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

STOCK CODE 股份代號: 403

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2016

The Directors of Starlite Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31st March, 2016 together with the comparative figures for the previous year, as follows:

Consolidated Income Statement
For the year ended 31st March, 2016

	Note	**2016**	2015
		HK$'000	HK$'000
Revenue	2	**1,620,364**	1,591,655
Cost of sales		**(1,262,456)**	(1,292,391)
Gross profit		**357,908**	299,264
Other losses	3	**(4,038)**	(242)
Selling and distribution costs		**(87,274)**	(96,783)
General and administrative expenses		**(164,718)**	(182,848)
Operating profit	4	**101,878**	19,391

**For identification purpose only.*

Consolidated Income Statement (Continued)
For the year ended 31st March, 2016

	Note	**2016**	2015
		HK$'000	HK$'000
Finance income		**356**	403
Finance costs		**(9,603)**	(10,144)
Finance costs – net	5	**(9,247)**	(9,741)
Profit before income tax		**92,631**	9,650
Income tax expense	6	**(24,519)**	(6,999)
Profit for the year attributable to the owners of the Company		**68,112**	2,651
Earnings per share attributable to the owners of the Company during the year			
(expressed in HK cents per share)	7		
- Basic		**12.97**	0.50
- Diluted		**12.97**	0.50
Dividends	8	**13,128**	5,251

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2016

	2016	2015
	HK$'000	HK$'000
Profit for the year	**68,112**	2,651
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Increase in fair value of available-for-sale financial assets	**135**	400
Currency translation differences	**(10,106)**	(14,368)
Other comprehensive income for the year, net of tax	**(9,971)**	(13,968)
Total comprehensive income for the year attributable to the owners of the Company	**58,141**	(11,317)

Consolidated Statement of Financial Position

As at 31st March, 2016

	Note	**As at 31st March, 2016 HK$'000**	As at 31st March, 2015 HK$'000
ASSETS			
Non-current assets			
Land use rights		**23,207**	24,850
Property, plant and equipment		**365,471**	411,544
Prepayments for property, plant and equipment		**3,921**	1,188
Deferred income tax assets		**3,967**	3,079
Available-for-sale financial assets		**10,356**	10,221
		406,922	450,882
Current assets			
Inventories		**112,840**	107,200
Trade and bill receivables	9	**218,254**	259,913
Prepayments and deposits		**25,421**	19,686
Tax recoverable		**1,814**	455
Bank deposits with maturity over 3 months from date of deposits		**14,496**	4,566
Cash and cash equivalents		**311,571**	211,155
		684,396	602,975
Total assets		**1,091,318**	1,053,857
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**52,514**	52,514
Reserves	11	**537,319**	484,429
Total equity		**589,833**	536,943
LIABILITIES			
Non-current liabilities			
Borrowings		**35,469**	69,701
Deferred revenue		**1,547**	-
Deferred income tax liabilities		**1,714**	2,784
		38,730	72,485
Current liabilities			
Borrowings		**175,153**	180,196
Finance lease obligations		**-**	3,824
Deferred revenue		**221**	-
Trade and bill payables	10	**137,760**	140,413
Accruals and other payables		**125,735**	105,812
Tax payable		**23,886**	14,184
		462,755	444,429
Total liabilities		**501,485**	516,914
Total equity and liabilities		**1,091,318**	1,053,857

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Amended standards adopted by the Group

The following amended standards have been adopted by the Group for the first time for the financial year beginning 1st April, 2015.

HKAS 19 (2011) Amendment	Defined benefit plans: Employee contributions
Annual improvements project	Annual improvements 2010-2012 cycle
Annual improvements project	Annual improvements 2011-2013 cycle

The adoption of these amended standards does not have any significant impact to the results of operations and financial position of the Group.

1. Basis of preparation (Continued)

(b) New standards and amendments to existing standards not yet effective

The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1st April, 2015 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKFRS 14	Regulatory deferral accounts	1st January 2016
HKAS 1 Amendment	Disclosure initiative	1st January 2016
HKAS 16 and HKAS 38 Amendment	Clarification of acceptable methods of depreciation and amortisation	1st January 2016
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer plants	1st January 2016
HKAS 27 Amendment	Equity method in separate financial statements	1st January 2016
Annual improvements project	Annual improvements 2012-2014 cycle	1st January 2016
HKFRS 9	Financial instruments	1st January 2018
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment entities: Applying the consolidation exception	1st January 2016
HKFRS 11 Amendment	Accounting for acquisitions of interests in joint operations	1st January 2016
HKFRS 10 and HKAS 28 Amendment	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HKFRS 15	Revenue from contracts with customers	1st January 2018
HKFRS 16	Leases	1st January 2019

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

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2. Revenue and segment information

The Company is an investment holding company. Its subsidiaries are principally engaged in the printing and manufacturing of packaging materials, labels and paper products, including environmental friendly paper products.

