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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2023

INTERIM RESULTS (UNAUDITED)

The Directors of Starlite Holdings Limited (the "**Company**") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the "**Group**") for the six months ended 30th September, 2023, together with the unaudited comparative figures for the corresponding period in the year 2022, as follows:

Condensed Consolidated Income Statement
For the six months ended 30th September, 2023

	Note	**Unaudited Six months ended 30th September, 2023**	2022
		HK$'000	HK$'000
Revenue	3	**459,712**	541,540
Cost of sales		**(371,145)**	(452,663)
Gross profit		**88,567**	88,877
Other gains – net	5	**9,872**	17,963
Selling and distribution costs		**(25,357)**	(29,964)
General and administrative expenses		**(59,629)**	(58,259)
Impairment losses on financial assets		**(1,534)**	(608)
Operating profit	6	**11,919**	18,009

* *For identification purpose*

Condensed Consolidated Income Statement (Continued)
For the six months ended 30th September, 2023

		Unaudited	
		Six months ended 30th September,	
	Note	**2023**	2022
		HK$'000	HK$'000
Finance income		**1,311**	232
Finance costs		**(2,255)**	(2,700)
Finance costs – net	7	**(944)**	(2,468)
Profit before income tax		**10,975**	15,541
Income tax expense	8	**(4,328)**	(6,623)
Profit for the period		**6,647**	8,918
Profit/(loss) attributable to :			
Owners of the Company		**6,874**	8,918
Non-controlling interests		**(227)**	-
		6,647	8,918
Earnings per share attributable to the owners of the Company during the period			
(expressed in HK cents per share)	9		
- Basic		**1.36**	1.73
- Diluted		**1.36**	1.73
Dividends	10	**5,006**	5,096

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30th September, 2023

	Unaudited Six months ended 30th September,	
	2023	2022
	HK$'000	HK$'000
Profit for the period	**6,647**	8,918
Other comprehensive loss		
Items that will not be reclassified to profit or loss:		
Decrease in fair value of financial assets at fair value through other comprehensive income	**(163)**	(263)
Currency translation differences	**(26,347)**	(51,409)
Other comprehensive loss for the period, net of tax	**(26,510)**	(51,672)
Total comprehensive loss for the period	**(19,863)**	(42,754)
Total comprehensive loss for the period attributable to :		
Owners of the Company	**(19,636)**	(42,754)
Non-controlling interests	**(227)**	-
	(19,863)	(42,754)

Condensed Consolidated Statement of Financial Position

As at 30th September, 2023

	Note	**Unaudited As at 30th September, 2023 HK$'000**	Audited As at 31st March, 2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**319,592**	347,349
Investment properties		**16,567**	16,866
Right-of-use assets		**23,063**	26,762
Prepayments for non-current assets		**4,884**	3,599
Deferred income tax assets		**11,855**	11,906
Financial assets at fair value through other comprehensive income		**1,016**	1,179
Financial assets at fair value through profit or loss		**12,142**	12,077
		389,119	419,738
Current assets			
Inventories		**58,402**	86,873
Trade receivables	11	**205,742**	172,865
Prepayments and deposits		**22,137**	22,142
Tax recoverable		**-**	91
Bank deposits with maturity over 3 months from date of deposits		**202**	8,764
Cash and cash equivalents		**237,992**	243,019
		524,475	533,754
Total assets		**913,594**	953,492
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**50,664**	50,664
Reserves		**573,074**	592,710
		623,738	643,374
Non-controlling interests		**535**	762
Total equity		**624,273**	644,136
LIABILITIES			
Non-current liabilities			
Lease liabilities		**3,596**	5,111
Deferred income tax liabilities		**5,393**	5,393
		8,989	10,504
Current liabilities			
Trade and bill payables	12	**97,399**	93,712
Other payables and accruals		**78,175**	85,854
Contract liabilities		**5,044**	7,148
Current income tax liabilities		**23,835**	24,134
Borrowings		**72,815**	84,130
Lease liabilities		**3,064**	3,874
		280,332	298,852
Total liabilities		**289,321**	309,356
Total equity and liabilities		**913,594**	953,492

Notes:

1. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30th September, 2023 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The unaudited condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31st March, 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2. Accounting policies

The accounting policies applied to this unaudited condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31st March, 2023 as described in those annual financial statements except for the adoption of new and amended standards and interpretations effective for the reporting period beginning on or after 1st April, 2023. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) Amendments to standards adopted by the Group

The following amendments to standards have been adopted by the Group for the financial period beginning on or after 1st April, 2023:

Amendments to HKAS 1 and HKAS Practice Statement 2	Disclosure of accounting policies
Amendments to HKAS 8	Definition of accounting estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International tax reform – Pillar Two Model Rules
HKFRS 17	Insurance contracts
Amendments to HKFRS 17	Initial application of HKFRS 17 and HKFRS 9 — comparative information

These amendments to standards are mandatory for financial years commencing on or after 1st April, 2023. The impact of these amendments to standards on the Group's condensed consolidated interim financial information is not significant.

The Group has not adopted any new or amended standards, interpretations or annual improvements that are not yet effective for interim period.

3. Revenue

Revenues is analysed as follows :

	Unaudited Six months ended 30th September,	
	2023	2022
	HK$'000	HK$'000
Sales of packaging materials, labels, and paper products, including environmentally friendly paper products	**450,055**	527,458
Others	**9,657**	14,082
	459,712	541,540

4. Segment information

The chief operating decision-maker (the "CODM") 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 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 period, capital expenditure, assets and liabilities.

(i) The segment results for the six months ended 30th September, 2023 and 2022 are as follows:

	Southern China	Eastern China	South East Asia	Group
	HK$'000	HK$'000	HK$'000	HK$'000
Six months ended 30th September, 2023 (Unaudited)				
Segment revenue	318,117	130,437	74,913	523,467
Inter-segment revenue	(291)	(63,464)	-	(63,755)
Revenue from external customers at a point in time	317,826	66,973	74,913	459,712
Operating profit	5,857	3,576	2,486	11,919
Finance income	1,050	261	-	1,311
Finance costs	(2,125)	-	(130)	(2,255)
Income tax expense	(3,445)	(883)	-	(4,328)
Profit for the period	1,337	2,954	2,356	6,647
Other information :				
Additions to property, plant and equipment	7,857	5,262	666	13,785
Depreciation	11,588	6,143	4,944	22,675
Capital expenditure	7,143	5,535	2,392	15,070

4. Segment information (Continued)

(i) The segment results for the six months ended 30th September, 2023 and 2022 are as follows : (Continued)

	Southern China	Eastern China	South East Asia	Group
	HK$'000	HK$'000	HK$'000	HK$'000
Six months ended 30th September, 2022 (Unaudited)				
Segment revenue	401,562	133,095	81,825	616,482
Inter-segment revenue	(238)	(74,704)	-	(74,942)
Revenue from external customers at a point in time	401,324	58,391	81,825	541,540
Operating profit/(loss)	12,953	7,717	(2,661)	18,009
Finance income	190	42	-	232
Finance costs	(2,529)	(78)	(93)	(2,700)
Income tax (expense)/credit	(6,624)	1	-	(6,623)
Profit/(loss) for the period	3,990	7,682	(2,754)	8,918
Other information :				
Additions to property, plant and equipment	22,063	8,156	595	30,814
Depreciation	11,327	7,195	5,739	24,261
Capital expenditure	21,769	2,831	476	25,076

4. Segment information (Continued)

(ii) An analysis of the Group's assets and liabilities by segments as at 30th September, 2023 and 31st March, 2023 is as follows:-

	Southern China	**Eastern China**	**South East Asia**	**Group**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
As at 30th September, 2023 (Unaudited)				
Segment assets	618,229	165,927	129,438	913,594
Segment liabilities	182,045	76,786	30,490	289,321

	Southern China	**Eastern China**	**South East Asia**	**Group**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'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

5. Other gains - net

	Unaudited Six months ended 30th September,	
	2023	2022
	HK$'000	HK$'000
Net exchange gains	**3,835**	10,600
Net gain/(loss) on disposal of property, plant and equipment	**373**	(1,287)
Net fair value gains on financial assets at fair value through profit or loss	**65**	114
Government subsidies	**3,425**	5,283
Others	**2,174**	3,253
	9,872	17,963

