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

STOCK CODE 股份代號: 403

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2013

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, 2013, together with the unaudited comparative figures for the corresponding period in the year 2012, as follows:

Condensed Consolidated Income Statement
For the six months ended 30th September, 2013

	Note	**Unaudited Six months ended 30th September, 2013**	2012
		HK$'000	HK$'000
Revenue	3	**853,838**	786,083
Cost of sales		**(680,909)**	(638,662)
Gross profit		**172,929**	147,421
Other gains/(losses) – net	5	**4,140**	(4,418)
Selling and distribution costs		**(44,985)**	(38,637)
General and administrative expenses		**(95,081)**	(83,475)
Operating profit	6	**37,003**	20,891

Condensed Consolidated Income Statement (Continued)
For the six months ended 30th September, 2013

	Note	Unaudited Six months ended 30th September, **2013** HK$'000	2012 HK$'000
Finance income		**167**	313
Finance costs		**(4,864)**	(4,324)
Finance costs – net	7	**(4,697)**	(4,011)
Profit before income tax		**32,306**	16,880
Income tax expense	8	**(15,109)**	(8,197)
Profit for the period, attributable to equity holders of the Company		**17,197**	8,683
Earnings per share for profit attributable to equity holders of the Company during the period			
(expressed in HK cents per share)	9		
- Basic		**3.28**	1.65
- Diluted		**3.28**	1.65
Dividends	10	**7,877**	5,251

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30th September, 2013

	Unaudited Six months ended 30th September,	
	2013	2012
	HK$'000	HK$'000
Profit for the period	**17,197**	8,683
Other comprehensive income		
Items that may be reclassified to profit or loss		
(Decrease)/increase in fair value of available-for-sale financial assets	**(88)**	183
Currency translation differences	**1,899**	3,792
Total comprehensive income for the period, attributable to equity holders of the Company	**19,008**	12,658

Condensed Consolidated Statement of Financial Position
As at 30th September, 2013

	Note	Unaudited As at 30th September, 2013 HK$'000	Audited As at 31st March, 2013 HK$'000
ASSETS			
Non-current assets			
Land use rights		**26,336**	26,376
Property, plant and equipment		**430,023**	426,849
Prepayments for property, plant and equipment		**9,215**	15,672
Available-for-sale financial assets		**5,371**	5,459
Deferred income tax assets		**3,345**	2,828
		474,290	477,184
Current assets			
Inventories		**97,220**	110,147
Trade and bill receivables	11	**380,938**	241,045
Prepayments and deposits		**38,307**	28,287
Tax recoverable		**-**	196
Bank deposits with maturity over 3 months from date of deposits		**10,624**	21,169
Cash and cash equivalents		**201,740**	182,515
		728,829	583,359
LIABILITIES			
Current liabilities			
Borrowings		**190,921**	222,916
Finance lease obligation		**4,034**	4,258
Trade and bill payables	12	**180,068**	117,470
Accruals and other payables		**109,603**	87,301
Derivative financial instruments		**-**	884
Tax payable		**48,348**	40,714
		532,974	473,543
Net current assets		**195,855**	109,816
Total assets less current liabilities		**670,145**	587,000
Non-current liabilities			
Borrowings		**82,567**	9,952
Finance lease obligation		**5,378**	7,806
Deferred income tax liabilities		**7,216**	8,015
		95,161	25,773
Net assets		**574,984**	561,227
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**52,514**	52,514
Reserves	13	**522,470**	508,713
Shareholders' equity		**574,984**	561,227

Notes:

1. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30th September, 2013 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31st March, 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2. Accounting policies

Effect of adopting amendments to standards

The following amendments to standards are mandatory for accounting periods beginning on or after 1st April, 2013. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group, except for certain changes in presentation and disclosures.

