

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



S T A R L I T E

HOLDINGS LIMITED

星光集團有限公司*

(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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2015**

INTERIM RESULTS (UNAUDITED)

The Directors of Starlite Holdings Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 30th September, 2015, together with the unaudited comparative figures for the corresponding period in the year 2014, as follows:

**Condensed Consolidated Income Statement
For the six months ended 30th September, 2015**

	Note	Unaudited Six months ended 30th September,	
		2015	2014
		HK\$'000	HK\$'000
Revenue	3	967,556	902,383
Cost of sales		(771,872)	(726,139)
Gross profit		195,684	176,244
Other (losses)/gains – net	5	(8,140)	(1,518)
Selling and distribution costs		(45,443)	(50,010)
General and administrative expenses		(94,169)	(96,211)
Operating profit	6	47,932	28,505

* For identification purpose

Condensed Consolidated Income Statement (Continued)
For the six months ended 30th September, 2015

		Unaudited	
		Six months ended	
		30th September,	
	Note	2015	2014
		HK\$'000	HK\$'000
Finance income		169	243
Finance costs		(5,381)	(5,225)
		<hr/>	<hr/>
Finance costs – net	7	(5,212)	(4,982)
		<hr/>	<hr/>
Profit before income tax		42,720	23,523
Income tax expense	8	(14,678)	(4,846)
		<hr/>	<hr/>
Profit for the period, attributable to equity holders of the Company		28,042	18,677
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share for profit attributable to equity holders of the Company during the period			
(expressed in HK cents per share)			
	9		
- Basic		5.34	3.56
		<hr/>	<hr/>
- Diluted		5.34	3.56
		<hr/>	<hr/>
Dividends	10	5,251	5,251
		<hr/> <hr/>	<hr/> <hr/>

**Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30th September, 2015**

	Unaudited	
	Six months ended	
	30th September,	
	2015	2014
	HK\$'000	HK\$'000
Profit for the period	28,042	18,677
Other comprehensive income		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
(Decrease)/increase in fair value of available-for-sale financial assets	(158)	77
Currency translation differences	(12,769)	1,876
	<hr/>	<hr/>
Total comprehensive income for the period, attributable to equity holders of the Company	15,115	20,630
	<hr/> <hr/>	<hr/> <hr/>

Condensed Consolidated Statement of Financial Position
As at 30th September, 2015

	Note	Unaudited As at 30th September, 2015 HK\$'000	Audited As at 31st March, 2015 HK\$'000
ASSETS			
Non-current assets			
Land use rights		23,973	24,850
Property, plant and equipment		378,272	411,544
Prepayments for property, plant and equipment		5,382	1,188
Available-for-sale financial assets		10,063	10,221
Deferred income tax assets		5,220	3,079
		<u>422,910</u>	<u>450,882</u>
Current assets			
Inventories		88,662	107,200
Trade and bill receivables	11	441,035	259,913
Prepayments and deposits		32,021	19,686
Tax recoverable		653	455
Bank deposits with maturity over 3 months from date of deposits		24,412	4,566
Cash and cash equivalents		215,460	211,155
		<u>802,243</u>	<u>602,975</u>
LIABILITIES			
Current liabilities			
Borrowings		200,961	180,196
Finance lease obligation		1,634	3,824
Trade and bill payables	12	208,143	140,413
Accruals and other payables		127,684	105,812
Tax payable		27,199	14,184
		<u>565,621</u>	<u>444,429</u>
Net current assets		<u>236,622</u>	<u>158,546</u>
Total assets less current liabilities		<u>659,532</u>	<u>609,428</u>
Non-current liabilities			
Borrowings		104,401	69,701
Deferred income tax liabilities		3,073	2,784
		<u>107,474</u>	<u>72,485</u>
Net assets		<u>552,058</u>	<u>536,943</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		52,514	52,514
Reserves	13	499,544	484,429
Shareholders' equity		<u>552,058</u>	<u>536,943</u>

Notes:

1. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30th September, 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31st March, 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

2. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March, 2015, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Adoption of amendments to existing standards and interpretation

The following amendments to standards and interpretation are mandatory for the Group’s financial year beginning 1st April, 2015. The adoption of these amendments to standards and interpretation does not have any significant impact to the results and financial position of the Group.

