SHINHINT ACOUSTIC LINK HOLDINGS LIMITED

成謙聲匯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2728)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

The board of directors (the "Board") of Shinhint Acoustic Link Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2007 together with the comparative figures for the corresponding period in 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2007

		Six months ended 30th June,	
		2007	2006
	NOTES	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**474,049**	465,349
Cost of sales		**(413,524)**	(411,104)
Gross profit		**60,525**	54,245
Other income		**1,085**	1,464
Selling and distribution costs		**(9,761)**	(8,679)
Administrative expenses		**(36,299)**	(32,596)
Loss on disposal of an associate		**–**	(3,944)
Finance costs		**(1,038)**	(1,506)
Profit before taxation	*5*	**14,512**	8,984
Income tax expense	*6*	**(2,367)**	(1,112)
Profit for the period		**12,145**	7,872
Dividend paid	*7*	**12,560**	8,495
		HK cents	*HK cents*
Earnings per share	*8*		
– Basic		**3.85**	2.60
– Diluted		**N/A**	2.59

CONDENSED CONSOLIDATED BALANCE SHEET
At 30th June, 2007

	30th June, 2007 HK$'000 (Unaudited)	31st December, 2006 HK$'000 (Audited)
Non-current assets		
Property, plant and equipment	**61,609**	57,784
Club membership	**978**	978
Pledged bank deposits	**3,342**	3,291
	65,929	62,053
Current assets		
Inventories	**143,769**	135,363
Trade debtors, deposits and prepayments	**183,881**	359,564
Pledged bank deposits	**4,212**	1,161
Bank balances and cash	**150,001**	117,013
	481,863	613,101
Current liabilities		
Trade creditors and accrued charges	**238,627**	337,801
Bills payable	**1,848**	9,850
Amount due to a related company	**622**	14,467
Tax liabilities	**4,000**	3,949
Obligations under finance leases – due within one year	**483**	110
Bank borrowings – due within one year	**13,352**	38,241
	258,932	404,418
Net current assets	**222,931**	208,683
Total assets less current liabilities	**288,860**	270,736
Capital and reserves		
Share capital	**3,305**	3,034
Reserves	**278,856**	259,353
	282,161	262,387
Non-current liabilities		
Obligations under finance leases – due after one year	**824**	–
Bank borrowings – due after one year	**2,972**	5,206
Deferred tax liabilities	**2,903**	3,143
	6,699	8,349
	288,860	270,736

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2007

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2006.

In the current period, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1st January, 2007.

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial reporting in hyperinflationary economies[2]
HK(IFRIC) – INT 8	Scope of HKFRS 2[3]
HK(IFRIC) – INT 9	Reassessment of embedded derivatives[4]
HK(IFRIC) – INT 10	Interim financial reporting and impairment[5]

1 Effective for annual periods beginning on or after 1st January, 2007.
2 Effective for annual periods beginning on or after 1st March, 2006.
3 Effective for annual periods beginning on or after 1st May, 2006.
4 Effective for annual periods beginning on or after 1st June, 2006.
5 Effective for annual periods beginning on or after 1st November, 2006.

The adoption of these new HKFRSs had no material effect on the results and financial position for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards or interpretations that have been issued but are not yet effective. The directors of the Company are in the process of assessing the potential impact of these new or revised standards or interpretations and so far anticipate that the application of these new or revised standards or interpretations will have no material financial impact on the results and the financial position of the Group.

HKAS 23 (Revised)	Borrowing costs[1]
HKFRS 8	Operating segments[1]
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions[2]
HK(IFRIC) – INT 12	Service concession arrangements[3]

1 Effective annual periods beginning on or after 1st January, 2009.
2 Effective annual periods beginning on or after 1st March, 2007.
3 Effective annual periods beginning on or after 1st January, 2008.

3. REVENUE

Revenue represents the net amount received and receivable for goods sold by the Group to outside customers, less returns and allowances, during the period.

4. SEGMENTAL INFORMATION

The Group is currently organised into five revenue streams - sale of communication products, multi-media products, entertainment products, audio products and others. These revenue streams are the basis on which the Group reports its primary segment information.