6. Operating profit

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

	Unaudited Six months ended 30th September,	
	2023	2022
	HK$'000	HK$'000
Employees costs (including directors' emoluments)	**147,552**	160,542
Depreciation of right-of-use assets	**2,452**	3,272
Depreciation of investment properties	**299**	299
Depreciation of property, plant and equipment	**19,924**	20,690

7. Finance costs – net

	Unaudited Six months ended 30th September,	
	2023	2022
	HK$'000	HK$'000
Finance income		
Interest income from bank deposits	**1,311**	232
	1,311	232
Finance costs		
Interest expenses on bank borrowings	**(2,114)**	(2,566)
Interest expenses on lease liabilities	**(141)**	(134)
	(944)	(2,468)

8. Income tax expense

The Company is exempted from taxation in Bermuda until 2035. The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income taxes.

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong during the period, 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%.

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

	Unaudited Six months ended 30th September,	
	2023	2022
	HK$'000	HK$'000
Current income tax expense		
- Hong Kong profits tax	**728**	-
- Mainland China Corporate Income Tax	**3,600**	6,623
	4,328	6,623
Deferred income tax	**-**	-
	4,328	6,623

9. Earnings per share

Basic

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

	Unaudited Six months ended 30th September,	
	2023	2022
Profit attributable to owners of the Company (HK$'000)	**6,874**	8,918
Weighted average number of ordinary shares in issue ('000)	**506,635**	516,165
Basic earnings per share (HK cents)	**1.36**	1.73

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 period ended 30th September, 2023 and 30th September, 2022, diluted earnings per share equals basic earnings per share as there were no dilutive potential shares.

10. Dividends

	Unaudited Six months ended 30th September,	
	2023	2022
	HK$'000	HK$'000
Proposed interim dividend of 1 cent (2022: HK1 cent) per share	**5,006**	5,096

11. Trade receivables

	Unaudited As at 30th September, 2023 HK$'000	Audited As at 31st March, 2023 HK$'000
Trade receivables	**224,137**	190,515
Less: Loss allowance	**(18,395)**	(17,650)
Trade receivables - net	**205,742**	172,865

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

	Unaudited As at 30th September, 2023 HK$'000	Audited As at 31st March, 2023 HK$'000
1 to 90 days	**180,766**	147,850
91 to 180 days	**30,099**	19,799
181 to 365 days	**766**	10,480
Over 365 days	**12,506**	12,386
	224,137	190,515
Less: Loss allowance	**(18,395)**	(17,650)
	205,742	172,865

12. Trade and bill payables

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

	Unaudited As at 30th September, 2023 HK$'000	Audited As at 31st March, 2023 HK$'000
1 to 90 days	**91,145**	89,101
91 to 180 days	**4,708**	1,508
181 to 365 days	**182**	434
Over 365 days	**1,364**	2,669
	97,399	93,712

RESULTS

The Group posted a profit of approximately HK$7 million for the six months ended 30th September, 2023, compared to profit of approximately HK$9 million in the same period last year. The Group recorded about HK$460 million in revenue decreased by 15% compared with the same period last year.

As inflationary pressure has gradually eased, prices of major raw materials have fallen back. Coupled with the effective implementation of various cost optimisation measures and the exchange gains from the depreciation of Renminbi, the Group maintained its core profit level during the period.

During the reporting period, the global political and economic situation remained severe. Geopolitical conflicts and the risk of global stagflation have brought a certain degree of uncertainties to the global economic development. Major central banks in various regions have been committed to raising interest rates to curb inflation, resulting in the continuous slowdown in global economic growth. Consumers have tended to reduce unnecessary expenses, which has had a negative impact on the retail market. In the face of shrinking demand side and sharp fluctuations in the macro-economic environment, the performance of the three plants in China was better than expected during the period. The Guangzhou plant continued to record profits while the Shaoguan plant turned losses into profits. The Suzhou plant recorded a slight decline in operation but still recorded a profit. On the other hand, sales in the ASEAN region decreased but still managed to make a turnaround to profit.