(a) Revenue is analysed as follows:

	2016	2015
	HK$'000	HK$'000
Sales of packaging materials, labels and paper products, including environmental friendly paper products	**1,595,685**	1,562,468
Others	**24,679**	29,187
	1,620,364	1,591,655

(b) Segment information

The chief operating decision-maker 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 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 reported the results of the operating segments based on these reports.

The Chairman/Chief Executive Officer 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.

2. Revenue and segment information (Continued)

(b) Segment information (Continued)

(i) The segment results for the year ended 31st March, 2016 and 2015 are as follows:

	Southern China HK$'000	Eastern China HK$'000	South East Asia HK$'000	Group HK$'000
Year ended 31st March, 2016				
Segment revenue	1,245,689	365,059	158,609	1,769,357
Inter-segment revenue	(1,518)	(147,374)	(101)	(148,993)
Revenue from external customers	1,244,171	217,685	158,508	1,620,364
Operating profit	68,618	19,036	14,224	101,878
Finance income	128	182	46	356
Finance costs	(7,253)	(1,591)	(759)	(9,603)
Income tax (expense)/credit	(17,581)	(9,107)	2,169	(24,519)
Profit for the year	43,912	8,520	15,680	68,112
Other information :				
Additions to property, plant and equipment	22,052	5,511	2,477	30,040
Depreciation and amortisation	36,656	18,450	7,055	62,161
Capital expenditure	23,671	7,100	2,002	32,773

	Southern China HK$'000	Eastern China HK$'000	South East Asia HK$'000	Group HK$'000
Year ended 31st March, 2015				
Segment revenue	1,173,924	331,526	192,238	1,697,688
Inter-segment revenue	(665)	(105,265)	(103)	(106,033)
Revenue from external customers	1,173,259	226,261	192,135	1,591,655
Operating (loss)/profit	(3,022)	10,968	11,445	19,391
Finance income	141	225	37	403
Finance costs	(7,278)	(1,515)	(1,351)	(10,144)
Income tax expense	(4,219)	(2,402)	(378)	(6,999)
(Loss)/profit for the year	(14,378)	7,276	9,753	2,651
Other information :				
Additions to property, plant and equipment	51,202	3,445	2,984	57,631
Depreciation and amortisation	35,391	21,081	8,605	65,077
Capital expenditure	25,735	1,796	3,013	30,544

2. Revenue and segment information (Continued)

(b) Segment information (Continued)

(ii) An analysis of the Group's assets and liabilities by segment as at 31st March, 2016, and 2015 is as follows:

	Southern China HK$'000	Eastern China HK$'000	South East Asia HK$'000	Group HK$'000
As at 31st March, 2016				
Segment assets	683,483	237,614	170,221	1,091,318
Segment liabilities	376,955	86,121	38,409	501,485

	Southern China HK$'000	Eastern China HK$'000	South East Asia HK$'000	Group HK$'000
As at 31st March, 2015				
Segment assets	641,894	245,484	166,479	1,053,857
Segment liabilities	369,484	91,902	55,528	516,914

3. Other losses

	2016	2015
	HK$'000	HK$'000
Net exchange losses	**(6,082)**	(8,009)
Net (losses)/gains on disposals of property, plant and equipment	**(2,354)**	2,209
Others	**4,398**	5,558
	(4,038)	(242)

4. Operating profit

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

	2016	2015
	HK$'000	HK$'000
Employment costs (including directors' emoluments)	**499,435**	517,111
Amortisation of land use rights	**744**	762
Depreciation of property, plant and equipment	**61,417**	64,315
(Write-back of provision)/provision for impairment of trade receivables	**(1,722)**	9,163
Provision for/(write-back of provision for) inventory obsolescence	**8,581**	(2,201)

5. Finance costs – net

	2016	2015
	HK$'000	HK$'000
Finance costs		
Interest expense on bank borrowings	**9,471**	9,690
Interest on finance leases	**132**	454
	9,603	10,144
Finance income		
Interest income from bank deposits	**(356)**	(403)
	9,247	9,741

6. 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% (2015: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

The subsidiaries established and operated in PRC are subject to PRC Corporate Income Tax at rate of 25% during the year (2015: 25%).

