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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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2023

The Directors of Starlite Holdings Limited (the "Company") are pleased to announce the consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31st March, 2023 together with the comparative figures for the previous year, as follows:

Consolidated Income Statement
For the year ended 31st March, 2023

	Note	**2023**	2022
		HK$'000	HK$'000
Revenue	3	**923,236**	1,048,700
Cost of sales		**(758,873)**	(950,020)
Gross profit		**164,363**	98,680
Other income and gains - net	4	**19,205**	468,781
Selling and distribution costs		**(51,705)**	(65,465)
General and administrative expenses		**(114,967)**	(131,031)
Impairment loss on financial assets		**(2,878)**	(3,544)
Operating profit	5	**14,018**	367,421

**For identification purpose only.*

Consolidated Income Statement (Continued)

For the year ended 31st March, 2023

	Note	**2023**	2022
		HK$'000	HK$'000
Finance income		**1,278**	465
Finance costs		**(5,673)**	(17,545)
Finance costs – net	6	**(4,395)**	(17,080)
Profit before income tax		**9,623**	350,341
Income tax (expense)/credit	7	**(4,343)**	7,132
Profit for the year		**5,280**	357,473
Profit/(loss) attributable to :			
Owners of the Company		**6,478**	357,473
Non-controlling interests		**(1,198)**	-
		5,280	357,473
Earnings per share attributable to the owners of the Company for the year			
(expressed in HK cents per share)	8		
- Basic		**1.26**	68.10
- Diluted		**1.26**	68.10

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2023

	2023	2022
	HK$'000	HK$'000
Profit for the year	**5,280**	357,473
Other comprehensive income :		
Items that may be reclassified to profit or loss		
Currency translation differences	**(25,278)**	19,895
Items that will not be reclassified to profit or loss		
Decrease in fair value of financial assets at fair value through other comprehensive income	**(256)**	(75)
Total other comprehensive (loss)/income for the year, net of tax	**(25,534)**	19,820
Total comprehensive (loss)/income for the year	**(20,254)**	377,293
Total comprehensive (loss)/income for the year attributable to :		
Owners of the Company	**(19,056)**	377,293
Non-controlling interests	**(1,198)**	-
	(20,254)	377,293

Consolidated Statement of Financial Position

As at 31st March, 2023

	Note	**As at 31st March, 2023 HK$'000**	As at 31st March, 2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**347,349**	361,213
Investment properties		**16,866**	17,463
Right-of-use assets		**26,762**	25,735
Prepayments for non-current assets		**3,599**	9,130
Deferred income tax assets		**11,906**	11,169
Financial assets at fair value through other comprehensive income		**1,179**	1,435
Financial assets at fair value through profit or loss		**12,077**	8,571
		419,738	434,716
Current assets			
Inventories		**86,873**	115,330
Trade receivables	10	**172,865**	172,461
Prepayments and deposits		**22,142**	28,743
Tax recoverable		**91**	2,602
Bank deposits with maturity over 3 months from date of deposits		**8,764**	202
Cash and cash equivalents		**243,019**	285,422
		533,754	604,760
Total assets		**953,492**	1,039,476
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**50,664**	51,864
Reserves		**592,710**	618,781
		643,374	670,645
Non-controlling interests		**762**	-
Total equity		**644,136**	670,645
LIABILITIES			
Non-current liabilities			
Lease liabilities		**5,111**	1,371
Deferred income tax liabilities		**5,393**	890
		10,504	2,261
Current liabilities			
Trade and bill payables	11	**93,712**	99,734
Other payables and accruals		**85,854**	89,519
Contract liabilities		**7,148**	4,851
Current income tax liabilities		**24,134**	26,449
Borrowings		**84,130**	141,357
Lease liabilities		**3,874**	4,660
		298,852	366,570
Total liabilities		**309,356**	368,831
Total equity and liabilities		**953,492**	1,039,476

Notes:

1. General information

Starlite Holdings Limited (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. The Company and its subsidiaries are collectively referred to the "Group".

The Company was incorporated in Bermuda on 3rd November, 1992, as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and its principal place of business is 3/F, Perfect Industrial Building, 31 Tai Yau Street, Sanpokong, Kowloon, Hong Kong. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited since 1993.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with 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.