		Effective for accounting periods beginning on or after
HKFRS 1 (Amendment)	Government loans	1st April, 2013
HKFRS 7 (Amendment)	Disclosures on offsetting financial assets and financial liabilities	1st April, 2013
HKFRS 10	Consolidated financial statements	1st April, 2013
HKFRS 11	Joint arrangements	1st April, 2013
HKFRS 12	Disclosures of interests in other entities	1st April, 2013
HKFRS 13	Fair value measurements	1st April, 2013
HKFRS(s) (Amendment)	Improvements to HKFRSs 2009-2011	1st April, 2013
HKAS 1 (Amendment)	Presentation of financial statements	1st April, 2013
HKAS 19 (Amendment)	Employee benefits	1st April, 2013
HKAS 27 (Revised 2011)	Separate financial statements	1st April, 2013

2. Accounting policies (Continued)

Effect of adopting amendments to standards (Continued)

		Effective for accounting periods beginning on or after
HKAS 28 (Revised 2011)	Investment in associates and joint ventures	1st April, 2013
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine	1st April, 2013

New standards, amendments to standards and interpretation that have been issued but are not effective

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1st April, 2013 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 32 (Amendment)	Financial instruments presentation - Offsetting financial assets and financial liabilities	1st April, 2014
HKAS 36 (Amendment)	Impairment of assets	1st April, 2014
HKFRS 9	Financial instruments	1st April, 2015
HKAS 39 (Amendment)	Novation of derivatives and continuation of hedge accounting	1st April, 2014
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1st April, 2015
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment entities	1st April, 2014
HK(IFRIC)- Int 21	Levies	1st April, 2014

3. Revenue

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

	Unaudited Six months ended 30th September, 2013	2012
	HK$'000	HK$'000
Sales of packaging materials, labels, and paper products, including environmentally friendly paper products	**840,220**	769,932
Others	**13,618**	16,151
	853,838	786,083

4. Segment information

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

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

4. Segment information (Continued)

(i) The segment results for the six months ended 30th September, 2013 and 2012 are as follows:

	Southern China	Eastern China	South East Asia	Group
	HK$'000	HK$'000	HK$'000	HK$'000
Six months ended 30th September, 2013				
Total revenue	645,233	175,221	96,585	917,039
Segment revenue	(9)	(63,192)	-	(63,201)
Revenue (from external customers)	645,224	112,029	96,585	853,838
Operating profit	24,292	10,286	2,425	37,003
Finance income	47	103	17	167
Finance costs	(3,602)	(631)	(631)	(4,864)
Income tax expense	(10,923)	(3,231)	(955)	(15,109)
Profit for the period	9,814	6,527	856	17,197
Other information :				
Depreciation and amortisation for the period	15,936	12,741	4,854	33,531
Capital expenditure	19,858	6,067	3,831	29,756

4. Segment information (Continued)

	Southern China	Eastern China	South East Asia	Group
	HK$'000	HK$'000	HK$'000	HK$'000
Six months ended 30th September, 2012				
Total revenue	615,774	150,628	88,140	854,542
Segment revenue	(109)	(68,350)	-	(68,459)
Revenue (from external customers)	615,665	82,278	88,140	786,083
Operating profit	11,882	4,698	4,311	20,891
Finance income	72	225	16	313
Finance costs	(3,169)	(737)	(418)	(4,324)
Income tax expense	(5,573)	(1,128)	(1,496)	(8,197)
Profit for the period	3,212	3,058	2,413	8,683
Other information :				
Depreciation and amortisation for the period	17,822	13,072	2,780	33,674
Capital expenditure	11,048	4,878	8,684	24,610

4. Segment information (Continued)

(ii) An analysis of the Group's assets and liabilities by segments as at 30th September, 2013 and 31st March, 2013 is as follows :-