6. Income tax expense (Continued)

The subsidiaries established in Singapore and Malaysia are subject to Singapore Corporate Income Tax at a rate of 17% (2015: 17%) and Malaysia Corporate Income Tax at a rate of 25% (2015: 25%) respectively.

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

	2016	2015
	HK$'000	HK$'000
Current income tax expense		
- Hong Kong profits tax	**9,040**	4,221
- PRC Corporate Income Tax	**14,708**	7,928
- Singapore Corporate Income Tax	**974**	2,442
Under/(over) provision in prior years	**1,733**	(3,509)
	26,455	11,082
Deferred income tax	**(1,936)**	(4,083)
Income tax expense	**24,519**	6,999

7. 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.

	2016	2015
Profit attributable to the owners of the Company (HK$'000)	**68,112**	2,651
Weighted average number of ordinary shares in issue ('000)	**525,135**	525,135
Basic earnings per share (HK cents)	**12.97**	0.50

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. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share. There were no share options outstanding during the year ended 31st March, 2015 and 31st March, 2016.

For the year ended 31st March, 2016 and 31st March, 2015, diluted earnings per share equals basic earnings per share as there were no dilutive potential shares.

8. Dividends

	2016	2015
	HK$'000	HK$'000
Interim dividend – HK$0.01 (2015 : HK$0.01) per share	**5,251**	5,251
Proposed final dividend – HK$0.01 (2015: nil) per share	**5,251**	-
Proposed special dividend – HK$0.005 (2015 : nil) per share	**2,626**	-
	13,128	5,251

9. Trade and bill receivables

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

	2016	2015
	HK$'000	HK$'000
1 to 90 days	**186,786**	213,565
91 to 180 days	**24,141**	46,360
181 to 365 days	**6,671**	8,989
Over 365 days	**13,264**	6,666
	230,862	275,580
Less: provision for impairment of trade receivables	**(12,608)**	(15,667)
	218,254	259,913

10. Trade and bill payables

The ageing of trade and bill payables is as follows:

	2016	2015
	HK$'000	HK$'000
1 to 90 days	**115,164**	113,909
91 to 180 days	**13,716**	18,577
181 to 365 days	**728**	7,098
Over 365 days	**8,152**	829
	137,760	140,413

11. Reserves

Movements were as follows :

	Share premium HK$'000	Capital reserve HK$'000	Investment reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
Group						
As at 1st April, 2014	127,796	1,792	1,017	74,587	301,056	506,248
Comprehensive income						
Profit attributable to the owners of the Company	-	-	-	-	2,651	2,651
Other comprehensive income						
- Increase in fair value of available-for-sale financial assets	-	-	400	-	-	400
- Currency translation differences	-	-	-	(14,368)	-	(14,368)
Total comprehensive income for the year	-	-	400	(14,368)	2,651	(11,317)
Transactions with owners in their capacity as owners						
Dividends paid	-	-	-	-	(10,502)	(10,502)
	-	-	400	(14,368)	(7,851)	(21,819)
As at 31st March, 2015 and 1st April, 2015	127,796	1,792	1,417	60,219	293,205	484,429
Comprehensive income						
Profit attributable to the owners of the Company	-	-	-	-	68,112	68,112
Other comprehensive income						
- Increase in fair value of available-for-sale financial assets	-	-	135	-	-	135
- Currency translation differences	-	-	-	(10,106)	-	(10,106)
Total comprehensive income for the year	-	-	135	(10,106)	68,112	58,141
Transactions with owners in their capacity as owners						
Dividends paid	-	-	-	-	(5,251)	(5,251)
As at 31st March, 2016	127,796	1,792	1,552	50,113	356,066	537,319
Representing:						
- Proposed dividend	-	-	-	-	7,877	7,877
- Others	127,796	1,792	1,552	50,113	348,189	529,442
As at 31st March, 2016	127,796	1,792	1,552	50,113	356,066	537,319

RESULTS

For the year ended 31st March, 2016, the Group's turnover amounted to approximately HK$1,620 million, an increase of 1.8% compared with the previous year. Profit attributable to owners grew by 25 times to approximately HK$68 million.