2. Basis of preparation (Continued)

(a) Amendments and accounting guideline adopted by the Company

The Company has applied the following amendments and revised guideline for the first time for the financial year beginning 1st April, 2022 and are relevant to its operations.

Amendments to HKAS 16	Property, plant and equipment: proceeds before intended use
Amendments to HKAS 37	Onerous contracts - cost of fulfilling a contract
Amendments to HKAS 3	Reference to the conceptual framework
Amendments to HKAS 16	Covid-19-related rent concessions beyond 2021
Amendments to annual improvements project	Annual improvements 2018-2020 cycle
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations

The amendment listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2. Basis of preparation (Continued)

(b) New standards, amendments to standards and interpretation (collectively refer as "Amendments") that are not yet effective and have not been early adopted by the Company

Certain amendments to existing standards and interpretation have been published that are not mandatory for 31st March, 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Amendments to HKAS 1 and HKAS Practice Statement 2	Disclosure of accounting policies	1st January, 2023
Amendments to HKAS 8	Definition of accounting estimates	1st January, 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1st January, 2023
HKFRS 17	Insurance contracts	1st January, 2023
Amendments to HKFRS 17	Initial application of HKFRS 17 and HKFRS 9—comparative information	1st January, 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	1st January, 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1st January, 2024
Amendments to HKAS 16	Lease liability in a sale and leaseback	1st January, 2024
HK-Interpretation 5 (Revised)	Classification by the borrower of a term loan that contains a repayment on demand clause	1st January, 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

None of the above Amendments is expected to have a material impact on the consolidated financial statements of the Company in the current or future reporting periods and on foreseeable future transactions.

3. Revenue and segment information

(a) Analysis of revenue by category:

	2023	2022
	HK$'000	HK$'000
At a point in time		
Sales of packaging materials, labels and paper products, including environmental friendly paper products	**902,643**	1,026,182
Others	**20,593**	22,518
	923,236	1,048,700

(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 profit/(loss), profit/(loss) 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, 2023 and 2022 are as follows:

	Southern China HK$'000	Eastern China HK$'000	South East Asia HK$'000	Group HK$'000
Year ended 31st March, 2023				
Segment revenue	615,744	257,909	162,577	1,036,230
Inter-segment revenue	(397)	(112,597)	-	(112,994)
Revenue from external customers at a point in time	615,347	145,312	162,577	923,236
Operating profit/(loss)	38	23,964	(9,984)	14,018
Finance income	1,174	82	22	1,278
Finance costs	(5,304)	(154)	(215)	(5,673)
Income tax expense	(482)	(3,861)	-	(4,343)
(Loss)/profit for the year	(4,574)	20,031	(10,177)	5,280
Other information :				
Additions to property, plant and equipment	27,767	9,566	16,970	54,303
Depreciation	20,474	14,086	11,209	45,769
Capital expenditure	27,737	4,170	16,865	48,772

3. Revenue and segment information (Continued)

(b) Segment information (Continued)

(i) The segment results for the year ended 31st March, 2023 and 2022 are as follows (Continued) :

Year ended 31st March, 2022	Southern China HK$'000	Eastern China HK$'000	South East Asia HK$'000	Group HK$'000
Segment revenue	730,497	268,094	166,220	1,164,811
Inter-segment revenue	(1,312)	(114,799)	-	(116,111)
Revenue from external customers at a point in time	729,185	153,295	166,220	1,048,700
Operating profit/(loss)	366,676	7,291	(6,546)	367,421
Finance income	326	139	-	465
Finance costs	(16,093)	(1,292)	(160)	(17,545)
Income tax credit/(expense)	9,270	(2,138)	-	7,132
Profit/(loss) for the year	360,179	4,000	(6,706)	357,473
Other information :				
Additions to property, plant and equipment	107,836	36,148	3,487	147,471
Addition to investment property	15,703	-	-	15,703
Depreciation	23,944	12,775	11,567	48,286
Capital expenditure	84,236	35,819	3,512	123,567
Provision for impairment of property, plant and equipment	34,561	-	3,416	37,977