	Southern China	Eastern China	South East Asia	Group
	HK$'000	HK$'000	HK$'000	HK$'000
As at 30th September, 2013				
Segment assets	781,448	243,068	175,258	1,199,774
Deferred income tax assets	436	2,909	-	3,345
Total assets	781,884	245,977	175,258	1,203,119
Segment liabilities	450,757	67,008	54,806	572,571
Deferred income tax liabilities	4,453	-	2,763	7,216
Tax payable	45,042	1,486	1,820	48,348
Total liabilities	500,252	68,494	59,389	628,135

	Southern China	Eastern China	South East Asia	Group
	HK$'000	HK$'000	HK$'000	HK$'000
As at 31st March, 2013				
Segment assets	619,252	259,714	178,553	1,057,519
Deferred income tax assets	259	2,569	-	2,828
Tax recoverable	196	-	-	196
Total assets	619,707	262,283	178,553	1,060,543
Segment liabilities	325,696	69,057	55,834	450,587
Deferred income tax liabilities	5,218	-	2,797	8,015
Tax payable	34,283	4,815	1,616	40,714
Total liabilities	365,197	73,872	60,247	499,316

5. Other gains/(losses) - net

	Unaudited Six months ended 30th September, 2013 HK$'000	2012 HK$'000
Other gains/(losses) – net		
Net exchange gains/(losses)	**1,437**	(3,725)
Net gain/(loss) on disposal of property, plant and equipment	**47**	(90)
Others	**2,656**	(603)
	4,140	(4,418)

6. Operating profit

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

	Unaudited Six months ended 30th September, 2013 HK$'000	2012 HK$'000
Employment costs (including directors' emoluments)	**249,092**	218,199
Depreciation of property, plant and equipment and amortisation of land use rights	**33,531**	33,674
Provision for impairment of receivables – net	**1,107**	2,207

7. Finance costs – net

	Unaudited Six months ended 30th September, 2013 HK$'000	2012 HK$'000
Interest expense on bank borrowings		
- wholly repayable within five years	**4,470**	3,853
- not wholly repayable within five years	**391**	425
Fair value loss/(gain) on interest-rate swaps		
- realised	**887**	859
- unrealised	**(884)**	(813)
	4,864	4,324
Interest income from bank deposits	**(167)**	(313)
	4,697	4,011

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% (2012: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

Subsidiaries established and operated in the Mainland China are subject to the PRC Corporate Income Tax at rate of 25% during the period (2012: 12.5% to 25%). In accordance with the applicable law and regulations, the Group's subsidiaries established in the Mainland China as wholly foreign owned enterprises or contractual joint ventures are entitled to full exemption from Corporate Income Tax for the first two years and a 50% reduction in Corporate Income Tax for the next three years, commencing from the first profitable year or 1st January, 2008, whichever is earlier, after offsetting unexpired tax losses carried forward from previous years.

8. Income tax expense (Continued)

The subsidiary established in Singapore is subject to Singapore Corporate Income Tax at a rate of 17% (2012: 17%).

	Unaudited Six months ended 30th September,	
	2013	2012
	HK$'000	HK$'000
Current income tax expense		
- Hong Kong profits tax	**11,944**	6,692
- Mainland China Corporate Income Tax	**3,531**	1,128
- Singapore Corporate Income Tax	**955**	1,496
	16,430	9,316
Deferred income tax	**(1,321)**	(1,119)
	15,109	8,197

9. Earnings per share

Basic

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

	Unaudited Six months ended 30th September,	
	2013	2012
Profit attributable to equity holders of the Company (HK$'000)	**17,197**	8,683
Weighted average number of ordinary shares in issue ('000)	**525,135**	525,135
Basic earnings per share (HK cents)	**3.28**	1.65

9. Earnings per share (Continued)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. Shares issuable under the employee share option scheme are the only dilutive potential ordinary shares. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. For the period ended 30th September, 2013, the computation of diluted earnings per share does not assume the exercise of the outstanding share options as there were no share options outstanding as at 30th September, 2013.

