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S T A R L I T E

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, 2022**

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, 2022, together with the unaudited comparative figures for the corresponding period in the year 2021, as follows:

**Condensed Consolidated Income Statement
For the six months ended 30th September, 2022**

	Note	Unaudited Six months ended 30th September,	
		2022	2021
		HK\$'000	HK\$'000
Revenue	3	541,540	556,896
Cost of sales		(452,663)	(514,607)
Gross profit		88,877	42,289
Other gains – net	5	17,963	487,361
Selling and distribution costs		(29,964)	(35,675)
General and administrative expenses		(58,259)	(69,310)
(Impairment losses)/reversal of impairment losses on financial assets		(608)	942
Operating profit	6	18,009	425,607

* For identification purpose

Condensed Consolidated Income Statement (Continued)
For the six months ended 30th September, 2022

		Unaudited	
		Six months ended	
		30th September,	
	Note	2022	2021
		HK\$'000	HK\$'000
Finance income		232	133
Finance costs		(2,700)	(10,646)
		<hr/>	<hr/>
Finance costs – net	7	(2,468)	(10,513)
		<hr/>	<hr/>
Profit before income tax		15,541	415,094
Income tax (expense)/credit	8	(6,623)	2,621
		<hr/>	<hr/>
Profit for the period, attributable to the owners of the Company		8,918	417,715
		<hr/>	<hr/>
Earnings per share attributable to the owners of the Company during the period			
(expressed in HK cents per share)	9		
- Basic		1.73	79.54
		<hr/>	<hr/>
- Diluted		1.73	79.54
		<hr/>	<hr/>
Dividends	10	5,146	57,765
		<hr/>	<hr/>

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30th September, 2022

	Unaudited	
	Six months ended	
	30th September,	
	2022	2021
	HK\$'000	HK\$'000
Profit for the period	8,918	417,715
Other comprehensive (loss)/income		
<i>Items that will not be reclassified to profit or loss:</i>		
Decrease in fair value of financial assets at fair value through other comprehensive income	(263)	(101)
Currency translation differences	(51,409)	4,082
Other comprehensive (loss)/income for the period, net of tax	(51,672)	3,981
Total comprehensive (loss)/income for the period, attributable to the owners of the Company	(42,754)	421,696

Condensed Consolidated Statement of Financial Position

As at 30th September, 2022

	Note	Unaudited As at 30th September, 2022 HK\$'000	Audited As at 31st March, 2022 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		329,957	361,213
Investment properties		17,164	17,463
Right-of-use assets		20,740	25,735
Prepayments for non-current assets		3,392	9,130
Deferred income tax assets		11,113	11,169
Financial assets at fair value through other comprehensive income		1,172	1,435
Financial assets at fair value through profit or loss		12,491	8,571
		<u>396,029</u>	<u>434,716</u>
Current assets			
Inventories		67,572	115,330
Trade receivables	11	222,670	172,461
Prepayments and deposits		22,140	28,743
Tax recoverable		115	2,602
Bank deposits with maturity over 3 months from date of deposits		202	202
Cash and cash equivalents		252,961	285,422
		<u>565,660</u>	<u>604,760</u>
Total assets		<u><u>961,689</u></u>	<u><u>1,039,476</u></u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		51,464	51,864
Reserves		575,261	618,781
Total equity		<u>626,725</u>	<u>670,645</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		548	1,371
Deferred income tax liabilities		891	890
		<u>1,439</u>	<u>2,261</u>
Current liabilities			
Trade and bill payables	12	102,104	99,734
Other payables and accruals		74,644	89,519
Contract liabilities		8,868	4,851
Current income tax liabilities		30,005	26,449
Borrowings		115,241	141,357
Lease liabilities		2,663	4,660
		<u>333,525</u>	<u>366,570</u>
Total liabilities		<u>334,964</u>	<u>368,831</u>
Total equity and liabilities		<u><u>961,689</u></u>	<u><u>1,039,476</u></u>

Notes:

1. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30th September, 2022 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, 2022, 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, 2022 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, 2022. 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, 2022:

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform - Phase 2
Amendments to AG 5 (revised)	Merger Accounting for Common Control Combinations
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous contracts - Costs of Fulfilling a Contract
Amendments to HKFRSs	Annual improvements to HKFRS 2018 to 2020
Amendments to HKFRS 3	Reference to the Conceptual Framework

