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)

FINAL RESULTS FOR THE YEAR 2007

The Board of Directors (the "Board") of Shinhint Acoustic Link Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2007 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31st December, 2007

	NOTES	**2007** *HK$'000*	2006 *HK$'000*
Revenue	3	**1,364,536**	1,174,157
Cost of sales		**(1,188,401)**	(1,022,255)
Gross profit		**176,135**	151,902
Other income	4	**3,041**	2,653
Selling and distribution costs		**(25,642)**	(22,434)
Administrative expenses		**(85,308)**	(67,982)
Loss on disposal of an associate		**-**	(3,944)
Finance costs	5	**(1,572)**	(2,487)
Profit before taxation	6	**66,654**	57,708
Taxation	7	**(8,753)**	(7,379)
Profit for the year		**57,901**	50,329
Dividends	8	**17,848**	13,046
Earnings per share	9		
Basic (HK dollar)		**0.18**	0.17
Diluted (HK dollar)		**N/A**	0.17

CONSOLIDATED BALANCE SHEET
At 31st December, 2007

	NOTES	**2007**	2006
		HK$'000	*HK$'000*
Non-current Assets			
Property, plant and equipment		**75,181**	57,784
Club membership		**978**	978
Pledged bank deposits		**-**	3,291
		76,159	62,053
Current Assets			
Inventories		**141,368**	135,363
Trade debtors, deposits and prepayments	10	**365,898**	359,564
Pledged bank deposits		**-**	1,161
Bank balances and cash		**167,272**	117,013
		674,538	613,101
Current Liabilities			
Trade creditors and accrued charges	11	**403,250**	337,801
Bills payable	12	**4,434**	9,850
Amount due to a related company		**-**	14,467
Tax liabilities		**1,148**	3,949
Obligations under finance leases			
- due within one year		**498**	110
Bank borrowings - due within one year		**12,498**	38,241
		421,828	404,418
Net Current Assets		**252,710**	208,683
Total Assets less Current Liabilities		**328,869**	270,736
Capital and Reserves			
Share capital	13	**3,305**	3,034
Reserves		**319,629**	259,353
Total Equity		**322,934**	262,387
Non-current Liabilities			
Obligations under finance leases			
- due after one year		**571**	-
Bank borrowings - due after one year		**1,667**	5,206
Deferred tax liabilities		**3,697**	3,143
		5,935	8,349
		328,869	270,736

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2007

1. Basis of Presentation

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's parent and ultimate holding company is Pro Partner Developments Limited (incorporated in the British Virgin Islands). The addresses of the registered office and the principal place of business of the Company are disclosed in the Corporate Information to the annual report.

The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the Group) and are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. Application of New and Revised Hong Kong Financial Reporting Standards

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

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) - INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) - INT 8	Scope of HKFRS 2
HK(IFRIC) - INT 9	Reassessment of Embedded Derivatives
HK(IFRIC) - INT 10	Interim Financial Reporting and Impairment

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 required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new or revised standards, amendment or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments [1]
HK(IFRIC) - INT 11	HKFRS 2 - Group and Treasury Share Transactions[3]
HK(IFRIC) - INT 12	Service Concession Arrangements [4]
HK(IFRIC) – INT 13	Customer Loyalty Programmes[5]
HK(IFRIC) – INT 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Fund Requirements and their Interaction[4]

[1] Effective for annual periods beginning on or after 1st January, 2009
[2] Effective for annual periods beginning on or after 1st July, 2009
[3] Effective for annual periods beginning on or after 1st March, 2007
[4] Effective for annual periods beginning on or after 1st January, 2008
[5] Effective for annual periods beginning on or after 1st July, 2008

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company are in the process of assessing the potential impact of these new or revised standards, amendment or interpretations and so far anticipate that the application of these new or revised standards, amendment or interpretations will have no material financial impact on the results and financial position of the Group.

3. Revenue and Segment Information

Revenue

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

Business segments

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.

