STARLITE
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 ANNUAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2019

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, 2019 together with the comparative figures for the previous year, as follows:

Consolidated Income Statement

For the year ended 31st March, 2019

	Note	**2019**	2018
		HK$'000	HK$'000
Revenue	3	**1,430,998**	1,533,094
Cost of sales		**(1,183,088)**	(1,287,456)
Gross profit		**247,910**	245,638
Other gains/(losses) - net	4	**2,510**	(3,456)
Selling and distribution costs		**(81,488)**	(97,351)
General and administrative expenses		**(177,653)**	(184,914)
Net impairment losses on financial assets		**(5,785)**	(2,196)
Operating loss	5	**(14,506)**	(42,279)

**For identification purpose only.*

Consolidated Income Statement (Continued)

For the year ended 31st March, 2019

	Note	**2019**	2018
		HK$'000	HK$'000
Finance income		**721**	443
Finance costs		**(10,563)**	(7,813)
Finance costs – net	6	**(9,842)**	(7,370)
Loss before income tax		**(24,348)**	(49,649)
Income tax expense	7	**(13,577)**	(4,787)
Loss for the year attributable to the owners of the Company		**(37,925)**	(54,436)
Losses per share attributable to the owners of the Company for the year			
(expressed in HK cents per share)	8		
- Basic		**(7.22)**	(10.37)
- Diluted		**(7.22)**	(10.37)
Dividends	9	**-**	-

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2019

	2019	2018
	HK$'000	HK$'000
Loss for the year	**(37,925)**	(54,436)
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Increase in fair value of available-for-sale financial assets	**-**	532
Currency translation differences	**(26,387)**	42,815
Items that will not be reclassified to profit or loss		
Increase in fair value of equity investments at fair value through other comprehensive income	**115**	-
Other comprehensive (loss)/income for the year, net of tax	**(26,272)**	43,347
Total comprehensive loss for the year attributable to the owners of the Company	**(64,197)**	(11,089)

Consolidated Statement of Financial Position

As at 31st March, 2019

	Note	**As at 31st March, 2019 HK$'000**	As at 31st March, 2018 HK$'000
ASSETS			
Non-current assets			
Land use rights		**20,491**	22,558
Property, plant and equipment		**337,117**	358,664
Prepayments for non-current assets		**2,149**	6,425
Deferred income tax assets		**4,152**	3,818
Financial assets at fair value through other comprehensive income		**2,005**	-
Financial assets at fair value through profit or loss		**13,137**	-
Available-for-sale financial assets		**-**	14,690
Long-term bank deposit		**-**	1,312
		379,051	407,467
Current assets			
Inventories		**127,278**	146,815
Trade and bill receivables	10	**214,666**	238,326
Prepayments and deposits		**29,278**	31,058
Tax recoverable		**85**	4,041
Bank deposits with maturity over 3 months from date of deposits		**15,950**	15,165
Cash and cash equivalents		**249,982**	314,233
		637,239	749,638
Total assets		**1,016,290**	1,157,105
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**52,514**	52,514
Reserves	12	**416,097**	480,294
Total equity		**468,611**	532,808
LIABILITIES			
Non-current liabilities			
Borrowings		**-**	110,369
Deferred revenue		**861**	1,152
Deferred income tax liabilities		**6,422**	7,260
		7,283	118,781
Current liabilities			
Trade and bill payables	11	**128,894**	184,612
Contract liabilities		**1,765**	-
Current income tax liabilities		**26,416**	20,621
Borrowings		**214,091**	139,674
Accruals and other payables		**169,015**	160,379
Deferred revenue		**215**	230
		540,396	505,516
Total liabilities		**547,679**	624,297
Total equity and liabilities		**1,016,290**	1,157,105

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are carried at fair value.

The preparation of consolidated 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.

