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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)

FINANCIAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2011

FINANCIAL RESULTS

The Board of Directors (the "Directors" or "We") of Starlight International Holdings Limited (the "Company") hereby announces the financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2011 together with the comparative figures for 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 March 2011

	Notes	**2011** **HK$'000**	2010 *HK$'000* *(Restated)*
Turnover	2	**637,633**	738,262
Cost of sales		**(532,743)**	(610,322)
Gross profit		**104,890**	127,940
Other income		**15,796**	16,796
Distribution costs		**(100,046)**	(124,860)
Administrative and other expenses		**(117,260)**	(130,493)
Increase in fair value of investment properties		**61,381**	37,134
Increase in fair value of derivative financial instruments		**96**	2,451
(Decrease) increase in fair value of financial assets designated at fair value through profit or loss		**(12)**	71
(Decrease) increase in fair value of investments held for trading		**(129)**	5,476
Loss on deemed partial disposal of a subsidiary		**–**	(7)
Finance costs		**(8,081)**	(10,692)
Share of profits of associates		**291**	472
Loss before taxation	3	**(43,074)**	(75,712)
Taxation	4	**(840)**	195
Loss for the year		**(43,914)**	(75,517)

	Note	2011 HK$'000	2010 HK$'000 (Restated)
Other comprehensive income			
Exchange difference arising on translation of foreign operations		**288**	5,422
Revaluation of leasehold properties for own use upon transfer to investment properties		**1,321**	10,628
Other comprehensive income for the year		**1,609**	16,050
Total comprehensive expense for the year		**(42,305)**	(59,467)
Loss for the year			
Attributable to:			
Owners of the Company		**(41,216)**	(65,827)
Non-controlling interests		**(2,698)**	(9,690)
		(43,914)	(75,517)
Total comprehensive expense for the year			
Attributable to:			
Owners of the Company		**(39,625)**	(50,113)
Non-controlling interests		**(2,680)**	(9,354)
		(42,305)	(59,467)
		HK cents	*HK cents (restated)*
Loss per share	*6*		
– Basic and diluted		**(3.18)**	(7.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Note	31.3.2011	31.3.2010	1.4.2009
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	*(Restated)*
Non-current assets				
Investment properties		**208,442**	145,350	91,916
Property, plant and equipment		**203,965**	237,652	272,565
Prepaid lease payments		**3,653**	3,774	63,676
Product development costs		**–**	–	260
Goodwill		**26,484**	26,484	26,541
Interest in associates		**8,176**	8,174	8,071
Available-for-sale investments		**24,040**	24,046	24,048
Deferred tax assets		**3,943**	3,245	5,918
		478,703	448,725	492,995
Current assets				
Inventories		**345,183**	325,718	402,471
Debtors, deposits and prepayments	*7*	**184,138**	115,247	181,451
Prepaid lease payments		**121**	121	1,386
Amounts due from associates		**3,030**	3,010	2,945
Taxation recoverable		**37**	584	4,919
Investments held for trading		**2,252**	13,877	6,955
Financial assets designated at fair value through profit or loss		**20**	3	798
Bank balances and cash		**69,168**	80,440	103,572
		603,949	539,000	704,497

	Note	**31.3.2011**	31.3.2010	1.4.2009
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	*(Restated)*
Current liabilities				
Creditors and accrued charges	*8*	**151,767**	144,779	185,227
Amounts due to associates		**2,809**	2,809	2,809
Derivative financial instruments		**–**	275	50
Taxation payable		**1,046**	1,671	1,797
Borrowings		**253,332**	219,389	326,091
Bank overdrafts		**–**	218	–
		408,954	369,141	515,974
Net current assets		**194,995**	169,859	188,523
Total assets less current liabilities		**673,698**	618,584	681,518
Non-current liabilities				
Deferred tax liabilities		**205**	203	3,810
Net assets		**673,493**	618,381	677,708
Capital and reserves				
Share capital		**150,524**	314,035	314,035
Reserves		**524,159**	302,963	353,076
Equity attributable to owners of the Company		**674,683**	616,998	667,111
Non-controlling interests		**(1,190)**	1,383	10,597
Total equity		**673,493**	618,381	677,708

NOTES:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 32 (Amendments)	Classification of rights issues
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners
HK – INT 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 27 (as revised in 2008) "Consolidated and separate financial statements"

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, the revised standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 April 2010 in accordance with the relevant transitional provisions.