These amendments to standards are mandatory for financial years commencing on or after 1st April, 2022. 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,	
	2022	2021
	HK\$'000	HK\$'000
Sales of packaging materials, labels, and paper products, including environmentally friendly paper products	527,458	544,958
Others	14,082	11,938
	<hr/>	<hr/>
	541,540	556,896
	<hr/> <hr/>	<hr/> <hr/>

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, 2022 and 2021 are as follows:

	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)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenue from external customers at a point in time	401,324	58,391	81,825	541,540
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
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)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Profit/(loss) for the period	3,990	7,682	(2,754)	8,918
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other information :				
Additions to property, plant and equipment	22,063	8,156	595	30,814
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation	11,327	7,195	5,739	24,261
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital expenditure	21,769	2,831	476	25,076
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4. Segment information (Continued)

- (i) The segment results for the six months ended 30th September, 2022 and 2021 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, 2021 (Unaudited)				
Segment revenue	393,434	136,908	85,147	615,489
Inter-segment revenue	(1,062)	(57,531)	-	(58,593)
	<u>392,372</u>	<u>79,377</u>	<u>85,147</u>	<u>556,896</u>
Revenue from external customers at a point in time				
Operating profit/(loss)	425,515	2,155	(2,063)	425,607
Finance income	54	79	-	133
Finance costs	(9,275)	(1,281)	(90)	(10,646)
Income tax credit/(expense)	5,864	(3,243)	-	2,621
	<u>422,158</u>	<u>(2,290)</u>	<u>(2,153)</u>	<u>417,715</u>
Other information :				
Additions to property, plant and equipment and investment properties	92,024	709	937	93,670
	<u>10,162</u>	<u>6,109</u>	<u>5,764</u>	<u>22,035</u>
Depreciation				
Capital expenditure	76,885	2,654	3,021	82,560
	<u>76,885</u>	<u>2,654</u>	<u>3,021</u>	<u>82,560</u>

4. Segment information (Continued)

- (ii) An analysis of the Group's assets and liabilities by segments as at 30th September, 2022 and 31st March, 2022 is as follows:-

	Southern China	Eastern China	South East Asia	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 30th September, 2022 (Unaudited)				
Segment assets	691,425	168,059	102,205	961,689
Segment liabilities	234,262	80,818	19,884	334,964
As at 31st March, 2022				
Segment assets	740,637	192,887	105,952	1,039,476
Segment liabilities	269,130	81,388	18,313	368,831

5. Other gains - net

	Unaudited	
	Six months ended	
	30th September,	
	2022	2021
	HK\$'000	HK\$'000
Net exchange gains/(losses)	10,600	(6,199)
Net (loss)/gain on disposal of property, plant and equipment	(1,287)	353
Net gain on disposal of right-of-use assets	-	6,508
Net fair value gains on financial assets at fair value through profit or loss	114	118
Government subsidies	5,283	1,086
Net gain on disposal of a subsidiary (<i>Note</i>)	-	483,315
Others	3,253	2,180
	<u>17,963</u>	<u>487,361</u>

Note:

In relation to the disposal of Starlite Printers (Shenzhen) Co., Ltd (“Starlite Shenzhen”), an indirect wholly-owned subsidiary of the Company, the disposal was completed on 8th June, 2021. The Group recognized approximately HK\$483,315,000 in “other gains – net” in the condensed consolidated income statement for the six months ended 30th September, 2021.

6. Operating profit

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

	Unaudited Six months ended 30th September,	
	2022	2021
	HK\$'000	HK\$'000
Employees costs (including directors' emoluments)	160,542	187,454
Depreciation of right-of-use assets	3,272	3,112
Depreciation of investment properties	299	212
Depreciation of property, plant and equipment	20,690	18,711
	<u> </u>	<u> </u>

7. Finance costs – net

	Unaudited Six months ended 30th September,	
	2022	2021
	HK\$'000	HK\$'000
Finance income		
Interest income from bank deposits	232	133
	<u> </u>	<u> </u>
	232	133
Finance costs		
Interest expenses on bank borrowings	(2,566)	(2,578)
Interest expenses on lease liabilities	(134)	(124)
Imputed interest expenses from amount due to a purchaser of a subsidiary	-	(7,944)
	<u> </u>	<u> </u>
	(2,468)	(10,513)
	<u> </u>	<u> </u>

8. Income tax (expense)/credit

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

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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 (2021: 25%).

