STARLIGHT INTERNATIONAL HOLDINGS LIMITED

升岡國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 485)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

INTERIM RESULTS

The Board of Directors of Starlight International Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Notes	**Six months ended 30 September** **2009** ***HK$'000*** **(Unaudited)**	2008 *HK$'000* (Unaudited)
Turnover	*3*	**389,549**	767,424
Cost of sales		**(317,443)**	(595,380)
Gross profit		**72,106**	172,044
Other income	*4*	**14,386**	8,113
Distribution costs		**(55,048)**	(97,116)
Administrative expenses		**(55,619)**	(59,979)
Net increase (decrease) in fair value of financial instruments	*5*	**5,051**	(5,655)
Share of profits of associates		**461**	1,175
Finance costs		**(5,034)**	(10,988)
(Loss) profit before taxation		**(23,697)**	7,594
Taxation	*7*	**(1,044)**	(724)
Net (loss) profit for the period		**(24,741)**	6,870
Attributable to:			
Owners of the Company		**(17,675)**	10,359
Minority interests		**(7,066)**	(3,489)
Other comprehensive income (loss)			
Exchange difference arising on translation of foreign operations		**3,773**	(4,180)
Total comprehensive (loss) income for the period		**(20,968)**	2,690
Attributable to:			
Owner of the Company		**(14,214)**	6,666
Minority interests		**(6,754)**	(3,976)

* *For identification purpose only*

		Six months ended 30 September	
		2009	2008
	Notes	***HK$***	*HK$*
		(Unaudited)	(Unaudited)
(Loss) earnings per share			
– Basic	*8*	**(2.25) cents**	1.31 cents
– Diluted	*8*	**N/A**	1.25 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2009

	Notes	At 30 September 2009 HK$'000 (Unaudited)	At 31 March 2009 HK$'000 (Audited)
Non-current assets			
Investment properties		**91,916**	91,916
Property, plant and equipment	*10*	**258,462**	272,565
Prepaid lease payments		**3,835**	63,676
Product development costs		**87**	260
Goodwill		**26,541**	26,541
Interest in associates		**8,532**	8,071
Available-for-sale investments		**24,052**	24,048
Deferred tax assets		**5,918**	5,918
		419,343	492,995
Current assets			
Inventories		**456,742**	402,471
Debtors, deposits and prepayments	*11*	**334,181**	181,451
Prepaid lease payments		**121**	1,386
Amounts due from associates		**2,989**	2,945
Taxation recoverable		**2,564**	4,919
Investments held for trading		**11,941**	6,955
Financial assets designated at fair value through profit or loss		**564**	798
Bank balances and cash		**132,938**	103,572
		942,040	704,497
Current liabilities			
Creditors and accrued charges	*12*	**314,022**	185,227
Amount due to an associate		**2,809**	2,809
Derivative financial instruments		**532**	50
Taxation payable		**2,114**	1,797
Borrowings – amount due within one year		**363,106**	302,309
Bank overdrafts		**23**	–
		682,606	492,192

	Notes	At 30 September 2009 HK$'000 (Unaudited)	At 31 March 2009 HK$'000 (Audited)
Net current assets		**259,434**	212,305
Total assets less current liabilities		**678,777**	705,300
Non-current liabilities			
Deferred tax liabilities		**5,821**	5,821
Borrowings – amount due over one year		**18,227**	23,782
		24,048	29,603
Net assets		**654,729**	675,697
CAPITAL AND RESERVES			
Share capital	*13*	**314,035**	314,035
Reserves		**336,852**	351,065
Equity attributable to owners of the Company		**650,887**	665,100
Share option reserve of a listed subsidiary		**392**	392
Minority interests		**3,450**	10,205
Total equity		**654,729**	675,697

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net Cash used in Operating Activities	**(11,886)**	(56,500)
Net Cash used in Investing Activities	**(9,338)**	(23,309)
Net Cash inflow from Financing Activities	**50,567**	83,797
Net Increase in Cash and Cash Equivalents	**29,343**	3,988
Cash and Cash Equivalents at beginning of period	**103,572**	68,897
Cash and Cash Equivalents at end of period	**132,915**	72,885
Analysis of balances of Cash and Cash equivalents		
Bank balances and cash	**132,938**	72,999
Bank overdrafts	**(23)**	(114)
	132,915	72,885

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial report for the six months ended 30 September 2009 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting".

