STARLITE
HOLDINGS LIMITED
星光集團有限公司*
A Member of the Starlite Group
(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

STOCK CODE 股份代號: 403

Website : http://www.hkstarlite.com
http://www.irasia.com/listco/hk/starlite

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2009

HIGHLIGHTS

- Turnover increased by 11% to a historical high of HK$1,303 million
- Profit attributable to shareholders rose by 35% to HK$60 million
- Basic earnings per share rose by 16% to HK12 cents
- Won a number of awards including the Gold Award for Corporate Social Responsibility in Hong Kong, the AsiaStar and WorldStar packaging awards, and the Grand Award for label printing in China
- Appointed by the Standardization Administration of China as the first packaging printing company to establish three industry standards for the "China Printing Standardization Technology Development Base for Packaging and Printing"

The Directors of Starlite Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31st March, 2009 together with the comparative figures for the previous year, as follows:

Consolidated Income Statement

For the year ended 31st March, 2009

	Note	**2009**	2008
		HK$'000	HK$'000
Revenue	2	**1,303,404**	1,170,617
Cost of sales		**(1,011,864)**	(914,756)
Gross profit		**291,540**	255,861
Other gains – net	3	**1,823**	1,982
Selling and distribution costs		**(63,060)**	(64,207)
General and administrative expenses		**(144,535)**	(121,219)
Operating profit	4	**85,768**	72,417
Finance income		**686**	1,247
Finance costs		**(17,743)**	(16,523)
Finance costs – net	5	**(17,057)**	(15,276)
Profit before income tax		**68,711**	57,141
Income tax expense	6	**(9,113)**	(13,027)
Profit for the year attributable to the equity holders of the Company		**59,598**	44,114
Earnings per share for profit attributable to the equity holders of the Company during the year			
(expressed in HK cents per share)	7		
- Basic		**11.92**	10.27
- Diluted		**11.92**	10.26
Dividends	8	**12,909**	14,187

Consolidated Balance Sheet

As at 31st March, 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		**30,011**	30,539
Property, plant and equipment		**475,130**	480,000
Prepayments for property, plant and equipment		**2,345**	3,998
Available-for-sale financial assets		**936**	1,393
Deferred income tax assets		**3,835**	-
		512,257	515,930
Current assets			
Inventories		**108,538**	112,313
Trade and bill receivables	9	**172,744**	237,627
Prepayments and deposits		**8,256**	12,489
Tax recoverable		**3,392**	-
Derivative financial instruments		**639**	-
Bank balances and cash		**113,694**	125,632
		407,263	488,061
LIABILITIES			
Current liabilities			
Borrowings		**139,251**	197,854
Finance lease obligations, current portion		**727**	2,447
Trade and bill payables	10	**102,283**	141,406
Accruals and other payables		**57,828**	81,814
Derivative financial instruments		**3,930**	-
Current income tax liabilities		**27,367**	26,439
		331,386	449,960
Net current assets		**75,877**	38,101
Total assets less current liabilities		**588,134**	554,031
Non-current liabilities			
Borrowings		**72,754**	107,640
Finance lease obligations, non-current portion		**-**	804
Deferred income tax liabilities		**13,495**	12,428
		86,249	120,872
Net assets		**501,885**	433,159
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**51,636**	43,029
Reserves	11	**450,249**	390,130
Shareholders' equity		**501,885**	433,159

Notes:

1. Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

In the current year, the Company and its subsidiaries (collectively referred as the "Group") has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning on 1st April, 2008. The adoption of the new HKFRS has no material effect on the results and financial position of the Group.

The Group has not early adopted the new and revised standards, amendment or interpretations that have been issued but are not yet effective for the Group's current financial year. The Group is in the process of assessment of the impact of these amendments to the Group and anticipates that no significant impacts to the results and financial position of the Group.