The significant growth in the Group's net profit was mainly attributable to: (i) deepening of lean management by the Group's southern China operation which resulted in a significant reduction in the Group's labor costs; (ii) contribution of automation and intelligent robot systems to the Group's cost efficiency; and (iii) stability in the price of raw materials and lower cost of utilities which benefited the Group's profit margin. On the other hand, the marginal growth in the Group's turnover reflected prevailing weakness in the European and Asian markets.

The Group's southern China operation made a turnaround to profit during the year benefiting from our lean management and efficiency improvement initiatives. The eastern China operation recorded an increase in sales and net profit but challenges remained as competition among printing and packaging companies in the Yangtze River Delta intensified and labour costs increased. The southeast Asia operation saw an increase in bottom line due to the cost advantage gained from its relocation of production from Singapore to Malaysia.

In terms of segment, printing and packaging showed a mild growth in sales during the year while paper products experienced a decline in orders. Luxury packaging and greeting cards continued to expand their order books as the Group moved into the high-end sectors. The original design manufacturing (ODM) and original brand manufacturing (OBM) businesses reported higher sales and expanded their sales network.

As part of the effort to increase its source of revenue, the Group has set up a subsidiary to spearhead the expansion of the ODM and OBM businesses and another subsidiary to centralize the development of custom-made machinery and automated equipment primarily for the Group's internal use with the potential of selling them to external parties. The Group is also further improving its operational efficiency by strengthening the efforts in lean management, including the streamlining of workflow, intelligent automation and value stream mapping. Stringent control on capital expenditure and customer credit policy will continue to be adopted as a safeguard against risks. Details of these measures are described in the "Business Review and Prospects" section. The management is well aware of the challenges ahead as presented by the fragility of the global economic recovery and the increase in geopolitical uncertainties, and will plan and act cautiously to direct the Group towards sustainable and profitable growth.

DIVIDENDS

The Directors recommend a final dividend of HK1 cent (2015: Nil) and a special dividend of HK0.5 cent (2015: Nil) per share for the year ended 31st March, 2016 payable on Wednesday, 21st September, 2016 to shareholders whose names appear on the Register of Members on Wednesday, 24th August, 2016. Together with the interim dividend of HK1 cent (2015: HK1 cent) paid, the aggregate dividend for the financial year would be HK2.5 cents per share (2015: HK1 cent).

BUSINESS REVIEW AND PROSPECTS

Hong Kong/Mainland China Operations

Overview

Major European clients reduced their orders during the year under review in response to the weakening Euro and the flagging consumer sentiment in the Eurozone. The Group's sales to Asian countries including China also experienced negative growth as demand for consumer goods from the region softened. As a result, whilst the Group managed to increase its sales to the United States and offset the decline in European and Asian orders, the Group's overall turnover recorded a marginal growth of 1.8% only.

On top of the sluggish growth in turnover, the Group also faced the challenge of rising labour costs in Mainland China. During the year, wages at the Group's Shenzhen and Guangzhou plants increased by double digits in March and May 2015, respectively, whereas the Suzhou plant saw a single-digit increase in January 2016. The silver lining was that the price of raw materials remained steady while the costs of utilities generally declined.

Confronting these challenges, the Group strived to increase its profitability by deepening its lean management programme. This multi-thronged programme, comprising the streamlining of workflow, intelligent automation and value stream mapping, has enabled the Group to enhance its operational efficiency and reduce the wastage in human resources and raw materials. As a result, during the year under review, the Group was able to reduce the headcount of its southern China operation, which helped alleviate the impact of rising labour costs in Mainland China.

Moving forward, the Group will continue with this "deepening and streamlining" strategy to strive for further improvement in productivity, service, cost, and quality. More resources will be allocated to the streamlining of workflow, intelligent automation, and value stream mapping. Benchmarks and yardsticks assigned to the Group's plants will be reviewed with the objectives of further increasing their efficiency and improving their inventory management. Financial and cash flow management systems will be strengthened to ensure resources are properly allocated.