(a) New standards, interpretation and amendments to existing standards adopted by the Group

The following new standards, interpretation and amendments to existing standards have been adopted by the Group for the first time for the financial year beginning 1st April, 2018:

Annual Improvements Project HKFRS 1 and HKAS 28	Annual Improvements 2014-2016 Cycle
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarifications to HKFRS 15
Amendments to HKAS 40	Transfer of Investment Property
HK(IFRIC)- Int 22	Foreign Currency Transactions and Advance Consideration

Detailed impact of adoption of HKFRS 9 and HKFRS 15 are disclosed in Note 2 below. The adoption of other amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

1. Basis of preparation (Continued)

(b) New standards, interpretation and amendments to existing standards have been issued but not effective and have not been early adopted by the Group

A number of new standards, interpretation and amendments to existing standards are effective for annual periods beginning after 1st April, 2018 and have not been applied in preparing these consolidated financial statements:

		Effective for annual periods beginning on or after
Amendments to Annual Improvements Project	Annual Improvements 2015-2017 Cycle	1st January, 2019
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	1st January, 2019
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures	1st January, 2019
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1st January, 2019
HKFRS 16	Leases (new standard)	1st January, 2019
HK(IFRIC) – Int 23	Uncertainty over Income tax Treatments (new interpretation)	1st January, 2019
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1st January, 2020
Amendments to HKAS 1 and 8	Definition of Material	1st January, 2020
Amendments to HKFRS 3	Definition of a Business	1st January, 2020
Amendments to HKFRS 17	Insurance Contracts	1st January, 2021
Amendments to HKFRS10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has commenced an assessment of the impact of these new standards, interpretation and amendments to existing standards. Except as discussed below, the Group is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

1. Basis of preparation (Continued)

(b) New standards, interpretation and amendments to existing standards that have been issued but not effective and have not been early adopted by the Group (Continued)

HKFRS 16, "Leases" – Effective for financial years beginning on or after 1st April 2019

Nature of change

HKFRS 16 will result in almost all leases being recognised on the consolidated statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. In the consolidated income statement, rental expenses are not recognised while amortisation arising from the right-of–use assets and interest expense on the lease liabilities are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$5,526,000. Based on management's initial assessment, the initial adoption of HKFRS 16 in the future will result in an increase in the right-of-use assets and the lease liabilities, which is expected to result in an increase in both assets and liabilities in the consolidated statement of financial position. The adoption will also front-load the expense recognition in the consolidated income statement over the period of the leases, as a result of the combination of the interest expenses arising from the lease liabilities and the amortisation of the right-of-use assets as compared to the rental expenses under existing standard.

Date of adoption by the Group

The Group will apply the standard from its mandatory adoption date of 1st April, 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

2. Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 *Financial Instruments* and HKFRS 15 *Revenue from Contracts with Customers* on the Group's financial statements.

The Group elected to adopt HKFRS 9 and HKFRS 15 without restating comparatives. The reclassifications and the adjustments are therefore not reflected in the consolidated statement of financial position as at 31st March, 2018, but are recognised in the opening consolidated statement of financial position on 1st April, 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below:

Consolidated Statement of Financial Position (extract)	31st March, 2018 HK$'000	Effect of HKFRS 9 HK$'000	Effect of HKFRS 15 HK$'000	1st April, 2018 HK$'000
Non-current assets				
Available-for-sale financial assets ("AFS")	14,690	(14,690)	-	-
Financial assets at fair value through profit or loss ("FVPL")	-	12,800	-	12,800
Financial assets at fair value through other comprehensive income ("FVOCI")	-	1,890	-	1,890
Current liabilities				
Accrual and other payables	160,379	-	(1,582)	158,797
Contract liabilities	-	-	1,582	1,582
Equity				
Investment revaluation reserve	2,364	(2,364)	-	-
Retained earnings	265,859	1,210	-	267,069
FVOCI revaluation reserve	-	1,154	-	1,154

2. Changes in accounting policies (Continued)

(i) HKFRS 9 "Financial Instruments" – Impact of adoption

HKFRS 9 replaces the provisions of HKAS39 that related to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HFKRS 9 Financial Instruments from 1st April, 2018 resulted in changes in accounting policies and adjustments to the amount recognised in the consolidated financial statements.

(a) Classification and measurement

On 1st April, 2018 (the date of initial application of HKFRS9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from the reclassification are as follows:

	Note	AFS	FVPL	FVOCI
		HK$'000	HK$'000	HK$'000
Closing balance as at 31st March, 2018– HKAS 39		14,690	-	-
Reclassify investments from AFS to FVPL	(i)	(12,800)	12,800	-
Reclassify investments from AFS to FVOCI	(ii)	(1,890)	-	1,890
Opening balance as at 1st April, 2018 - HKFRS 9		-	12,800	1,890

The impact of these changes on the Group's equity is as follows:

