

**STARLIGHT INTERNATIONAL HOLDINGS LTD:  
STAND BY !  
THE 2009 LOSSES COULD BE \$HK100 MILLION ... OR MORE !**

Depending on how creative are the pencil-pushers at publicly listed Starlight International Holdings Ltd () (Code: 485, Main Board, The Stock Exchange of Hongkong Ltd), Management of this manufacturer of electronic and communications devices is likely to have to write off at least \$HK100 million in respect of its investment in The Singing Machine Incorporated.

This is **TARGET**'s very conservative estimate, based on the latest intelligence that is publicly available.

In addition to the deplorable financial situation at The Singing Machine Incorporated, the core business of Starlight International Holdings Ltd is no joy to behold, also, and, most likely, there will be trading losses at this end of the corporate spectrum, also.

In the Interim Report of Starlight International Holdings Ltd for the 6 months, ended September 30, 2008, the company reported that the Bottom Line came in at about \$HK6.87 million.

That was a fall, Year-On-Year, of nearly 93 percent.

The following is lifted from that Interim Report:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b><u>2008</u></b>	<b><u>2007</u></b>
	<b><u>HK\$'000</u></b>	<b><u>HK\$'000</u></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Turnover	<b>767,424</b>	1,197,351
Cost of sales	<b>(595,380)</b>	(865,385)
Gross profit	<b>172,044</b>	331,966
Other income	<b>8,113</b>	11,760
Distribution costs	<b>(97,116)</b>	(167,316)
Administrative expenses	<b>(59,979)</b>	(61,187)
Net (decrease) increase in fair value of financial instruments	<b>(5,655)</b>	1,395
Share of profits of associates	<b>1,175</b>	1,253
Finance costs	<b>(10,988)</b>	(10,368)
Profit before taxation	<b>7,594</b>	107,503
Taxation	<b>(724)</b>	(15,262)
Net profit for the period	<b><u>6,870</u></b>	<u>92,241</u>
Attributable to:		
Shareholders of the Company	<b>10,359</b>	91,341
Minority interests	<b>(3,489)</b>	900
	<b><u>6,870</u></b>	<u>92,241</u>

In the Interim Report, it is stated, under the heading, '**Prospects**':

*'All current economic forecasts point to a recession in the US and potentially around the*

*globe. We are cautious about our prospect for the next 12 months and we have planned accordingly. With the current condition of falling component prices and lower operating costs in the PRC, we see opportunity to target some of our products and market them aggressively. We expect that growth in karaoke and musical instruments will continue in this fiscal year. Through our subsidiary, The Singing Machine Company, Inc., we plan to launch a new on-line store to sell karaoke machines, musical instruments, accessories, and downloadable music during the next half of the fiscal year. We anticipate this distribution method will have much higher gross margin.*

*‘We are working with Disney to create a new product lineup for spring 2009. We are enthusiastic that this will lift our sales. We have experienced some success in creating a new line of youth electronics with a major discount retailer in the US. We are planning an extension on this line to include the pre-school age group karaoke and musical instruments and these we expect to be available in the fall of 2009.*

*‘We have taken steps to cut our work force in the PRC and we plan to operate with a leaner overhead during these worsened economic conditions. Management is confident we have a viable strategy in place to combat the current adverse economic environment.’*

In respect of The Singing Machine Company Incorporated, it ... [CLICK TO ORDER FULL ARTICLE](#)

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