The application of the revised standard has affected the accounting for the Group's deemed disposal of partial interest in The Singing Machine Company, Inc. ("SMC") in the current year. During the year, SMC issued 249,999 shares to certain employees of the Group. The issue of shares diluted the shareholding held by the Company from 52.21% to 51.86%. Since the non-controlling interests are sharing a net liability of SMC, the non-controlling interests decreased by HK$50,000 upon the deemed disposal of partial interest. The change in policy has resulted in the gain on deemed disposal of partial interest of HK$50,000 being recognised directly in equity, instead of profit or loss. Therefore, the change in accounting policy has resulted in a decrease in the loss for the year of HK$68,000 (after offsetting with the derecognition of goodwill of HK$118,000).

HKAS 27 (as revised in 2008) also requires total comprehensive income and expense of a subsidiary to be attributable to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Accordingly, the non-controlling interests of certain subsidiaries share total comprehensive expense of HK$2,964,000 during the year and resulted in a decrease in the non-controlling interests of the same amount at 31 March 2011.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent. The application of the revised standard has resulted in share option reserve relating to the employee share option plan of SMC being included as part of non-controlling interests in the consolidated statement of financial position and consolidated statement of changes in equity. Previously, such share option reserve was presented separately in the consolidated statement of financial position and consolidated statement of changes in equity.

Amendments to HKAS 12 "Income taxes"

Amendments to HKAS 12 titled "Deferred tax: Recovery of underlying assets" have been applied in advance of their effective date (annual periods beginning on or after 1 April 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property" are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances.

The Group's investment properties that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred tax liabilities and deferred tax assets in respect of such properties. This resulted in deferred tax liabilities being decreased by HK$2,011,000 and HK$4,264,000 as at 1 April 2009 and 31 March 2010 respectively, with the corresponding adjustment being recognised in other property revaluation reserve (regarding the deferred taxation in respect of revaluation of leasehold properties for own use upon transfer to investment properties) and accumulated profits.

In the current year, no deferred tax has been provided for in respect of changes in fair value of such investment properties, whereas previously deferred tax liabilities were provided for in relation to the changes in fair value of such investment properties. The application of the amendments has resulted in loss for the year being decreased by HK$2,447,000 after considering the reversal of deferred tax assets in relation to tax losses of respective entities which realisation was no longer probable.

HK – INT 5 "Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause"

HK – INT 5 "Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause" clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK – INT 5 for the first time in the current year. HK – INT 5 requires retrospective application.

In order to comply with the requirements set out in HK – INT 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans was determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK – INT 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$23,782,000 have been reclassified from non-current liabilities to current liabilities as at 1 April 2009. These bank loans have been fully repaid during the year ended 31 March 2010. The application of HK – INT 5 has had no impact on the reported profit or loss for the current and prior years.

Amendments to HKAS 17 "Leases"

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of the leases. After reassessment, the directors of the Company concluded that no reclassification was necessary.

Summary of the effects of the above changes in accounting policies

The effects of changes in accounting policies described above on the results for current and prior years by line items are as follows:

	2011	2010
	HK$'000	*HK$'000*
Decrease in loss on disposal of partial interests in a subsidiary (offsetting with the derecognition of goodwill of HK$118,000)	**68**	–
Decrease in taxation	**2,447**	1,663
Decrease in loss for the year	**2,515**	1,663

The effects of the above changes in accounting policies on the financial positions of the Group as at 1 April 2009 and 31 March 2010 are as follows:

	1.4.2009 (Originally stated)	**Adjustments**	**1.4.2009 (Restated)**	**31.3.2010 (Originally stated)**	**Adjustments**	**31.3.2010 (Restated)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Deferred tax liabilities	(5,821)	2,011	(3,810)	(4,467)	4,264	(203)
Other property revaluation reserve	2,007	–	2,007	12,045	590	12,635
Accumulated profits	142,211	2,011	144,222	74,721	3,674	78,395
Total effects on equity	144,218	2,011	146,229	86,766	4,264	91,030