	Note	Effect on investment reserve HK$'000	Effect on FVOCI revaluation reserve HK$'000	Effect on retained earnings HK$'000
Closing balance as at 31st March, 2018 – HKAS 39		2,364	-	-
Reclassify investments from AFS to FVPL	(i)	(1,210)	-	1,210
Reclassify investments from AFS to FVOCI	(ii)	(1,154)	1,154	-
Opening balance as at 1st April, 2018 – HKFRS 9		-	1,154	1,210

2. Changes in accounting policies (Continued)

(i) HKFRS 9 "Financial Instruments" – Impact of adoption (Continued)

(a) Classification and measurement (Continued)

(i) Reclassification from AFS to FVPL

Certain debt investments were reclassified from available-for-sale financial assets to financial assets at FVPL (HK$12,800,000 as at 1st April, 2018). They do not meet the HKFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest. The accumulated fair value gains of HK$1,210,000 recorded in the previous years have been reclassified from investment revaluation reserve to retained earnings on 1st April, 2018.

(ii) Equity investments previously classified as AFS

The Group elected to present in other comprehensive income changes in the fair value of listed equity investments previously classified as available-for-sale financial assets, because these investments are held as long term strategic investments that are not expected to be sold in the short to medium term. As a result, these investments were reclassified from available-for-sale financial assets to financial assets at FVOCI (HK$1,890,000 at 1st April, 2018). Related fair value gains of HK$1,154,000 were reclassified from the investment revaluation reserve to FVOCI revaluation reserve on 1st April, 2018.

Other than that, there were no other changes to the classification and measurement of financial instruments.

(b) Impairment of financial assets

The Group mainly has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- Trade receivables, and
- Other financial assets carried at amortised cost.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

2. Changes in accounting policies (Continued)

(i) HKFRS 9 "Financial Instruments" – Impact of adoption (Continued)

(b) Impairment of financial assets (Continued)

Trade receivables

The Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance ("ECL") for all trade receivables. The Group estimates ECL based on shared credit risk characteristics and ageing profile.

The Group has assessed the ECL model applied to the trade receivables as at 1st April, 2018 and the change in impairment methodologies has no significant impact of the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

Other financial assets at amortised cost

For other financial assets carried at amortised cost, the expected credit loss is based on the 12-month expected credit loss, unless there has been a significant increase in credit risk of the financial investment since initial recognition in which case the loss allowance is measured at an amount equal lifetime expected credit losses. The Group concluded there is no material impact on 1st April, 2018.

(ii) HKFRS 15 "Revenue from Contracts with Customers" – Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with customers from 1st April, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in this consolidated financial statements. In accordance with the transition provisions in HKFRS 15, the Group has adopted the cumulative effect method and comparative figures have not been restated.

The adoption of HKFRS 15 did not result in any significant impact on the Group's financial position and results of operations based on the current business model, except that the Group has changed the presentation of certain amounts in the consolidated statement of financial position to reflect the terminology of HKFRS 15 with effect from 1st April, 2018:

2. Changes in accounting policies (Continued)

(ii) HKFRS 15 "Revenue from Contracts with Customers" – Impact of adoption (Continued)

- Contract liabilities primarily relate to the advance consideration received from customers for sales of goods were previously presented as accruals and other payables (HK$1,582,000 as at 1st April, 2018).

Revenue of HK$1,582,000 included in the contract liabilities balance on 1st April, 2018 are recognised in the consolidated income statement for the year ended 31st March, 2019.

<u>Disclosure of the impact on the amounts reported in respect of the year ended 31st March, 2019 as if no adoption of HKFRS 15 on 1st April, 2018</u>

The impact on the Group's financial statements for the year ended 31st March, 2019 as if no adoption of HKFRS 15 on 1st April, 2018 is as follows:

<u>Consolidated income statement and statement of comprehensive income for the year ended 31st March, 2019</u>
There is no impact on the consolidated income statement and statement of comprehensive income.

<u>Consolidated statement of financial position as at 31st March, 2019</u>
Accruals and other payable would increase by HK$1,765,000 and contract liabilities of HK$1,765,000 would be derecognised.

3. Revenue and segment information

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 environmental friendly paper products.

(a) Analysis of revenue by category:

	2019	2018
	HK$'000	HK$'000
Sales of packaging materials, labels and paper products, including environmental friendly paper products	**1,400,167**	1,505,126
Others	**30,831**	27,968
	1,430,998	1,533,094

(b) Segment information

The chief operating decision-maker (the "CODM") of the Group 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 CODM. The CODM of the Company reviews the Group's internal reporting in order to assess performance and allocate resources. Management has reported the results of the operating segments based on these reports.

