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STARLITE

STARLIGHT INTERNATIONAL HOLDINGS LIMITED

升岡國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 485)

**ANNOUNCEMENT IN RELATION TO
(1) DESPATCH OF CIRCULAR
(2) THE REQUIRED FINANCIAL INFORMATION
AND
(3) UNAUDITED RESULTS
FOR THE EIGHT MONTHS ENDED 30 NOVEMBER 2013**

DESPATCH OF CIRCULAR

The Circular containing, among other things, (i) details of the Sale and Purchase Agreement, the Group Restructuring, the Share Premium Reduction, the Distribution In Specie, the CB Subscription Agreement, the Disposal, and the Framework Purchase Agreement; (ii) financial information on each of the Group, the Scheme Group and the SIH Group and pro forma financial information of the Remaining Group and the Privateco Group; (iii) the letter of recommendation from the Independent Board Committee and the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Share Premium Reduction, the Distribution In Specie, the CB Subscription Agreement, the Framework Purchase Agreement (i.e. a special deal under the Takeovers Code) and the respective transactions contemplated thereunder; and (iv) a notice convening the SGM, will be despatched to the Shareholders on 24 May 2014.

THE REQUIRED FINANCIAL INFORMATION

The Required Financial Information under Rules 14.58(6), 14.58(7) and 14.60(3)(a) of the Listing Rules as mentioned in the Joint Announcement are set out below in accordance with the conditions of the waiver granted by the Stock Exchange.

UNAUDITED RESULTS FOR THE EIGHT MONTHS ENDED 30 NOVEMBER 2013

The Board is pleased to announce the unaudited consolidated results of the Group for the eight months ended 30 November 2013.

* *for identification purposes only*

References are made to (1) the joint announcement dated 21 March 2014 issued by the Company, the Offeror and Fairy King Prawn (the “**Joint Announcement**”) in relation to, among other things, the Sale and Purchase Agreement, the Group Restructuring, the Share Premium Reduction, the Distribution In Specie, the CB Subscription, the Disposal, the Framework Purchase Agreement, the Listco Offers and the Privateco Offer, (2) the announcement of the Company dated 30 April 2014 in relation to the delay in despatch of Circular, and (3) the announcement of the Company dated 16 May 2014 in relation to the further delay in despatch of Circular. Capitalised terms used herein shall have the same meanings as those defined in the Joint Announcement unless the context requires otherwise.

DESPATCH OF CIRCULAR

The Circular containing, among other things, (i) details of the Sale and Purchase Agreement, the Group Restructuring, the Share Premium Reduction, the Distribution In Specie, the CB Subscription Agreement, the Disposal, and the Framework Purchase Agreement; (ii) financial information on each of the Group, the Scheme Group and the Privateco and its subsidiaries before the Group Restructuring (the “**SIH Group**”) and pro forma financial information of the Remaining Group and the Privateco Group; (iii) the letter of recommendation from the Independent Board Committee and the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Share Premium Reduction, the Distribution In Specie, the CB Subscription Agreement, the Framework Purchase Agreement (i.e. a special deal under the Takeovers Code) and the respective transactions contemplated thereunder; and (iv) a notice convening the SGM, will be despatched to the Shareholders on 24 May 2014.

THE REQUIRED FINANCIAL INFORMATION

As mentioned in the paragraph headed “Financial information of the Scheme Subsidiaries” in the Joint Announcement, Rules 14.58(6) and 14.58(7) of the Listing Rules require the disclosure by the Company of the asset value of and the net profits or losses of the Scheme Subsidiaries and Rule 14.60(3)(a) of the Listing Rules requires the disclosure of the gain or loss expected to accrue to the Group and the basis for calculating such gain or loss as a result of the Disposal (the “**Required Financial Information**”). In connection with these requirements, an application for waiver has been made by the Company to the Stock Exchange and the Stock Exchange has granted a waiver to the Company on 13 March 2014 for including such information in the Joint Announcement, subject to the condition that (i) a further announcement containing the Required Financial Information be made by the Company at the time of despatch of the Circular; and (ii) the Required Financial Information be included in the Circular.

The Required Financial Information is set out below:

The audited combined net liability of the Scheme Subsidiaries was approximately HK\$232 million as at 31 March 2013. The audited combined loss before and after taxation of the Scheme Subsidiaries for the year ended 31 March 2012 were HK\$148 million and HK\$155 million, respectively. The audited combined loss before and after taxation of the Scheme Subsidiaries for the year ended 31 March 2013 were HK\$121 million and HK\$125 million, respectively.

