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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, 2024**

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, 2024, together with the unaudited comparative figures for the corresponding period in the year 2023, as follows:

**Condensed Consolidated Income Statement
For the six months ended 30th September, 2024**

	Note	Unaudited Six months ended 30th September,	
		2024	2023
		HK\$'000	HK\$'000
Revenue	3	508,622	459,712
Cost of sales		(417,721)	(371,145)
Gross profit		90,901	88,567
Other gains – net	5	7,335	9,872
Selling and distribution costs		(32,038)	(25,357)
General and administrative expenses		(53,852)	(59,629)
Impairment losses on financial assets		(2,150)	(1,534)
Operating profit	6	10,196	11,919

* For identification purpose

Condensed Consolidated Income Statement (Continued)
For the six months ended 30th September, 2024

		Unaudited	
		Six months ended	
		30th September,	
	Note	2024	2023
		HK\$'000	HK\$'000
Finance income		1,461	1,311
Finance costs		(1,556)	(2,255)
		<hr/>	<hr/>
Finance costs – net	7	(95)	(944)
		<hr/>	<hr/>
Profit before income tax		10,101	10,975
Income tax expense	8	(3,011)	(4,328)
		<hr/>	<hr/>
Profit for the period		7,090	6,647
		<hr/>	<hr/>
Profit/(loss) attributable to :			
Owners of the Company		7,260	6,874
Non-controlling interests		(170)	(227)
		<hr/>	<hr/>
		7,090	6,647
		<hr/>	<hr/>
Earnings per share attributable to the owners of the			
Company during the period			
(expressed in HK cents per share)	9		
- Basic		1.45	1.36
		<hr/>	<hr/>
- Diluted		1.45	1.36
		<hr/>	<hr/>
Dividends	10	5,006	5,006
		<hr/>	<hr/>

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30th September, 2024

	Unaudited	
	Six months ended	
	30th September,	
	2024	2023
	HK\$'000	HK\$'000
Profit for the period	7,090	6,647
Other comprehensive income/(loss)		
<i>Items that will not be reclassified to profit or loss:</i>		
Increase/(decrease) in fair value of financial assets at fair value through other comprehensive income	95	(163)
Currency translation differences	20,106	(26,347)
Other comprehensive income/(loss) for the period, net of tax	20,201	(26,510)
Total comprehensive income/(loss) for the period	27,291	(19,863)
Total comprehensive income/(loss) for the period attributable to :		
Owners of the Company	27,461	(19,636)
Non-controlling interests	(170)	(227)
	27,291	(19,863)

Condensed Consolidated Statement of Financial Position

As at 30th September, 2024

	Note	Unaudited As at 30th September, 2024 HK\$'000	Audited As at 31st March, 2024 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		337,955	335,513
Investment properties		15,971	16,269
Right-of-use assets		21,596	22,550
Prepayments for non-current assets		1,649	1,898
Deferred income tax assets		10,592	10,524
Financial assets at fair value through other comprehensive income		1,185	1,090
Financial assets at fair value through profit or loss		12,220	12,186
		<u>401,168</u>	<u>400,030</u>
Current assets			
Inventories		84,116	76,190
Trade and bill receivables	11	252,572	172,336
Prepayments and deposits		30,827	25,196
Tax recoverable		-	53
Bank deposits with maturity over 3 months from date of deposits		202	202
Cash and cash equivalents		167,670	217,432
		<u>535,387</u>	<u>491,409</u>
Total assets		<u><u>936,555</u></u>	<u><u>891,439</u></u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		50,063	50,063
Reserves		594,641	574,690
		<u>644,704</u>	<u>624,753</u>
Non-controlling interests		162	332
Total equity		<u>644,866</u>	<u>625,085</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		1,260	2,970
Deferred income tax liabilities		6,603	6,601
		<u>7,863</u>	<u>9,571</u>
Current liabilities			
Trade and bill payables	12	120,933	90,424
Other payables and accruals		88,297	72,234
Contract liabilities		4,891	4,754
Current income tax liabilities		26,323	23,877
Borrowings		39,617	61,959
Lease liabilities		3,765	3,535
		<u>283,826</u>	<u>256,783</u>
Total liabilities		<u>291,689</u>	<u>266,354</u>
Total equity and liabilities		<u><u>936,555</u></u>	<u><u>891,439</u></u>

Notes:

1. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30th September, 2024 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, 2024, 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, 2024 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, 2024. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) Amended standards and interpretation adopted by the Group

The following amended standards and interpretation have been adopted by the Group for the financial period beginning on or after 1st April, 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current Liabilities
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Revised Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

3. Revenue

Revenues is analysed as follows :

	Unaudited Six months ended 30th September,	
	2024	2023
	HK\$'000	HK\$'000
Sales of packaging materials, labels, and paper products, including environmentally friendly paper products	494,196	450,055
Others	14,426	9,657
	<hr/>	<hr/>
	508,622	459,712
	<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, 2024 and 2023 are as follows:

	Southern China	Eastern China	South East Asia	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30th September, 2024 (Unaudited)				
Segment revenue	379,203	149,493	71,277	599,973
Inter-segment revenue	(854)	(90,497)	-	(91,351)
	<u>378,349</u>	<u>58,996</u>	<u>71,277</u>	<u>508,622</u>
Revenue from external customers at a point in time	<u>378,349</u>	<u>58,996</u>	<u>71,277</u>	<u>508,622</u>
Operating profit	7,188	1,579	1,429	10,196
Finance income	1,017	401	43	1,461
Finance costs	(1,262)	(182)	(112)	(1,556)
Income tax expense	(2,688)	(323)	-	(3,011)
	<u>4,255</u>	<u>1,475</u>	<u>1,360</u>	<u>7,090</u>
Profit for the period	<u>4,255</u>	<u>1,475</u>	<u>1,360</u>	<u>7,090</u>
Other information :				
Additions to property, plant and equipment	6,891	2,893	460	10,244
	<u>6,891</u>	<u>2,893</u>	<u>460</u>	<u>10,244</u>
Depreciation	11,033	7,318	3,564	21,915
	<u>11,033</u>	<u>7,318</u>	<u>3,564</u>	<u>21,915</u>
Capital expenditure	7,830	1,769	396	9,995
	<u>7,830</u>	<u>1,769</u>	<u>396</u>	<u>9,995</u>

4. Segment information (Continued)

- (i) The segment results for the six months ended 30th September, 2024 and 2023 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, 2023 (Unaudited)				
Segment revenue	318,117	130,437	74,913	523,467
Inter-segment revenue	(291)	(63,464)	-	(63,755)
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue from external customers at a point in time	<u>317,826</u>	<u>66,973</u>	<u>74,913</u>	<u>459,712</u>
Operating profit	5,857	3,576	2,486	11,919
Finance income	1,050	261	-	1,311
Finance costs	(2,125)	-	(130)	(2,255)
Income tax expense	(3,445)	(883)	-	(4,328)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit for the period	<u>1,337</u>	<u>2,954</u>	<u>2,356</u>	<u>6,647</u>
Other information :				
Additions to property, plant and equipment	<u>7,857</u>	<u>5,262</u>	<u>666</u>	<u>13,785</u>
Depreciation	<u>11,588</u>	<u>6,143</u>	<u>4,944</u>	<u>22,675</u>
Capital expenditure	<u>7,143</u>	<u>5,535</u>	<u>2,392</u>	<u>15,070</u>

4. Segment information (Continued)

- (ii) An analysis of the Group's assets and liabilities by segments as at 30th September, 2024 and 31st March, 2024 is as follows:-

	Southern China HK\$'000	Eastern China HK\$'000	South East Asia HK\$'000	Group HK\$'000
As at 30th September, 2024 (Unaudited)				
Segment assets	633,551	154,236	148,768	936,555
Segment liabilities	164,740	98,470	28,479	291,689
	Southern China HK\$'000	Eastern China HK\$'000	South East Asia HK\$'000	Group HK\$'000
As at 31st March, 2024 (Audited)				
Segment assets	593,398	168,305	129,736	891,439
Segment liabilities	153,172	93,974	19,208	266,354

5. Other gains - net

	Unaudited Six months ended 30th September,	
	2024	2023
	HK\$'000	HK\$'000
Net exchange gains	1,223	3,835
Net gain on disposal of property, plant and equipment	78	373
Net fair value gains on financial assets at fair value through profit or loss	34	65
Government subsidies	3,932	3,425
Others	2,068	2,174
	<u>7,335</u>	<u>9,872</u>