The CODM of the Company considers the business from a 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 (loss)/profit, (loss)/profit for the year, capital expenditure, assets and liabilities.

3. Revenue and segment information (Continued)

(b) Segment information (Continued)

(i) The segment results for the year ended 31st March, 2019 and 2018 are as follows:

	Southern China HK$'000	Eastern China HK$'000	South East Asia HK$'000	Group HK$'000
Year ended 31st March, 2019				
Segment revenue	1,154,737	261,657	141,838	1,558,232
Inter-segment revenue	(17,769)	(109,465)	-	(127,234)
Revenue from external customers at a point in time	1,136,968	152,192	141,838	1,430,998
Operating profit/(loss)	21,509	(22,204)	(13,811)	(14,506)
Finance income	481	210	30	721
Finance costs	(9,047)	(1,516)	-	(10,563)
Income tax (expense)/credit	(15,770)	(62)	2,255	(13,577)
Loss for the year	(2,827)	(23,572)	(11,526)	(37,925)
Other information :				
Additions to property, plant and equipment	21,186	32,121	6,263	59,570
Depreciation and amortisation	31,708	13,671	8,539	53,918
Capital expenditure	20,360	29,145	5,789	55,294
Provision for impairment of property, plant and equipment	-	10,000	-	10,000
Year ended 31st March, 2018				
Segment revenue	1,176,044	352,041	157,714	1,685,799
Inter-segment revenue	(9,910)	(142,795)	-	(152,705)
Revenue from external customers	1,166,134	209,246	157,714	1,533,094
Operating (loss)/profit	(27,127)	(23,054)	7,902	(42,279)
Finance income	307	120	16	443
Finance costs	(6,442)	(1,299)	(72)	(7,813)
Income tax expense	(1,778)	-	(3,009)	(4,787)
(Loss)/profit for the year	(35,040)	(24,233)	4,837	(54,436)
Other information :				
Additions to property, plant and equipment	34,822	16,166	1,152	52,140
Depreciation and amortisation	33,948	12,021	8,013	53,982
Capital expenditure	32,825	16,966	1,949	51,740

3. Revenue and segment information (Continued)

(b) Segment information (Continued)

(ii) An analysis of the Group's assets and liabilities by segment as at 31st March, 2019 and 2018 is as follows:

	Southern China HK$'000	Eastern China HK$'000	South East Asia HK$'000	Group HK$'000
As at 31st March, 2019				
Segment assets	663,927	181,906	170,457	1,016,290
Segment liabilities	415,508	110,494	21,677	547,679
As at 31st March, 2018				
Segment assets	768,226	211,051	177,828	1,157,105
Segment liabilities	464,686	134,424	25,187	624,297

4. Other gains/(losses) - net

	2019 **HK$'000**	2018 HK$'000
Provision for impairment of property, plant and equipment	**(10,000)**	-
Net exchange gains/(losses)	**7,606**	(10,547)
Loss on disposals of property, plant and equipment	**(1,868)**	(2,854)
Net fair value gains on financial assets at fair value through profit or loss	**337**	-
Others	**6,435**	9,945
	2,510	(3,456)

5. Operating loss

The following items have been charged/(credited) to the operating loss during the year:

	2019	2018
	HK$'000	HK$'000
Employment benefit expenses (including directors' emoluments)	**458,674**	493,859
Amortisation of land use rights	**763**	725
Depreciation of property, plant and equipment	**53,155**	53,257
(Write back of)/provision for inventory obsolescence	**(3,731)**	991

6. Finance costs – net

	2019	2018
	HK$'000	HK$'000
Finance costs		
Interest expense on bank borrowings	**10,563**	7,813
Finance income		
Interest income on bank deposits	**(721)**	(443)
	9,842	7,370

7. 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% (2018: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

The subsidiaries established and operated in the PRC are subject to the PRC Corporate Income Tax at rate of 25% during the year (2018: 25%).

The subsidiaries established in Singapore and Malaysia are subject to Singapore Corporate Income Tax at a rate of 17% (2018: 17%) and Malaysia Corporate Income Tax at a rate of 24% (2018: 24%) respectively.