For the period ended 30th September, 2013 and 30th September, 2012, diluted earnings per share equals basic earnings per share as there were no dilutive potential shares.

10. Dividends

	Unaudited Six months ended 30th September,	
	2013	2012
	HK$'000	HK$'000
Proposed interim dividends of HK1 cent (2012: HK1 cent) per share	**5,251**	5,251
Proposed special dividends of HK0.5 cent (2012: Nil) per share	**2,626**	-
	7,877	5,251

11. Trade and bill receivables

	Unaudited As at 30th September, 2013 HK$'000	Audited As at 31st March, 2013 HK$'000
Trade receivables	**387,927**	246,598
Less : provision for impairment of receivables	**(7,177)**	(6,018)
Trade receivables-net	**380,750**	240,580
Bill receivables	**188**	465
Trade and bill receivables	**380,938**	241,045

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

	Unaudited As at 30th September, 2013 HK$'000	Audited As at 31st March, 2013 HK$'000
1 to 90 days	**351,767**	215,553
91 to 180 days	**29,995**	25,516
181 to 365 days	**1,910**	3,981
Over 365 days	**4,443**	2,013
	388,115	247,063
Less: Provision for impairment of receivables	**(7,177)**	(6,018)
	380,938	241,045

12. Trade and bill payables

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

	Unaudited As at 30th September, 2013 HK$'000	Audited As at 31st March, 2013 HK$'000
1 to 90 days	**162,500**	109,281
91 to 180 days	**17,113**	7,866
181 to 365 days	**343**	67
Over 365 days	**112**	256
	180,068	117,470

13. Reserves

Movements were:

Unaudited
For the six months ended 30th September, 2013

	Share premium	Capital reserve	Share-based compensation reserve	Investment reserve	Translation reserve	Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1st April, 2013	127,796	1,792	-	1,160	78,838	299,127	508,713
Profit for the period	-	-	-	-	-	17,197	17,197
Other comprehensive income							
- Decrease in fair value of available-for-sale financial assets	-	-	-	(88)	-	-	(88)
- Currency translation differences	-	-	-	-	1,899	-	1,899
Total comprehensive income for the period	-	-	-	(88)	1,899	17,197	19,008
2012/13 final dividends paid	-	-	-	-	-	(5,251)	(5,251)
As at 30th September, 2013	127,796	1,792	-	1,072	80,737	311,073	522,470

Unaudited
For the six months ended 30th September, 2012

	Share premium	Capital reserve	Share-based compensation reserve	Investment reserve	Translation reserve	Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1st April, 2012	127,796	1,169	1,942	664	72,734	298,330	502,635
Profit for the period	-	-	-	-	-	8,683	8,683
Other comprehensive income							
- Increase in fair value of available-for-sale financial assets	-	-	-	183	-	-	183
- Currency translation differences	-	-	-	-	3,792	-	3,792
Total comprehensive income for the period	-	-	-	183	3,792	8,683	12,658
Employee share option scheme							
- Lapse of share options	-	-	(611)	-	-	611	-
2011/12 final dividends paid	-	-	-	-	-	(5,251)	(5,251)
As at 30th September, 2012	127,796	1,169	1,331	847	76,526	302,373	510,042

RESULTS

The Group recorded a turnover of approximately HK$854 million for the six months ended 30th September, 2013, an increase of 9% compared with the same period last year. Profit attributable to shareholders rose 98% to approximately HK$17 million.

The positive results can be attributed to (i) improved market conditions in the United States, and, to a lesser extent, Europe; (ii) stabilized prices of raw materials and fuels; and (iii) the Group's expansion into high growth sectors and adoption of cost effective practices. These factors have enabled the Group to record higher sales and profit and counter the negative impact brought by the rising labour costs in China.