(ii) An analysis of the Group's assets and liabilities by segment as at 31st March, 2023 and 2022 is as follows:

	Southern China HK$'000	Eastern China HK$'000	South East Asia HK$'000	Group HK$'000
As at 31st March, 2023				
Segment assets	621,308	197,348	134,836	953,492
Segment liabilities	197,464	79,150	32,742	309,356
As at 31st March, 2022				
Segment assets	740,637	192,887	105,952	1,039,476
Segment liabilities	269,130	81,388	18,313	368,831

4. Other income and gains - net

	2023	2022
	HK$'000	HK$'000
Net exchange gains/(losses)	**3,752**	(14,162)
Losses on disposals of property, plant and equipment	**(357)**	(1,219)
Gains on disposals of right-of-use assets	**-**	6,566
Gain on very substantial disposal of a subsidiary (Note)	**-**	483,315
Net fair value gains on financial assets at fair value through profit or loss	**169**	239
Government grants	**10,718**	10,159
Written off of property, plant and equipment	**-**	(20,853)
Others	**4,923**	4,736
	19,205	468,781

Note :

In relation to the disposal of Starlite Printers (Shenzhen) Co., Ltd ("Starlite Shenzhen"), an indirect wholly-owned subsidiary of the Company, the disposal has been approved by the Shareholders on 8th April, 2020. The Group has then commenced the relocation and restructuring plan. All completion conditions of the disposal have been satisfied and completion took place on 8th June, 2021. As a result, the Group recognised a gain on very substantial disposal of a subsidiary of approximately HK$483,315,000 in the consolidated income statement for the year ended 31st March, 2022.

5. Operating profit

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

	2023	2022
	HK$'000	HK$'000
Employees benefit expense (including directors' emoluments and excluding severance payment)	**293,941**	358,291
Provision/(write back provision) for inventories obsolescence	**2,479**	(4,703)
Depreciation of property, plant and equipment	**38,880**	41,467
Depreciation of investment properties	**597**	510
Depreciation of right-of-use assets	**6,292**	6,309
Provision for impairment of property, plant and equipment	**-**	37,977

6. Finance costs – net

	2023	2022
	HK$'000	HK$'000
Finance income		
Interest income on bank deposits	**1,278**	465
	1,278	465
Finance costs		
Interest expense on bank borrowings	**(5,210)**	(6,042)
Interest expenses on lease liabilities	**(284)**	(224)
Interest expenses on under-provision for income tax	**(179)**	(3,335)
Imputed interest expense from amount due to a purchaser of a subsidiary	**-**	(7,944)
	(4,395)	(17,080)

7. Income tax expense/(credit)

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% (2022: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2019/2020. The first HK$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The subsidiaries established and operated in the PRC are subject to the PRC Corporate Income Tax at rate of 25% during the year (2022: 25%).

The subsidiaries established in Singapore and Malaysia are subject to Singapore Corporate Income Tax at a rate of 17% (2022: 17%) and Malaysia Corporate Income Tax at a rate of 24% (2022: 24%) respectively.

The amount of income tax charged/(credited) to the consolidated income statement represents:

	2023	2022
	HK$'000	HK$'000
Current income tax expense		
- Hong Kong Profits Tax	**142**	-
- PRC Corporate Income Tax	**1,135**	1,841
(Over)/under provision in prior years	**(450)**	1,154
	827	2,995
Deferred income tax	**3,516**	(10,127)
Income tax expense/(credit)	**4,343**	(7,132)

8. Earnings per share

Basic

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

	2023	2022
Profit attributable to the owners of the Company (HK$'000)	**6,478**	357,473
Weighted average number of ordinary shares in issue ('000)	**513,989**	524,894
Basic earnings per share (HK cents)	**1.26**	68.10

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. For the year ended 31st March, 2023 and 31st March, 2022, diluted earnings per share equals basic earnings per share as there were no dilutive potential shares.

9. Dividends

The Board of Directors do not recommend the payment of a final dividend for the year ended 31st March, 2023 (2022 : Nil).