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

	2019	2018
	HK$'000	HK$'000
Current income tax expense		
- Hong Kong profits tax	**3,703**	4,034
- PRC Corporate Income Tax	**11,944**	4,023
- Overseas Corporate Income Tax	**(131)**	913
Over provision in prior years	**(568)**	(7,403)
	14,948	1,567
Deferred income tax	**(1,371)**	3,220
Income tax expense	**13,577**	4,787

8. Losses per share

Basic

Basic losses per share is calculated by dividing the Group's loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2019	2018
Loss attributable to the owners of the Company (HK$'000)	**(37,925)**	(54,436)
Weighted average number of ordinary shares in issue ('000)	**525,135**	525,135
Basic losses per share (HK cents)	**(7.22)**	(10.37)

Diluted

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. For the year ended 31st March, 2019 and 31st March, 2018, diluted losses per share equals basic losses per share as there were no dilutive potential shares.

9. Dividends

The Board of Directors does not recommend the payment of a final dividend for the year ended 31st March, 2019 (2018 : Nil).

No interim dividend was paid for the six months ended 30th September, 2018 (30th September, 2017: Nil).

10. Trade and bill receivables

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

	2019	2018
	HK$'000	HK$'000
1 to 90 days	**173,445**	198,831
91 to 180 days	**38,053**	28,150
181 to 365 days	**10,252**	9,223
Over 365 days	**8,238**	12,877
	229,988	249,081
Less: loss allowance	**(15,322)**	(10,755)
	214,666	238,326

11. Trade and bill payables

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

	2019	2018
	HK$'000	HK$'000
1 to 90 days	**117,043**	166,262
91 to 180 days	**8,344**	11,019
181 to 365 days	**709**	639
Over 365 days	**2,798**	6,692
	128,894	184,612

12. Reserves

Movements were as follows:

	Share premium HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Investment revaluation reserve HK$'000	Financial assets at fair value through other comprehensive income revaluation reserve HK$'000	Translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Group								
As at 31st March, 2018 and 1st April, 2018	127,796	1,792	13,459	2,364	-	69,024	265,859	480,294
Change in accounting policies (Note 2)	-	-	-	(2,364)	1,154	-	1,210	-
Restated balance as at 1st April, 2018	**127,796**	**1,792**	**13,459**	**-**	**1,154**	**69,024**	**267,069**	**480,294**
Comprehensive income								
Loss attributable to the owners of the Company	-	-	-	-	-	-	(37,925)	(37,925)
Other comprehensive income								
- Increase in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	115	-	-	115
- Currency translation differences	-	-	-	-	-	(26,387)	-	(26,387)
Total comprehensive loss for the year	-	-	-	-	115	(26,387)	(37,925)	(64,197)
Transactions with the owners in their capacity as owners								
Transfer to statutory reserve	-	-	2,353	-	-	-	(2,353)	-
	-	-	2,353	-	115	(26,387)	(40,278)	(64,197)
As at 31st March, 2019	127,796	1,792	15,812	-	1,269	42,637	226,791	416,097
As at 1st April, 2017	127,796	1,792	12,160	1,832	-	26,209	321,594	491,383
Comprehensive income								
Loss attributable to the owners of the Company	-	-	-	-	-	-	(54,436)	(54,436)
Other comprehensive income								
- Increase in fair value of available-for-sale financial assets	-	-	-	532	-	-	-	532
- Currency translation differences	-	-	-	-	-	42,815	-	42,815
Total comprehensive loss for the year	-	-	-	532	-	42,815	(54,436)	(11,089)
Transactions with the owners in their capacity as owners								
Transfer to statutory reserve	-	-	1,299	-	-	-	(1,299)	-
	-	-	1,299	532	-	42,815	(55,735)	(11,089)
As at 31st March, 2018	127,796	1,792	13,459	2,364	-	69,024	265,859	480,294

RESULTS

For the year ended 31st March, 2019, the Group's revenue decreased by 7% to approximately HK$1,431 million. A loss of approximately HK$38 million was recorded, compared to a loss of approximately HK$54 million last year.

Adverse market conditions hampered the Group's performance during the year under review. First and foremost was the cutback of customers' orders and pricing amidst the escalating trade war between the United States and the PRC.

As the competition among printing and packaging companies intensifed, the Group had little room to pass the higher price of paper and labor costs on to customers, which affected the Group's profit margins.

The Group continued with its strategic move to reduce sales to industries with unfavourable pricing while seeking to expand sales to high growth sectors. This had a temporary pull back effect on the Group's revenue given the weak market sentiment.