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, and actively optimizing the allocation of strategic resources. The Group increased its investment in new businesses and emerging market segments, invested resources to develop new product lines with market potential, actively expanded other high-quality customers, reduced reliance on some customers or industries, and created new performance growth points. By always adhering to the path of green, energy-saving, low-carbon emission and environmental protection innovation, the Group built unique core competitiveness, actively undertook social responsibilities, and strived to respond quickly when the market conditions fully recover. Details are set out in the section headed “Business Review and Prospects”.

Interim Dividend

The Board recommends an interim dividend of HK1 cent per share (30th September, 2022 : interim dividend of HK1 cent) for the six months ended 30th September, 2023 payable on 21st February, 2024 to shareholders whose names appear on the Register of Members on 12th January, 2024.

BUSINESS REVIEW AND PROSPECTS
OVERVIEW

During the period under review, the global economic slowdown was partly due to unprecedented monetary tightening policy to curb inflation. The negative impact of the policy has begun to appear, but the spread among countries is uneven. The tightening credit environment is putting pressure on the real estate market, investment, and economic activities. In addition, the ongoing Russia-Ukraine war as well as the unstable situation in the Middle East amidst intense war between Israel and Hamas have led to an increasingly divergent situation among major countries, and the global economy is struggling and lacking momentum. The recovery of domestic and overseas consumption was less than expected, and business expansion was more difficult in such an operating environment. Under the influence of multiple factors, it is expected that the market demand for products and services will remain weak in the second half of the year, posing great challenges to the operation of enterprises. Despite the difficult situation, the Group has gained excellent reputation and brand image and has won the recognition and trust of many domestic and foreign strategic partners for its solid business foundation, outstanding product quality as well as timely and considerate services, 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 artificial intelligent operation network and the full integration of value chain. The Group is the first to apply artificial intelligence software in creative design and general document translation. Meanwhile, it promotes projects such as smart typesetting, automated logistics and smart production scheduling. 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 remained profitable. The Shaoguan plant realised good efficiency with optimised and lean system. With the depreciation of Renminbi and the receipt of certain investment and policy incentives from the local government during the period, add-on value was contributed. 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 as well as the promotion of intelligent measures.

Affected by the slowdown in economic growth and shrinking consumption in the mainland, the eastern China operation recorded a slight decrease in the first half of the year. Increasingly intense industry competition has dragged down the marginal profit of the eastern China operation. On the other hand, the Southeast Asia operation declined, but with outstanding material control measures, operating cost was lowered and thus profit was recorded for the Southeast Asia operation.

In response to the volatility and uncertainty of the macro business environment, the Group remained highly vigilant and paid close attention to the operation of macro-economic indicators. By adopting diversified investment strategies and formulating flexible financial plans, the Group has rapidly adjusted its strategic direction and operation policies to accelerate the construction of green production systems and promote green and low carbon development in the industry. Besides, the Group developed various kinds of talents for its development via various trainings and enhanced talent team building, which has in turn secure talent supply for its sustainable and healthy development. The Group's frontline business team has participated in domestic and international exhibitions, actively reached out to partners in Europe, the United States, Southeast Asia, and the mainland to jointly make deployments for long-term business expansion. During the period, the Group was conferred the "Greater Bay Area Power Brand Award 2022-2023" by the Hong Kong Institute of Marketing (香港市務學會).

Southern China Operation

During the six months ended 30th September, 2023, the Group's Southern China operation remained profitable. Although raw materials and energy costs have stabilised, shipment costs have declined and issues about supply chain disruptions have been mitigated. The overall consumer sentiment in Europe and the United States economies has been dampened by various uncertainties such as high inflation rate and high interest rate. In addition, the retail bookstores are still endeavoring to reduce inventory, which will result in the decline in global market demand for books. It is expected that the global market sentiment for books and greeting cards will remain weak in the second half of the year, which will hamper the development of the Southern China operation.