The Group's revenue and profit for the six months ended 30th June, 2007 and 30th June, 2006 by business segment are as follows:

	Communication products *HK$'000*	**Multi-media products** *HK$'000*	**Entertainment products** *HK$'000*	**Audio products** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Six months ended 30th June, 2007						
REVENUE						
External sales	**65,433**	**244,539**	**113,375**	**6,125**	**44,577**	**474,049**
RESULT						
Segment result	**5,327**	**6,202**	**4,235**	**175**	**498**	**16,437**
Unallocated other income						**1,085**
Unallocated corporate expenses						**(1,972)**
Finance costs						**(1,038)**
Profit before taxation						**14,512**
Income tax expense						**(2,367)**
Profit for the period						**12,145**

	Communication products *HK$'000*	Multi-media products *HK$'000*	Entertainment products *HK$'000*	Audio products *HK$'000*	Others *HK$'000*	Total *HK$'000*
Six months ended 30th June, 2006						
REVENUE						
External sales	60,580	204,769	147,104	12,926	39,970	465,349
RESULT						
Segment result	4,803	5,582	4,685	1,303	(677)	15,696
Unallocated other income						1,180
Unallocated corporate expenses						(2,442)
Loss on disposal of an associate						(3,944)
Finance costs						(1,506)
Profit before taxation						8,984
Income tax expense						(1,112)
Profit for the period						7,872

5. PROFIT BEFORE TAXATION

	Six months ended 30th June, **2007** *HK$'000*	2006 *HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Depreciation	**7,747**	7,646
Loss on disposal of property, plant and equipment	**153**	7
Write down of inventories	**1,109**	184
Interest income	**(875)**	(1,032)

6. INCOME TAX EXPENSE

	Six months ended 30th June, 2007 HK$'000	2006 HK$'000
Income tax for the period		
Hong Kong	**2,607**	1,601
Overprovision in prior years		
Hong Kong	**–**	(435)
	2,607	1,166
Deferred tax for the period	**(240)**	(54)
	2,367	1,112

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profits for both periods.

Deferred tax has been provided for temporary differences arising from accelerated tax depreciation in respect of property, plant and equipment in both periods.

7. DIVIDEND PAID

During the period ended 30th June, 2007, a dividend of HK$0.038 per share (six months ended 30th June, 2006: HK$0.028) was declared to shareholders as the final dividend for 2006.

The directors have determined that an interim dividend of HK$0.016 per share (six months ended 30th June, 2006: HK$0.015 per share) should be paid to the shareholders of the Company whose names appear in the Register of Members on 5th October, 2007.

8. EARNINGS PER SHARE

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

	Six months ended 30th June, 2007 HK$'000	2006 HK$'000
Earnings for the purposes of basic and diluted earnings per share	**12,145**	7,872

	30th June, 2007 Number of shares	30th June, 2006 Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	**315,683,938**	302,815,608
Effect of dilutive potential ordinary shares:		
Share options		574,987
Weighted average number of ordinary shares for the purposes of diluted earnings per share		303,390,595

No diluted earnings per share is presented for the current period because there is no potential ordinary shares outstanding throughout the period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30th June, 2007, the Group reported a turnover of HK$474,049,000, representing an increase of 1.9% against the corresponding period of last year. The slight rise in turnover is expected to be bolstered further as many new projects under development are launched in the second half of the year.

The Group's gross profit rose by a respectable 11.6% to HK$60,525,000, up from HK$54,245,000 year on year. This encouraging result was contributed from efforts at enhancing efficiency, which included integration of an ERP system and Cellular Manufacturing process. A further means of raising gross profit has been the Group's successful campaign at improving and enhancing the profile of its product mix. Nevertheless, the overall business environment can be characterized as challenging, impacting on all industry players including the Group.

With regards to net profit, the Group achieved remarkable year on year growth of 54.3% to HK$12,145,000 from HK$7,872,000 recorded in the last corresponding period. This was due to the factors of improved gross profit margin, greater efficiency and the benefit of disposal of interest in an associate in the corresponding period of last year, thus clearing its books of the one-time, non-recurring loss incurred from exiting the joint venture.