The net liabilities of the Scheme Subsidiaries as at 30 November 2013 amounted to approximately HK\$407.4 million, after considering the effect on assignment of receivables from the Scheme Subsidiaries of approximately HK\$405.1 million, the net gain would be approximately HK\$2.3 million. The increase in net liabilities of the Scheme Subsidiaries was due to the loss for the eight months ended 30 November 2013 amounting to approximately HK\$175.9 million, which was the result of the deterioration of business performance, impairment of property, plant and equipment and decrease in fair value of investment properties.

Details of the financial information on the Scheme Subsidiaries and the Remaining Group are set out in the Circular.

UNAUDITED RESULTS FOR THE EIGHT MONTHS ENDED 30 NOVEMBER 2013

The Board announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the eight months ended 30 November 2013 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE EIGHT MONTHS ENDED 30 NOVEMBER 2013

	Eight months ended	
	30 November	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Turnover	317,990	477,070
Cost of sales	(356,324)	(428,007)
	<hr/>	<hr/>
Gross (loss)/profit	(38,334)	49,063
Other income	8,712	7,202
Other gains and losses	(16,947)	(28,572)
Distribution costs	(47,301)	(53,870)
Administrative expenses	(53,225)	(56,880)
(Decrease)/increase in fair value of investment properties	(17,411)	37,184
Gain on disposal of a subsidiary	440	–
Finance costs	(6,567)	(6,621)
Share of profit of an associate	357	67
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	Eight months ended	
	30 November	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss before taxation	(170,276)	(52,427)
Taxation	1,253	(1,761)
	<u>(169,023)</u>	<u>(54,188)</u>
Net loss for the period		
Other comprehensive income (expense)		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference arising on translation of foreign operations	<u>1,413</u>	<u>(66)</u>
Total comprehensive expense for the period	<u>(167,610)</u>	<u>(54,254)</u>
Loss for the period attributable to:		
Owners of the Company	(174,376)	(64,748)
Non-controlling interests	<u>5,353</u>	<u>10,560</u>
	<u>(169,023)</u>	<u>(54,188)</u>
Total comprehensive expense for the period attributable to:		
Owners of the Company	(173,209)	(64,811)
Non-controlling interests	<u>5,599</u>	<u>10,557</u>
	<u>(167,610)</u>	<u>(54,254)</u>
Loss per share		
– Basic and diluted	<u>(10.68) cents</u>	<u>(4.33) cents</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 NOVEMBER 2013

	At 30 November 2013 <i>HK\$'000</i> (Unaudited)	At 31 March 2013 <i>HK\$'000</i> (Audited)
Non-current assets		
Investment properties	259,525	276,936
Property, plant and equipment	79,258	99,248
Prepaid lease payments	3,331	3,411
Goodwill	17,665	17,665
Interest in an associate	6,072	5,715
Available-for-sale investments	9,400	9,400
Deferred tax assets	14,036	12,589
	<u>389,287</u>	<u>424,964</u>
Current assets		
Inventories	94,471	185,529
Debtors, deposits and prepayments	145,613	38,240
Prepaid lease payments	121	121
Investments held for trading	1,082	1,043
Financial assets designated at fair value through profit or loss	35	25
Bank balances and cash	44,703	35,806
	<u>286,025</u>	<u>260,764</u>

	At 30 November 2013 <i>HK\$'000</i> (Unaudited)	At 31 March 2013 <i>HK\$'000</i> (Audited)
Current liabilities		
Creditors and accrued charges	150,660	66,130
Taxation payable	1,046	2,043
Borrowings	158,592	91,135
Bank overdraft	780	–
Convertible notes	36,129	33,453
	<u>347,207</u>	<u>192,761</u>
Net current (liabilities) assets	<u>(61,182)</u>	<u>68,003</u>
Total assets less current liabilities	<u>328,105</u>	<u>492,967</u>
Non-current liabilities		
Deferred tax liabilities	7,946	8,243
Net assets	<u><u>320,159</u></u>	<u><u>484,724</u></u>
CAPITAL AND RESERVES		
Share capital	164,781	162,731
Reserves	137,795	310,162
Equity attributable to owners of the Company	<u>302,576</u>	472,893
Non-controlling interests	<u>17,583</u>	11,831
Total equity	<u><u>320,159</u></u>	<u><u>484,724</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE EIGHT MONTHS ENDED 30 NOVEMBER 2013