	2023	2022
	HK$'000	HK$'000
Interim dividend for the year ended 31st March, 2023 of HK1 cent per fully paid share (2022 : HK1 cent)	**5,096**	5,251
Special dividend for the year ended 31st March, 2022 of HK10 cents per fully paid share	**-**	52,514
	5,096	57,765

10. Trade receivables

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

	2023	2022
	HK$'000	HK$'000
1 to 90 days	**147,850**	154,978
91 to 180 days	**19,799**	18,001
181 to 365 days	**10,480**	6,843
Over 365 days	**12,386**	7,883
	190,515	187,705
Less: loss allowance	**(17,650)**	(15,244)
	172,865	172,461

11. Trade and bill payables

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

	2023	2022
	HK$'000	HK$'000
1 to 90 days	**89,101**	96,051
91 to 180 days	**1,508**	2,113
181 to 365 days	**434**	713
Over 365 days	**2,669**	857
	93,712	99,734

RESULTS

For the year ended 31st March, 2023, the Group's revenue decreased by 12% to approximately HK$923 million. A profit of approximately HK$5 million was recorded, compared to a profit HK$357 million last year.

Excluding the disposal of the entire equity interest in Starlite Printers (Shenzhen) Co., Ltd last year and the resulting net gain of approximately HK$483 million, the core profit level of the Group improved as a result of the effective implementation of a number of cost optimisation measures and the exchange gains from the depreciation of Renminbi during the period.

During the reporting period, the global political and economic situation remained complex and severe. The turmoil in the world order such as geopolitical conflicts and escalating collisions among great powers exacerbated the risk of global economic downturn or even recession. The recovery of the global economy has been hindered by multiple factors such as slowing domestic demand and high inflation in developed economies, and the unfavorable macro environment has affected the purchasing power and consumption desire of end consumers, which in turn affected the demand for various consumer goods. In the face of abnormal fluctuations from the demand side, our customers have adopted a more conservative business model. In addition to tightening order and inventory policies, they also delayed the development of certain potential projects, which had a short-term impact on the Group's business growth. Despite the sharp fluctuations in the economic environment, the performance of the three plants in China was better than expected during the period. A profit was recorded for the Guangzhou plant while the loss narrowed significantly for the Shaoguan plant. The Suzhou plant improved its profitability despite the disruption of Shanghai's lockdown measures and the decline in sales at the beginning of the year. On the other hand, sales remained stable, but a loss was recorded in the ASEAN region.

Facing the complex and ever-changing domestic and international environment and various risks and challenges, the Group adhered to the concept of seeking progress while maintaining stability, actively optimised the allocation of strategic resources, further deepening the strategic layout of sustainable development based on the new market situation and new opportunities. It always adhered to the innovation path of green, energy conservation, low-carbon emission reduction and environmental protection, and strengthened the development of new markets and new businesses. The Group focused on the improvement of customer service quality to create unique value for customers, strengthened lean management and intelligent manufacturing to build unique core competitiveness, and also actively assumed social responsibilities. All of these allowed the Group to make prompt responses when the market fully recovered and align with its vision of sustainable and healthy development of “Be thankful and cherish, sustainable management (惜福感恩、永續經營)”. Details are set out in the section headed “Business Review and Prospects”.

DIVIDENDS

In order to retain resources for the Group’s future development, the Directors do not recommend the payment of a final dividend for the year ended 31st March, 2023 (2022: Nil). An interim dividend of HK1 cent per share for the six months ended 30th September 2022 were paid on 16th February, 2023 (30th September, 2021 : an interim dividend of HK1 cent and a special dividend of HK10 cents per share).

BUSINESS REVIEW AND PROSPECTS

Hong Kong/Mainland China Operations

Overview

During the period under review, the main factors affecting the world economy last year have continued this year, but to a varying extent. With central banks raising interest rates, lower food and energy prices have brought down inflation slightly, and the easing supply chain disruptions have supported the economy. However, as the Russia-Ukraine war continues, the geopolitical tensions among major powers remain high. The side effects of rapid interest rate hikes are becoming increasingly apparent with the recent failure of several European and American banks coming under the spotlight. As such, the financial system is likely to be tested again, and the risk is clearly tilted to the downside. The economic slowdown is mainly concentrated in developed economies, especially the Eurozone and the United Kingdom. Global economic activities will decrease significantly due to declining confidence, shrinking household spending and reduced investment. Economic growth will continue to be low by historical standards, financial risks will rise, but the inflation situation has not completely turned the corner. Under the influence of multiple factors, it is expected that the market demand for printing services will remain weak in the coming year, posing great challenges to the operation of enterprises. Despite the difficult situation, the Group has gained excellent reputation and brand image in the industry and has won the recognition and trust of many domestic and foreign strategic partners for its solid business foundation, first-class customer resources and global layout, laying a solid foundation for the long-term, stable, and healthy development of the Group.