Nevertheless, the Group continued to make precise resources investment to establish a more sound and comprehensive operation 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. Apart from the acquisition of a new Heidelberg eight-colour UV printing machine to provide customers with more quality and innovative printing solutions, the Shaoguan plant also built a new food safe packaging workshop for the expansion to customers in food industry, thereby fostering diversified business development. In addition, the Shaoguan plant has also newly established a fully automatic intelligent production line for children's books with functions such as automatic intelligent connections and editions merge, book cutting, rounding corners and adding covers. Manual and labor-intensive processes have been reduced, which effectively saves labour costs and creates unique competitive advantages in the process of customer value creation. Besides, the management team effectively put the key factors of lean production and management into play and thus efficiency has been greatly enhanced, therefore laying a good foundation for the Southern China operation for realising greater profitability, effective cost, and expense control as well as higher production value per capita. On the other hand, the Shaoguan plant has successfully organised the 20th Anniversary of Starlite's Investment in Shaoguan and the Opening Ceremony of the Printing Culture and Education Base (星光入韶投資二十載暨印刷文化教育基地開幕典禮) on 10th November, which was greatly supported and highly recognized by various leaders of the municipal committee and the municipal government of Shaoguan. Starlite Printing Culture and Education Base (星光印刷文化教育基地) is a culture landmark established by the Group's Chairman Mr. Lam Kwong Yu as a return to the society and represents the first printing culture and education base in Shaoguan and the first printing culture and education base founded by a private-owned enterprise in Guangdong Province. With the sincere wish to deliver the profound meanings and influence of old inventions, Starlite Printing Culture and Education Base actively takes up the mission of adapting to the development of time and establishing self-confidence in culture. Through a series of exhibitions and education research and study campaigns, the Base assumes the responsibility of promoting Chinese culture and contributing to social welfare, while promotes the culture to the general public by guiding the society to appreciate the charm of printing culture and the wisdom of the Chinese nation.

With the gradual resumption of retail activities, the business expansion of the Group's innovative and environmentally friendly brand TEAM GREEN® has gradually resumed acceleration. During the period, the Group actively explored new product series and strengthened its brand promotion, such as launching World of Robbi STEAM education series, being products with self-owned patents, participating in Junior Quality Education Expo, Hong Kong Book Fair, 48th China Beijing International Gifts and Home Appliances Exhibition, Macau Sands Expo, China Toy Expo and 10th China Shanghai International Children's Book Fair, etc. TEAM GREEN® will continue to strengthen its business development in the mainland China and Southeast Asia markets in the second half of the 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. For the selection of product materials, apart from the replacement of plastics with wood, the Group took a further step in developing the replacement of wood with bamboo, so as to promote the innovative environmental protection concepts and steady business development of TEAM GREEN®.

Eastern China Operation

During the period under review, the Eastern China operation recorded a slight decrease in revenue from domestic sales and greeting cards in the first half of the year due to the weak consumption sentiment in mainland China, Europe, and the United States. In view of the situation, the management team placed efforts on better serving its existing quality customer resources, actively exploring new markets and new business development, and identifying growth opportunities in other emerging industries in the future. By securing higher sales order in the cosmetics sector, the release of production capacity of the Eastern China operation was accelerated. On the other hand, the management team actively implemented environment, social and governance (ESG) targets. The Suzhou plant invested in zeolite roller collection system to enhance efficient treatment of VOC waste gases, while the construction of photovoltaic power generation system in the Nan'an plant has completed grid connection for power generation in November. The utilisation of clean and green energy in the Suzhou plant integrates sustainable development and the Group's concept of energy conservation and emission reduction, thereby establishing a new benchmark for green production in the industry. During the period, Starlite Suzhou actively participated in the drafting of a national printing standardisation and two national standards were under promulgation. At the same time, our Suzhou general manager was elected as a member of the third session of the Packaging Printing Technical Committee of the Printing Technical Standardisation Association of China (中國印刷標準化技術委員會第三屆包裝印刷分技術委員會委員).