2. Segment information

(a) Revenue/Turnover is analysed as follows:

	2009	2008
	HK$'000	HK$'000
Sales of packaging materials, labels, paper products and environmentally friendly products	**1,293,634**	1,158,913
Others	**9,770**	11,704
	1,303,404	1,170,617

2. Segment information (Continued)

(b) Primary reporting format - business segment

The Company is an investment holding company and its subsidiaries are principally engaged in the printing and manufacturing of packaging materials, labels, paper products, and environmentally friendly products. No business segment information is provided as substantially all of the assets, sales and contribution to the Group's results are attributable to the printing and manufacturing of packaging materials, labels, paper products and environmentally friendly products.

(c) Secondary reporting format - geographical segments

The Group primarily operates in Hong Kong, The People's Republic of China (the "PRC") and Singapore.

An analysis of the Group's revenue and profit for the year attributable to the equity holders of the Company is as follows:

	Revenue		**Profit for the year**	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
- Hong Kong and the PRC	**547,666**	501,670	**35,660**	22,854
- U.S.A.	**336,665**	325,892	**8,725**	7,450
- Europe	**213,876**	154,702	**4,872**	2,645
- South East Asia	**155,863**	140,462	**8,346**	9,522
- Others	**49,334**	47,891	**1,995**	1,643
	1,303,404	1,170,617	**59,598**	44,114

Revenue by geographical location is allocated based on the country where merchandise is shipped/delivered.

2. Segment information (Continued)

(c) Secondary reporting format - geographical segments (Continued)

An analysis of the segment assets and capital expenditure by geographical segment is as follows:

	Segment assets		Capital expenditure	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
- Hong Kong and the PRC	**804,396**	900,796	**48,189**	66,527
- Singapore	**107,897**	103,195	**20,758**	1,408
	912,293	1,003,991	**68,947**	67,935

Segment assets and capital expenditure are allocated based on the country where the assets are located. Segment assets exclude deferred income tax assets and tax recoverable.

3. Other gains – net

	2009	2008
	HK$'000	HK$'000
Net exchange gains	**2,430**	2,750
Fair value gain on foreign exchange forward contracts	**639**	-
Net loss on disposal of property, plant and equipment	**(14)**	(1,110)
Gain on disposal of available-for-sale financial assets	**-**	319
Impairment provision for property, plant and equipment	**(1,000)**	-
Others	**(232)**	23
	1,823	1,982

4. Operating profit

The following items have been charged to the operating profit during the year:

	2009	2008
	HK$'000	HK$'000
Employment costs (including directors' emoluments)	**267,325**	239,719
Depreciation of property, plant and equipment		
- owned assets	**71,512**	60,944
- assets held under finance leases	**980**	959
Provision for impairment of receivables	**13,073**	3,223
Provision for inventory obsolescence	**8,992**	2,720
Amortisation of leasehold land and land use rights	**734**	695

5. Finance costs – net

	2009	2008
	HK$'000	HK$'000
Interest expense on bank borrowings		
- wholly repayable within five years	**13,333**	16,277
- not wholly repayable within five years	**11**	23
Interest element on finance lease obligations	**107**	223
Fair value loss on interest-rate swaps		
- realised	**362**	-
- unrealised	**3,930**	-
	17,743	16,523
Interest income from bank deposits	**(686)**	(1,247)
	17,057	15,276

6. Income tax expense

The Company is exempted from taxation in Bermuda until 2016. The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income taxes.

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong.

Subsidiaries established and operated in the PRC are subject to the PRC Corporate Income Tax at rates ranging from 18% to 25% during the year (2008: 15% to 27%). In accordance with the applicable laws and regulations, the Group's subsidiaries established in the PRC as wholly foreign owned enterprises or contractual joint ventures are entitled to full exemption from Corporate Income Tax for the first two years and a 50% reduction in Corporate Income Tax for the next three years, commencing from the first profitable year or 1st January, 2008, whichever is earlier, after offsetting unexpired tax losses carried forward from previous years.

The subsidiary established in Singapore is subject to Singapore Corporate Income Tax at a rate of 17% (2008: 18%).