Segment information about these businesses is presented below:

2007

	Communication products HK$'000	Multi-media products HK$'000	Entertainment products HK$'000	Audio products HK$'000	Others HK$'000	Consolidated HK$'000
REVENUE						
External sales	156,885	700,904	362,188	37,556	107,003	1,364,536
RESULT						
Segment result	13,335	35,396	18,109	451	881	68,172
Unallocated income						3,041
Unallocated corporate expenses						(2,987)
Finance costs						(1,572)
Profit before taxation						66,654
Taxation						(8,753)
Profit for the year						57,901

Balance sheet

	Communication products HK$'000	Multi-media products HK$'000	Entertainment products HK$'000	Audio products HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS						
Segment assets	66,412	303,415	156,659	13,740	41,728	581,954
Unallocated corporate assets						168,743
Consolidated total assets						750,697
LIABILITIES						
Segment liabilities	47,260	204,176	105,640	13,553	35,934	406,563
Unallocated corporate liabilities						21,200
Consolidated total liabilities						427,763

Other information

	Communication products HK$'000	Multi-media products HK$'000	Entertainment products HK$'000	Audio products HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
Capital expenditure	4,109	16,107	8,367	1,707	3,998	-	34,288
Depreciation	1,800	8,987	4,626	127	712	-	16,252
Loss on disposal of property, plant and equipment	74	293	153	30	71	-	621
Impairment losses on trade debtors	32	164	84	-	9	-	289
Write down of inventories	746	3,869	1,989	6	225	-	6,835
Bad debt written off	82	42	16	-	4	-	144

2006

	Communication products *HK$'000*	Multi-media products *HK$'000*	Entertainment products *HK$'000*	Audio products *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
REVENUE						
External sales	169,420	515,588	357,877	40,917	90,355	1,174,157
RESULT						
Segment result	14,007	27,979	19,498	1,136	(771)	61,849
Unallocated income						2,653
Unallocated corporate expenses						(363)
Loss on disposal of an associate	-	-	-	(3,944)	-	(3,944)
Finance costs						(2,487)
Profit before taxation						57,708
Taxation						(7,379)
Profit for the year						50,329

Balance sheet

	Communication products *HK$'000*	Multi-media products *HK$'000*	Entertainment products *HK$'000*	Audio products *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
ASSETS						
Segment assets	79,437	234,094	166,740	22,133	49,379	551,783
Unallocated corporate assets						123,371
Consolidated total assets						675,154
LIABILITIES						
Segment liabilities	51,936	152,226	108,902	14,789	33,042	360,895
Unallocated corporate liabilities						51,872
Consolidated total liabilities						412,767

Other information

	Communication products *HK$'000*	Multi-media products *HK$'000*	Entertainment products *HK$'000*	Audio products *HK$'000*	Others *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Capital expenditure	2,367	7,202	4,999	572	1,262	718	17,120
Depreciation	2,290	6,970	4,838	553	1,222	145	16,018
Loss on disposal of property, plant and equipment	58	176	122	14	31	-	401
Impairment losses on trade debtors	15	46	32	4	8	-	105
Write down of inventories	256	779	540	62	136	-	1,773

Geographical segments

Segment information regarding the Group's sales by geographical market, irrespective of the origin of the goods is presented below:

	Revenue by geographical market	
	2007	2006
	HK$'000	*HK$'000*
Europe	**724,000**	536,552
America	**502,598**	490,772
The People's Republic of China	**43,179**	68,472
Other Asia regions	**94,759**	78,361
	1,364,536	1,174,157

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Europe	**323,859**	293,080	**-**	-
America	**1,646**	15,375	**-**	-
The People's Republic of China	**253,924**	241,149	**34,288**	17,072
Other Asia regions	**2,525**	2,179	**-**	48
	581,954	551,783	**34,288**	17,120

4. Other Income

	2007	2006
	HK$'000	*HK$'000*
Bank interest income	**2,419**	1,664
Sundry income	**622**	989
	3,041	2,653

5. Finance Costs

	2007	2006
	HK$'000	*HK$'000*
Finance charges on obligations under finance leases	**72**	43
Interest on bank borrowings wholly repayable within five years	**1,500**	2,444
	1,572	2,487

6. Profit Before Taxation

	2007	2006
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Auditor's remuneration		
Current year	**1,300**	1,300
Overprovision in prior years	**-**	(1)
	1,300	1,299
Cost of inventories recognised as an expense	**1,188,401**	1,022,255
Depreciation		
Owned assets	**16,107**	15,519
Assets held under finance leases	**145**	499
	16,252	16,018
Write down of inventories	**6,835**	1,773
Net exchange loss	**6,039**	2,181
Directors' emoluments	**4,724**	4,733
Retirement benefit scheme contributions	**2,078**	1,361
Other staff costs	**113,158**	78,030
Total staff costs	**119,960**	84,124
Operating lease rentals in respect of rented premises	**2,441**	1,246
Other rental expenses	**8,792**	8,194
Research and development costs	**1,134**	1,749
Loss on disposal of property, plant and equipment	**621**	401
Bad debt written off	**144**	-
Impairment losses on trade debtors	**289**	105