Southeast Asia Operation

Affected by the lack of global economic recovery momentum, the Southeast Asia operation recorded a decline in revenue during the period, but still managed to turn losses into profits. 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 realised stable and high-quality product delivery. The management team is increasing its investment in the pharmaceutical business and market. In addition, the region continued to strengthen the awareness of lean and efficient operation, with an aim to enhance the standard of lean operation and effectively reduce production and management costs by making efforts from various perspectives such as supply chain and inventory management. During the period, the Group has organised a widely acclaimed ESG sustainable packaging seminar in Johor, at which guests from Malaysia, Indonesia, Singapore, and Hong Kong, as well as professors from Universiti Teknologi Malaysia (UTM) and ESG experts jointly concentrated debate on the advantages, challenges, regulations, and business model of the sustainable development of packaging materials. It was also emphasised that the sustainability of packaging materials could reduce the negative impact on the environment, save resources, enhance energy efficiency, and increase competitiveness.

LOOKING AHEAD

In the latest World Economic Outlook report released in October 2023, the International Monetary Fund (IMF) projected the global growth rate to fall from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024. Headline inflation continues to slow down and in terms of year-on-year growth rate, it is expected to fall from 9.2% in 2022 to 5.9% in 2023 and 4.8% in 2024. Core inflation (excluding food and energy prices) is also expected to fall, but the rate would be slower than headline inflation and reach 4.5% in 2024.

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, digitalisation and green energy, overcame the pressure of geoeconomic differentiation, and strived to give back to society and create long-term sustainable value for shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's sources of funding include cash generated from the Group's operations and banking facilities provided to the Group by banks mainly in Hong Kong and Mainland China. As at 30th September, 2023, the Group's cash and bank balances and short-term bank deposits amounted to approximately HK$238 million.

During the period under review, the interest expense of the Group amounted to approximately HK$2 million compared to approximately HK$3 million recorded in the same period of 2022.

As at 30th September, 2023, the Group had a working capital surplus of approximately HK$244 million compared to a working capital surplus of approximately HK$232 million as at 30th September, 2022. The Group was in net cash position as at 30th September, 2023 and 2022. The Group will continue to adopt prudent policies to maintain a healthy financial position.

CHARGE ON ASSETS

As at 30th September, 2023, certain assets of the Group with an aggregate book carrying value of approximately HK$8 million (30th September, 2022: HK$9 million) were pledged to secure the banking facilities of the Group.

EXCHANGE RATE EXPOSURE

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollars, US dollars, Chinese Renminbi, 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. On the other hand, the existing Renminbi denominated sales revenue helps to reduce the Group's commitments of Renminbi-denominated operating expenses in China. Transaction values involving Euro were primarily related to the Group's purchase of machinery.

HUMAN RESOURCES DEVELOPMENT

Currently the Group has approximately 2,500 employees. The Group maintains good relations with its employees, providing them competitive packages and incentive schemes as well as various training programmes. The Group has maintained a share option scheme under which share options can be granted to certain employees including executive directors 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 further enhance its staff quality.

AUDIT COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30th September, 2023, the Company repurchased a total of 4,002,000 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$807,186. The shares repurchased were subsequently cancelled on 15th November, 2023. As at 30th September, 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$)
July 2023	1,002,000	0.206	0.193	203,486
August 2023	2,000,000	0.207	0.195	403,200
September 2023	1,000,000	0.205	0.196	200,500
Total :	4,002,000			807,186

Note :

The Company repurchased a total of 2,000,000 shares at prices ranging from HK$0.197 to HK$0.207 per share with the aggregate consideration of HK$408,800 in October 2023, the shares repurchased were subsequently cancelled on 15th November, 2023. As at the date of this announcement, the total number of shares of the Company in issue was 500,633,288.

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 period and up to the date of this announcement.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the Code Provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") throughout the six months ended 30th September, 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 would allow the Company to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board believes that the balance of power and authority is adequately ensured by the operating of the Board which comprises experienced and high caliber individuals with a sufficient number thereof being Non-Executive Directors.

Code Provision 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, the Chairman of the Company, is also an Executive Director of the Company, this code provision is not applicable.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by the Directors.

All Directors have confirmed that they have complied with the required standard of dealings and code of conduct regarding securities dealings by directors as set out in the Model Code for the six months ended 30th September, 2023.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 9th January, 2024 to Friday, 12th January 2024 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, shareholders must deliver their share transfer forms and share certificates to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for registration no later than 4:30 p.m. on Monday, 8th January, 2024.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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