The amount of income tax charged to the consolidated income statement represents:

	2009	2008
	HK$'000	HK$'000
Current income tax expense		
- Hong Kong profits tax	**10,906**	9,698
- PRC Corporate Income Tax	**188**	1,226
- Singapore Corporate Income Tax	**1,089**	3,130
Overprovision in prior years	**(595)**	-
	11,588	14,054
Deferred income tax	**(2,475)**	(1,027)
	9,113	13,027

7. Earnings per share

Basic

Basic earnings per share is calculated by dividing the Group's profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2009	2008
Profit attributable to the equity holders of the Company (HK$'000)	**59,598**	44,114
Weighted average number of ordinary shares in issue ('000)	**499,851**	429,505
Basic earnings per share (HK cents)	**11.92**	10.27

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. Shares issuable under the employee share option scheme are the only dilutive potential ordinary shares. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2009	2008
Profit attributable to the equity holders of the Company (HK$'000)	**59,598**	44,114
Weighted average number of ordinary shares in issue ('000)	**499,851**	429,505
Adjustments for share options ('000)	**-**	556
Weighted average number of ordinary shares for diluted earnings per share ('000)	**499,851**	430,061
Diluted earnings per share (HK cents)	**11.92**	10.26

There were no dilutive potential ordinary shares in existence during the year ended 31st March, 2009.

8. Dividends

	2009 HK$'000	2008 HK$'000
Interim dividend - HK$0.01 (2008: HK$0.015) per share	**5,164**	6,442
Proposed final dividend - HK$0.015 (2008: HK$0.015) per share	**7,745**	7,745
	12,909	14,187

The amount of proposed final dividend for 2009 was based on 516,355,186 shares in issue as at 21st July, 2009.

9. Trade and bill receivables

The Group grants to its customers credit terms generally ranging from 30 to 120 days.

The ageing analysis of trade and bill receivables by invoice date is as follows:

	2009 HK$'000	2008 HK$'000
1 to 90 days	**155,194**	202,100
91 to 180 days	**37,462**	38,134
181 to 365 days	**5,987**	1,201
Over 365 days	**892**	22,674
	199,535	264,109
Less: Provision for impairment of receivables	**(26,791)**	(26,482)
	172,744	237,627

10. Trade and bill payables

The aging analysis of trade and bill payables is as follows:

	2009 HK$'000	2008 HK$'000
1 to 90 days	**86,774**	121,305
91 to 180 days	**11,781**	16,663
181 to 365 days	**3,253**	2,073
Over 365 days	**475**	1,365
	102,283	141,406

11. Reserves

Movements were :

	Share premium HK$'000	Capital reserve HK$'000	Share-based compensation reserve HK$'000	Investment reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
As at 1st April, 2007	104,157	1,169	1,136	722	7,662	217,285	332,131
Increase in fair value of available-for-sale financial assets	-	-	-	254	-	-	254
Realisation of reserve upon disposal of available-for-sale financial assets	-	-	-	(319)	-	-	(319)
Currency translation differences	-	-	-	-	26,116	-	26,116
Net income recognised directly in equity	-	-	-	(65)	26,116	-	26,051
Profit attributable to the equity holders of the Company	-	-	-	-	-	44,114	44,114
Total recognised income for the year	-	-	-	(65)	26,116	44,114	70,165
Employee share options scheme							
- Share based payments	-	-	410	-	-	-	410
- Issue of shares upon exercise of employee share options	370	-	(62)	-	-	-	308
Dividends paid	-	-	-	-	-	(12,884)	(12,884)
As at 31st March, 2008	104,527	1,169	1,484	657	33,778	248,515	390,130
As at 1st April, 2008	104,527	1,169	1,484	657	33,778	248,515	390,130
Decrease in fair value of available-for-sale financial assets	-	-	-	(457)	-	-	(457)
Currency translation differences	-	-	-	-	(7,250)	-	(7,250)
Net expense recognised directly in equity	-	-	-	(457)	(7,250)	-	(7,707)
Profit attributable to the equity holders of the Company	-	-	-	-	-	59,598	59,598
Total recognised income for the year	-	-	-	(457)	(7,250)	59,598	51,891
Issue of shares under open offer	20,220	-	-	-	-	-	20,220
Employee share options scheme							
- Share based payments	-	-	917	-	-	-	917
Dividends paid	-	-	-	-	-	(12,909)	(12,909)
As at 31st March, 2009	124,747	1,169	2,401	200	26,528	295,204	450,249
Representing:							
- Proposed dividend	-	-	-	-	-	7,745	7,745
- Others	124,747	1,169	2,401	200	26,528	287,459	442,504
	124,747	1,169	2,401	200	26,528	295,204	450,249