Nonetheless, the Group experienced a fluctuation in its order book during the period, which underlined the uncertainty prevailing in the global economy. Such uncertainty reflects concern about (i) the effect of forthcoming Fed "tapering" on the United States economy; (ii) the fiscal risks persisting in the European economies; and (iii) the structural issues facing China's economic growth. As such, while the management is prudently optimistic about the outlook for the second half, ongoing measures of the Group will be further reinforced to safeguard our sales and profit margins, details of which are described in the "Business Review and Prospects" section.

DIVIDENDS

The Board of Directors has declared an interim dividend of HK1 cent (2012: HK1 cent) and a special dividend of HK0.5 cent (2012: Nil) per share for the six months ended 30th September, 2013 payable on Friday, 21st February, 2014 to shareholders whose names appear on the Register of Members on Friday, 24th January, 2014.

BUSINESS REVIEW AND PROSPECTS

Hong Kong/Mainland China Operations

Overview

The continued recovery of the United States economy, together with the economic stabilization in Europe, provided a positive backdrop for the Group during the six months ended 30th September, 2013. As consumer sentiment improved, customers became more inclined to place orders and showed greater flexibility on pricing. Capitalizing on our proactive sales and marketing initiatives, the Group's operations in China and South East Asia all posted an increase in turnover.

Nonetheless, not all of the Group's product categories reported higher sales. For instance, the southern China operation recorded a decline in printing and packaging sales, largely as a result of lacklustre orders from the toys sector.

Such uncertainty reflects concern about (i) the effect of forthcoming Fed "tapering" on the United States economy; (ii) the fiscal risks persisting in the European economies; and (iii) the structural issues facing China's economic growth. With doubts weighing on the global economic outlook, some customers shifted to products with shorter cycles and/or smaller production runs. A few customers chose to reduce their orders as the marketplace lacked solidity. These factors resulted in a fluctuation in orders experienced by the Group during the period under review.

The prices of raw materials and fuels stabilized during the six months ended 30th September, 2013. On the other hand, labour costs at the Group's China plants continued to rise. The minimum wages soared by double digits in Guangzhou and Suzhou in May 2013 and July 2013, respectively, while those in Shenzhen and Shaoguan increased by single digit in March 2013 and May 2013, respectively.

In the face of both positive and negative external factors, the Group focused on strengthening its competitiveness by capitalizing on innovation, adaptation, and segmentation. Adopting a customer-oriented marketing strategy, the Group allocated more resources to providing printing and packaging services to customers in the high growth sectors such as information technology, food and cosmetics. This strategy enabled the Group to become more adaptive to seasonal or cyclical business conditions and provided a stronger platform for the Group to expand domestic sales in China. Moreover, the Group utilized its design and innovation capabilities to expand into original design manufacturing (ODM), making inroads in Japan as the first market. Internally, the Group stepped up the adoption of lean manufacturing and automation to reduce costs and increase efficiency. As a longer term move, the Group's Singapore subsidiary directed more effort to the new factory in Malaysia to take advantage of the lower costs there and to develop new markets in Asia Pacific.

Going forward, the management is further enhancing the Group's ongoing improvement programme by reviewing and identifying areas for deeper and stronger implementation. As an example, the Group's sales and marketing team has recently been strengthened to reinforce the Group's position in the high-end market and to seek expansion in a more flexible and systematic manner. At the same time, the management is aware of the risk and uncertainty in the global market, and is maintaining a strong financial position for the Group while actively steering the Group towards growth.

Southern China Region

In the six months ended 30th September, 2013, the Group's southern China operation recorded a growth in profit on a mild increase in turnover.

Paper products managed to secure higher sales growth. However, the printing and packaging division saw a decline in sales as orders from the toys sector remained weak, dragging down the overall turnover growth rate. In spite of this, the southern China operation was able to improve its profitability by obtaining price flexibility from customers, expanding sales in greeting cards and luxury packaging, tightening its cost controls, and offering more innovative products and services. The stabilized prices of raw materials and fuels also contributed to an improvement in margins.