The subsidiaries established in Singapore and Malaysia are subject to Singapore Corporate Income Tax at a rate of 17% (2021: 17%) and Malaysia Corporate Income Tax at a rate of 24% (2021 : 24%) respectively.

	Unaudited	
	Six months ended	
	30th September,	
	2022	2021
	HK\$'000	HK\$'000
Current income tax (expense)/credit		
- Hong Kong profits tax	-	-
- Mainland China Corporate Income Tax	(6,623)	(3,312)
Write back over provision in prior years	-	5,933
	<hr/>	<hr/>
	(6,623)	2,621
Deferred income tax	-	-
	<hr/>	<hr/>
	(6,623)	2,621
	<hr/> <hr/>	<hr/> <hr/>

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,	
	2022	2021
Profit attributable to owners of the Company (HK\$'000)	8,918	417,715
Weighted average number of ordinary shares in issue ('000)	516,165	525,135
Basic earnings per share (HK cents)	1.73	79.54

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, 2022 and 30th September, 2021, diluted earnings per share equals basic earnings per share as there were no dilutive potential shares.

10. Dividends

	Unaudited	
	Six months ended	
	30th September,	
	2022	2021
	HK\$'000	HK\$'000
Proposed interim dividend of 1 cent (2021: HK1 cent) per share	5,146	5,251
Proposed special dividend : Nil (2021: HK10 cents per share)	-	52,514
	5,146	57,765

11. Trade receivables

	Unaudited As at 30th September, 2022 HK\$'000	Audited As at 31st March, 2022 HK\$'000
Trade receivables	237,580	187,705
Less: Loss allowance	(14,910)	(15,244)
	<hr/>	<hr/>
Trade receivables - net	222,670	172,461
	<hr/> <hr/>	<hr/> <hr/>

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, 2022 HK\$'000	Audited As at 31st March, 2022 HK\$'000
1 to 90 days	202,228	154,978
91 to 180 days	21,629	18,001
181 to 365 days	3,752	6,843
Over 365 days	9,971	7,883
	<hr/>	<hr/>
	237,580	187,705
Less: Loss allowance	(14,910)	(15,244)
	<hr/>	<hr/>
	222,670	172,461
	<hr/> <hr/>	<hr/> <hr/>

12. Trade and bill payables

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

	Unaudited As at 30th September, 2022 HK\$'000	Audited As at 31st March, 2022 HK\$'000
1 to 90 days	100,237	96,051
91 to 180 days	1,867	2,113
181 to 365 days	-	713
Over 365 days	-	857
	<hr/> 102,104 <hr/> <hr/>	<hr/> 99,734 <hr/> <hr/>

RESULTS

The Group posted a profit of approximately HK\$9 million for the six months ended 30th September, 2022, compared to profit of approximately HK\$418 million in the same period last year. The Group recorded about HK\$542 million in revenue decreased by 3% compared with the same period last year.

Excluding the disposal of the entire equity interest in Starlite Printers (Shenzhen) Co., Ltd last year and the resulting net gain of approximately HK\$483 million, the performance of the Group during the period improved substantially. However, the prices of the major raw materials, energy, logistics and labour-related production costs remained high during the period which affected the overall performance.

Since the beginning of the year, against the backdrop of the complex and severe international situation and the intensified geopolitical conflict in Eastern Europe, persistent and broadening inflationary pressures have prompted the central banks of various countries to tighten their monetary policies in a rapid and synchronized manner. This increased the risk of global stagflation and the world's economy growth saw a significant slowdown. The significant appreciation of the US dollar against most currencies has disrupted global commodity pricing and greatly increased import costs. Also, the scattered outbreaks of pandemic in mainland China have a certain impact on the stable operation of the global economy and pushed up the operating costs. Affected by the drastic fluctuations in the economic environment, the performance of the three plants in mainland China was varied during the period. Both Guangzhou and Shaoguan plants recorded profit. The Suzhou plant achieved a turnaround from loss to profit despite the disruption of lockdown measures in Shanghai at the beginning of the year and a drop in sales. On the other hand, sales remained stable, but a slight loss was recorded in the ASEAN region.