RESULTS

In spite of a highly challenging operating environment, the Group's turnover and profit attributable to shareholders recorded encouraging growth during the year ended 31st March, 2009. Turnover amounted to approximately HK$1,303 million, an increase of 11% over last year. Profit attributable to shareholders grew by 35% to approximately HK$60 million.

Both gross profit margin and net profit margin increased. The management is pleased with the improvement, taking into account the sharp rise in operating costs during the year. The improvement also reflected the Group's success in leveraging on its competitive advantages to transfer the additional costs through price adjustments.

The southern China operation remained the largest contributor to the Group's turnover. Solid progress was made in eastern China, spearheaded by the Suzhou subsidiary which reported its third year of profit and further expanded into the Yangtze River delta market. The Singapore subsidiary achieved satisfactory growth in both turnover and profit, capitalizing on its innovative design and enhanced efficiency.

At the end of the third quarter of the financial year, as the global economy plunged into a recession, customers began to cut orders. This affected the Group's growth in the last quarter of the financial year, and the impact became more pronounced in recent months. The Group has implemented additional measures to enable the Group to weather the turmoil. Details of the measures are described in the sections below.

DIVIDENDS

The Directors recommend a final dividend of HK1.5 cents (2008: HK1.5 cents) per share for the year ended 31st March, 2009 payable on Friday, 18th September, 2009 to shareholders whose names appear on the Register of Members on Friday, 4th September, 2009. Together with the interim dividend of HK1 cent (2008: HK1.5 cents) paid, full year dividends for the financial year would be HK2.5 cents per share (2008: HK3 cents).

BUSINESS REVIEW AND PROSPECTS

There were three major challenges facing the Group during the year under review, namely: (i) the higher operating costs in China, (ii) the extensive and ongoing concern about the safety of made-in-China consumer products, and (iii) the financial crisis in the United States, which plunged the world into a severe recession in the third quarter of the financial year.

The higher operating costs issue was underpinned by a sharp increase in China's wages. As an example, the minimum wage in Shenzhen rose by 20%, from RMB750 to RMB900, in July 2008. Other tributary factors included the higher costs of raw materials and further appreciation of the Renminbi. These negative factors took place when the safety of made-in-China consumer products remained a major concern among consumers in western countries. Simultaneously, the financial crisis in the United States created great uncertainty among customers during the first half of the financial year. It also caused the banks to increase their lending rates as a premium for the higher risks involved.

To meet these challenges, the Group adopted more stringent quality assurances and product certifications; new sales and marketing initiatives and cost control measures; and transferring of the additional costs through price adjustments. They capitalized on the Group's strength as a high quality and reliable manufacturer, as well as the changing landscape of competition where a number of printing and packaging companies have gone into restructuring or withdrawn from the market. Such strategy proved rewarding for the Group's first half results, as evidenced by a 26% increase in turnover and a 39% increase in profit attributable to shareholders.

Then the financial crisis further intensified and eventually brought chaos to the world economy. At the end of the third quarter of the financial year, as the global economy plunged into a recession, customers began to cut orders. This affected the Group's growth in the last quarter of the financial year. Moreover, financial charges increased in a hasty manner as the credit crunch came into full force. However, the most formidable challenge was the loss of confidence and trust among market participants across almost all sectors.

In the face of this tumultuous situation, the Group has adopted additional measures in the following areas.

First and foremost is marketing. Responding to the drastic decline in consumption particularly in the United States, the Group has realigned its marketing efforts to focus on high growth industries as well those sectors that are traditionally more resilient to the economic downturn. Such sectors include children's books and luxury packaging. Moreover, efforts are being made to increase the Group's domestic sales in China, and to explore other means that can further utilize the Group's existing strength and network on the mainland. To further diversify its markets, the Group increased its sales to Europe and expanded into new markets such as New Zealand.

