素的影響減至最小。星光素以善於渡過逆境著稱，二零零五年十月，本公司獲《福布斯亞洲》評選為亞洲區200家最佳公司之一（以收入在10億美元以下計算），為集團的管理質素提供了客觀的明證。集團定必努力不懈，再創逆境成長佳績。

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，更感謝盡心盡力、忠心不渝的全體員工。

承董事會命
主席
林光如

香港，二零零六年七月六日