Considering the complex and ever-changing international and industrial environment, the Group has quickly adjusted its strategic direction and operation tactics in line with the current situation at the right time. The Group has maintained its market competitiveness by expanding in emerging markets and international brand markets, optimizing organizational structure in a timely manner, comprehensively promoting cost reduction and efficiency enhancement, and accelerating informatization and smart factory construction. On the other hand, by grasping the development opportunities of consumption upgrade and industries integration in mainland China, the Group continued to make innovations and breakthroughs and actively assumed social responsibilities, so as to make prompt responses when the market fully recovered and align with the Group's vision of sustainable and healthy development of "Be thankful and cherish, sustainable management (惜福感恩、永續經營)". Details are set out in the section headed "Business Review and Prospects".

Interim Dividend

The Board recommends an interim dividend of HK1 cent per share (30th September, 2021 : interim dividend of HK1 cent and special dividend of HK10 cents per share) for the six months ended 30th September, 2022 payable on 16th February, 2023 to shareholders whose names appear on the Register of Members on 13th January, 2023.

Business Review and Prospects

Hong Kong / Mainland China Operations

Overview

During the period under review, the global economy was gloomy and experiencing several turbulent challenges. With inflation higher than seen in decades and tightening financial conditions in most regions, an increasing number of economies are in a growth slowdown or

even contraction. The conflict between Russia and Ukraine has led to a severe energy crisis in Europe that is sharply increasing costs of living. This factor coupled with the ongoing COVID-19 pandemic has severely affected the global economic outlook. High inflation has weakened the demands for consumer spending, while a strong US dollar has increased the import costs in the European and other markets, and these make business expansion more difficult. Under the influence of multiple factors, it is expected that the market demand for printing services will remain weak in the second half of the year, posing great challenges to the operation of enterprises. Despite the difficult situation, with its excellent reputation and brand image in the industry, the Group has won the recognition of many domestic and foreign strategic partners for its focus on customer service and improved customer service satisfaction, forming the Group's unique advantage in quality customer services, and 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 upgrades and transformation of its internal management systems as well as the supply chain reform. 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 achieved good results after the completion of business integration, coupled with the depreciation of Renminbi during the period and certain investment and policy incentives from the local government to contribute add-on value. In general, revenue from the southern China operation was declined but profit was still recorded through effective measures to increase income and reduce expenditure.

Affected by the lockdown measures imposed in certain areas of Shanghai in April and May due to the COVID-19 pandemic and the slowdown of economic growth in mainland China, the eastern China operation recorded a decline in the first half of the year. Also, as enterprises were

required to bear part of the costs during suspension, the marginal profit of the eastern China operation has been lowered. On the other hand, the Southeast Asia operation remained stable. However, the operation in the region was still disrupted by the labour force and supply planning due to the volatility of the pandemic, which affected the profit of the Southeast Asia operation.

In response to the volatility and uncertainty of the macro business environment, the Group remained highly vigilant and formulated a long-term development blueprint as early as possible to consolidate its leading position in the industry. The Group's presence in the Greater China Region and the Guangdong-Hong Kong-Macao Greater Bay Area has been gradually improved, such that the overall operating efficiency of the Group could be enhanced. With various countries gradually relaxing their pandemic restrictions and opening of borders, the Group's frontline business team has participated in international exhibitions, actively reached out partners in Europe, the United States and Southeast Asia to jointly explore business opportunities and get well-prepared for the restart of the global economic activities and ensure the steady development of the Group's operations. During the period, Mr. Lam Kwong Yu, the Chairman of the Group, was awarded the Pilot "9+2" 3rd Guangdong-Hong Kong-Macao Greater Bay Area Outstanding Contribution Leader Award (領航“9+2”第三屆粵港澳大灣區傑出貢獻領袖獎) in recognition of the Group's contribution to the construction of the Guangdong-Hong Kong-Macao Greater Bay Area.