6. Operating profit

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

	Unaudited	
	Six months ended 30th September,	
	2024	2023
	HK\$'000	HK\$'000
Employees costs (including directors' emoluments)	160,294	147,552
Depreciation of right-of-use assets	2,152	2,452
Depreciation of investment properties	298	299
Depreciation of property, plant and equipment	19,465	19,924
	<u>182,210</u>	<u>170,227</u>

7. Finance costs – net

	Unaudited	
	Six months ended 30th September,	
	2024	2023
	HK\$'000	HK\$'000
Finance income		
Interest income from bank deposits	1,461	1,311
	<u>1,461</u>	<u>1,311</u>
Finance costs		
Interest expenses on bank borrowings	(1,434)	(2,114)
Interest expenses on lease liabilities	(122)	(141)
	<u>(156)</u>	<u>(1,255)</u>
	<u>(10)</u>	<u>(94)</u>

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 is calculated at the rate of 16.5% (2003: 16.5%) on the estimated assessable profits arising in Hong Kong, except for the first HK\$2,000,000 of qualified entity's assessable profit is calculated at 8.25%, which is in accordance with the two-tiered profits tax rates regime.

Subsidiaries established and operated in the Mainland China are subject to the PRC Corporate Income Tax at rate of 25% during the period (2023: 25%).

The subsidiaries established in Singapore and Malaysia are subject to Singapore Corporate Income Tax at a rate of 17% (2023: 17%) and Malaysia Corporate Income Tax at a rate of 24% (2023: 24%) respectively.

	Unaudited	
	Six months ended	
	30th September,	
	2024	2023
	HK\$'000	HK\$'000
Current income tax expense		
- Hong Kong profits tax	100	728
- Mainland China Corporate Income Tax	2,911	3,600
	<hr/>	<hr/>
	3,011	4,328
Deferred income tax	-	-
	<hr/>	<hr/>
	3,011	4,328
	<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,	
	2024	2023
Profit attributable to owners of the Company (HK\$'000)	7,260	6,874
Weighted average number of ordinary shares in issue ('000)	500,633	506,635
Basic earnings per share (HK cents)	1.45	1.36

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, 2024 and 30th September, 2023, diluted earnings per share equals basic earnings per share as there were no dilutive potential shares.

10. Dividends

- (a) Dividends payable to equity shareholders of the Company attributable to the period

	Unaudited	
	Six months ended	
	30th September,	
	2024	2023
	HK\$'000	HK\$'000
Proposed interim dividend of HK1 cent (2023: HK1 cent) per share	5,006	5,006

- (b) Final dividends of approximately HK\$7,510,000 (HK\$1.5 cents per each ordinary share) payable to equity shareholders of the Company attributable to the financial year ended 31st March, 2024 and approved by shareholders at the 2024 annual general meeting held on 21st August, 2024 will be payable on 18th October 2024.

11. Trade and bill receivables

	Unaudited As at 30th September, 2024 HK\$'000	Audited As at 31st March, 2024 HK\$'000
Trade receivables	266,335	182,752
Less: Impairment for provision	(15,328)	(12,646)
	<hr/>	<hr/>
Trade receivables - net	251,007	170,106
Bill receivables	1,565	2,230
	<hr/>	<hr/>
	252,572	172,336
	<hr/> <hr/>	<hr/> <hr/>

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

	Unaudited As at 30th September, 2024 HK\$'000	Audited As at 31st March, 2024 HK\$'000
1 to 90 days	223,889	142,414
91 to 180 days	28,212	23,942
181 to 365 days	5,409	8,002
Over 365 days	10,390	10,624
	<hr/>	<hr/>
	267,900	184,982
Less: Impairment for provision	(15,328)	(12,646)
	<hr/>	<hr/>
	252,572	172,336
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12. Trade and bill payables

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

	Unaudited As at 30th September, 2024 HK\$'000	Audited As at 31st March, 2024 HK\$'000
1 to 90 days	113,738	85,899
91 to 180 days	5,337	3,271
181 to 365 days	358	131
Over 365 days	1,500	1,123
	<u>120,933</u>	<u>90,424</u>

RESULTS

The Group posted a profit of approximately HK\$7 million for the six months ended 30th September, 2024, compared to profit of approximately HK\$6.6 million in the same period last year. The Group recorded about HK\$509 million in revenue increased by 11% compared with the same period last year.

Given that the prices of major raw materials remained stable with inflation retreating from peak levels, coupled with the economies of scale brought about by the moderate business growth and the exchange gains from the depreciation of Renminbi, the Group maintained its core profit level during the period.