Meanwhile, in order to enhance operational efficiency and risk management capability, the Group is actively promoting the development of an intelligent and paperless operation network and the full integration of value chain. With the development goals of reducing cost, improving efficiency, and increasing add-on value, the Group has achieved interim results amidst hardships. The plant in Guangzhou of the Group turned losses into profits. The Shaoguan plant achieved good results in reducing outward processing expenses and reducing additional costs, and its losses narrowed significantly as a result of the depreciation of Renminbi and the receipt of certain investment and policy incentives from the local government during the period. In general, revenue from the southern China operation declined but profit was still recorded through effective measures to broaden sources of income and reduce expenditures.

Affected by the lockdown measures imposed in certain areas of Shanghai in April and May 2022 due to the COVID-19 pandemic, the lifting of the nationwide pandemic prevention measures at the end of the year, and the slowdown in economic growth in mainland China, the eastern China operation recorded a slight decrease throughout the year. However, due to the proper control of raw material and labor costs, the overall add-on value improved.

On the other hand, the Southeast Asia operation remained stable, but the appreciation of the US dollar caused the exchange losses for the region, and losses were recorded for the Southeast Asia operation due to the provision for inventories made.

In response to the volatility and uncertainty of the macro business environment, the Group remained highly vigilant and quickly adjusted its strategic direction and operation tactics in line with the current situation at the right time. It accelerated the development of a green production system so as to promote the green and low-carbon development of the industry. Besides, it comprehensively enhanced the environmental, social and governance (“ESG”) thinking and execution capabilities of the management teams in each region, and formulated KPIs for carbon emissions. At present, the Group has established a solar photovoltaic power generation system in Shaoguan and Suzhou plants, actively responded to the dual-carbon national policy to use clean and green energy, and integrated the sustainability initiatives with the Group's concept of energy conservation and emission reduction, thereby establishing a new benchmark for green manufacturing in the industry. On the other hand, following China's lifting of anti-pandemic restrictions, reopening of borders and full resumption of normal travel with Hong Kong, the Group's frontline business team has participated in international exhibitions, actively reached out partners in Europe, the United States and Southeast Asia to jointly explore business opportunities for the restart of the global economic activities and seek new breakthroughs in business growth. In March, the Group successively held the "30th anniversary celebration of the listing of the Starlite Group and the Starlite Shaoguan and Suzhou open day" in Shaoguan and Suzhou plants. A number of customers and strategic partners were invited to participate and witness the achievements and future visions of the Group's high-quality development in recent years, which have won wide recognition and support. During the period, the Group's products, namely the beautiful moon cake gift box, Magic Moment greeting cards and Harry Porter Monster Book, won the Gold Award in Packaging Printing, the Excellent Award in Cultural and Creative Printing and the Excellent Award in Book and Publication Printing at the 33rd Hong Kong Print Awards, respectively. Mr. Lam Kwong Yu, the Chairman of the Group, was awarded the Pilot "9+2" 3rd Guangdong-Hong Kong-Macao Greater Bay Area Outstanding Contribution Leader Award (領航"9+2"第三屆粵港澳大灣區傑出貢獻領袖獎) in recognition of the Group's contribution to the construction of the Guangdong-Hong Kong-Macao Greater Bay Area.

Southern China Operation

The Group's Southern China operation narrowed the loss for the year. Although costs for port operation and sea freight have gradually returned to normal and issues about supply chain disruptions have been mitigated, the overall consumer sentiment in Europe and the United States has been dampened by various uncertainties such as high inflation rate, high interest rate and high financial risks in developed economies. The decline in consumers' actual disposable income has led to a shift in purchasing power to necessities. In addition, the retail bookstores are still endeavoring to reduce inventory, which will further suppress market demand. It is expected that the global market sentiment for books and greeting cards will remain weak in the coming year, which will affect the business growth of the Southern China operation.