		Effective for accounting periods beginning on or after
HKFRS 9	Financial instruments	1st January, 2018
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	1st January, 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operation	1st January, 2016
HKFRS 14	Regulatory deferral accounts	1st January, 2016
HKFRS 15	Revenue from contracts with customers	1st January, 2018
HKAS 1 (Amendment)	Disclosure initiative	1st January, 2016

2. Accounting policies (Continued)

		Effective for accounting periods beginning on or after
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation	1st January, 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture bearer plants	1st January, 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1st January, 2016
HKFRS (Amendments)	Annual improvement to HKFRSs 2012-2014 cycle	1st January, 2016

The Group has not applied any new standards, amendments to standards and interpretation that have been issued but are not effective for the current accounting period.

3. Revenue

The Company is an investment holding company. Its subsidiaries are principally engaged in the printing and manufacturing of packaging materials, labels, and paper products, including environmentally friendly paper products. Revenues/turnover is analysed as follows :

	Unaudited	
	Six months ended	
	30th September,	
	2015	2014
	HK\$'000	HK\$'000
Sales of packaging materials, labels, and paper products, including environmentally friendly paper products	952,759	886,691
Others	14,797	15,692
	<hr/>	<hr/>
	967,556	902,383
	<hr/> <hr/>	<hr/> <hr/>

4. Segment information

The chief operating decision-maker has been identified as the Chairman/Chief Executive Officer of the Company. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chairman/Chief Executive Officer of the Company reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Chairman/Chief Executive Officer of the Company considers the business from geographical perspective, i.e. determined by the location of major factory plants including Southern China, Eastern China and South East Asia, and assesses performance based on revenue, operating profit, net profit, capital expenditure, assets and liabilities.

- (i) The segment results for the six months ended 30th September, 2015 and 2014 are as follows:

	Southern China	Eastern China	South East Asia	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30th September, 2015				
Total revenue	759,494	209,989	84,076	1,053,559
Segment revenue	(168)	(85,732)	(103)	(86,003)
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue (from external customers)	759,326	124,257	83,973	967,556
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Operating profit	35,005	10,142	2,785	47,932
Finance income	57	97	15	169
Finance costs	(4,024)	(948)	(409)	(5,381)
Income tax (expense)/credit	(11,870)	(3,036)	228	(14,678)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit for the period	19,168	6,255	2,619	28,042
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Other information :				
Depreciation and amortisation for the period	19,131	9,645	3,826	32,602
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure	14,006	5,187	2,303	21,496
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

4. Segment information (Continued)

- (i) The segment results for the six months ended 30th September, 2015 and 2014 are as follows: (Continued)

	Southern China	Eastern China	South East Asia	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30th September, 2014				
Total revenue	692,330	164,280	99,594	956,204
Segment revenue	(231)	(53,590)	-	(53,821)
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue (from external customers)	692,099	110,690	99,594	902,383
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Operating profit	20,748	5,006	2,751	28,505
Finance income	64	159	20	243
Finance costs	(3,585)	(885)	(755)	(5,225)
Income tax expense	(2,827)	(1,325)	(694)	(4,846)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit for the period	14,400	2,955	1,322	18,677
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Other information :				
Depreciation and amortisation for the period	17,507	11,084	6,228	34,819
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure	16,875	1,625	1,073	19,573
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

4. Segment information (Continued)

- (ii) An analysis of the Group's assets and liabilities by segments as at 30th September, 2015 and 31st March, 2015 is as follows:-

	Southern China HK\$'000	Eastern China HK\$'000	South East Asia HK\$'000	Group HK\$'000
As at 30th September, 2015				
Segment assets	845,894	225,854	147,532	1,219,280
Deferred income tax assets	3,126	2,094	-	5,220
Tax recoverable	-	-	653	653
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	849,020	227,948	148,185	1,225,153
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities	496,888	102,559	43,376	642,823
Deferred income tax liabilities	3,073	-	-	3,073
Tax payable	23,853	690	2,656	27,199
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	523,814	103,249	46,032	673,095
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Southern China HK\$'000	Eastern China HK\$'000	South East Asia HK\$'000	Group HK\$'000
As at 31st March, 2015				
Segment assets	641,044	242,800	166,479	1,050,323
Deferred income tax assets	395	2,684	-	3,079
Tax recoverable	455	-	-	455
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	641,894	245,484	166,479	1,053,857
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities	356,521	90,633	52,792	499,946
Deferred income tax liabilities	2,784	-	-	2,784
Tax payable	10,179	1,269	2,736	14,184
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	369,484	91,902	55,528	516,914
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5. Other (losses)/gains - net