On the sales side, the Group will seek to expand its source of revenue across and beyond the existing "Four Major Blocks", namely: (i) proprietary products with confidentiality undertakings; (ii) packaging including luxury packaging and specialty printing; (iii) children's books and greeting cards; and (iv) the ODM and OBM businesses. The Group will prioritize the allocation of resources to these four blocks based on their growth potential while seeking to identify new blocks that offer promising returns. To this end, the Group has set up two subsidiaries during the year under review. One subsidiary is to spearhead the expansion of the ODM and OBM businesses while another subsidiary is to centralize the development of custom-made machinery and automated equipment primarily for the Group's internal use with the potential of selling them to external parties.

Southern China Operation

The Group's southern China operation recorded a mild growth in turnover and a turnaround to profit for the year ended 31st March, 2016.

Supported by more orders from the toys and technology sectors, the printing and packaging division posted a marginal increase in sales. Paper products saw a decline in turnover marked by less orders for children's books. Sales of packaging and luxury boxes increased as the Group continued to expand into the high-end sectors.

The Shenzhen and Guangzhou plants experienced a double-digit wage rise in March and May 2015, respectively. Nonetheless, with the deepening of lean management, the southern China operation was able to reduce its headcount, which mitigated the impact of rising wages. Moreover, the southern China operation also benefited from the stability in the price of raw materials, the decrease in the price of utilities, and the reduction of wastage in raw materials.

Both the ODM and OBM businesses increased their sales during the year under review. Team Green, the Group's eco-friendly design products brand, made its debut in the Frankfurt Book Fair in mid-October 2015 and received a favourable response from visitors. Actively expanding its product range and international distribution network, Team Green has developed more selling points in Japan, Hong Kong, and China, as well as in Europe and the United States. Internet sales of the products were launched through GreenTaNet.com, the Group's e-business platform, and other online stores. The Group will utilize promotion and event marketing to expand the ODM and OBM businesses.

Moving forward, the southern China operation will continue to streamline its workflow and apply intelligent automation and value stream mapping to increase its cost efficiency. It will actively develop other sectors besides the toys industry to expand its clientele. These sectors include the food, cosmetics and information technology sectors to which the Group is expanding its luxury packaging business. As a further measure to expand its source of revenue, the Group has set up a subsidiary to spearhead the expansion of the ODM and OBM businesses and another subsidiary to centralize the development of custom-made machinery and automated equipment primarily for the Group's internal use with the potential of selling them to external parties.

Eastern China Operation

The eastern China operation recorded a growth in sales and net profit as the Group increased its marketing and cost efficiency efforts.

Marginal sales growth was recorded by the printing and packaging division while greeting cards achieved a gain in sales during the year under review. However, specialty printing encountered a decline in order books. Growth in domestic business was insignificant as a result of softened consumer sentiment in China.

In the coming year, strong competition among printing and packaging companies in the Yangtze River Delta and high labour costs are expected to continue confronting the eastern China operation. The fluctuation of orders will remain another major challenge as the United States is likely to further increase its interest rates while the recovery in Europe is still fragile. The eastern China operation will continue to position itself as a major printing and packaging services provider targeting multinational customers and established Chinese enterprises, and will seek to enlarge its clientele in growth sectors to enhance its profitability.

Southeast Asia Operation

The southeast Asia operation recorded a decline in turnover but a growth in net profit during the year ended 31st March, 2016. The decrease in turnover was due to realignment of product range by major clients and the depreciation of Singapore Dollar and Malaysian Ringgit against the United States dollar. Nonetheless, with the factory in Johor, Malaysia taking over all production from Singapore, the southeast Asia operation was able to take advantage of the lower costs in Malaysia to post a higher profit.

With the relocation of production base completed, the southeast Asia operation will further capitalize on its competitive advantages to expand its sales and customer base. Such efforts include further penetration in markets such as Australia, New Zealand and ASEAN countries and expansion into labour-intensive paper products. The Singapore subsidiary will act as a hub centre focusing on sales and marketing, innovation, services and logistics, and to ensure that the product quality and operating efficiency of the Malaysian plant will continue to improve. In this regard, the southeast Asia operation will explore the feasibility of developing the ODM and OBM businesses.

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, 2016, the Group’s cash and bank balances and short-term bank deposits amounted to approximately HK$326 million.

During the year under review, the interest expense of the Group amounted to approximately HK$10 million compared to approximately HK$10 million recorded last year.

As at 31st March, 2016, the Group had a working capital surplus of approximately HK$222 million compared to a working capital surplus of approximately HK$159 million as at 31st March, 2015. The Group was in net cash position as at 31st March 2016. The Group's net gearing ratio as at 31st March, 2015 was 7%, based on short-term and long-term bank borrowings, finance lease obligation and bill payables, net of bank balance and cash of approximately HK$39 million, and shareholders' funds of approximately HK$537 million.