Nevertheless, the Group completed the resources integration for its plants in Southern China and established a more sound and comprehensive operating system so that efficient and professional services could be delivered in a flexible and timely manner by assigning dedicated workshops and production lines according to different order requirements of customers, thereby realising the advantages of multi-regional operation and service solutions, which has greatly reduced the procurement, production, logistics and inventory costs whilst improving the Group's competitiveness, and is conducive to further strengthening its long-term partnership with customers and increasing its market share. At the same time, the Group will continue to increase investment in the information technology platform with an aim to make use of informatisation, digitisation, cloud computing and other technologies to strengthen the optimisation of manufacturing processes, especially the application of new materials, new technologies and new processes, so as to reduce the integrated costs of customers, form a unique competitive advantage in the process of creating value for customers, and lay a good foundation for the Southern China operation to achieve strong profitability, effective control of costs and expenses, and higher per capita output value. In addition, the Little Tree Publishing Limited (小白楊出版社有限公司) is actively preparing for the publication of the "Teaching of Poetry and the Greater Bay Area Series (詩之教及大灣區系列)" to contribute to the promotion of the long history of the great motherland, the inheritance of Chinese culture and the well presentation of Chinese stories. During the period, the Guangzhou plant obtained the Science and Technology SME Certificate (科技型中小企業證書) issued by the Science and Technology Department of Guangdong Province, and the Shaoguan plant built a solar photovoltaic power generation system together with electric vehicle charging facilities, which has further optimised the energy consumption structure of the plant, reduced energy costs, and greatly reduced pollution to the surrounding environment, thereby promoting the strategies of energy conservation and emission reduction with practical actions to demonstrate the Group's sense of social responsibility. At the end of the year, volunteers from the Shaoguan plant actively participated in the frontline of epidemic prevention and community work such as forest fire extinguishing, being highly praised by the local government and colleagues.

With the gradual resumption of retail activities, the sales of the Group's innovative and environmentally friendly brand TEAM GREEN® increased. During the period, the Group actively explored new product series and strengthened its brand promotion, such as launching the JIGZLE wood animals series, setting an EUGY counter at Hong Kong Eslite Bookstore (Children's Bookstore), participating in the Carnival Game Promotion in SOGO, expanding the sales scope in Sky100 Hong Kong, and joining the Christmas Charity Bazaar of The Helena May. In addition, the Tung Wah Group of Hospitals purchased 3D dinosaur puzzles from TEAM GREEN® to promote the importance of work-life balance in the "Work-Life Balance Month 2022" of Tung Wah +. TEAM GREEN® will continue to strengthen its business development in the mainland China and Southeast Asia markets in the coming year, broaden the sales channels of online new media (such as TikTok and Xiaohongshu) and offline physical stores (such as bookstores, cultural and creative stores and museums), and launch more new products that are popular among customers, so as to promote the steady growth of the business of TEAM GREEN®. During the period, the global limited-edition of OPERA GIRL of TEAM GREEN® won the Gold Award for Creative Products, the Creative Products and Gold Award for the Greater Bay Area, and the Merit Award of the Best Creative Print Award at the 33rd Hong Kong Print Awards.

Eastern China Operation

During the period under review, the Eastern China operation recorded a slight decrease in revenue from domestic sales and greeting cards for the whole year due to the temporary implementation of closed-loop management in Shanghai in the second quarter of the year and the weak consumer sentiment in the European and American markets. Nevertheless, the frontline marketing team seized the development opportunities brought by the expansion of domestic demand and the promotion of consumption upgrade and transformation in the mainland China, actively explored new markets and new business development, identified growth opportunities in other emerging industries in the future, and secured a higher share of orders in the cosmetics sector. As a result, the revenue of the packaging business in the second half of the year increased against the trend, accelerating the release of production capacity of the Eastern China operation.