	Share capital	Share premium	Merger reserve	Capital reserve	Other property revaluation reserve	Translation reserve	Share option reserve	Convertible note reserve	Capital redemption reserve	Accumulated losses	Sub-total	Share of net assets of subsidiaries	Share option reserve of a listed subsidiary	Sub-total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012	149,571	132,582	37,138	85	52,578	9,220	3,936	-	292,448	(160,015)	517,543	(418)	707	289	517,832
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(63)	-	-	-	-	(63)	(3)	-	(3)	(66)
Loss for the period	-	-	-	-	-	-	-	-	-	(64,748)	(64,748)	10,560	-	10,560	(54,188)
Total comprehensive (expense) income for the period	-	-	-	-	-	(63)	-	-	-	(64,748)	(64,811)	10,557	-	10,557	(54,254)
	149,571	132,582	37,138	85	52,578	9,157	3,936	-	292,448	(224,763)	452,732	10,139	707	10,846	463,578
Recognition of equity-settled share-based payments	-	-	-	-	-	-	1,564	-	-	-	1,564	-	-	-	1,564
Recognition of equity component of convertible notes	-	-	-	-	-	-	-	5,560	-	-	5,560	-	-	-	5,560
At 30 November 2012	<u>149,571</u>	<u>132,582</u>	<u>37,138</u>	<u>85</u>	<u>52,578</u>	<u>9,157</u>	<u>5,500</u>	<u>5,560</u>	<u>292,448</u>	<u>(224,763)</u>	<u>459,856</u>	<u>10,139</u>	<u>707</u>	<u>10,846</u>	<u>470,702</u>
At 1 April 2013	162,731	137,855	37,138	106	52,578	9,290	5,031	5,560	292,448	(229,844)	472,893	11,067	764	11,831	484,724
Exchange difference arising on translation of foreign operations	-	-	-	-	-	1,167	-	-	-	-	1,167	246	-	246	1,413
Loss for the period	-	-	-	-	-	-	-	-	-	(174,376)	(174,376)	5,353	-	5,353	(169,023)
Total comprehensive income (expense) for the period	-	-	-	-	-	1,167	-	-	-	(174,376)	(173,209)	5,599	-	5,599	(167,610)
	162,731	137,855	37,138	106	52,578	10,457	5,031	5,560	292,448	(404,220)	299,684	16,666	764	17,430	317,114
Capital contribution from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	58	-	58	58
Deemed partial disposal of a subsidiary	-	-	-	20	-	-	-	-	-	-	20	(20)	-	(20)	-
Issue of shares upon exercise of share options	2,050	1,187	-	-	-	-	(365)	-	-	-	2,872	-	-	-	2,872
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	115	115	115
At 30 November 2013	<u>164,781</u>	<u>139,042</u>	<u>37,138</u>	<u>126</u>	<u>52,578</u>	<u>10,457</u>	<u>4,666</u>	<u>5,560</u>	<u>292,448</u>	<u>(404,220)</u>	<u>302,576</u>	<u>16,704</u>	<u>879</u>	<u>17,583</u>	<u>320,159</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE EIGHT MONTHS ENDED 30 NOVEMBER 2013

	Eight months ended	
	30 November	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(60,289)	(22,130)
Net cash generated from investing activities	881	1,596
Net cash generated from/(used in) financing activities	66,395	(16,564)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	6,987	(37,098)
Cash and cash equivalents at beginning of the period	35,806	90,989
Effect of exchange difference	1,130	(67)
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Cash and cash equivalents at end of the period	43,923	53,824
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents		
Bank balances and cash	44,703	53,824
Bank overdraft	(780)	–
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	43,923	53,824
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The Independent Shareholders are advised to read the Circular carefully, including the letter from the Independent Board Committee and the letter from Fulbright Capital Limited, before deciding on their voting on the resolution to be proposed at the SGM.

By Order of the Board
Starlight International Holdings Limited
LAU Sak Hong, Philip
Chairman

Hong Kong, 23 May 2014

As at the date of this announcement, the Board comprised Mr. Lau Sak Hong, Philip, Mr. Lau Sak Kai, Anthony, Mr. Lau Sak Yuk, Andy and Ms. Lau Chu Lan, Carol as executive directors, Mr. Peter Hon Sheung Tin as non-executive director and Mr. Chan Chak Chung, Mr. Chuck Winston Calptor and Mr. Tang Yee Man as independent non-executive directors.

The directors of the Company jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.