7. Taxation

	2007	2006
	HK$'000	*HK$'000*
The charge comprises:		
Current taxation		
Hong Kong Profits Tax	**8,270**	7,990
Other jurisdictions	**-**	9
	8,270	7,999
Overprovision in respect of prior years		
Hong Kong Profits Tax	**(71)**	(162)
	8,199	7,837
Deferred taxation		
Current year	**554**	(458)
	8,753	7,379

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year.

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

8. Dividends

	2007 *HK$'000*	2006 *HK$'000*
Dividend recognised as distribution during the year:		
Interim - HK1.6 cents per share (2006: HK1.5 cents)	**5,288**	4,551
Final - HK3.8 cents per share (2006: HK2.8 cents)	**12,560**	8,495
	17,848	13,046

The final dividend of HK3.9 cents (2006: HK3.8 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	2007 *HK$'000*	2006 *HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year)	**57,901**	50,329

	2007 *'000*	2006 *'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**323,162**	303,109
Effect of dilutive potential ordinary shares:		
Share options		285
Weighted average number of ordinary shares for the purposes of diluted earnings per share		303,394

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

10. Trade Debtors, Deposits and Prepayments

	2007 *HK$'000*	2006 *HK$'000*
Trade debtors	**355,078**	343,246
Less: impairment losses on trade debtors	**(289)**	(434)
	354,789	342,812
Other debtors, deposits and prepayments	**11,109**	16,752
	365,898	359,564

The Group normally allows an average credit period of 30 days to 90 days (2006: 30 days to 90 days) to its trade customers, and may be further extended to selected customers depending on their trade volume and settlement with Group.

The following is an aged analysis of trade debtors (net of impairment losses) at the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	**128,835**	125,401
31 to 60 days	**153,304**	146,545
61 to 90 days	**69,430**	50,105
91 to 120 days	**2,252**	7,742
Over 120 days	**968**	13,019
	354,789	342,812

11. Trade Creditors and Accrued Charges

The following is an aged analysis of the trade creditors at the respective balance sheet dates:

	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	**94,713**	73,677
31 to 60 days	**108,131**	82,680
61 to 90 days	**81,676**	68,145
91 to 120 days	**62,654**	48,190
Over 120 days	**21,438**	35,570
	368,612	308,262
Accrued charges	**34,638**	29,539
	403,250	337,801

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

12. Bills Payable

The following is an aged analysis of the bills payable, with maturity date of 90 days (2006: 90 days), at the respective balance sheet dates:

	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	**929**	1,159
31 to 60 days	**799**	6,151
61 to 90 days	**2,706**	2,540
	4,434	9,850

13. Share Capital of the Company

	Number of shares	Amount *HK$'000*
Ordinary shares of HK$0.01 each:		
Authorised:		
At 1st January, 2006, 31st December, 2006 and 31st December, 2007	500,000,000	5,000
Issued and fully paid:		
At 1st January, 2006	300,000,000	3,000
Exercise of share options	3,397,500	34
At 31st December, 2006	303,397,500	3,034
Placement of new shares	27,120,064	271
At 31st December, 2007	330,517,564	3,305

The following changes in the share capital of the Company took place during the years ended 31st December, 2006 and 31st December, 2007:

(i) On 1st February, 2006, 3,397,500 new ordinary shares of the Company of HK$0.01 each were issued upon exercise of share options granted to a director of the Company.

(ii) On 27th March, 2007, Pro Partner Developments Limited ("Pro Partner"), the controlling shareholder of the Company entered into a legally binding arrangement with China Development Capital Partnership Master Fund LP and General Motors Investment Management Corporation (collectively known as the "Purchasers"), under which Pro Partner agreed to place 27,120,064 ordinary shares of HK$0.01 each of the Company (the "Placing") at a price of HK$0.75 per share to the Purchasers. The Placing was subject to, amongst others, Pro Partner to be allotted the same amount of new shares as the Placing shares placed under the Placing (the "Top-Up Subscription"). The Placing was completed on 28th March, 2007 and the Top-Up Subscription was completed on 10th April, 2007. The net proceed from the Top-Up Subscription (the price per share being HK$0.7477 reflecting the netting effects of associated transaction costs) received by the Company amounted to approximately HK$20 million, which will be used by the Company for its general working capital requirements. All the new shares issued rank *pari passu* in all respects with the then existing shares.