Southern China Operation

The Group's southern China operation remained a profit for the six months ended 30th September 2022. Although customer orders for children's books and greeting cards have restored growth, the reshoring of manufacturing to Europe and the United States, destocking, high inflation rate, soaring interest rate and economic recession will further suppress market demand. At the same time, conditions including the continuous high prices of major raw materials and

logistics costs, surging energy prices and the imbalance of labour supply caused by the lockdown of the areas affected by the pandemic have caused a massive impact on operations and management, and thus the profit margin was under pressure.

Nonetheless, the Group completed the integration of resources of its plant in southern China and strengthened the systematic management system, forming its own advantages in strategic management, operation management, financial management, process and informatization management, customer management, human resources management, manufacturing management and other fields. It reduced the customers' comprehensive costs and formed a unique competitiveness in the process of creating value for customers, which laid a solid foundation for the Southern China operation to achieve strong profitability, effective control of costs and expenses, and high per capita output value. In addition, the Little Tree Graphics Company Limited (小白楊工作室有限公司), which was established to promote the long history of the great motherland and outstanding ancestors, is actively preparing to explore a diversified cooperation model with the well-known publishing houses in mainland China with the aim to tell Chinese stories with heart and inherit Chinese culture, so as to prepare for the implementation of the dual-cycle strategy and the development of the new economy after pandemic. During the period, the Guangzhou plant was awarded the Science and Technology SME Certificate (科技型中小企業證書) by the Department of Science and Technology of Guangdong Province. In addition to installing electric vehicle charging facilities in the Shaoguan plant to encourage colleagues to switch to more environmentally friendly vehicles, the plant is also building a solar photovoltaic power generation system on the roof of the plant, and actively responding to the dual-carbon national policy by using clean and green power and achieving the objective of "self-generating for self-use and feeding excess into the grid". Through further optimizing the energy usage structure of the plant and reducing energy costs, the pollution to the surrounding environment is greatly minimized. The Group has promoted energy conservation and emission

reduction strategies with practical actions and demonstrated its sense of social responsibility, and it has been highly praised by the local government and colleagues.

With the gradual resumption of retail activities, the sales of the Group's innovative, environmentally friendly brand TEAM GREEN® increased in the first half of the year. During the period, the Group actively exploited its new product series and increased publicity, which included but not limited to launching its JIGZLE wood animals series, setting an EUGY counter at Hong Kong Eslite Bookstore (Children's Bookstore), participating in the Carnival Game Promotion in SOGO, and expanding the sales area in Sky100 Hong Kong. In addition, the Tung Wah Group of Hospitals purchased 3D dinosaur puzzles from TEAM GREEN® to promote the importance of work-life balance in the "Work-Life Balance Month 2022" of Tung Wah +. TEAM GREEN® will strengthen the 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, including angel and polar bear music boxes, heart-shaped lamps and Malaysian twin-towers, so as to promote the steady growth of the business of TEAM GREEN®.

Eastern China operation

During the period under review, the eastern China operation has witnessed a decline in revenue, but it recorded exchange gains and turned around from loss to profit due to the depreciation of Renminbi. The recovery of individual consumer markets in Europe and the United States led to an increase in revenue from greeting cards products. However, as the closed-loop management was temporarily implemented in Shanghai region in the second quarter of the year, coupled with the consumer product packaging business being affected by the depressed mainland China market and weak consumer sentiment, certain customer orders fell short of expectations. As a

result, the management team focused on serving the existing high-quality customer resources and continued to develop other high-end packaging projects including the top home appliances and housewares business in the industry, improved customer satisfaction, actively grasped the industrial development trend of consumption upgrading and structural adjustment of the consumer market in mainland China and accelerated the release of production capacity of the eastern China operation. In addition, through independent research and development and school-enterprise cooperation, we continued to expand the technical level of research, development and design, process technology and smart manufacturing in the region, thereby creating industry-leading smart manufacturing capabilities and building differentiated competitive advantages. During the period, the Suzhou plant was approved to establish a provincial engineering technology research centre, demonstrating the Group's determination to build a printing and innovation industry base in the eastern China.