During the reporting period, despite a sharp and synchronised tightening of monetary policy among major economies, the global economy has remained unusually resilient throughout the disinflationary process, avoiding a global recession. However, with an escalation in regional conflicts, financial market volatility as a result of monetary policy adjustments, a deeper growth slowdown in China, and the continued ratcheting up of protectionist policies, the downside risks to the economy are rising, which have had a negative impact on overall industry demand as well as consumer confidence and expectations. Facing adverse external factors and multiple challenges in the global economy, the three plants in China strived for excellence and performed better than expected during the period. The Guangzhou and Shaoguan plants experienced business growth and continued to record profits, and the Suzhou plant also recorded growth in business and contributed add-on value. On the other hand, sales in the ASEAN region slightly decreased but it still managed to maintain its profitability.

In this critical period of high-quality economic development and cultivating new quality productive forces, the Group adhered to the concept of seeking progress while maintaining stability, proactively strengthened its research and development and innovation capabilities, continued to improve its productivity levels, promoted automation, informatisation, and intelligent processes, thereby enhancing its operational standards and promoting the sustainable development of the industry. The Group also strived for excellence in the midst of continuous changes by improving its customer service system and professional marketing services with a focus on customer experience and needs. Details are set out in the section headed “Business Review and Prospects”.

Interim Dividend

The Board recommends an interim dividend of HK1 cent per ordinary share (30th September, 2023 : interim dividend of HK1 cent) for the six months ended 30th September, 2024 payable on 19th February, 2025 to shareholders whose names appear on the Register of Members on 10th January, 2025.

BUSINESS REVIEW AND PROSPECTS

OVERVIEW

During the period under review, as the post-pandemic supply issues eased and the tightening of monetary policy started to constrain demand, normalisation in labour markets allowed inflation to decline rapidly without a significant slowdown in economic activities. Since the second half of the year, major economies have started their pivot on monetary policy. Central banks in major developed economies have successively initiated the cycle of interest rate cuts, moving their policy stance toward neutral to support economic activities. However, the growth paces vary across different regions and industries, with structural issues in manufacturing and productivity. Many countries are implementing industrial and trade policy measures to protect local workers and markets. Moreover, with the ongoing geopolitical instability between Russia and Ukraine and in the Middle East, as well as the impact of the global election year, it is expected that the market demand for products and services will tend to be conservative and cautious in the second half of the year, posing great challenges to the operation of enterprises. Despite the accelerating market segmentation, intensifying market competition, and accelerating industry consolidation, the Group has won the recognition and trust of many domestic and foreign strategic partners for its solid business foundation, globally agile delivery capabilities, first-class customer resources, and advanced integrated smart industrial chain layout, laying a solid foundation for the long-term, stable, and healthy development of the Group.

Meanwhile, in order to enhance operational efficiency and risk management capability, the Group adheres to technological innovation and upgrade, and continuously advances the research and development of new technologies and processes. Through ongoing investment in research and development, establishment of independent research and development capabilities, and industry-academia cooperation, the Group has continuously optimised its product lines and consolidated its technological advantages. As at the end of the reporting period, the Group obtained 117 patents, including 21 invention patents, 91 utility model patents, and 5 design patents. Moreover, the Group proactively embraces the trend of new artificial intelligence technologies and vigorously promotes their exploration and application in design, clerical work, and production processes, thereby enhancing the Company's operational efficiency, boosting its core competitiveness, and achieving interim results amidst adversity. The Guangzhou plant of the Group remained profitable, while the Shaoguan plant enhanced its lean system to achieve good

results and contribute add-on value. Overall, revenue from the southern China operation increased, and profit was recorded through effective cost control and intelligent promotion measures.

With sentiment much improved in the export market, the eastern China operation recorded an increase in the first half of the year, but the increasingly competitive mainland market and consumption downgrading have dragged down the marginal profit of the eastern China operation. On the other hand, profit was recorded for the Southeast Asia operation, albeit with a slight decrease.

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

Southern China Operation

For the six months ended 30 September 2024, the southern China operation of the Group remained profitable. Although the inventories of overseas publishers have been brought down from the high level of previous years to a reasonable level and Red Sea shipping has been restricted, prompting customers to replenish orders early in the first half of the year, major European and American customers have become more cautious considering the slow recovery of global book market, geopolitical instability in multiple regions, domestic peers capturing market share with low prices, and the added focus on the U.S. policy towards China after the presidential election at the end of the year. It is expected that the sentiment in global book and greeting card market will remain subdued in the second half of the year, hindering the expansion of the southern China operation.