Secondly, the Group has tightened its financial control since the financial crisis intensified. Such actions include closer monitoring of cashflow, tighter control of inventory and receivables, reducing capital expenditure, and adopting a more prudent financial management strategy. Moreover, the Group kept a close eye on credit risk, particularly for its export business.

Last but not least, the enhancement of the Group's efficiency and corporate standing. With the introduction of lean manufacturing, initial benefits have been made in operating efficiency and cost saving. The Group is also extending the electronic resources planning system to its Hong Kong and China premises to maximize the utilization and allocation of resources. On the corporate level, the Group is making strong efforts to promote its identity as a reliable, efficient and social conscious enterprise, by capitalizing on its innovative and cost-efficient design, packing construction and material usage, as well as its environmental friendly production and craftsmanship.

As such, notwithstanding the formidable challenges ahead, the management believes that the Group can take advantage of the financial crisis in the longer term. Competition in the printing and packaging industry is expected to be less intense as demand picks up in the aftermath of the crisis, and large reputable companies are likely to be major winners. Also, economic conditions are showing some signs of stabilizing, which is essential to the restoration of confidence and trust. With the Group's short-term and long-term plans being implemented expeditiously, the management believes that the Group can weather the turmoil and emerge stronger.

Hong Kong/Mainland China Operations

Southern China Region

For the year ended 31st March, 2009, the Group's printing and packaging divisions in southern China recorded a satisfactory growth in both turnover and profit. This was particularly encouraging given the further increase of minimum wage in Shenzhen, which rose from RMB750 to RMB900 in July 2008. The satisfactory growth can be attributed to three major factors. First, the Group was able to transfer the additional costs through price adjustments to customers, who appreciate the Group's efficiency, reliability and social contribution. Second, by allocating a substantial amount of orders to the Shaoguan plant, the Group was able to mitigate the impact brought by the higher labour costs in Shenzhen and Guangzhou. Lastly, there was improvement in cost saving following the adoption of lean manufacturing and other practices.

In terms of product range, paper products achieved a growth in turnover during the year. In terms of market, while the United States remained as the Group's largest export destination, the Group has recorded a continued increase in its sales to Europe.

With the global economic recession expected to last some time, the southern China division has been tightening its capital investment, adopting closer monitoring on stocks and customer credits, and making further improvement in production efficiency. The management is also exploring other means to further utilize the Group's existing strength and network in China.

In December 2008, Starlite Holdings Limited won the Gold Award for Corporate Social Responsibility, which is part of the annual Hong Kong Print Awards. Jointly organized by Graphic Arts Association of Hong Kong and the Hong Kong Quality Assurance Agency, the Gold Award for Corporate Social Responsibility recognizes Starlite's outstanding achievement in corporate management, research and development, human resources management and environmental issues. Details of the Award are contained in the "SOCIAL RESPONSIBILITY" section.

Eastern China Region

Equipped with advanced machinery and sophisticated technology, the Suzhou subsidiary was able to record its third year of profit, as international and domestic customers alike became more inclined to place orders with high quality and financially stable manufacturers. Apart from printing and packaging, the newly developed label printing business also achieved a notable growth.

As a beneficiary of the Group's sales and financial support, the Suzhou subsidiary has undertaken orders transferred by the Group's southern China subsidiaries. Given that the Chinese government has made it a priority to stimulate domestic demand as a major means to sustain growth, the Suzhou subsidiary is making further efforts to increase its domestic sales to benefit from the trend.

In November 2008, the Suzhou subsidiary won the Grand Award and the Cosmetics Category Gold Price in the 2008 Taiyo Cup Label Printing Awards competition. Organized by the China Academy of Printing Technology and the Shanghai Printing Trade Association, the Awards facilitate the exchange of label technology and recognize outstanding works submitted by label printers. The 2008 Awards adopted "Labels for Innovating Life" as its theme, presenting three Grand Awards, as well as gold, silver and bronze prizes in different categories. Through such endorsement and promotion, it is expected to increase the understanding of China's label printing business among label experts and end-users at home and abroad.