2. CHANGES IN ACCOUNTING POLICIES

The following new/revised and amendments to standards are relevant to the Group and are mandatory for the financial year beginning on or after 1 January 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Amendment)	Borrowing Costs
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments

The adoption of the above amendments to existing standards did not have significant impact to the Group's financial position and has not led to any changes in the Group's accounting policies.

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on or after 1 January 2009, but are not currently relevant for the Group:

HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Embedded Derivatives
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment–Vesting Conditions and Cancellations
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Item
HKFRS 2 (Amendments)	Share-based Payments – Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised) and HKAS 7 (Revised)	Business Combinations and Consolidated and Separate Financial Statements
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers
Various	HKICPA's improvements to HKFRSs

3. SEGMENT INFORMATION

Business segments

HKFRS 8 Operating Segments requires the disclosure of information about the Group's operating segments. The adoption of this standard did not have any effect on the Group's results of operations or financial position. The Group determines that the operating segments are the same as the business segments previously identified and disclosed in accordance with HKAS 14 Segment Reporting.

The Group is currently organised into two operating divisions – design, manufacture and sale of electronic products and securities trading. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

SIX MONTHS ENDED 30 SEPTEMBER 2009

	Design, manufacture and sale of electronic products *HK$'000*	Securities trading *HK$'000*	Consolidated *HK$'000*
TURNOVER	**389,549**	**–**	**389,549**
SEGMENT RESULTS	**(27,338)**	**5,156**	**(22,182)**
Interest income			**639**
Unallocated income			**2,419**
Share of profits of associates			**461**
Finance costs			**(5,034)**
Loss before taxation			**(23,697)**
Taxation			**(1,044)**
Loss for the period			**(24,741)**

SIX MONTHS ENDED 30 SEPTEMBER 2008

	Design, manufacture and sale of electronic products	Securities trading	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
TURNOVER	767,424	–	767,424
SEGMENT RESULTS	22,428	(5,386)	17,042
Interest income			365
Share of profits of associates			1,175
Finance costs			(10,988)
Profit before taxation			7,594
Taxation			(724)
Profit for the period			6,870

4. OTHER INCOME

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
Other income includes:		
Commission	**343**	1,191
Exchange gain, net	**7,441**	596
Income from investments	**1,113**	1,173
Rental income	**2,419**	2,334
Miscellaneous income	**3,070**	2,819
	14,386	8,113

5. NET INCREASE (DECREASE) IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
Increase in fair value of derivative financial instruments	**675**	417
Increase (decrease) in fair value of financial assets designated at fair value through profit or loss	**374**	(669)
Increase (decrease) in fair value of investments held for trading	**4,002**	(5,403)
	5,051	(5,655)

6. DEPRECIATION AND AMORTISATION

During the period, depreciation and amortisation of approximately HK$24,639,000 (HK$27,267,000 for the six months ended 30 September 2008) was charged to the consolidated financial results in respect of the Group's property, plant and equipment, prepaid lease payments and product development costs.

7. TAXATION

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Hong Kong Profits Tax	**–**	1,081
Taxation (recovery) in other jurisdictions	**1,044**	(357)
Taxation attributable to the Company and its subsidiaries	**1,044**	724

No provision of Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 September 2008: HK$1,081,000).

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profit for the period.

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share is computed based on the following data:

	Six months ended 30 September 2009	2008
Net (loss) profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share	**HK$(17,675,000)**	HK$10,359,000
Weighted average number of shares for the purpose of basic (loss) earnings per share	**785,088,828**	789,241,999
Effect of dilutive potential ordinary shares for the purpose of dilutive (loss) earnings per share – Share option	**N/A**	42,410,925
Weighted average number of ordinary shares for the purpose of dilutive (loss) earnings per share	**N/A**	831,652,924

9. INTERIM DIVIDEND

The directors have resolved not to pay an interim dividend for the year ending 31 March 2010 (Year ended 31 March 2009: nil cent per share).

10. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 September 2009 *HK$'000*	2008 *HK$'000*
Net book value at beginning of year	**272,565**	298,575
Currency realignment	**(149)**	(64)
Additions	**10,452**	22,647
Depreciation	**(24,406)**	(26,401)
	258,462	294,757

11. DEBTORS, DEPOSITS AND PREPAYMENTS

At 30 September 2009, debtors, deposits and prepayments includes trade debtors of HK$228,826,000 (31 March 2009: HK$102,003,000). The Group provides credit periods of up to 90 days, depending on the products sold, to its trade customers. The following is an aged analysis of accounts receivable at the reporting date:

	30 September 2009 (Unaudited) ***HK$'000***	31 March 2009 (Audited) *HK$'000*
0 – 30 days	**183,566**	67,376
31 – 60 days	**22,804**	5,002
61 – 90 days	**2,139**	9,338
Over 90 days	**20,317**	20,287
	228,826	102,003

12. CREDITORS AND ACCRUED CHARGES

At 30 September 2009, creditors and accrued charges includes trade creditors of HK$188,456,000 (31 March 2009: HK$120,323,000). The aged analysis of trade creditors at the balance sheet date is as follows:

	30 September 2009 (Unaudited) ***HK$'000***	31 March 2009 (Audited) *HK$'000*
0 – 30 days	**140,838**	29,264
31 – 60 days	**19,680**	16,914
61 – 90 days	**6,771**	19,641
Over 90 days	**21,167**	54,504
	188,456	120,323

13. SHARE CAPITAL

	Number of shares	**Issued and Fully paid Share capital** *HK$'000*
Balance at 1 April 2009 and 30 September 2009	785,088,828	314,035

14. CAPITAL COMMITMENTS

	30 September 2009 *HK$'000*	31 March 2009 *HK$'000*
Contracted for but not provided in the consolidated financial results in respect of:		
– capital expenditure for acquisition of property, plant and equipment	**1,389**	3,229

15. CONTINGENT LIABILITIES

There are no significant contingent liabilities as of 30 September 2009 and 31 March 2009.

16. RELATED PARTY TRANSACTIONS

There were no significant related party transactions undertaken by the Group at any time during the six months period.

BUSINESS REVIEW AND GROUP RESULTS

Due to the prolonged global economic recession, high unemployment, and weak consumer spending, the Group has yet to reverse its performance during this interim period. The Group recorded sales of HK$390M (2008: HK$767M) and a net loss attributable to the owners of the Company of HK$18M as compared with a net profit attributable to owners of the Company of HK$10M in 2008.

The Group experienced a 49% reduction in turnover, primarily due to slow sales at the beginning of the fiscal year. Slow sales were influenced by the following multiple factors outside of the Group's control. At the beginning of the year, the U.S. retail trend was cautious as retailers reduced forecasts due to excess inventory in stores and uncertain trends with consumer confidence. As a result, retailers delayed placing orders or cancelled orders entirely. In addition, traditional holidays such as Easter, Mother's Day, and Father's Day did not lift retail spending. To cater for the weak economy spending, retailers also focused on ordering affordable, entry-level products. However, two years prior when the economy was strong, the Group switched its strategy from manufacturing entry-level products to high-end products. This shift in retail buying trend did not follow the Group's strategy to focus on high-end product. The Group was also affected by a shortage of workers in the Pearl Delta area when the Christmas holiday season orders began coming in. The loss in sales, although not significant did contribute to a higher unit cost of manufacturing and a lower gross profit margin during this period.

Gross profit margin dropped from 22% to 19%. Workers wages have stabilized but due to a shortage of labor, we had to increase workers overtime to make up for the shortage. Since the closing of thousands of factories in the southern province of China, many workers returned to their home towns hundred of miles away and did not return to wait for employment. Gross profit margin was also negatively affected as the Group took aggressive action in the beginning of the fiscal year to reduce surplus inventory and reduce the cost of storage and financing.

The Group cut its administrative expenses and finance costs by 7% and 54% respectively. Administrative payroll was cut across the board by 10% – 25%. Finance charges were substantially reduced compared with 2008 as we maintained a low level of borrowing throughout the current period.

The net loss attributable to the owners of the Company of HK$18M was primarily due to the decline in sales and a moderate drop in gross profit margin. Management had anticipated a better result but attributed the current net loss to factors that were outside management control.

