VOLUME XI No. 112 W E D N E S D A Y June 17, 2009

STARLIGHT INTERNATIONAL HOLDINGS LTD:
THE SONGS OF THE COMPANY'S U.S. SUBSIDIARY ARE CACOPHONOUS

Management of a US-domiciled subsidiary of publicly listed Starlight International Holdings Ltd () (Code: 485, Main Board, The Stock Exchange of Hongkong Ltd) is planning to tap the money markets for cash in order to bolster its rapidly depleting finances.

If the subsidiary fails in its quest to locate sources of additional finance, dire consequences could follow.

This has been stated, very clearly, as being absolute fact, but one has to dig it out of the archives of the company's reports.

The subsidiary is The Singing Machine Company Incorporated, owned as to 54.07 percent by Starlight International Holdings Ltd.

The Singing Machine Company Incorporated is listed on The New York Stock Exchange Alternext US – NYSE Alternext US – formerly known as The American Stock Exchange, and it is engaged in the development and sales of consumer-oriented, karaoke machines and music.

Nearly all of this company's products are sold in markets of North America.

However, this company is suffering diminishing sales and its Net Income continues to fall with every passing month.

For the first 9 months of the Financial Year, ended March 31, 2009, The Singing Machine Company Incorporated recorded a Net Loss Attributable to Shareholders of about $US483,191 (about $HK3.77 million) on a Turnover of about $US30,998,308 (about $HK241.79 million).

In the like period of 2007, on a Turnover of about $US32,337,712 (about $HK252.23 million), the company reported a Net Profit Attributable to Shareholders of about $US971,897 (about $HK7.58 million).

That was a net return of about 3.01 percent!

Page 16 of the Third Quarterly Report of The Singing Machine Company Incorporated makes the following statement:

> *'As of December 31, 2008, our unrestricted cash on hand was $1,799,151. Our average monthly general and administrative expenses are approximately $330,000. We expect that we will require approximately $1 million for working capital during the next three-month period.*
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> *'During the next 12 month period, we plan on financing our operation needs by:*
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> - *Raising additional working capital;*
> - *Collecting our existing accounts receivable;*
> - *Selling existing inventory;*
> - *Vendor financing;*
> - *Borrowing from factoring bank;*

- *Short term loans from our majority shareholder;*
- *Fees for fulfillment, delivery and returns services from related parties*

'Our sources of cash for working capital in the long term, 12 months and beyond, are essentially the same as our sources during the short term. We are actively seeking additional financing facilities and capital investments to maintain and grow our business. If we need to obtain additional financing and fail to do so, it may have a material adverse effect on our ability to meet our financial obligations and to continue as a going concern.'

In short, the financial **...**