Simultaneous with the above, a minority shareholder of the Company informed the Company that it had agreed to sell and the Purchasers had agreed to acquire 14,479,936 ordinary shares of HK$0.01 each of the Company owned by the minority shareholder at a price of HK$0.75 per share, conditional on the completion of the Placing. The transaction took place on 28th March, 2007, simultaneously with the Placing.

Immediately after the above transactions, each of the Purchasers is interested in 20,800,000 ordinary shares of HK$0.01 each of the Company, representing approximately 6.29% of the Company's total issued share capital as enlarged by the Top-Up Subscription.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The public's insatiable desire for the most up-to-date, portable communication, entertainment, and multimedia devices has ensured demand for associated high-quality electro-acoustic peripherals remained equally robust. The increased interest in MP3 technology, for example, has meant that this digital audio encoding format has become widely integrated into numerous products including mobile phones, heightening its appeal even further.

Similarly, the availability of digital broadcasting in high definition format has elevated interest in flat-panel TVs and home entertainment systems. Not limited to these devices, laptop computers have begun to double as entertainment centers by consumers; consequently, global shipments of laptops have for the first time exceeded their desktop counterparts, fueling demand for highly connectable personal and portable audio accessories. In addition to this new trend, the use of Bluetooth headsets looks set to pick up once legislation banning motorists from using mobile phones is more vigorously enforced in Europe and the United States.

BUSINESS REVIEW

Company Overview

For the latest financial year, the Group consolidated its position in the electro acoustic peripheral products segment by streamlining its operational model and expanding the Group's talent pool, consequently achieving overall sales growth and stable margin. The Group made particular progress in its speaker driver business while realizing notable contributions from the multimedia, entertainment and automotive sectors. During the year, the Group also continued to scale down its activities in the audio products segment, a move that is consistent with management's strategy of migrating to higher margin products such as the aforementioned speaker businesses. In terms of geographical breakdown, Europe continued to represent the largest market for the Group, accounting for over 50% of sales. Having overtaken the United States in 2006, the European market further extended its lead in the latest financial period. Meanwhile sales to Asia also saw significant growth. Although the manufacturing environment in the PRC remained testing during the year, the Group was able to maintain its margin by leveraging improving efficiencies and passing part of material costs and overhead to customers.

Multimedia Peripheral Business

The multimedia peripheral business maintained its status as the Group's top revenue driver, accounting for 51.4% of total revenue. Driven by such factors as the ability to deliver more entertainment device solutions; rising market acceptance in Europe where consumers have begun to take greater interest in portable entertainment products; an upsurge in demand for notebooks; and the downsizing of digital music players which triggered a strong desire for complementary acoustic accessories, the Group realized solid sales growth. Specifically, segment turnover rose by 35.9% to HK$700,904,000, while segment result was recorded at HK$35,396,000, a rise of 26.5% over the corresponding period of last year (2006: HK$27,979,000).

Entertainment Peripheral Business

Offering exceptional acoustic performances to enhance consumers' entertainment experiences, this higher-end, high-quality product segment is generally less susceptible to economic slowdowns; and indeed, the Group's entertainment peripheral business continued to make headway. The growing view taken by consumers of workstations as entertainment centers; the availability of digital entertainment sources; and the popularity of MP3 products such as the iPod, were also reasons why the Group was able to maintain steady sales growth, up by 1.2% to HK$362,188,000 – accounting for 26.5% of total turnover; though a moderate decline in segmental result was experienced, down from HK$19,498,000 to HK$18,109,000.

Communication Peripheral Business

The communication peripheral business entered a temporary period of sluggishness as demand for Bluetooth wireless headsets tapered off in certain markets. While the governments of many European countries have banned the use of mobile phones by motorists, progress has been comparatively slow in the United States – a significant market for wireless headset devices. Consequently, the communication peripheral business recorded turnover of HK$156,885,000 for the review period, representing a decline of 7.4% year on year. Nevertheless, segmental result decreased by 4.8% from HK$14,007,000 to HK$13,335,000. In view of the high potential of this segment, backed by increasing popularity of multimedia mobile handsets, internet telephony and wireless communication capabilities, the Group has dedicated more resources specifically for the development of communication peripheral products. A few projects have subsequently been won during the year and shipments will start in 2008.