The effects of the above changes in accounting policies on the Group's basic and diluted loss per share for the current and prior years are as follows:

	Impact on basic and diluted loss per share	
	2011	2010
	HK cents	*HK cents*
Figures before adjustments	**(3.38)**	(7.35)
Adjustments arising from changes in the Group's accounting policies in relation to:		
Changes in ownership interests in a subsidiary	**0.01**	–
Deferred tax for investment properties	**0.19**	0.18
Figures after adjustments	**(3.18)**	(7.17)

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[3]
HKFRS 9	Financial instruments[5]
HKFRS 10	Consolidated financial statements[5]
HKFRS 11	Joint arrangements[5]
HKFRS 12	Disclosure of interests in other entities[5]
HKFRS 13	Fair value measurement[5]
HKAS 24 (Revised)	Related party disclosures[4]
HKAS 27 (Revised 2011)	Separate financial statements[5]
HKAS 28 (Revised 2011)	Investments in associates and joint ventures[5]
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement[4]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 July 2010.
[3] Effective for annual periods beginning on or after 1 July 2011.
[4] Effective for annual periods beginning on or after 1 January 2011.
[5] Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 "Financial instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 April 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 and that the application of the new standard may affect the amounts reported in respect of the Groups' available-for-sale equity investments which are currently measured at cost less impairment and will be measured at fair value upon adoption. In addition, the application of the new standard may affect the amounts reported in respect of the Group's derivative financial instruments for which currently the entire amount of the change in fair value was presented in profit or loss and will be accounted for under new requirements.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements of the Group.

2. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided by each operating division.

The Group is organised into two operating divisions, namely design, manufacture and sale of electronic products (representing consumer electronic audio and video equipment, imaging products, musical instruments and accessories) and securities trading. These divisions are the basis on which the Group reports its segment information.

Segment revenue and results

An analysis of the Group's revenue, which represents sales of goods, and results by reportable operating segments is as follows:

	Design, manufacture and sale of electronic products *HK$'000*	Securities trading *HK$'000*	Consolidated *HK$'000*
Year ended 31 March 2011			
TURNOVER	**637,633**	**–**	**637,633**
SEGMENT RESULTS	**(90,594)**	**117**	**(90,477)**
Interest income			**81**
Unallocated income			**4,858**
Unallocated expenses			**(10,836)**
Increase in fair value of investment properties			**61,381**
Finance costs			**(8,081)**
Loss before taxation			**(43,074)**
Year ended 31 March 2010			
TURNOVER	738,262	–	738,262
SEGMENT RESULTS	(103,193)	8,159	(95,034)
Interest income			162
Unallocated income			5,134
Unallocated expenses			(12,416)
Increase in fair value of investment properties			37,134
Finance costs			(10,692)
Loss before taxation			(75,712)

The accounting policies of the reportable operating segments are the same as the Group's accounting policies. Segment results represent the results from each operating segment without allocation of central administration costs incurred by head office, increase in fair value of investment properties, interest income, dividend income from available-for-sale investments, rental income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

An analysis of the Group's assets and liabilities by reportable operating segments is as follows:

	Design, manufacture and sale of electronic products	Securities trading	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
At 31 March 2011			
ASSETS			
Segment assets	**766,302**	**7,690**	**773,992**
Unallocated corporate assets			**308,660**
Consolidated total assets			**1,082,652**
LIABILITIES			
Segment liabilities	**151,767**	**–**	**151,767**
Unallocated corporate liabilities			**257,392**
Consolidated total liabilities			**409,159**
At 31 March 2010 ***(Restated)***			
ASSETS			
Segment assets	712,392	18,658	731,050
Unallocated corporate assets			256,675
Consolidated total assets			987,725
LIABILITIES			
Segment liabilities	144,779	275	145,054
Unallocated corporate liabilities			224,290
Consolidated total liabilities			369,344
At 1 April 2009 ***(Restated)***			
ASSETS			
Segment assets	953,994	10,180	964,174
Unallocated corporate assets			233,318
Consolidated total assets			1,197,492
LIABILITIES			
Segment liabilities	184,658	619	185,277
Unallocated corporate liabilities			334,507
Consolidated total liabilities			519,784

Unallocated corporate assets mainly represent investment properties, available-for-sale investments, deferred tax assets, amounts due from associates, taxation recoverable and bank balances and cash.