PROSPECTS

While certain economic indicators are showing early signs of recovery around the globe, the prediction of ending the current economic recession has been postponed from 2009 to 2010. Management is cautiously optimistic that our sales will improve in 2010. We have positioned the Group to sustain a prolonged recovery by maintaining a low level of bank borrowing, carefully monitored inventory planning, strengthening our sales presence in the US and UK, and a continued action to reduce our overhead structure.

FINANCIAL POSITION

Liquidity and financial resources

On 30 September 2009 the Group had cash, deposits and marketable securities of $145 million (31 March 2009: $111 million). Net bank borrowings was 38% of shareholders' equity (31 March 2009: 33%). Cash was used to primarily finance the increase in inventory and account receivable leading up to the holiday selling season. As management is cautious about the current economic condition, inventory at 30 September 2009 was $143 million less than the same period in 2008. We will monitor our inventory closely in the next half of the fiscal year.

Trade receivable was $229 million at 30 September 2009 (31 March 2009: $102 million). The increase reflects the seasonality of the Group's trade pattern and we expect receivable will be reduced to the March 2009 level at the end of the current fiscal year.

Financing and capital structure

The Group finances its operations from retained earnings and short term bank borrowings. As at 30 September 2009 our banking facilities amounted to HK$1,005 million of which $421 million was utilized (31 March 2009: HK$332 million). All bank borrowings were denominated in Hong Kong dollars or US dollars at prevailing market rate. We plan that our bank borrowings will be further reduced in the next six months as we collect from receivable and sell our inventory.

The Group's transactions were mostly denominated in US dollars and HK dollars. Apart from the exposure to the Chinese RMB, we consider our exposure to exchange risk as minimal.

During a period of economic down turn, management will focus on reducing our borrowings and maintain cash reserve to fund our operation in the next half of this fiscal year.

STAFF

As at 30 September 2009, the Group had a total staff of 2,925 of which 2,762 were employed in the PRC for the Group's manufacturing business.

The Group provides employee benefits such as staff insurance, retirement scheme, discretionary bonus and share option scheme and also provides in-house training programmes and external training sponsorship.

CORPORATE GOVERNANCE

The Company has met the code provisions of the Code on Corporate Governance Practices ("the Code") as set out in the Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 September 2009 except as below:

1. Pursuant to code provision A.2.1, the roles of chairman and chief executive officer of an issuer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Lau Sak Hong, Philip is currently the chairman and managing director of the Company. Having considered the current business operation and the size of the Group, the board of directors of the Company is of the view that Mr. Lau acting as both the chairman and managing director of the Company is acceptable and in the best interest of the Company. The Board will review this situation periodically.

2. The Company was incorporated in Bermuda and enacted by private act, the Starlight International Holdings Limited Company Act, 1989 of Bermuda (the "1989 Act"). Pursuant to section 3(e) of the 1989 Act, director holding office as executive chairman or managing director shall not be subject to retirement by rotation at each annual general meeting as provided in the bye-laws of the Company ("the Bye-laws"). As the Company is bound by the provisions of the 1989 Act, the Bye-laws cannot be amended to fully reflect the requirements of the code provision A.4.2 which stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

   To enhance good corporate governance practices, Mr. Lau Sak Hong, Philip, the chairman and managing director of the Company will voluntarily retire from his directorship at annual general meeting of the Company at least once every three years in order for the Company to comply with the Code, provided that, being eligible for re-election, he may offer himself for re-election at the annual general meeting.

DIRECTORS' SECURITIES TRANSACTIONS

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, as the code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, they all confirmed that they have complied with the Model Code throughout the six months period ended 30 September 2009.

AUDIT COMMITTEE

The Company has established an audit committee comprising Messrs. Hon Sheung Tin Peter, Ho Hau Chong Norman and Chan Chak Chung. Terms of reference of the audit committee have been updated in compliance with the Code. The audit committee together with the management of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the interim report for the six months ended 30 September 2009

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2009, there were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors comprises three executive directors, namely Mr. Lau Sak Hong, Philip, Mr. Lau Sak Kai, Anthony, Mr. Lau Sak Yuk, Andy and a non-executive director namely Mr. Hon Sheung Tin, Peter and three independent non-executive directors namely, Mr. Ho Hau Chong, Norman, Mr. Chan Chak Chung and Mr. Chuck Winston Calptor.

By Order of the Board
Lau Sak Hong, Philip
Chairman

Hong Kong, 18 December 2009