New Business Initiatives – Complete Acoustic Solutions

In accordance with the Group's strategic direction, it has continued to scale down its interest in the audio segment during the last financial period. Outside of the Group's three core businesses, the Group's acoustic solution business saw rapid growth during the review period. Riding on the Group's strong R&D and acoustic expertise, its complete acoustic solutions and speaker drivers were supplied to the flat-panel TV, automotive, and other related business segments during the last 12-month period. Correspondingly, surging demand for flat-panel TVs played a crucial role in elevating income. Not limited to satisfying the flat-panel TV market, the Group realized solid progress in the automotive front. In fact, the Group received the "Q1 Preferred Quality" award from the Ford Motor Company, in November 2007, making it a preferred supplier. Such growth comes at a particularly appropriate time as the Group's 3-storey production plant in Chang An Town, Dongguan, PRC, commenced operation in May 2007, and will mainly produce speakers and related acoustic products for flat-panel TV and automobile applications. Possessing a production capacity of 20 million speakers per year, the 20,000 sq. m. facility will help the Group to expedite its product diversification drive, meet its own and customers' production needs, all the while maintaining the highest quality standards.

Audio Segment

While the Group has continued to scale down its interest in the audio segment during the latest financial period, this area of business was able to contribute total sales of HK$37,556,000 with segmental result of HK$451,000.

FINANCIAL REVIEW

Results Performance

For the year ended 31st December, 2007, the Group's turnover increased by 16.2% from that of the previous year, reaching HK$1,364,536,000 (2006: HK$1,174,157,000). This increase was mainly attributed to strong growth in the multimedia peripheral business. Net profit margin maintained at 4.2%.

During the year, basic earnings per share reached approximately HK cents 18.0. The Board recommended the payment of a final dividend of HK cents 3.9 per share for the year ended 31st December, 2007. Together with the interim dividend of HK cents 1.6 per share already paid, total dividends for the year amounted to HK cents 5.5 per share.

Liquidity and Financial Resources

As at 31st December, 2007, the Group maintained a healthy cash level with cash and cash equivalents of HK$167,272,000 (2006: HK$117,013,000) and unutilized banking facilities of HK$116,566,000 (2006: HK$52,553,000). The Group's current ratio, being the proportion of total current assets against total current liabilities, was 1.6 compared with 1.52 in 2006.

Meanwhile, the gearing ratio of the Group decreased from 16.6% to 4.4% as at 31st December, 2007. The ratio was calculated by dividing total borrowings of HK$14,165,000 (2006: HK$43,447,000) by shareholders' equity of HK$322,934,000 (2006: HK$262,387,000).

Share Capital

In April 2007, a net proceed of HK$19,981,000 was raised from a top-up shares subscription of the Company, which was intended to be used as general working capital of the Company.

Treasury Policies

The Group does not engage in any highly leveraged or speculative derivative products. Consistent with this prudent approach to financial risk management, the Group has continued to work toward maintaining a comfortable gearing position. 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. Part of manufacturing overhead is denominated in Renminbi, to mitigate the impact of exchange rate fluctuations, the Group will closely assess and monitor the movement of the Renminbi exchange rate. The management will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

As at 31st December, 2007, the Group had no contingent liabilities.

Pledge on the Group's Assets
As at 31st December, 2007, no bank deposits (2006: HK$4,452,000) had been pledged to secure the Group's banking facilities.

PROSPECTS
Intent on making further inroads in its key businesses while also continuing to migrate to high margin products, the Group will be focusing on three main objectives in the period ahead. Specifically, the Group will be directing its energies on speaker drivers; portable accessories such as headphones and headsets; and open models, namely, complete turnkey solutions that help customers speedup their launch cycles.

Having made solid inroads in the speaker driver business – consequently the Chang An factory has reached breakeven point within the eight month of operation – the Group will seek to attract still greater orders in Europe and the United States, while further expanding its presence in Asia. Toward achieving such aims, the Group will be injecting more investments into the speaker driver business and placing effort into enhancing its offerings, which includes applications which demand extreme form constraints. Likewise, the integration of minor speakers for handheld devices will continue in earnest. Already, the Group in cooperation with New Transducers Limited – a partnership that led to joint-developed speaker systems using Balance Radiator technology – has earned several new flat-panel TV orders which will be implemented in 2008.