Nevertheless, the Group continued to invest in the upgrading and transformation of its informatisation system. The Shaoguan plant has taken the lead by integrating hardware upgrades with intelligent management software, effectively achieving end-to-end visual management from customer order reception, creative layout, bill of materials creation, material procurement and

warehousing, automated production scheduling, and manufacturing to dispatch of finished goods. Such integration has enhanced the digitisation level of data collection, integration, and processing, significantly improving production efficiency and on-time delivery rate. In addition, the management team continuously monitored the changes in supply and demand in the raw material market and took measures to mitigate the impact of raw material price fluctuations. Cost reduction and efficiency enhancement were achieved through various measures such as obtaining order forecasts from the user-end in advance, securing materials and prices upstream with strategic suppliers, continuously optimising internal control systems, and controlling operating costs. Besides, the management team effectively put the key factors of lean production and management into play and thus efficiency has been greatly enhanced, laying a good foundation for the southern China operation to realise greater profitability, effective cost and expense control as well as higher production value per capita. During the period, the Shaoguan plant introduced automation innovation projects, including a fully automated cardboard laminating machine, a fully automated die-cutting machine, and an intelligent cover forming machine; and the southern China region obtained a total of ten utility patents in the first half of the year, such as an automatic envelope sealing machine, a fully automated high-speed waste cleaning machine, and a folding box edging machine. On the other hand, the printing culture and education base located at the Shaoguan plant, which has been open for one year, has been awarded titles such as the Shaoguan City Science Popularisation Education Base, Wujiang District New Era Civilisation Practise Base, and Wujiang District Patriotic Education Base by the local government authorities, affirming the cultural mission of giving back to society of Mr. Lam Kwong Yu as the Group's Chairman.

The Group's innovative brand of environmentally friendly products, TEAM GREEN®, actively developed new product series, accelerated business expansion, and enhanced brand promotion during the period. This included participating in the Hong Kong Book Fair, setting up exclusive self-operated stores in The LOHAS and Hollywood Plaza in Diamond Hill, being invited by Eslite to hold STEAM-themed activities for children in various bookstores, and launching products in Cathay Pacific experience stores. In the second half of the year, TEAM GREEN® will continue to strengthen business development in the mainland China and Southeast Asia markets, broadening the sales channels of online new media. TEAM GREEN® has recorded significant growth in the number of followers, brand awareness and exposure, and product sales conversion rates at its flagship stores on Douyin and Xiaohongshu. Meanwhile, TEAM GREEN® has actively participated in public welfare activities. It set up a Hobbit-themed activity room at the "LoveXpress" charity centre to help children in need of special care, and donated to the companionship programme of Yongzhen Charity Foundation to support balanced development in pre-school education through practical actions. During the period, TEAM GREEN® was awarded the Annual Membership Certificate by the Aerospace Cultural and Creative Industry Research Institute (航太文創產業研究院) and the China Toy & Juvenile Products Association.

Eastern China Operation

During the period under review, the eastern China region saw a growth in overall revenue due to the improved performance of the greeting card business. In terms of domestic sales, as the market consumption has become more robust during the National Day holiday, coupled with the capital market transactions being stimulated by the mainland's quantitative easing measures, it is expected to ultimately drive the release of demand in the mainland consumer goods market. In view of this, our management team strived to keep pace with the industry development, gain a deep insight into customer needs, and actively explore new markets and new businesses. It successfully introduced a group of new customers and explored demands in the fields of e-commerce, pharmaceuticals, and game cards in a bid to accelerate the diversified development of production capacity in the eastern China operation. On the other hand, in terms of research and development, innovation and intelligent manufacturing, the team has actively promoted industry-academia cooperation. By leveraging the strength of advanced technology research institutes and experts, it is developing a sponge adhesive machine for greeting card products jointly with the Chinese Academy of Sciences, and also developing an automated dark factory for Team Green at Suzhou Rose Garden (蘇州月季園). The team remain committed to exploring new materials, new processes, and new technologies, continuously innovating to meet the diverse needs of customers and creating value for them. In the first half of the year, a total of nine utility and invention patents were obtained in the eastern China region, including multi-axis robotic arm ballpoint machines, rotary packaging boxes, and double-layer track conveyors.