CHARGE ON ASSETS

As at 31st March, 2016, certain assets of the Group with an aggregate book carrying value of approximately HK$29 million (31st March, 2015: HK$41 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. Transaction values involving Euro were primarily related to the Group's purchase of machinery.

HUMAN RESOURCES DEVELOPMENT

Currently the Group has more than 6,000 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 director of the Company (excluding independent non-executive directors)) as incentive for their contribution to the Group. The Group provides various training and development programmes to staff on an ongoing basis. The Group will explore the possibility of launching other special training programmes with universities in Mainland China and education institutions abroad to enhance its staff quality.

SOCIAL RESPONSIBILITY

As a responsible corporation, the Group is committed to promoting social enhancement whilst developing its businesses, through active participation in social welfare and environmental protection activities to realize its mission. Regardless of where the Group operates, the Group treats the local communities as family members and strives to contribute to such communities.

In the past years, the Group has allocated significant resources to energy conservation and environmental protection, provided venues and platforms of training and job opportunities for young people, and actively supported help-poor and schooling campaigns as well as disaster relief efforts in China. Apart from providing financial support, the Group also contributes people and time to various charity drives. In many circumstances, the Group’s Chairman makes initiative to organize joint efforts with other enterprises and friends to pool resources together for the maximum benefits of those in need.

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

- The Hong Kong Seagulls Scholarship Scheme
- Support to Student in Jiaying University
- Donation to Jiaying University
- Donation for Guangdong poverty relief

LOOKING AHEAD

In its World Economic Outlook Update published in April, the International Monetary Fund ("IMF") again cut its forecast for global growth for 2016. The forecast was reduced to 3.2%, down by 0.2 percentage point from its January projection, as China's slowdown and weak commodity prices took a deeper toll on emerging markets while advanced countries tried to deal with the "legacies from the global financial crisis". The downward revision is the fourth cut in a year, putting world economic growth just slightly higher than last year's 3.1%. Looking further ahead, the IMF gave a brighter outlook with caveats: "The recovery is projected to strengthen in 2017 and beyond, driven primarily by emerging market and developing economies, as conditions in stressed economies start gradually to normalize. But uncertainty has increased, and risks of weaker growth scenarios are becoming more tangible."

Confronting this challenging environment, the Group will adhere to its "deepening and streamlining" initiatives and intelligent automation programme to strengthen its competitiveness. Caution and prudence will remain the Group's governing principles in financial and cash flow management, in particular on capital investment and customer credit control. Moreover, the Group is working on expanding its source of revenue across and beyond the "Four Major Blocks", with two new subsidiaries having been set up to spearhead the ODM and OBM businesses and intelligent automation operation. The management is hopeful that these measures will benefit the Group's sustainable growth in the long run. With a strong team of professionals working on clear goals and strategies and strong manufacturing resources and international distribution networks, the management believes that the Group is in a good position to generate satisfactory returns for shareholders in the coming years.

AUDIT COMMITTEE

The Audit Committee is composed of all the three Independent Non-Executive Directors of the Company. The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the Group's annual results and financial statements for the year ended 31st March, 2016.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st March, 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review

Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Code Provisions in Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") throughout the year ended 31st March, 2016 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 allows the Company to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board believes that the balance of power and authority is adequately ensured by the operating of the Board which comprises experienced and high caliber individuals with a sufficient number thereof being Non-Executive Directors.

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

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. 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 13th August, 2015 as they were engaged in other prior business commitments.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by the Directors. All Directors have confirmed that they have complied with the required standard of dealings and code of conduct regarding securities dealings by directors as set out in the Model Code for the year ended 31st March, 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 10th August, 2016 to Friday, 12th August, 2016 (both dates inclusive), and Monday, 22nd August, 2016 to Wednesday, 24th August, 2016 (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 Friday, 12th August, 2016, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 9th August, 2016.

In order to qualify for the final and special dividends, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 19th August, 2016.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is available for viewing on the website of The Stock Exchange of Hong Kong Limited at http://www.hkexnews.hk under "Listed Company Information" and on the website of the Company at http://www.hkstarlite.com. The annual report for the year ended 31st March, 2016 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, 21st June, 2016

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, 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.