The Group's southern China operation saw a decrease in sales but reduced its loss. Whilst the eastern China operation posted a lower loss, its turnaround was hindered by customers' cutback of orders and pricing. The south east Asian operation experienced a loss due to stronger competition in the printing and packaging industry in the region.

Facing a highly challenging environment, the Group is exploring means to consolidate its plants and offices. Moreover, the Group is developing automated equipment through its subsidiary Qianhai Larsemann Intelligence System (Shenzhen) Limited to help increase its operational efficiency and reduce the reliance on labour. Details of these measures are described in the "Business Review and Prospects" section.

DIVIDENDS

In order to retain resources for the Group's future development, the Directors do not recommend a final dividend for the year ended 31st March, 2019 (2018: Nil). No interim dividend was paid for the six months ended 30th September, 2018 (30th September, 2017: Nil).

BUSINESS REVIEW AND PROSPECTS

Overview

During the year under review, market sentiment in major economies was adversely affected by the escalating trade war between the United States and the PRC. Customers generally adopted a more rigid stance on the pricing of orders while cutting back the quantities in view of the higher tariffs and growing uncertainties. This resulted in more intense competition among printing and packaging companies in the PRC and Asia.

Under the circumstances, the Group had to absorb most of the additional costs in production with little room to pass them on to customers. Such additional costs included the rising price of paper, which rose by single digit during the year, as well as the minimum wages at the Group’s Shenzhen, Guangzhou, and Suzhou plants which rose by single digits.

The southern China operation narrowed its loss with a decrease in revenue. Of its three plants, the Shaoguan plant made a turnaround to profit as the issue of late deliveries and backlog of orders were resolved, while the Guangzhou plant posted a higher profit by expanding sales to the growth industries. However, the Shenzhen plant slid to loss as sales from the traditional packaging business dropped due to unhealthy competition.

The eastern China operation incurred a smaller loss but the extent of improvement was restrained by the adverse business environment. The southeast Asian operation recorded a loss and lower revenue; its effort to increase exposure to the luxury packaging sector was hindered by stronger competition among printing and packaging companies in the region.

In terms of sales category, a significant decline in orders from the technology sector was recorded as the Group reduced exposure to industries with unfavourable pricing. Orders from the toys sector softened due to intensified competition. On the other hand, luxury packaging and children’s books saw an increase in revenue while greeting cards posted a decline.

The Group is taking measures to enhance its manufacturing model and customer mix. Over the years, Qianhai Larsemann Intelligence System (Shenzhen) Limited has developed the Automatic Rigid Box Production Line, one of the biggest machines ever designed, manufactured, and assembled by the Group. Other automated equipment it developed during the year included the

Robot Static-vision System Pasted Board Line, the Greeting Card Flexible Manufacture Machine and the Intelligence Equipment Data Collection System.

Southern China Operation

The southern China operation narrowed its loss during the year under review. Its revenue was lower than the previous year, with a decrease in orders from the toys and technology sectors, and an increase in sales to the cosmetics sector.

Team Green (JIGZLE®), the Group's eco-friendly design products brand, has expanded its sales and distribution network in the PRC, with two stores being opened in Shanghai and Suzhou. Team Green (JIGZLE®) received three awards in the Hong Kong Smart Design Award 2019 from The Hong Kong Exporters' Association, and attended the Hong Kong Gifts & Premium Fair held by The Hong Kong Trade Development Council in late April 2019.

Eastern China Operation

The eastern China operation recorded a smaller loss during the year under review. Its extent of improvement was restrained by customers' more rigid stance on pricing and intensified competition among printers in the Yangtze River Delta. The prevailing high price of paper and rise in wages also put pressure on its bottom line.

In terms of sales category, sales of specialty printing dropped significantly due to intense market competition; orders for greeting cards also declined. Domestic sales remained stable notwithstanding the weakened sentiment in the PRC market.

The eastern China operation is vigorously implementing lean management and automation to increase its cost efficiency. It strives to target multinational customers and established Chinese enterprises and enlarge its clientele in growth sectors.

South East Asian Operation

The south east Asian operation recorded a loss during the year with a decline in revenue. Due to more intense competition in the printing and packaging industry across the region, and the rising price of paper, the performance of the south east Asian operation was adversely affected. Its effort to expand sales in luxury packaging was held back by the cautious stance of customers in the high-end sector given the uncertain market sentiment.