With demand for portable digital players and related peripherals remaining robust, the Multi-media Products ("MM") segment achieved a significant 19.4% rise in turnover to HK$244,539,000 or 51.6% of total turnover. Such favorable growth was due to increase shipments of iPod and personal computer related peripherals – consistent with the global trend. Communication Products ("CP") saw steady growth, achieving a decent gain of 8.0% in turnover, to HK$65,433,000 in monetary terms, or 13.8% of total revenue. In part, this was due to the increasing popularity of mobile phones, internet telephony and wireless communication tools, which extended to associated products. Meanwhile, shipments of Entertainment Products ("EP"), saw a decline of 22.9% year on year, recording a turnover of HK$113,375,000, accounting for 23.9% of the Group's total turnover. During the review period, this segment underwent a consolidation phase though orders have subsequently stabilized. As the Group continued to manufacture Audio Products ("AP") on a highly selective basis, this was expectedly reflected by a gradual falling-off in shipments for this product segment.

Apart from the above mentioned segments, the Group actively explored new market opportunities for its technologies, including acoustic solutions for automobiles, flat panel displays such as LCD TVs and computer monitors, as well as other electronic gadgets. In each case, design and form holds particular significance, often presenting tight parameters that only sophisticated acoustic solutions can complement. In alliance with New Transducers Limited – renowned for flat panel speakers – the Group has jointly developed speaker systems using Balance Radiator ("BR") technology, duly gaining market recognition as an innovative acoustic solution that has valuable applications in the industry. Fittingly, as a means of managing present and future demand for acoustic solutions, a new factory in ChangAn Town, Dongguan, has been onlined as of May 2007.

PROSPECTS

The Group is confident about its key business segments as demand continues to be solid on several fronts. The personal computer industry, for one, provides favorable prospects as a large group of consumers have sought to upgrade their computers in order to run the latest operating system, i.e. Windows Vista. This will drive demand for enhanced entertainment peripherals and multi-functional devices to process various entertainment requirements, hence directly benefiting the Group.

Tapping into the latest opportunities, the Group has begun to develop accessories specifically for a popular multi-media and internet-enabled mobile phone and this should have highly positive ramifications for the MM segment. Opening new horizons for the Group's EP business, migration to a more high-end market will be pursued, thus appealing to the interest of consumers with greater purchasing power.

Raising expectations for the CP business, the Group has reached a new agreement with a European top-tier customer for the provision of wireless and corded headsets, with shipments expected to start in 2008. Also, drawing considerable optimism for this segment is the ongoing enforcement of legislation requiring motorists to adopt hands-free devices such as Bluetooth wireless headsets, both in the United States and EU, the former encompassing around 40 states while the latter covering over 20 countries. Accordingly, this trend is expected to spur greater business growth.

For the development of BR patented speakers, the Group was awarded with a complete acoustic solution order from a renowned television manufacturer, and shipments are expected to commence by the end of 2007. Still other BR technology-based speaker projects under development include portable devices and multi-media applications which are proceeding well within the Group's prescribed time frame, and are expected to become growth drivers upon their launch.

To generate still greater momentum, the Group will seek to further strengthen its competence all around, having already recruited professionals to augment its product development team and acoustic engineering operations.

For mitigating the negative effects of Renminbi appreciation, increasing labor costs, and shortage in skilled labor, the Group will continue to concentrate on achieving greater efficiency and controlling operating costs, having already utilized automated loading docks, thereby cutting down on labor-intensive processes. The subsequent implementation of Cellular Manufacturing process in further phases, conducted in April and May 2007, has also advanced the Group's drive for efficiency. Enhancing ERP system will likewise boost such efforts, enabling better management and integration of the Group's various processes.

By maintaining sufficient cash on hand to finance new business ventures, explore sales opportunities in the PRC, and actively study prospects for mergers and acquisitions, these initiatives will also go towards facilitating the Group's long-term progress.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's working capital continued to improve. Net current assets were at HK$222,931,000 (31st December 2006: HK$208,683,000). The Group's current ratio, being the proportion of total current assets against total current liabilities, was 1.9 as compared to 1.5 at last year end.

As at 30th June, 2007, the Group maintained a healthy cash level with cash and cash equivalents of HK$150,001,000 (31st December, 2006: HK$117,013,000) and unutilized banking facilities of HK$73,152,000 (31st December, 2006: HK$52,553,000). The Group had bank borrowings of HK$16,324,000 (31st December, 2006: HK$43,447,000) which represented a decrease of HK$27,123,000 over last year end.

The gearing ratio of the Group decreased to 5.8% from 16.6% as at 31st December, 2006. The ratio is computed by dividing total borrowings of HK$16,324,000 (2006: HK$43,447,000) by shareholders' equity of HK$282,161,000 (2006: HK$262,387,000).