In addition, through strengthening the special project management system, giving full play to high-quality sampling capability and the rapid and stable production and delivery standards, and making full use of the advantage of automated equipment, human resources costs were effectively reduced. By implementing various auxiliary measures to reduce the impact of raw material fluctuations on operations, such as determining the materials to be adopted and prices with strategic upstream suppliers in advance when making large-scale procurement, and paying attention to the supply and demand structure of the international market and changes in commodity prices, cost efficiency of the Eastern China operation was enhanced, resulting in the improved profitability as compared with last year. On the other hand, in order to contribute to the local community and express care for employees, Starlite Suzhou and the General Labor Union jointly gave out anti-epidemic products and calendars of TEAM GREEN® for Year of the Rabbit to local hospitals, organized blood donation activities to cheer for life, provided free physical examinations for colleagues, and held various activities to enrich the spare time of colleagues. During the period, Liuhe United Front Work Department visited the Suzhou plant to hold activities for overseas Chinese enterprises, and the Suzhou plant was approved to establish a provincial engineering technology research center, demonstrating the Group's determination to create a printing and innovative industry base in Eastern China.

South East Asia Operation

Southeast Asia operation recorded a slight decline in revenue. As foreign exchange losses were recorded in the region due to the depreciation of the Singapore and Malaysian dollars, together with the provision for inventories, Southeast Asia operation experienced losses. In recent years, the global industry shift has accelerated the Group's resources deployment for production capacity in Southeast Asia, forming a multi-regional and international service advantage, as well as demonstrating the Group's strong capabilities in auxiliary services. In line with the new supply chain strategies and new business planning of many international leading brand customers, the Group has reduced the procurement costs of customers and realized stable and high-quality product delivery. The management team is increasing its investment in new businesses and new markets to broaden its business scope and production capacity. At the end of the year, two printing equipment were transferred from Southern China to the Malaysia plant, striving to create new business growth points.

In addition, the region continued to strengthen the awareness of lean and efficient operation and simplify the production process of each procedure, with an aim to improve the overall operating standard and effectively reduce production and management costs by making efforts from various perspectives such as supply chain management, production and operation and organizational optimization. This year, the Malaysia plant set up a caring team, hoping to better inherit the Group's cultural philosophy of cherishing and thanksgiving. In addition to taking care of and caring for employees internally, the team paid more attention to and participated in external community public welfare activities. The team visited local orphanages and donated lunch boxes to elderly homes, trying their best to participate and contribute to Starlite's caring with love activities. During the period, the TEAM GREEN® product was again selected as a special gift for Dr. Amy Khor, the guest of honor of the Singapore Packaging Star Awards 2022. Special designs including iconic buildings in Singapore showcased the uniqueness of Singapore's skyline.

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, 2023, the Group's cash and bank balances and short-term bank deposits amounted to approximately HK$252 million.

During the year under review, the interest expense of the Group amounted to approximately HK$6 million compared to approximately HK$18 million recorded last year.

As at 31st March, 2023, the Group had a working capital surplus of approximately HK$235 million compared to a working capital surplus of approximately HK$238 million as at 31st March, 2022. The Group was in net cash position as at 31st March, 2023 and 2022, based on short-term and long-term bank borrowings, lease liabilities and bills payables net of bank balance and cash of approximately HK$150 million (net cash) (2022 : HK$137 million (net cash)) and shareholders' equity of approximately HK$644 million (2022 : HK$671 million). The Group's gearing ratio as at 31st March, 2023 was 14% (2022 : 22%), based on short-term and long-term bank borrowings, lease liabilities and bills payables of approximately HK$93 million (2022 : HK$148 million) and shareholders' equity of approximately HK$644 million (2022 : HK$671 million).

CHARGE ON ASSETS

As at 31st March, 2023, certain assets of the Group with an aggregate book carrying value of approximately HK$9 million (31st March, 2022: HK$50 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 3,000 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 realise 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:

— 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 website (http://www.hkstarlite.com) at the same time as the publication of the 2023 annual report.