Unallocated corporate liabilities mainly represent borrowings, amounts due to associates, taxation payable and deferred tax liabilities.

Other segment information

	Design, manufacture and sale of electronic products *HK$'000*	**Securities trading** *HK$'000*	**Consolidated** *HK$'000*
Amounts included in the measurement of segment result or segment assets:			
Year ended 31 March 2011			
Additions of property, plant and equipment	**6,678**	**–**	**6,678**
Increase in fair value of derivative financial instruments	**–**	**(96)**	**(96)**
Decrease in fair value of financial assets designated at fair value through profit or loss	**–**	**12**	**12**
Decrease in fair value of investments held for trading	**–**	**129**	**129**
Release of prepaid lease payments	**121**	**–**	**121**
Depreciation of property, plant and equipment	**39,975**	**–**	**39,975**
Allowance for doubtful debts	**1,161**	**–**	**1,161**
Allowance for obsolete and slow-moving inventories	**5,890**	**–**	**5,890**
Impairment loss recognised in respect of other receivables	**680**	**–**	**680**
Year ended 31 March 2010			
Additions of property, plant and equipment	18,840	–	18,840
Amortisation of product development costs	260	–	260
Increase in fair value of derivative financial instruments	–	(2,451)	(2,451)
Increase in fair value of financial assets designated at fair value through profit or loss	–	(71)	(71)
Increase in fair value of investments held for trading	–	(5,476)	(5,476)
Release of prepaid lease payments	121	–	121
Depreciation of property, plant and equipment	47,380	–	47,380
Allowance for doubtful debts	2,005	–	2,005
Allowance for obsolete and slow-moving inventories	11,291	–	11,291
Impairment loss recognised in respect of other receivables	7,767	–	7,767

Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment results or segment assets:

	2011	2010
	HK$'000	*HK$'000*
Investment properties	**208,442**	145,350
Interest in associates	**8,176**	8,174
Increase in fair value of investment properties	**61,381**	37,134
Interest expense	**8,081**	10,692

Geographical segments

The Group's operations are located in North America, Europe, Hong Kong (place of domicile), Mainland China, Japan and Korea and other countries.

The Group's revenue from external customers (based on location of customers) and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers Year ended 31 March		**Non-current assets** *(note)*		
	2011	2010	**31.3.2011**	31.3.2010	1.4.2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	*HK$'000*
United States of America	**515,876**	470,094	**3,523**	6,849	8,444
Europe	**51,072**	144,107	**–**	–	–
Canada	**50,072**	107,434	**–**	185	301
Mainland China	**–**	1,864	**143,575**	157,830	178,825
Japan and Korea	**–**	379	**–**	–	–
Hong Kong	**9,704**	235	**303,622**	256,570	275,382
Other countries	**10,909**	14,149	**–**	–	77
	637,633	738,262	**450,720**	421,434	463,029

Note: Non-current assets excluded available-for-sale investments and deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2011	2010
	HK$'000	*HK$'000*
Customer A[1]	**168,782**	131,485
Customer B[1]	**157,738**	N/A[2]
Customer C[1]	**N/A[2]**	127,525
Customer D[1]	**N/A[2]**	80,294

[1] Revenue from sales of electronic products.

[2] The corresponding revenue did not contribute over 10% of the total sales of the Group for the relevant years.