	Unaudited	
	Six months ended	
	30th September,	
	2015	2014
	HK\$'000	HK\$'000
Other (losses)/gains – net		
Net exchange losses	(5,270)	(6,401)
Net (loss)/gain on disposal of property, plant and equipment	(2,082)	1,107
Others	(788)	3,776
	<u>(8,140)</u>	<u>(1,518)</u>

6. Operating profit

The following items have been charged/(credited) to the operating profit during the period:

	Unaudited	
	Six months ended	
	30th September,	
	2015	2014
	HK\$'000	HK\$'000
Employment costs (including directors' emoluments)	268,684	280,077
Depreciation of property, plant and equipment and amortisation of land use rights	32,602	34,819
Provision/(write-back of provision) for impairment of receivables – net	7,613	(554)
	<u>7,613</u>	<u>(554)</u>

7. Finance costs – net

	Unaudited	
	Six months ended	
	30th September,	
	2015	2014
	HK\$'000	HK\$'000
Finance costs		
- Interest expense on bank borrowings	5,280	4,951
- Interest on finance leases	101	274
	<u>5,381</u>	<u>5,225</u>
	-----	-----
Finance income		
Interest income from bank deposits	(169)	(243)
	<u>(169)</u>	<u>(243)</u>
	<u>5,212</u>	<u>4,982</u>
	=====	=====

8. Income tax expense

The Company is exempted from taxation in Bermuda until 2035. 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% (2014: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

Subsidiaries established and operated in the Mainland China are subject to the PRC Corporate Income Tax at rate of 25% during the period (2014: 25%).

8. Income tax expense (Continued)

The subsidiary established in Singapore is subject to Singapore Corporate Income Tax at a rate of 17% (2014: 17%).

	Unaudited	
	Six months ended	
	30th September,	
	2015	2014
	HK\$'000	HK\$'000
Current income tax expense		
- Hong Kong profits tax	10,636	2,109
- Mainland China Corporate Income Tax	5,319	2,044
- Singapore Corporate Income Tax	522	693
	<hr/>	<hr/>
	16,477	4,846
Deferred income tax	(1,799)	-
	<hr/>	<hr/>
	14,678	4,846
	<hr/> <hr/>	<hr/> <hr/>

9. Earnings per share

Basic

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

	Unaudited	
	Six months ended	
	30th September,	
	2015	2014
Profit attributable to equity holders of the Company (HK\$'000)	28,042	18,677
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue ('000)	525,135	525,135
	<hr/>	<hr/>
Basic earnings per share (HK cents)	5.34	3.56
	<hr/> <hr/>	<hr/> <hr/>

9. Earnings per share (Continued)

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 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. There were no share options outstanding during the six months ended 30th September, 2014 and 30th September, 2015.

For the period ended 30th September, 2014 and 30th September, 2015, diluted earnings per share equals basic earnings per share as there were no dilutive potential shares.

10. Dividends

	Unaudited	
	Six months ended	
	30th September,	
	2015	2014
	HK\$'000	HK\$'000
Proposed interim dividends of HK1 cent (2014: HK1 cent) per share	5,251	5,251
	=====	=====

11. Trade and bill receivables

	Unaudited As at 30th September, 2015 HK\$'000	Audited As at 31st March, 2015 HK\$'000
Trade receivables	463,958	272,598
Less: provision for impairment of receivables	(22,960)	(15,667)
	<hr/>	<hr/>
Trade receivables - net	440,998	256,931
Bill receivables	37	2,982
	<hr/>	<hr/>
Trade and bill receivables	441,035	259,913
	<hr/> <hr/>	<hr/> <hr/>

The Group grants to its customers credit terms generally ranging from 30 to 120 days. The ageing analysis of trade and bill receivables is as follows :

	Unaudited As at 30th September, 2015 HK\$'000	Audited As at 31st March, 2015 HK\$'000
1 to 90 days	425,680	213,565
91 to 180 days	23,414	46,360
181 to 365 days	12,839	8,989
Over 365 days	2,062	6,666
	<hr/>	<hr/>
	463,995	275,580
Less: provision for impairment of receivables	(22,960)	(15,667)
	<hr/>	<hr/>
	441,035	259,913
	<hr/> <hr/>	<hr/> <hr/>