Southeast Asia Operation

Utilizing its innovative design, printing and packaging technology, the Singapore subsidiary performed satisfactorily during the year under review, with higher turnover and profit that arose from export sales to New Zealand and European markets. The Group is still looking for opportunities to increase the capacity of the Singapore subsidiary and to further expand its business in the Asia Pacific region.

In 2008, the Singapore subsidiary won 2 Singapore Packaging Star Awards, 2 AsiaStar Awards, and 3 WorldStar Awards. This was the first time that Starlite participated in the WorldStar competition, and was proud to be awarded the WorldStar 2008 for all its three entries.

The Singapore Packaging Star Award is organized by the Packaging Council of Singapore and the Singapore Manufacturers' Federation. It recognizes excellence in innovative design, packaging construction, material usage and environmental consideration. The AsiaStar Award is organized by the Asian Packaging Federation to recognize the winners as "the best of the best" in the Asian packaging industry. The WorldStar competition is organized by the World Packaging Organization. Winning the WordStar is a testament to the packaging structural design capability of the Singapore subsidiary. It has helped to put Starlite onto the world map for packaging structural design and printing.

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, 2009, the Group's cash and bank balances and short-term bank deposits amounted to approximately HK$114 million.

During the year under review, the interest expense of the Group amounted to approximately HK$18 million compared to approximately HK$17 million recorded last year. Currently, the Group has Renminbi-denominated loan facilities amounting to approximately RMB31 million that are available for the Group's Shenzhen, Guangzhou, Shaoguan and Suzhou plants for working capital purposes.

As at 31st March, 2009, the Group had a working capital surplus of approximately HK$76 million compared to a working capital surplus of approximately HK$38 million as at 31st March, 2008. The Group's net gearing ratio as at 31st March, 2009 was 21% (31st March, 2008: 44%), based on short-term and long-term bank borrowings, bill payables and finance lease obligations, net of bank balance and cash of approximately HK$106 million (31st March 2008: HK$192 million), and shareholders' funds of approximately HK$502 million (31st March, 2008: HK$433 million). The Group will continue to adopt prudent policies to maintain a healthy financial position.

CHARGE ON ASSETS

As at 31st March, 2009, certain assets of the Group with an aggregate book carrying value of approximately HK$33 million (31st March, 2008: HK$74 million) were pledged to secure the banking facilities of the Group.

EXCHANGE RATE EXPOSURE

All the Group's assets, liabilities and transactions are denominated 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 Mainland 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.

HUMAN RESOURCES DEVELOPMENT

Currently the Group has more than 8,000 employees. The Group maintains good relations with its employees, providing them competitive packages and incentive schemes as well as various training programmes. The Group has maintained a Share Option Scheme under which share options can 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 Mainland China and education institutions abroad to further enhance its staff quality.

SOCIAL RESPONSIBILITY

As a responsible corporation, the Group is committed to promoting social enhancement whilst developing its businesses, through active participation in social welfare and environmental protection activities to realize its mission. Regardless of where the Group operates, the Group treats the local communities as family members and strives to contribute to the communities.

In the past years, the Group has allocated significant resources to energy conservation and environmental protection, provided venues and platforms of training and job opportunities for young people, and actively supported help-poor and schooling campaigns as well as disaster relief efforts in China. Apart from providing financial support, the Group also contributes people and time to various charity drives. In many circumstances, the Group's Chairman makes initiative to organize joint efforts with other enterprises and friends to pool resources together for the maximum benefits of those in need.

In December 2008, Starlite Holdings Limited won the Gold Award for Corporate Social Responsibility jointly organized by Graphic Arts Association of Hong Kong and the Hong Kong Quality Assurance Agency. This Award, which is part of the annual Hong Kong Print Awards, gave Starlite high scores on protection of the rights of employees, health and safety standards, personal development of employees and participation in community work. The Starlite Institute of Management was singled out as a commitment by the Company to ensure continuous training for employees, customers and suppliers. Furthermore, the appointment of Starlite by the Standardization Administration of China as the first packaging printing company to establish the "China Printing Standardization Technology Development Base for Packaging and Printing" was viewed as an important contribution to the Printing Industry.