Some companies might consider switching their production orders from the PRC to other Asian countries in view of the trade war between the United States and the PRC, which hopefully may provide business opportunities for the south east Asian operation.

In August 2018, Starlite Printers (Far East) Pte Ltd won two awards, namely, the Singapore Packaging Star Award and the Asia Star Award 2017 presented by the Singapore Manufacturing Federation.

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, 2019, the Group's cash and bank balances and short-term bank deposits amounted to approximately HK$250 million.

During the year under review, the interest expense of the Group amounted to approximately HK$11 million compared to approximately HK$8 million recorded last year.

As at 31st March, 2019, the Group had a working capital surplus of approximately HK$97 million compared to a working capital surplus of approximately HK$244 million as at 31st March, 2018. The Group was in net cash position as at 31st March 2019 and 31st March 2018. The Group's gearing ratio as at 31st March, 2019 was 46% (2018 : 47%), based on short-term and long-term bank borrowings, bill payables and shareholders' funds of approximately HK$469 million (2018: HK$533 million).

CHARGE ON ASSETS

As at 31st March, 2019, certain assets of the Group with an aggregate book carrying value of approximately HK$32 million (31st March, 2018: HK$10 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, Malaysian ringgit, 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. The Renminbi-denominated sales revenue helps to set off the Group's commitments of Renminbi-denominated operating expenses in Mainland China, accordingly reducing Renminbi exchange rate exposure.

HUMAN RESOURCES DEVELOPMENT

Currently the Group has approximately 4,300 employees. The Group maintains good relationships with its employees, providing them with competitive packages, 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 and non-executive directors of the Company (excluding independent non-executive directors)) as incentive for their contribution to the Group. 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 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 such 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.

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

— Donation to Polar Museum Foundation
— Support to Scout Association of Hong Kong
— The Hong Kong Seagulls Scholarship Scheme

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

The Group has established an environmental, social and governance ("ESG") management team to manage, monitor, recommend and report on environmental and social aspects. An ESG report is being prepared with reference to Appendix 27 Environmental, Social and Governance Reporting Guide to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and will be published on the Company's websites (http://www.hkstarlite.com) within three months after the publication of this annual report.

LOOKING AHEAD

In its latest World Economic Outlook report released in April 2019, the International Monetary Fund (IMF) has once again cut its global growth forecast for the year. It now projects a 3.3% growth rate, down from the 3.5% it predicted in January, citing the trade war between the United States and the PRC, and the potential for a disorderly Brexit. The report forecasts global growth to firm up after the first half of 2019, based on "an ongoing buildup of policy stimulus in China, recent improvements in global financial market sentiment, the waning of some temporary drags on growth in the Euro area, and a gradual stabilization of conditions in stressed emerging market economies."

The management expects the pricing of customers' orders to remain under pressure as uncertainties are likely to prevail. The Group is actively exploring means to consolidate its plants and offices and enhance the employment of resources. The Group will also strengthen the implementation of automation and lean manufacturing in its plants to increase their operational efficiency.

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, risk management and internal control and financial reporting matters, including the review of the Group's annual results and financial statements for the year ended 31st March, 2019.

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.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st March, 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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

In the opinion of the Board, the Company has complied with the Code Provisions in Corporate Governance Code (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, 2019 except for the deviations as mentioned below.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated 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 allows 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 independent non-executive directors without the presence of other directors. As Mr. Lam Kwong Yu, 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. Mr. Cheung Chi Shing, Charles and Mr. Tai Tzu Shi have been re-designated as non-executive directors of the Company for a term of one year with effect from 1st April, 2019. The remaining non-executive directors of the Company have not been appointed for a specific term. All non-executive directors are subject to retirement 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, *SBS, JP* was unable to attend the Annual General Meeting of the Company held on 21st August, 2018 as he was engaged in other prior business commitments.

COMPLIANCE WITH THE 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 year ended 31st March, 2019.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 15th August, 2019 to Monday, 19th August, 2019 (both dates inclusive) during which periods no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company to be held on Monday, 19th August, 2019, all transfer of shares accompanied by the relevant share certificates must be lodged with 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 Wednesday, 14th August, 2019.

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.hkexnews.hk under "Listed Company Information" and on the website of the Company at http://www.hkstarlite.com. The annual report for the year ended 31st March, 2019 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, 28th June, 2019

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