LOOKING AHEAD

In the latest World Economic Outlook report released in April 2023, the International Monetary Fund (IMF) projected the growth rate to fall from 3.4% in 2022 to 2.8% in 2023, before rising slowly and settling at 3.0% over the next five years, which is the lowest medium-term forecast in decades. The anemic economic outlook is due to the lasting economic scars from the pandemic, the tight policy stances needed to bring down inflation, the fallout from the recent deterioration in financial conditions, the ongoing war between Russia and Ukraine, and the decrease in direct investment resulting from the growing geoeconomic fragmentation. Against the backdrop of lower commodity prices, global headline inflation is set to fall from 8.7% in 2022 to 7.0% in 2023, but underlying core inflation is likely to decline more slowly. Inflation in most countries is unlikely to return to target before 2025.

Risks to the economic outlook remain unusually large and to the downside. The management remained highly vigilant, closely monitored and evaluated the impact of external factors such as geopolitical risks and global economy on the Group. It also actively adopted a number of measures to broaden sources of income and reduce expenditures, strived to improve automation, promoted innovation and diversified business development, continued to invest in human capital, digitalization and green energy, overcame the pressure of geoeconomic differentiation, and strived to give back to society and create long-term sustainable value for shareholders.

AUDIT COMMITTEE

The Audit Committee is composed of all the four 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, 2023.

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 four 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 four 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, 2023 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 draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st March, 2023, the Company repurchased a total of 12,000,000 ordinary shares of par value HK$0.10 each in the share capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with the aggregate consideration paid (before expenses) amounting to HK$3,078,000. All the shares repurchased were subsequently cancelled. As at 31st March, 2023, the total number of shares of the Company in issue was 506,635,288.

Particulars of the share repurchases are as follows:

Date	Number of Shares Repurchased	Price per Share		Aggregate Consideration (before expenses)
		Highest (HK$)	Lowest (HK$)	(HK$)
April 2022	4,000,000	0.295	0.280	1,152,100
September 2022	3,000,000	0.250	0.238	741,000
October 2022	2,000,000	0.240	0.232	470,100
February 2023	1,000,000	0.239	0.236	237,600
March 2023	2,000,000	0.240	0.227	477,200
Total :	12,000,000			3,078,000

The Directors considered that such repurchases would enhance the earnings per share and increase the net asset value per share attributable to the shareholders.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the year and up to the date of this announcement.

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, 2023 except for the deviations as mentioned below.

Code Provision C.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 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 C.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 B.2.4 stipulates that where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should (a) disclose the length of tenure of each existing independent non-executive directors on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the annual general meeting; and (b) appoint a new independent non-executive directors on the board at the forthcoming annual general meeting ("AGM"). All the existing independent non-executive directors of the Company have served on the board for more than nine years, however the

Company had inadvertently overlooked the disclosure requirement and did not disclose the length of tenure of each independent non-executive directors in the circular to shareholders dated 15th July, 2022. The Company published a supplemental announcement on 13th October 2022 to provide the supplemental information in relation to the length of tenure of each independent non-executive directors as follows :

Name	**Tenure**
Mr. Chan Yue Kwong, Michael	29 years since 18th January, 1993
Mr. Kwok Lam Kwong, Larry	17 years since 21st July, 2004
Mr. Tam King Ching, Kenny	17 years since 21st July, 2004

Ms. Elizabeth Law was appointed as an independent non-executive director of the Company for a term of two years with effect from 1st April, 2023 to comply with the requirement of Code Provision B.2.4(b). Pursuant to the Company's Bye-law 102B, she will hold office until the conclusion of 2023 AGM and shall then be eligible, offer herself for re-election at the AGM.

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, 2023.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 17th August, 2023 to Tuesday, 22nd August, 2023 (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 Tuesday, 22nd August, 2023, 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 17/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 16th August, 2023.

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 "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, 2023 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, 2023

As at the date of this announcement, the Executive Directors of the Company are Mr. Lam Kwong Yu, Mr. Tin Shing, Mr. Poon Kwok Ching and Mr. Wong Wai Kwok, Non-Executive Director is Ms. Yeung Chui, and the Independent Non-Executive Directors are Mr. Chan Yue Kwong, Michael, Mr. Kwok Lam Kwong, Larry, SBS, JP, Mr. Tam King Ching, Kenny and Ms. Elizabeth Law.