3. LOSS BEFORE TAXATION

	2011	2010
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging (crediting):		
Allowance for doubtful debts	**1,161**	2,005
Allowance for obsolete and slow-moving inventories	**5,890**	11,291
Depreciation of property, plant and equipment	**39,975**	47,380
Exchange gain, net	**(1,119)**	(5,138)
Impairment loss recognised in respect of available-for-sale investments (included in administrative expenses)	**6**	2
Impairment loss recognised in respect of other receivables	**680**	7,767
Interest on borrowings wholly repayable within five years	**8,081**	10,692
Loss on disposal of property, plant and equipment	**–**	168
Gain on disposal of prepaid lease payments	**–**	(2,661)
Interest income	**(81)**	(162)

4. TAXATION

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current year	**–**	60
Overprovision in prior years	**(23)**	(88)
	(23)	(28)
Taxation in other jurisdictions		
Current year	**1,514**	754
Underprovision in prior years	**45**	13
	1,559	767
Deferred taxation	**(696)**	(934)
	840	(195)

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the year.

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

5. DIVIDENDS

The directors have resolved not to recommend a dividend for the year ended 31 March 2011 (2010: nil).

6. LOSS PER SHARE

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

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(41,216)**	(65,827)

	Number of Shares	
	2011	2010
		(Restated)
Weighted average number of shares for the purpose of basic and diluted loss per share	**1,295,292,468**	918,553,929

The calculation of diluted loss per share does not assume the exercise of the outstanding share options as it would result in a decrease in the loss per share for both years and the exercise prices of those options are higher than the average market price for shares for both years.

7. DEBTORS, DEPOSITS AND PREPAYMENTS

The aged analysis of trade debtors net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period is as follows:

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
0 – 30 days	**75,387**	37,640	67,376
31 – 60 days	**9,132**	5,802	5,002
61 – 90 days	**2,707**	4,690	9,338
Over 90 days	**24,554**	18,003	20,287
	111,780	66,135	102,003

The Group allows an average credit period ranging from 30 days to 90 days to its trade customers.

8. CREDITORS AND ACCRUED CHARGES

The aged analysis of trade creditors presented based on the invoice date at the end of the reporting period is as follows:

	31.3.2011	31.3.2010	1.4.2009
	HK$'000	*HK$'000*	*HK$'000*
0 – 30 days	**34,823**	18,684	29,264
31 – 60 days	**14,723**	16,859	16,914
61 – 90 days	**2,912**	2,032	19,641
Over 90 days	**43,682**	55,046	54,504
	96,140	92,621	120,323

The average credit period on purchases of goods is 90 days.

CHAIRMAN'S STATEMENT

Results

The Group's performance was adversely affected by the weak consumer spending and slow economic recovery in our two major markets, North America and Europe. Unemployment continued to be high throughout these regions during the fiscal year. Our sales turnover decreased by 14% or HK$101 million.

Electronics Division

Despite having the Polaroid brand in our video line, the market of the DVD category is contracting due to the popularity of on-line delivery of movie pictures. We also missed to capture the full benefits of the license when we acquired the license in April 2010 for most US sales are decided early in the calendar year. For us to take our competitors' shelf space, we must provide millions of dollars of mark down money to clear the inventory of our competitors. We did not pay these "entrance fees" to our retail customers as the risk was high with no assurance of future business.

In January 2011, we began selling a new line of digital imaging products under the Polaroid brand in US. Our launch of Polaroid cameras in January was at the Consumer Electronics Show in Las Vegas. We received good publicity from the appearance of Lady Gaga, who is the artistic designer for Polaroid. We made good progress in sales during the March quarter despite the camera products are highly seasonal.

Our line of karaoke and musical instrument was introduced in the Canadian market during the fiscal year and showed promising gain in sales during the fiscal year.

Our gross profit margin was similar to fiscal 2010 at 17%. Because our customers in North American and in Europe were facing slow economic recovery and high unemployment, we found it difficult to pass on the cost increases brought about by higher labor and material costs to our customers. Our margin was also affected by the weakened US dollar against the rising Chinese RMB, which is the functional currency in our manufacturing operation.

Selling and distribution costs were reduced by HK$25 million and administrative expenses by HK$13 million. The savings in distribution costs were attributable to the better operation of our logistic warehouse function.

Finance costs were reduced by HK$3 million due to a lower level of borrowing.