It is the policy of the Group to adopt a prudent financial management strategy and maintain a high level of liquidity and banking facilities to meet the funding requirement of the Group's operations and investment opportunity.

Treasury Policies

The Group does not engage in any highly leveraged or speculative derivative products. Since the Group's sales and raw material purchases are conducted in US dollars and Hong Kong dollars, the Board believes that the Group will have sufficient foreign exchange reserves to match necessary requirements. Although part of manufacturing overhead is denominated in Renminbi, the Group's exposure to risk associated with its exchange is not significant. Still, the Group will closely monitor the movement of the Renminbi exchange rate. During the six-month period ended 30th June, 2007, the Group did not use any financial instruments for the purpose of hedging.

Contingent Liabilities

As at 30th June, 2007, the Group had no material contingent liabilities.

Pledges on the Group's Assets

As at 30th June, 2007, bank deposits of the Group in the aggregate amount of HK$7,554,000 (31st December, 2006: HK$4,452,000) had been pledged to secure the Group's banking facilities. Except for the above charges, all of the Group's assets are free from any encumbrances.

Human Resources

As at 30th June, 2007, the Group employed a total of approximately 5,200 employees (30th June, 2006: 4,100) in Hong Kong and the PRC collectively. Staff costs (excluding directors' emoluments) amounted to approximately HK$45,985,000 (30th June, 2006: HK$34,907,000). The Group recruits and selects applicants for employment on the basis of their qualifications and suitability for the position. It is the Group's policy to recruit the most capable person available for each position. The Group continues to offer competitive remuneration package and bonuses to eligible staff, based on the performance of the Group and the individual employee.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.6 cents per share for the six months ended 30th June, 2007 (2006 interim dividend: HK1.5 cents). The interim dividend will be paid to shareholders whose names appear on the Register of Members of the Company at the close of business on 5th October, 2007. It is expected that the interim dividend will be paid on or about 18th October, 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 3rd October, 2007 to Friday, 5th October, 2007 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Tuesday, 2nd October, 2007.

CORPORATE GOVERNANCE

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the six months ended 30th June, 2007, applied and complied with the principles in the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Listing Rules, except for the deviation from CG Code provision A.2.1, which stipulated that the roles of chairman and chief executive officer should be separate 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.

During the six months ended 30th June, 2007, Mr. Cheung Wah Keung is the Chairman, the Chief Executive Officer and an Executive Director of the Company. The Board considers that, given the Group's current stage of development, vesting the roles of Chairman and Chief Executive Officer in the same person facilitates the execution of the Group's business strategies and maximizes effectiveness of its operations. The Board considers that further separation of the roles of Chairman and Chief Executive Officer is not necessary for the time being. The Board shall nevertheless review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. On specific enquiry made, all the directors of the Company have confirmed that they have fully complied with the required standards set out in the Model Code throughout the six months ended 30th June, 2007.

AUDIT COMMITTEE

The Audit Committee assists the Board in discharging its responsibilities for corporate governance, financial reporting and corporate control. The Audit Committee consists of three Independent Non-Executive Directors, namely Mr. Lai Ming, Joseph, Dr. Lam King Sun, Frankie and Mr. Goh Gen Cheung. It is chaired by Mr. Lai Ming, Joseph, who has the appropriate professional accounting qualification and financial management expertise.

The interim results of the Group for the six months ended 30th June, 2007 have not been audited, but have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu. The Audit Committee has also reviewed with senior management of the Group, the unaudited condensed consolidated financial statements of the Group for the six months ended 30th June, 2007.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of shares of the Company by the Company or any of its subsidiaries during the period.

APPRECIATION

The Board would like to take this opportunity to express our sincere gratitude to our shareholders for their continuous support and to my fellow directors and staff for their contributions to the Group.

By order of the Board
Cheung Wah Keung
Chairman and Chief Executive Officer

Hong Kong, 14th September, 2007

As at the date of this announcement, the Company has three Executive Directors, namely Mr. Cheung Wah Keung (Chairman), Mr. Ip Wai Cheong, Ernest and Mr. Wang Dong and three independent non-executive Directors, namely Mr. Lai Ming, Joseph, Dr. Lam King Sun, Frankie and Mr. Goh Gen Cheung.