Southeast Asia Operation

During the period, the Southeast Asia operation recorded a profit despite a decline in revenue due to delays in a number of customer projects. In recent years, the global industry shift has accelerated the Group's resources deployment for production capacity in Southeast Asia, fully leveraged the manufacturing advantages of the Asian region and flexibly responded to the complex and ever-changing geopolitical environment, thereby ensuring rapid responses to market demands and stable services to customers. In line with the new supply chain strategies and new business planning of many international leading brand customers, the management team has increased its investment and development efforts in the food, electronics and pharmaceutical markets, and is confident that the business will improve in the second half of the year. In addition, the region continued to strengthen awareness of lean operation and completed a number of lean improvement projects. By restructuring production processes, optimising technical processes, and further enhancing on-site production management while reducing production losses, the overall operational standard was improved. This effectively reduced production and management costs, contributing to the performance improvement of the region.

LOOKING AHEAD

In the latest World Economic Outlook report released in October 2024, the International Monetary Fund (IMF) projected that global growth will remain stable yet underwhelming. Growth is projected to stay at 3.2% in 2024 and 2025; while global headline inflation is expected to fall from an annual average of 6.7% in 2023 to 5.8% in 2024 and 4.3% in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies. The latest forecast for global growth for the next five years of 3.1% remains mediocre compared with the pre-pandemic average. Persistent structural headwinds (such as population aging and weak productivity) are holding back potential growth in many economies.

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

LIQUIDITY AND FINANCIAL RESOURCES

The Group's sources of funding include cash generated from the Group's operations and banking facilities provided to the Group by banks mainly in Hong Kong and Mainland China. As at 30th September, 2024, the Group's cash and bank balances and short-term bank deposits amounted to approximately HK\$168 million.

During the period under review, the interest expense of the Group amounted to approximately HK\$1.6 million compared to approximately HK\$2.3 million recorded in the same period of 2023.

As at 30th September, 2024, the Group had a working capital surplus of approximately HK\$252 million compared to a working capital surplus of approximately HK\$244 million as at 30th September, 2023. The Group was in net cash position as at 30th September, 2024 and 2023 based on short-term and long-term bank borrowings, lease liabilities and bills payables net of bank balance and cash of approximately HK\$123 million (net cash) (2023 : HK\$158 million (net cash)) and shareholders' equity of approximately HK\$645 million (2023 : HK\$624 million). The Group's gearing ratio as at 30 September, 2024 was 7% (2023 : 13%), based on short-term and long-term bank borrowings, lease liabilities and bills payables of approximately HK\$45 million (2023 : HK\$80 million) and shareholders' equity of approximately HK\$645 million (2023 : HK\$624 million). The Group will continue to adopt prudent policies to maintain a healthy financial position.

CHARGE ON ASSETS

As at 30th September, 2024, certain assets of the Group with an aggregate book carrying value of approximately HK\$8 million (30th September, 2023: HK\$8 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 2,600 employees. The Group maintains good relations with its employees, providing them competitive packages and incentive schemes as well as various training programmes. The Group has maintained a share option scheme under which share options can be granted to certain employees including executive directors and non-executive directors of the Company (excluding independent non-executive directors) as incentive for their contribution to the Group. The Group provides various training and development programmes to staff on an ongoing basis. The Group will explore the possibility of launching other special training programmes with universities in Mainland China and education institutions abroad to further enhance its staff quality.

AUDIT COMMITTEE

The Audit Committee is composed of all the four Independent Non-Executive Directors of the Company. The Audit Committee has reviewed with management the accounting policies adopted by the Group and discussed auditing, risk management and internal control system, and financial reporting matters, including the review of unaudited interim financial statements for the six months ended 30th September, 2024.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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 six months ended 30th September, 2024.

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 C1 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, 2024 except for the deviations as mentioned below.

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

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

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 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, 2024.

EVENTS AFTER THE REPORTING PERIOD

No significant event requiring disclosure that has taken place subsequent to 30th September, 2024 and up to the date of this interim result announcement.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 7th January, 2025 to Friday, 10th January, 2025 (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 (change to Tricor Investor Services Limited with effect from 18th December, 2024) at 17/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for registration no later than 4:30 p.m. on Monday, 6th January, 2025.

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, 2024 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, 22nd November, 2024

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