12. Trade and bill payables

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

	Unaudited	Audited
	As at 30th	As at
	September,	31st March,
	2015	2015
	HK\$'000	HK\$'000
1 to 90 days	185,268	113,909
91 to 180 days	12,325	18,577
181 to 365 days	3,723	7,098
Over 365 days	6,827	829
	<hr/>	<hr/>
	208,143	140,413
	<hr/> <hr/>	<hr/> <hr/>

13. Reserves

Movements were:

	Unaudited					
	For the six months ended 30th September, 2015					
	Share premium	Capital reserve	Investment reserve	Translation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1st April, 2015	127,796	1,792	1,417	60,219	293,205	484,429
Profit for the period	-	-	-	-	28,042	28,042
Other comprehensive income						
- Decrease in fair value of available-for-sale financial assets	-	-	(158)	-	-	(158)
- Currency translation differences	-	-	-	(12,769)	-	(12,769)
Total comprehensive income for the period	-	-	(158)	(12,769)	28,042	15,115
As at 30th September, 2015	127,796	1,792	1,259	47,450	321,247	499,544

	Unaudited					
	For the six months ended 30th September, 2014					
	Share premium	Capital reserve	Investment reserve	Translation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1st April, 2014	127,796	1,792	1,017	74,587	301,056	506,248
Profit for the period	-	-	-	-	18,677	18,677
Other comprehensive income						
- Increase in fair value of available-for-sale financial assets	-	-	77	-	-	77
- Currency translation differences	-	-	-	1,876	-	1,876
Total comprehensive income for the period	-	-	77	1,876	18,677	20,630
2013/14 final dividends paid	-	-	-	-	(5,251)	(5,251)
As at 30th September, 2014	127,796	1,792	1,094	76,463	314,482	521,627

RESULTS

For the six months ended 30th September, 2015, the Group recorded a turnover of approximately HK\$968 million, an increase of 7% compared with the same period last year. Profit attributable to shareholders grew by 50% to approximately HK\$28 million.

The positive results, marked by a higher growth in net profit, were mainly attributable to: (i) the Group's enhanced operational efficiency through lean management and intelligent automation, which enabled the Group to reduce its headcount and mitigate the impact of rising labour costs in Mainland China; (ii) the increase in the Group's sales to the United States, which more than offset the decline in the Group's sales to Europe and Asia; and (iii) the steady price of raw materials and lower cost of utilities, which contributed to an improvement in the Group's profit margins.

The outlook for the second half of the financial year remains challenging given the seasonal factors of the toys industry and the prevailing weakness in the European and Asian markets. The management will continue with the ongoing efficiency enhancement strategy and business development programme to sustain the Group's growth, details of which are described in the "Business Review and Prospects" section.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK1 cent (2014: HK1 cent) per share for the six months ended 30th September, 2015 payable on Wednesday, 24th February, 2016 to shareholders whose names appear on the Register of Members on Friday, 8th January, 2016.

BUSINESS REVIEW AND PROSPECTS

Hong Kong/Mainland China Operations

Overview

The Group's dedicated effort to improve its sales and operational efficiency yielded positive results for the six months ended 30th September, 2015. During the period, affected by a weak Euro and sluggish consumer sentiment in the Eurozone, orders from major European clients saw a decline. The Group's sales to Asian countries including China also dropped as demand for consumer goods from the region softened. Notwithstanding these, the Group was able to increase its sales to the United States, which more than offset the decline in European and Asian orders. As a result, the Group was able to record a net increase of 7% in overall sales.

Internally, the Group's ongoing efficiency enhancement programme, comprising the streamlining of workflow, intelligent automation and value stream mapping, contributed to higher operational efficiency and a decrease in wastage of resources. As a result, the Group was able to reduce its headcount in its southern China operation, which helped alleviate the impact brought by the double-digit wage increases in the Shenzhen and Guangzhou plants in March and May 2015, respectively. The efficiency enhancement measures, together with the steady price of raw materials and lower cost of utilities, enabled the Group to improve its profit margins during the period.