During the year under review, the Group and its staff made financial and other support to the following organizations:

- The Liaison Office of the Central People's Government in the Hong Kong S.A.R., with donation made to earthquake relief in Sichuan
- Federation of Hong Kong Guangdong Community Organizations, with donation made to earthquake relief in Sichuan
- Hong Kong Mei Zhou Association, with donation made to earthquake relief in Sichuan
- Financial support to build NUS Shatian Hope Primary School
- Support Scheme to Students in Meixian Nankou Middle School
- Shaoguan Tian Jing Gang Hai Lian School, for the renovation of the teaching premises
- Support Scheme to Students in Jiaying University
- Support Scheme to Students in Lanzhou University

LOOKING AHEAD

There are signs that the worst of the global financial crisis might have passed and that some stability has returned to the financial system. Nonetheless, economists warn against expectation for a quick economic recovery.

As consumption in the western world is not expected to resume strong growth in the near future, the Group is taking measures to increase sales in the Asia Pacific region. In particular, the Group strives to further expand its domestic sales in China, and to seek opportunities to further utilize its strength and network on the mainland. On the other hand, the Group is closely monitoring its credit risk and further increasing its operating efficiency. The management believes these measures will help the Group to weather the crisis and to come out in a stronger position.

As the global financial crisis has shown, rare events that are least expected can happen, and they can bring chaos within a very short period of time across the whole world. Uncertainty has now become a fact of life facing all enterprises. For an enterprise to thrive in this new challenging era, it must equip its organizational, financial and marketing structures with two distinct capabilities: agility and absorption. Agility means the capability and flexibility to move swiftly to preempt and respond to challenges. Absorption means the competence of an enterprise to endure sudden blows and changes. As Starlite approaches its 40th anniversary, the management is confident that the Group's strength and experience obtained in this long period of ebbs and flows will provide a solid foundation for the Group to further enhance its agility and absorption. Such capability can make the Group become even stronger and speedier to overcome new challenges in the future.

AUDIT COMMITTEE

The Audit Committee is composed of all the three independent non-executive Directors of the Company. The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of financial statements for the year ended 31st March, 2009.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES AND THE MODEL CODE

In the opinion of the Board, the Company has complied with the Code Provisions in Code of Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) throughout the year ended 31st March, 2009 except for the deviations as mentioned below.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer and Mr. Lam Kwong Yu currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person would allow the Company to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board believes that the balance of power and authority is adequately ensured by the operating of the Board which comprises experienced and high caliber individuals with a sufficient number thereof being Non-executive Directors.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company have not been appointed for a specific term as they are subject to retirement and re-election at annual general meeting in accordance with the Bye-laws of the Company.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules for securities transactions by the Directors. All Directors have confirmed that, in respect of the year ended 31st March, 2009, they have complied with the required standard set out in the Model Code regarding securities transactions by the Directors.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 2nd September, 2009 to Friday, 4th September, 2009 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for final dividend and attendance at the annual general meeting, shareholders must deliver their share transfer forms and share certificates to Tricor Secretaries Limited, the Company's Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Tuesday, 1st September, 2009.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is available for viewing on the website of The Stock Exchange of Hong Kong Limited at http://www.hkex.com.hk under "Latest Listed Company Information" and on the website of the Company at http://www.hkstarlite.com. The annual report for the year ended 31st March, 2009 will be dispatched to the shareholders and published on the above websites in due course.

On behalf of the Board
Starlite Holdings Limited
Lam Kwong Yu
Chairman

Hong Kong, 21st July, 2009

As at the date of this announcement, the Executive Directors of the Company are Mr. Lam Kwong Yu, Ms. Yeung Chui, Mr. Tai Tzu Shi, Angus, Mr. Cheung Chi Shing, Charles and Mr Lim Pheck Wan, Richard, and the Independent Non-executive Directors are Mr. Chan Yue Kwong, Michael, Mr. Kwok Lam Kwong, Larry, BBS, JP and Mr. Tam King Ching, Kenny.

* *For identification purpose only.*