Overall, the southern China division will continue with its ongoing measures to enhance its sales and profitability. For instance, effort is being made to add sophisticated electronic components to greeting cards and paper products to open new areas of opportunity for customers. In addition, as a longer term means to optimize performance, the southern China operation has been actively expanding into original design manufacturing (ODM), targeting Japan as the first market to explore. In this regard, the Group attended Japan's leading trade fair Giftex World 2013 in June to showcase our original design products such as Paper Speaker and Plywood Puzzle which received favourable response from visitors and local media.

The southern China operation will continue with its improvement programme to grow its business while upholding strict control on its capital investment and closely monitor its stocks and customer credits.

Eastern China Region

The eastern China operation achieved further improvement during the period under review, recording a double-digit increase in sales and a growth in profit.

Continuing with the strategy of targeting high growth sectors and multinational customers, the eastern China operation focused on offering high quality and innovative packaging solutions and specialty printing services, which brought orders from major corporations in the information technology, food and cosmetics sectors. This strategy also facilitated the Group's expansion of domestic sales in China, with orders covering printing and packaging as well as labels printing.

The management believes that there are growing business opportunities for the eastern China operation as both multinational and Mainland companies are increasing their domestic sales to take advantage of the consumption boom and urbanization drive in China. With internationally recognized printing and packaging skills and qualifications, the eastern China operation is well positioned to secure more business and enhance its profit margins.

Southeast Asia Operation

During the period under review, the Group's South East Asia operation recorded a growth in turnover but a decline in profit. Sales at the Singapore subsidiary fell slightly; however, the new factory in Johor, Malaysia expanded its sales. Given that the Malaysian factory is still in a start-up stage, it takes time to make a positive contribution to the Group's performance. The parallel running of two plants in Singapore and Malaysia also resulted in the overlapping of some costs, which affected the performance of the Singapore subsidiary.

Positioned as a one-stop visual communications solution provider, the Singapore subsidiary builds on its core competence and competitive advantage in offset printing and packaging, supported by a strong supply chain comprising the Group's subsidiaries. The management believes that with the Malaysian plant gaining higher efficiency, customers will receive more cost-effective manufacturing and fulfilment services, which in turn will enable the Singapore subsidiary to enhance its performance. Moreover, with an increase in production capacity, the Singapore subsidiary can further expand its business in markets such as Australia and New Zealand.

Prospects

As the United States economy recovers, concern is focused on how the withdrawal of quantitative easing measures by the Federal Reserve would affect the economy of the United Sates and the rest of the world.

In a speech delivered in August 2013, Christine Lagarde, Managing Director of the International Monetary Fund (IMF), warned that “unconventional monetary policies (UMP) involve navigating a new world” and the “exit will take us into uncharted territory.” She called for central banks to manage the risks arising from the exit and cautioned: “Even if managed well, exit from UMP may well present other, non-UMP countries with an arduous course.” Following her speech, the IMF, in its World Economic Outlook report issued in October 2013, said: “The end of U.S. quantitative easing could come with a greater and longer-lasting tightening of global financial conditions than is presently expected. As a result, the global economy could grow by only slightly more than 3 percent a year over the medium term, instead of reaccelerating to over 4 percent.”

Given the major impact brought by global macroeconomic policies on domestic business environments, as the experience in recent years has shown, the management is keeping a close eye on the situation and maintaining prudent development and financial management. On the other hand, the management believes that opportunities often come with risks and that medium and long-term proactive planning will enable the Group to capture such opportunities. Some encouraging results have been seen as the Group expands domestic sales in China, sets the Malaysian plant into operation, and moves forward with original design manufacturing (ODM) and automation. The management will strive with additional effort to further improve the Group’s performance as the Group enters into the 20th anniversary of its listing.

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, 2013, the Group's cash and bank balances and short-term bank deposits amounted to approximately HK$212 million.