Southeast Asia Business

The Southeast Asia operation recorded a decrease in revenue and a slight loss during the period. Due to the recurrence of the pandemic, the human resources plan of the plant in Malaysia was continuously disrupted, which pushed up the operating costs including labour, logistics and transportation, and eroded the profit of the region. Nonetheless, while consolidating the existing customer base, the management team increased investment in new businesses and new markets and expanded its business areas with provision of higher quality and considerate services to customers in order to create new performance growth points. As a forward-looking and industry-leading international production layout of the Group, the operation in Singapore and Malaysia effectively cooperated with the industrial transfer and new business planning of several international leading brand customers, which reduced the procurement costs of customers and provided stable and high-quality product delivery. In addition, the awareness of lean operation was strengthened continuously in the region from various perspectives such as supply chain

management, production operation and organisational optimisation, so as to improve the level of lean operation and effectively reduce the production and management costs. During the period, the TEAM GREEN® product was again selected as a special gift for Dr. Amy Khor, the guest of honour of the Singapore Packaging Star Awards 2022. Special designs including iconic buildings in Singapore showcase the uniqueness of Singapore's skyline.

Prospects

In the latest World Economic Outlook report released in October 2022, the International Monetary Fund (IMF) projected global economic growth rate to remain unchanged at 3.2% in 2022, and to slow down to 2.7% in 2023, with a 25 percent probability that it will fall below 2%. More than one-third of the global economies will contract this year or next year, while the three largest economies, namely the United States, the European Union and China, will continue to stall. The policy paths of several major economies may continue to diverge, and the risk of monetary, fiscal or financial policy miscalibration has risen sharply, resulting in further US dollar appreciation and cross-border issues. More energy and food price shocks may lead to prolonged inflation, and the tightening of the global financial environment may trigger debt distress in many emerging markets, which will further hinder economic growth.

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 the development of the pandemic, 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 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, 2022, the Group's cash and bank balances and short-term bank deposits amounted to approximately HK\$253 million.

During the period under review, the interest expense of the Group amounted to approximately HK\$3 million compared to approximately HK\$11 million recorded in the same period of 2021.

As at 30th September, 2022, the Group had a working capital surplus of approximately HK\$232 million compared to a working capital surplus of approximately HK\$317 million as at 30th September, 2021. The Group was in net cash position as at 30th September, 2022 and 2021. The Group will continue to adopt prudent policies to maintain a healthy financial position.

CHARGE ON ASSETS

As at 30th September, 2022, certain assets of the Group with an aggregate book carrying value of approximately HK\$9 million (30th September, 2021: HK\$49 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 2,700 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 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, 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, 2022.

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 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

During the six months ended 30th September, 2022, the Company repurchased a total of 7,000,000 ordinary shares of par value HK\$0.10 each in the share capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with the aggregate consideration paid (before expenses) amounting to HK\$1,893,100. 4,000,000 shares repurchased were subsequently cancelled on 10th June, 2022 and the remaining 3,000,000 shares repurchased have not yet been cancelled. As at 30th September, 2022, the total number of shares of the Company in issue was 514,635,288.

Particulars of the share repurchases are as follows:

Date	Number of Shares Repurchased	Price per Share		Aggregate Consideration (before expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
April 2022	4,000,000	0.295	0.280	1,152,100
September 2022	3,000,000	0.250	0.238	741,000
	<hr/>			<hr/>
Total :	7,000,000			1,893,100
	<hr/> <hr/>			<hr/> <hr/>

Note :

The Company repurchased a total of 2,000,000 shares at prices ranging from HK\$0.232 to HK\$0.240 with the aggregate consideration of HK\$470,100 in October 2022, the shares have not yet been cancelled. As at the date of this announcement, the total number of shares of the Company in issue is 514,635,288.

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, 2022 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.

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

new INED on the board at the forthcoming annual general meeting (“AGM”). All the existing INED of the Company have served on the board for more than nine years, however the Company had inadvertently overlooked the disclosure requirement and did not disclose the length of tenure of each INED in the circular to shareholders dated 15th July, 2022. The Company published a supplemental announcement on 13th October 2022 to provide the supplemental information in relation to the length of tenure of each INED as follows :

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

The Company has already identified an individual who will be appointed as a new INED and such appointment is likely to take place by the end of 2022 but in any event by the next AGM of the Company.

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, 2022.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 10th January, 2023 to Friday, 13th January, 2023 (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, 9th January, 2023.

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, 2022 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, 2022

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 and Mr. Tam King Ching, Kenny.