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, 2008

The board of directors (the "Board") of Shinhint Acoustic Link Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2008 together with the comparative figures for the corresponding period in 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2008

		Six months ended 30th June,	
		2008	2007
	NOTES	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	3	**493,409**	474,049
Cost of sales		**(438,503)**	(413,524)
Gross profit		**54,906**	60,525
Other income		**1,559**	1,085
Selling and distribution costs		**(8,787)**	(9,761)
Administrative expenses		**(45,419)**	(36,299)
Finance costs		**(192)**	(1,038)
Profit before taxation	5	**2,067**	14,512
Income tax expense	6	**(1,114)**	(2,367)
Profit for the period		**953**	12,145
Attributable to:			
- Equity holders of the Company		**954**	12,145
- Minority interests		**(1)**	-
		953	12,145
Dividend paid	7	**12,890**	12,560
		HK cents	*HK cents*
Earnings per share	8		
- Basic		**0.29**	3.85
- Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET
At 30th June, 2008

	30th June, 2008	31st December, 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current assets		
Property, plant and equipment	**71,478**	75,181
Club membership	**978**	978
	72,456	76,159
Current assets		
Inventories	**149,647**	141,368
Trade debtors, deposits and prepayments	**211,714**	365,898
Bank balances and cash	**110,085**	167,272
	471,446	674,538
Current liabilities		
Trade creditors and accrued charges	**195,418**	403,250
Bills payable	**-**	4,434
Tax liabilities	**2,262**	1,148
Obligations under finance leases - due within one year	**513**	498
Bank borrowings - due within one year	**29,167**	12,498
	227,360	421,828
Net current assets	**244,086**	252,710
Total assets less current liabilities	**316,542**	328,869
Capital and reserves		
Share capital	**3,305**	3,305
Reserves	**308,399**	319,629
Equity attributable to equity holders of the Company	**311,704**	322,934
Minority interests	**-**	-
	311,704	322,934
Non-current liabilities		
Obligations under finance leases - due after one year	**308**	571
Bank borrowings - due after one year	**833**	1,667
Deferred tax liabilities	**3,697**	3,697
	4,838	5,935
	316,542	328,869

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30th June, 2008

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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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, 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("new Interpretations") issued by the HKICPA, which are effective for the Group's financial year beginning on 1st January, 2008.

HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – INT 12	Service Concession Arrangements
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new Interpretations had no material effect on the results or financial position of the Group 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, amendments or interpretations that have been issued but are not yet effective. The directors of the Company (the "Directors") are in the process of assessing the potential impact of these new or revised standards, amendments or interpretations and so far anticipate that the application of these new or revised standards, amendments or interpretations will have no material financial impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – INT 13	Customer Loyalty Programmes[3]
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation[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 July, 2008
[4] Effective for annual periods beginning on or after 1st October, 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, 2008 and 30th June, 2007 by business segment are as follows:

	Communication products	Multi-media products	Entertainment products	Audio products	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30th June, 2008						
REVENUE						
External sales	**65,132**	**193,716**	**168,348**	**9,487**	**56,726**	**493,409**
RESULT						
Segment result	**1,381**	**1,096**	**105**	**64**	**573**	**3,219**
Unallocated other income						**1,559**
Unallocated corporate expenses						**(2,519)**
Finance costs						**(192)**
Profit before taxation						**2,067**
Income tax expense						**(1,114)**
Profit for the period						**953**
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

5. PROFIT BEFORE TAXATION

	Six months ended 30th June, 2008	2007
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Depreciation	**8,901**	7,747
Loss on disposal of property, plant and equipment	**87**	153
Write down of inventories	**141**	1,109
Interest income	**(1,022)**	(875)

6. INCOME TAX EXPENSE

	Six months ended 30th June, 2008 *HK$'000*	2007 *HK$'000*
Current tax for the period		
Hong Kong	**1,114**	2,607
Deferred tax for the period	**-**	(240)
	1,114	2,367

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current tax for the six months ended 30th June, 2008. The estimated average annual tax rate used for the six months ended 30th June, 2008 is 16.5% (six months ended 30th June, 2007: 17.5%). The change in tax rate has no material impact on deferred tax balances.

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

7. DIVIDEND PAID

During the period ended 30th June, 2008, a dividend of HK3.9 cents per share (six months ended 30th June, 2007: HK3.8 cents) was paid to shareholders as the final dividend for 2007.

The Directors have determined that an interim dividend of HK1.2 cents per share (six months ended 30th June, 2007: HK1.6 cents per share) should be paid to the shareholders of the Company whose names appear in the register of members on 9th October, 2008.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity holder of the Company is based on the following data:

	Six months ended 30th June, 2008 *HK$'000*	2007 *HK$'000*
Earnings		
Earnings for the purposes of basic earnings per share (Profit for the period attributable to the equity holders of the Company)	**954**	12,145
	30th June, 2008	30th June, 2007
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**330,517,564**	315,683,938

No diluted earnings per share is presented for both periods because there is no potential ordinary shares outstanding throughout both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30th June, 2008, the Group reported turnover of HK$493,409,000, representing an increase of 4% over the corresponding period of last year (2007 Interim: HK$474,049,000). The turnover is expected to improve during the remaining financial period.

In terms of gross profit, the Group recorded a figure of HK$54,906,000 for the period under review (2007 Interim: HK$60,525,000), while profit attributable to equity holders of the Company was HK$954,000 (2007 Interim: HK$12,145,000). The unsatisfactory performance was the result of significant increase in raw material prices and labor costs, compounded by the strong appreciation of the Renminbi during the period under review. While most customers agreed to absorb a portion of the increased costs, the impact will only be reflected in the second half of the year.