During the period under review, the interest expense of the Group amounted to approximately HK$4.9 million compared to approximately HK$4.3 million recorded in the same period of 2012. Currently, the Group has Renminbi-denominated loan facilities amounting to approximately RMB45 million that are available for the Group's Shenzhen, Guangzhou, Shaoguan and Suzhou plants for working capital purposes.

As at 30th September, 2013, the Group had a working capital surplus of approximately HK$196 million compared to a working capital surplus of approximately HK$178 million as at 30th September, 2012. The Group's net gearing ratio as at 30th September, 2013 was 12% (30th September, 2012: 12%), based on short-term and long-term bank borrowings, finance lease obligation and bill payables, net of bank balance and cash of approximately HK$71 million (30th September, 2012: HK$66 million), and shareholders' funds of approximately HK$575 million (30th September, 2012: HK$563 million). The Group will continue to adopt prudent policies to maintain a healthy financial position.

CHARGE ON ASSETS

As at 30th September, 2013, certain assets of the Group with an aggregate book carrying value of approximately HK$65 million (30th September, 2012: HK$72 million) were pledged to secure the banking facilities of the Group.

EXCHANGE RATE EXPOSURE

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollars, US dollars, Chinese Renminbi, Japanese Yen, Singapore dollars or Euro. The exchange rate of US dollars/ Hong Kong dollars is relatively stable due to the current peg system in Hong Kong. On the other hand, the existing Renminbi denominated sales revenue helps to reduce the Group's commitments of Renminbi-denominated operating expenses in China. Transaction values involving Euro were primarily related to the Group's purchase of machinery and such exposures were generally hedged by forward contracts.

HUMAN RESOURCES DEVELOPMENT

Currently the Group has more than 8,000 employees. The Group maintains good relations with its employees, providing them competitive packages and incentive schemes as well as various training programmes. The Group has maintained a share option scheme under which share options can be granted to certain employees (including executive directors of the Company) as incentive for their contribution to the Group. Following the opening of the "Starlite Institute of Management", the Group provides various training and development programmes to staff on an ongoing basis. The Group will explore the possibility of launching other special training programmes with universities in Mainland China and education institutions abroad to further enhance its staff quality.

AUDIT COMMITTEE

The Audit Committee is composed of all the three Independent Non-Executive Directors of the Company. The Audit Committee has reviewed with management the accounting policies adopted by the Group and discussed auditing, internal control, and financial reporting matters, including the review of unaudited interim financial statements for the six months ended 30th September, 2013.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the Code Provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") throughout the six months ended 30th September, 2013 except for the deviations as mentioned below.

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

Code Provision A.2.7 stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. As Mr. Lam Kwong Yu, the Chairman of the Company, is also an Executive Director of the Company, this code provision is not applicable.

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

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Kwok Lam Kwong, Larry, *BBS, JP* and Ms. Yeung Chui, were unable to attend the Annual General Meeting of the Company held on 14th August, 2013 as they were engaged in other prior business commitments.

COMPLIANCE WITH MODEL CODE

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

All Directors have confirmed that they have complied with the required standard of dealings and code of conduct regarding securities dealings by directors as set out in the Model Code for the six months ended 30th September, 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 22nd January, 2014 to Friday, 24th January, 2014 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for interim dividend and special dividend, shareholders must deliver their share transfer forms and share certificates to Tricor Secretaries Limited, the Company's Registrar at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 21st January, 2014.

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, 2013 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, 27th November, 2013

As at the date of this announcement, the executive directors of the Company are Mr. Lam Kwong Yu, Mr. Tai Tzu Shi, Angus and Mr. Cheung Chi Shing, Charles, the non-executive director is Ms. Yeung Chui, and the independent non-executive directors are Mr. Chan Yue Kwong, Michael, Mr. Kwok Lam Kwong, Larry, BBS, JP and Mr. Tam King Ching, Kenny.

* *For identification purpose.*