In terms of segment, printing and packaging recorded a higher turnover while children's books saw a decline in sales. Orders derived from the toys, technology, cosmetics and luxury sectors grew; sales of greeting cards leveled; and sales of children books dropped. The original design manufacturing (ODM) and original brand manufacturing (OBM) businesses recorded a growth in sales during the period, with more orders expected for the second half of the current financial year and beyond.

Overall, both the southern China operation and eastern China operation posted a growth in sales and profit. The southeast Asia operation recorded a decline in turnover but a growth in profit, with the Malaysian plant expanding its markets and pursuing higher operational efficiency and product quality.

Moving into the second half of the financial year, the management is working on enlarging the Group's clientele in preparation for a possible decline in orders from the toys industry due to seasonal factors. Such effort will also help the Group to reduce its reliance on the United States as the Group explores sales opportunities in emerging markets such as the Middle East and South America. Adopting a longer-term perspective, the Group will strive to expand its source of revenue across and beyond the "Four Major Blocks", namely: (i) proprietary products with confidentiality undertaking; (ii) packaging including luxury packaging and specialty printing; (iii) children's books and greeting cards; and (iv) the ODM and OBM businesses. The Group will prioritize the allocation of resources to these four blocks based on their growth potential while seeking to identify new blocks that offer promising return.

Moreover, the Group will continue to improve its operational efficiency by reinforcing and continuing lean management, intelligent automation, and value stream mapping. Benchmarks and yardsticks have been assigned to the plants with close monitoring to ensure efficiency and to guard against wastage. Financial and cash flow management systems are in place to ensure resources are properly allocated. The development of custom-made machinery and automated equipment is also gaining ground, with negotiations on collaboration with international machinery corporations being under way.

Southern China Operation

The Group's southern China operation recorded a growth in turnover and profit during the six months ended 30th September, 2015.

The printing and packaging division recorded higher sales led by more orders from the toys and technology sectors. Paper products experienced a decline in sales marked by less orders for children's books. The management expects business from the toys industry to remain challenging in the second half due to the seasonal factors of the industry as well as strong competition in the printing and packaging industry.

Wages rose by double digit at the Shenzhen and Guangzhou plants in March and May 2015, respectively. Nonetheless, with the operational efficiency programme bearing fruit, the southern China operation was able to reduce its headcount, which mitigated the impact of rising wages. In addition, the price of raw materials and fuel leveled off which together with the reduction of wastage in materials improved profit margins. As such, the southern China operation was able to record a profit growth.

The ODM and OBM businesses posted a gain in orders in the first half compared to a year ago. Team Green, the Group's eco-friendly design products brand, made its debut in the Frankfurt Book Fair in mid-October 2015 and received favourable response from visitors. Team Green is actively expanding its product range and international distribution network. More selling points are being developed in Japan, Hong Kong, China, Europe and the United States. On-line sales and marketing are being strengthened through GreenTaNet.com, our own e-business platform, and other online stores for Team Green products. The management expects the ODM and OBM businesses to receive more orders in the second half of the current financial year and beyond, from major retailers, wholesalers and licensees. The Group will continue to utilize promotion and event marketing to expand the ODM and OBM businesses.

Eastern China Operation

The eastern China operation recorded an increase in sales and profit, drawing on its innovative packaging solutions and specialty printing services as well as improved operational efficiency.

During the period under review, more orders were secured for greeting cards and packaging. However, domestic business in China saw a decline as demand for consumption goods softened alongside the weakening economy.

Positioned as a leading printing and packaging services provider targeting multinational customers and established Chinese enterprises, the eastern China operation will seek to enlarge its clientele in growth sectors to enhance its growth and profitability.

Southeast Asia Operation

The southeast Asia operation recorded a decline in turnover but a growth in profit during the period under review. The decrease in turnover was due to realignment of product range by major clients and the depreciation of Singapore Dollar and Malaysian Ringgit against the United States dollar. Nonetheless, with the factory in Johor, Malaysia taking over all production from Singapore, the southeast Asia operation was able to take advantage of the lower costs in Malaysia to record a higher profit.

Moving ahead, the Malaysian plant will seek to enhance product quality and operational efficiency to further capitalize on its strong production capacity. At the same time, acting as a hub centre focusing on sales and marketing, innovation, services and logistics, the Singapore subsidiary will seek to expand the product range and customer base. The management believes that these joint efforts will help the southeast Asia operation to increase penetration in markets such as Australia, New Zealand and ASEAN countries and to expand into labour-intensive paper products.