With regard to portable accessories, the Group has further strengthened its R&D team, enlisting talent from around the world to develop its acoustic products. This comes at a particularly favorable time as demand for high quality portable acoustic accessories with surface finishing that offers greater appeal to consumers continue to build, riding on the success of several popular multimedia devices.

To deliver open models that capture the interest of customers, thus building on its standing as an original design and original equipment manufacturer, the Group aims to continue converting its understanding of consumer trends into viable technologies and products. Having established a dedicated team to explore emerging technologies, maintained an aggressive policy of recruitment, and continued to form partnerships to access necessary technologies, the Group is confident of its ability to provide innovative open models for its customers. Already, the Group has secured several new contracts using the open model business platform that are expected to translate into new product launches in the coming financial year.

In addition to the three main objectives to be implemented, the Group will remain committed to raising efficiency, hence launching the second phase of the ERP system, and further adoption of cellular manufacturing practices. Moreover, the Group will be allocating a significant percentage of capital expenditure specifically on automation and expansion. On the human resources front, the Group has recruited, and will further recruit individuals to assist in cost controls. Similarly, management will be exploring opportunities to tap new labor markets to mitigate rising costs and shortages of skilled workers which have become growing concerns associated with operating in the Pearl River Delta region.

EMPLOYEES

As at 31st December, 2007, the Group's work force totaled approximately 5,400 (2006: approximately 4,300) in Hong Kong and the PRC collectively. Staff costs (excluding directors' emoluments) amounted to approximately HK$115,236,000 (2006: HK$79,391,000). The Group ensures that the pay levels of its employees are competitive and according to market trends and its employees are rewarded on a performance related basis and within the general framework of the Group's salary and bonus system.

DIVIDEND

The Board has recommended a final dividend for the year ended 31st December, 2007 of HK3.9 cents per share and, if such dividend is declared by the members at the forthcoming annual general meeting, it is expected to be paid on or about 4th June, 2008 to those shareholders whose names appeared on the register of members of the Company at the close of business on 30th May, 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 28th May, 2008 to Friday, 30th May, 2008 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and attending the annual general meeting, 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, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 27th May, 2008.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance and have put in place self regulatory corporate practices to protect the interests of its shareholders and the enhancement of shareholder value. Our mission in terms of corporate governance is to provide high-quality products and services to the satisfaction of our customers; maintain high standards of business ethics and achieve these goals while, at the same time, providing satisfactory and sustainable returns to shareholders.

In addition, the Group acts in a socially responsible manner through a variety of initiatives and sees this as part of its overall commitment to good corporate governance.

The Company has a Code of Business Conduct that sets out principles, values and standards of conduct expected of management and staff throughout the Group, and underpins our operating procedures and policies.

The Company has, throughout the year ended 31st December, 2007, applied and complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except CG Code provision A.2.1.

The CG Code provision A.2.1 stipulated that the roles of Chairman of the Board (the "Chairman") and Chief Executive Officer 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. Cheung Wah Keung is the Chairman of the Board, the Chief Executive Officer and an Executive Director of the Company. Given the Group's current stage of development, the Board considers that 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding securities transactions by Directors (the "Securities Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. A copy of the Securities Code is sent to each Director of the Company first on his appointment and thereafter twice annually, one month before the date of the board meeting to approve the Company's half-year result and annual result, with a reminder that the Director cannot deal in the securities and derivatives of the Company until after such results have been published.

Under the Securities Code, Directors of the Company are required to notify the Chairman or a Director designated by the Board for such specific purpose (the "Designated Director") and receive a dated written acknowledgement before dealing in the securities and derivatives of the Company and, in the case of the Chairman himself, he must notify the Designated Director and receive a dated written acknowledgement before any dealing.

On specific enquiries made by the Company, all Directors have confirmed that they have fully complied with the required standards set out in the Securities Code for the period covered by the annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

None of the Company or any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the year ended 31st December, 2007.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31st December, 2007.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31st December, 2007 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication and contribution to the Group. In addition, I would like to thank all our shareholders and investors for their patronage.

By Order of the Board
Shinhint Acoustic Link Holdings Limited
Cheung Wah Keung
Chairman

Hong Kong, 18th April, 2008

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.