

Starlight Achieves Record High Half Year Results

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**Turnover Jumps to HK\$1,479 Million
Profit Attributable to Shareholders Surges 60% to HK\$82 Million****Financial Highlights**

	For the six months ended 30 September (in HK\$ million)		YOY Change
	<u>2005/06</u>	<u>2006/07</u>	
Turnover	837	1,479	+77 %
Profit attributable to shareholders	51	82	+60%
Gross profit margin	13.8%	19.0%	+5.2%pts
Basic earnings per share (HK cents)	6.7	10.8	+61%
Dividend per share (HK cents)	3.0	4.5	+50%
Cash on hand	82	153	+87%

(Hong Kong, 20 December 2006) Starlight International Holdings Limited (“Starlight” or “the Group”; HKEx code: 485), a world leading manufacturer and distributor of consumer electronics, announced its interim results for the six months ended 30 September 2006.

Review

During the period under review, the Group recorded turnover of HK\$1,479 million, approximately 77% higher than the corresponding period last year. Gross profit grew by approximately 144% to HK\$281 million. Gross margin rose to 19.0% from 13.8% over the same period last year. Profit attributable to shareholders increased by a substantial 60% to HK\$82 million. Basic earnings per share reached HK10.8 cents (2005/06 interim: HK6.7 cents).

The board has proposed declaring an interim dividend of HK4.5 cents per share (2005/06 interim: HK3.0 cents).

Commenting on the Group’s results, **Mr. Philip Lau, Chairman of Starlight**, said, “I am very pleased that the Group’s strategic initiatives to build a solid foundation for long-term development – undertaken in the past two years – have begun to bear fruit. We have not only achieved record high interim sales and profit, but have evolved from a OEM/ODM manufacturer to a brand and license owner equipped with design capability and a comprehensive distribution network, leading us to a new era of robust growth.”

The surge in turnover and profit were mainly the result of the impressive growth from all lines of the Group's video products, with youth electronics recording the strongest growth. Sales of portable TFT DVD players and TV DVD combo units have also surged significantly.

During the period, OEM business has been completely phased out (2005/06 interim: OEM business accounted for 7% of turnover), while lower margin audio products have been replaced by high-value-added products such as MP3s and youth themed products.

The success of the Group's strategy of selling directly to mass retailers in North America and Europe has not only strengthened the Group's position as a preferred manufacturer, but also contributed to growth in turnover and better gross margin – having eliminated middleman costs. In addition, turnover from product manufacturing for mass retailers' private labels, such as Target's "Trutech" and Circuit City's "NexxTech", also increased significantly.

Furthermore, the Group's new subsidiary in the United States, Singing Machine Company, Inc. (AMEX: SMD), quickly turned around after its acquisition, thanks to the stringent cost control measures imposed. Accordingly, it contributed sales of HK\$111 million and net profit of HK\$3.3 million to the Group's consolidated results for the period.

In terms of geographical markets, business from America and Europe accounted for 70% and 29% of the Group's turnover respectively, with the remaining 1% accounted by Asia and other markets.

Prospects

The Group is highly optimistic about its performance in the second half of the fiscal year as management expects demand for video products to continue to be strong. Growth momentum of private label product business will also sustain. Delivery of Disney products will begin in January 2007, with major retailers in the United States and Canada having committed to purchase many new products that fall under the four most popular Disney franchises that the Group licenses.

Moreover, the Group plans to launch two new product lines, kitchen electronics and digital photo frames, at the 2007 International CES in Las Vegas in January. The Group has already received very positive feedback from key customers for these new audio and video products and has the necessary capacity to make delivery.

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Mr. Lau concluded, "Leveraging our significantly extended value chain and strategically acquired distribution network, we will continue to develop more innovative products and expand our markets in the near future, aiming to bring the best returns to our shareholders."

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About Starlight International Holdings Limited

Founded in 1969, Starlight International Holdings Limited is a world leading manufacturer and distributor of consumer electronic products. Its vertically integrated production facility, diversified product mix and strong financial support have enabled it to become one of the most preferred partners of leading mass retailers in the US and Europe. Starlight manufactures audio-visual products that satisfy the different needs of its clients from around the world. The Group has established long term relationships with various world-renowned branded customers, such as Philips, Polaroid, Hitachi and Emerson, and highly reputable mass retailers including Tesco, Asda, Dixons and Argos in Europe, and K Mart, Wal-Mart, Circuit City, Best Buy, Target, and Sears in the US. With an extensive sales network boasting global coverage, the Group serves markets in North and South America, Europe, Asia, and Africa, with major focus in the US and Europe.

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