Prospects

With the Federal Reserve likely to increase interest rates in coming months, consumer confidence in the United States may see a setback. In Europe, there are little signs that the overall economy will recover soon. This, together with the continual weakness of the Euro, is expected to make European buyers more hesitant in placing orders and more rigorous in pricing. Asia is yet to see a strong recovery of consumer sentiment with the Chinese economy slowing down and Japan striving for sustainable expansion.

In view of the uncertainties weighing on global growth, the Group is adhering to its “deepening and streamlining” initiatives and intelligent automation programme to reform its operations and increase their competitive advantages. Moreover, the Group will strive to expand its source of revenue across and beyond the “Four Major Blocks” to capture new opportunities so as to safeguard its sales and profitability. As the Group celebrates the 45th anniversary of its founding in Hong Kong, the management believes that it is well equipped with strong teams of professionals working on clear goals and strategies and strong manufacturing resources and international distribution networks that will bring shareholders brighter years in the future.

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 30th September, 2015, the Group’s cash and bank balances and short-term bank deposits amounted to approximately HK\$240 million.

During the period under review, the interest expense of the Group amounted to approximately HK\$5.4 million compared to approximately HK\$5.2 million recorded in the same period of 2014. Currently, the Group has Renminbi-denominated loan facilities amounting to approximately

RMB15 million that are available for the Group's Shenzhen, Guangzhou, Shaoguan and Suzhou plants for working capital purposes.

As at 30th September, 2015, the Group had a working capital surplus of approximately HK\$237 million compared to a working capital surplus of approximately HK\$199 million as at 30th September, 2014. The Group's net gearing ratio as at 30th September, 2015 was 12% (30th September, 2014: 17%), based on short-term and long-term bank borrowings, finance lease obligation and bill payables, net of bank balance and cash of approximately HK\$68 million (30th September, 2014: HK\$99 million), and shareholders' funds of approximately HK\$552 million (30th September, 2014: HK\$574 million). The Group will continue to adopt prudent policies to maintain a healthy financial position.

CHARGE ON ASSETS

As at 30th September, 2015, certain assets of the Group with an aggregate book carrying value of approximately HK\$74 million (30th September, 2014: HK\$69 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 Euro were primarily related to the Group's purchase of machinery.

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. 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.

AUDIT COMMITTEE

The Audit Committee is composed of all the three Independent Non-Executive Directors of the Company. The Audit Committee has reviewed with management the accounting policies adopted by the Group and discussed auditing, internal control, and financial reporting matters, including the review of unaudited interim financial statements for the six months ended 30th September, 2015.

REMUNERATION COMMITTEE

The Remuneration Committee was set up with the responsibility of recommending to the Board the remuneration policy of all the Directors and the senior management. The Remuneration Committee composed of all the three Independent Non-Executive Directors of the Company.

NOMINATION COMMITTEE

The Nomination Committee is composed of the Chairman of the Board, one Non-Executive Director and the three Independent Non-Executive Directors of the Company. The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board on a regular basis and making recommendations to the Board regarding any proposed changes.

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 period.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the Code Provisions in the Corporate Governance Code and Corporate Governance Report (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 six months ended 30th September, 2015 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.2.7 stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. As Mr. Lam Kwong Yu, the Chairman of the Company, is also an Executive Director of the Company, this code provision is not applicable.

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 by rotation and re-election at annual general meeting in accordance with the Bye-laws of the Company.

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Kwok Lam Kwong, Larry, *BBS, JP* and Ms. Yeung Chui were unable to attend the Annual General Meeting of the Company held on 13th August, 2015 as they were engaged in other prior business commitments.

COMPLIANCE WITH MODEL CODE

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 they have complied with the required standard of dealings and code of conduct regarding securities dealings by directors as set out in the Model Code for the six months ended 30th September, 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 6th January, 2016 to Friday, 8th January, 2016 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, shareholders must deliver their share transfer forms and share certificates to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 5th January, 2016.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> under "Latest Listed Company Information" and on the website of the Company at <http://www.hkstarlite.com>. The interim report for the six months ended 30th September, 2015 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, 23rd November, 2015

As at the date of this announcement, the executive directors of the Company are Mr. Lam Kwong Yu, Mr. Tai Tzu Shi, Angus and Mr. Cheung Chi Shing, Charles, the non-executive director is Ms. Yeung Chui, 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.