The Group reported a net loss of HK$43.9 million in fiscal 2011.

Securities Trading

The Group recorded a segment profit of HK$117,000 for the year.

Prospect

During fiscal 2011, we progressively built up a strong marketing team in US to focus on selling the Polaroid lines of DVD, TV and camera. We have confidence in the performance of this group to open new accounts in fiscal 2012. The Polaroid Instant Camera is a popular seller. We will be adding to this concept instant mobile photo printers and papers in fiscal 2012.

Although the DVD market has contracted and the demand for Blu Ray DVD players has not gained speed, we are monitoring the trend and will be ready when we have the right indication. We are competitive in the LCD and LED TV market and will be selling more TV and DVD combo units to supplement the contraction in the stand alone DVD products in the future.

Our marketing focus will be on building up the digital imaging line to about 35% of our sales turnover in fiscal 2012. We are confident that Polaroid has access to the right technology partners to land new products with advanced technological features. We are hopeful that the talent of Lady Gaga as the Artist Director for Polaroid will bring new designs to please the consumers.

In anticipation that operating costs will continue to rise in southern China in the future, we will explore to out-source products from factories located in the less populous and less affluent regions of China as a strategy to keep our costs low.

We are encouraged by the upward trend in our turnover in the recent months. If the economic conditions did not deteriorate further in fiscal 2012, we are cautiously optimistic that the uptrend in sales is sustainable.

FINANCIAL POSITION

Liquidity and Financial Resources

The financial position of the Group remained stable. As at 31 March 2011, cash and deposits amounted to HK$69 million, as compared to HK$80 million last year.

Gearing ratio calculated as total borrowings to shareholders' funds was 0.38 (2010: 0.36), and net borrowings to shareholders' funds was 0.27 for the year (2010: 0.23). Current ratio calculated as current assets to current liabilities changed to 1.48 from 1.46 last year.

Financing and Capital Structure

The Group finances its operations by combination of equity and borrowings. As at 31 March 2011, the Group's total borrowings is about HK$253 million (2010: HK$219 million), of which the whole amount is repayable within one year. Net borrowings, calculated as borrowings less bank balances and cash, is HK$184 million (2010: HK$139 million).

The Group's transactions were mostly denominated in US dollars and Hong Kong dollars. The exposure to exchange rate risk was insignificant.

On 31 May 2010, the Company has proposed an open offer to the then existing shareholders to subscribe for 628,071,062 new shares at a price of HK$0.12 per share on the basis of four shares for every five adjusted shares held by the qualifying shareholders on 23 June 2010. The fund of approximately HK$75,369,000 was received by the Company on 14 July 2010.

Pledge of Assets

As at 31 March 2011, the Group pledged certain assets and liabilities with carrying value of HK$77 million (2010: HK$32 million) to secure general credit facilities and margin accounts with brokers.

Contingent Liabilities

As at 31 March 2011, the Group had no contingent liabilities.

STAFF

As at 31 March 2011, the Group had a total staff of 1,141 of which 1,053 were employed in the PRC for the Group's manufacturing and distribution 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. The Board of directors of the Company ("the Board") firmly believes that to maintain a good, solid and sensible framework of corporate governance will ensure the Company to run its business in the best interests of its shareholders as a whole.

The Company adopted all the code provisions in the Code on Corporate Governance Practices ("the Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") as its own code on corporate governance practices.

During the year ended 31 March 2011, the Company has complied with the Code except the following:

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. Philip Lau Sak Hong is currently the chairman and managing director of the Company. Having considered the current business operation and the size of the Group, the Board 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. Philip Lau Sak Hong, 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.

AUDIT COMMITTEE

The audit committee comprises two Independent Non-Executive Directors and a Non- Executive Director and reports directly to the Board of Directors. The audit committee meets regularly with the Group's senior management to review the financial reporting and internal control systems of the Group as well as the financial statements of the Company. The audit committee has reviewed the annual results of the Group for the year ended 31 March 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code during the year ended 31 March 2011.

BOARD OF DIRECTORS

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

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

Hong Kong, 29 June 2011

* *For identification purpose only*