

STARLIGHT INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 485)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement on the next page.

The board of directors currently comprises Mr. Lau Sak Hong Philip as Chairman; Mr. Lau Sak Kai Anthony and Mr. Lau Sak Yuk Andy as executive directors; Mr. Hon Sheung Tin Peter as non-executive director and Mr. Ho Hau Chong Norman, Mr. Chan Chak Chung and Mr. Chuck Winston Calptor as independent non-executive directors.

The Singing Machine Company, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	December 31, 2008	March 31, 2008
	(Unaudited)	(Audited)
<u>Assets</u>		
Current Assets		
Cash	\$ 1,799,151	\$ 447,816
Accounts receivable, net of allowances of \$357,166 and \$120,899, respectively	4,276,329	1,961,721
Due from factor	1,047,947	131,451
Inventories, net	6,018,127	3,514,984
Prepaid expenses and other current assets	396,046	412,552
Total Current Assets	13,537,600	6,468,524
Property and Equipment, net	992,166	598,280
Other Non-Current Assets	178,320	169,362
Total Assets	\$ 14,708,086	\$ 7,236,166
<u>Liabilities and Shareholders' Equity</u>		
Current Liabilities		
Accounts payable	\$ 6,621,950	\$ 1,145,150
Due to related parties - net	2,572,291	616,732
Accrued expenses	596,538	409,415
Current portion of long-term financing obligation	18,186	-
Customer credits on account	579,966	778,993
Deferred gross profit on estimated returns	479,097	217,812
Total Current Liabilities	10,868,028	3,168,102
Long-term financing obligation, less current portion	28,795	-
Total Liabilities	10,896,823	3,168,102
Shareholders' Equity		
Preferred stock, \$1.00 par value; 1,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, Class A, \$.01 par value; 100,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$.01 par value; 100,000,000 shares authorized; 32,732,212 and 31,758,400 shares issued and outstanding	327,322	317,584
Additional paid-in capital	18,647,264	18,430,612
Accumulated deficit	(15,163,323)	(14,680,132)
Total Shareholders' Equity	3,811,263	4,068,064
Total Liabilities and Shareholders' Equity	\$ 14,708,086	\$ 7,236,166

The accompanying notes are an integral part of these consolidated financial statements.

The Singing Machine Company, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For Three Months Ended		For Nine Months Ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Net Sales	\$ 16,611,566	\$ 13,783,645	\$ 30,998,308	\$ 32,337,712
Cost of Goods Sold	<u>12,839,723</u>	<u>10,037,091</u>	<u>25,002,865</u>	<u>25,058,976</u>
Gross Profit	3,771,843	3,746,554	5,995,443	7,278,736
Operating Expenses				
Selling expenses	1,642,309	1,659,030	2,656,385	2,747,698
General and administrative expenses	1,436,477	1,162,016	3,355,232	3,254,587
Depreciation and amortization	121,604	104,629	326,264	228,815
Total Operating Expenses	<u>3,200,390</u>	<u>2,925,675</u>	<u>6,337,881</u>	<u>6,231,100</u>
Income (Loss) from Operations	571,453	820,879	(342,438)	1,047,636
Other Expenses				
Gain from disposal of assets	-	-	-	3,159
Interest expense	(71,670)	(53,948)	(104,671)	(78,898)
Income (Loss) before provision for income taxes	499,783	766,931	(447,109)	971,897
Provision for income taxes	<u>(36,082)</u>	<u>-</u>	<u>(36,082)</u>	<u>-</u>
Net Income (Loss)	<u>\$ 463,701</u>	<u>\$ 766,931</u>	<u>\$ (483,191)</u>	<u>\$ 971,897</u>
Income (Loss) per Common Share				
Basic	\$ 0.01	\$ 0.03	\$ (0.01)	\$ 0.03
Diluted	\$ 0.01	\$ 0.03	\$ (0.01)	\$ 0.03
Weighted Average Common and Common Equivalent Shares:				
Basic	32,729,990	30,806,019	32,472,073	29,677,218
Diluted	32,729,990	30,962,269	32,472,073	30,029,981

The accompanying notes are an integral part of these consolidated financial statements.