During the reporting period, the Group's multimedia peripheral business, which includes mostly portable speaker systems with amplifiers that are targeted towards portable sound sources, reported turnover of HK$193,716,000 (2007 Interim: HK$244,539,000). In relation to the communication peripheral business, which centers mainly on audio accessories for mobile handsets and Internet telephony, steady progress was made in this area of business, with turnover of HK$65,132,000 recorded (2007 Interim: HK$65,433,000). More positively, the newly launched entertainment peripheral products business, which comprise mostly of high acoustic quality stationary speaker systems with amplifiers (active systems) that compliment portable and stationary sound sources including MP3 devices, gaming consoles and desktop computers, was able to generate turnover of HK$168,348,000 (2007 Interim: HK$113,375,000) owing to highly favorable consumer interest.

Prospects

Despite undergoing a challenging six-month period, sentiment among the Group's management remains positive. Importantly, the sharp rise in material costs looks set to stabilize, thus providing an environment that is more conducive for growth. Such stability will come at an opportune time as traditionally, two-thirds of the Group's overall income is secured during the second half of the year; hence, the Company will shrewdly look for opportunities to capitalize on its growth drivers amid improving conditions.

As part of its approach to enhancing financial health, the Group will coordinate efforts with players along the supply chain, working closely together and will also pass on a portion of increased costs to end customers to mitigate the impact of such costs on its operations. Furthermore, the Group will continue to bolster efficiency via such measures as investment in automatic insertion (AI) machines, ongoing integration of surface-mount technology (SMT), and greater automation of the speaker line – all of which will have the added benefit of reducing dependence on skilled labor.

The Group will also be unrelenting in its pursuit of opportunities to fuel the growth of its core businesses. In relation with the multimedia peripheral business, the continuing popularity of Internet and Wi-Fi associated products and portable entertainment devices provides growth avenues for the Group's acoustic accessories. Having recently launched two portable speaker systems for a highly popular American smartphone, the Group anticipates higher sales and revenue from these models in the coming months.

The communication peripheral business also looks set to experience sales growth as the demand for Bluetooth wireless headsets continue to climb. While tapping demand by motorist – a major business segment – it will be the Group's ongoing ability to provide headsets with increased applications that offers future growth. Recognizing this, the Group has developed products featuring such capabilities as noise-cancellation, extended talk time, and multipoint connectivity.

As well, the Group will seek to integrate more applications to its entertainment peripheral products by adding features that are consistent with the needs of more discerning end users. Among the factors that the Group will consider in enhancing its product offerings is the trend among consumers to use workstations as extended entertainment centers, the popularity of MP3 products, and the increased availability of digital entertainment sources.

In addition to focusing on developing its Internet-related businesses, the Group will continue to explore new initiatives that extend beyond its existing strengths. Already, the Group's entry into the complete acoustic solutions segment, which includes provision of speaker drivers, has proven to be an unquestionable success. With applications in flat-panel TVs and the automotive sphere, this area of business recorded a sharp increase in turnover, and is continuing to attract new clients. Providing still greater optimism is the knowledge that such technologies can be applied to notebook computers and other hand held devices, thus offering still greater room for growth.

Looking beyond traditional markets has also enabled the Group to identify opportunities arising from the public's concern for environmental protection. In line with a change in lifestyle choices, the Group will develop products tailored towards the growing population of bicyclists.

This foresight into exposing rising trends is also reflected in the Group's decision to adopt a new security system that is compliant with the latest China and US customs' controls. A joint development between the two agencies, the system is designed to ensure that dangerous substances which may be used by terrorists cannot enter and travel through the supply chain. As one of just three factories that passed the auditing process in China, the Group is thus in highly select company, standing in good stead for future transport requirements between the two nations.

Financial Review

Liquidity and Financial Resources
As at 30th June, 2008, the Group's net current assets were HK$244,086,000 (31st December, 2007: HK$252,710,000). The Group's current ratio, being the proportion of total current assets against total current liabilities, was 2.1 as compared to 1.6 at last year end.

As at 30th June, 2008, the Group maintained a healthy cash level with cash and cash equivalents of HK$110,085,000 (31st December, 2007: HK$167,272,000) and unutilized banking facilities of HK$122,500,000 (31st December, 2007: HK$116,566,000). The

Group had bank borrowings of HK$30,000,000 (31st December, 2007: HK$14,165,000) which represented an increase of HK$15,835,000 over last year end.

The gearing ratio of the Group increased to 9.6% from 4.4% as at 31st December, 2007. The ratio is computed by dividing total borrowings of HK$30,000,000 (2007: HK$14,165,000) by shareholders' equity of HK$311,704,000 (2007: HK$322,934,000).

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. 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 the 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 30th June, 2008, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 30th June, 2008, the Group employed a total of approximately 5,900 employees (30th June, 2007: 5,200) in Hong Kong and the PRC collectively. Staff costs (excluding directors' emoluments) amounted to approximately HK$64,419,000 (30th June, 2007: HK$45,985,000). 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 HK1.2 cents per share for the six months ended 30th June, 2008 (2007 interim dividend: HK1.6 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 9th October, 2008. It is expected that the interim dividend will be paid on or about 17th October, 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 6th October, 2008 to Thursday, 9th October, 2008 (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 and transfer office 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 Friday, 3rd October, 2008.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Company has, throughout the six months ended 30th June, 2008, 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, 2008, 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, 2008.

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, 2008 have not been audited, but have been reviewed by the Company's auditor, 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, 2008.

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.

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
Cheung Wah Keung
Chairman and Chief Executive Officer

Hong Kong, 19th September, 2008

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