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 2008

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, 2008 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31st December, 2008

	Notes	**2008** **HK$'000**	2007 HK$'000
Revenue	3	**1,359,491**	1,364,536
Cost of sales		**(1,207,822)**	(1,188,401)
Gross profit		**151,669**	176,135
Other income	4	**2,296**	3,041
Selling and distribution costs		**(23,038)**	(25,642)
Administrative expenses		**(87,589)**	(78,135)
Other expenses		**(9,765)**	(7,173)
Finance costs	5	**(271)**	(1,572)
Profit before taxation	6	**33,302**	66,654
Taxation	7	**(4,951)**	(8,753)
Profit for the year		**28,351**	57,901
Attributable to:			
- Equity holders of the Company		**31,391**	57,901
- Minority interests		**(3,040)**	-
		28,351	57,901
Dividends	8	**16,856**	17,848
Earnings per share	9		
Basic (HK dollar)		**0.10**	0.18
Diluted (HK dollar)		**N/A**	N/A

CONSOLIDATED BALANCE SHEET
At 31st December, 2008

	Notes	**2008**	2007
		HK$'000	HK$'000
Non-current Assets			
Property, plant and equipment		**81,605**	75,181
Intellectual property		**5,393**	-
Club membership		**978**	978
		87,976	76,159
Current Assets			
Inventories		**139,834**	141,368
Trade debtors, deposits and prepayments	10	**354,335**	365,898
Tax recoverable		**946**	-
Bank balances and cash		**110,436**	167,272
		605,551	674,538
Current Liabilities			
Trade creditors and accrued charges	11	**315,393**	403,250
Bills payable	12	**7,077**	4,434
Tax liabilities		**-**	1,148
Obligations under finance leases			
- due within one year		**523**	498
Bank borrowings - due within one year		**30,167**	12,498
		353,160	421,828
Net Current Assets		**252,391**	252,710
Total Assets less Current Liabilities		**340,367**	328,869
Capital and Reserves			
Share capital	13	**3,222**	3,305
Reserves		**331,048**	319,629
Equity attributable to equity holders of the Company		**334,270**	322,934
Minority interests		**2,206**	-
Total Equity		**336,476**	322,934
Non-current Liabilities			
Obligations under finance leases			
- due after one year		**44**	571
Bank borrowings - due after one year		**-**	1,667
Deferred tax liabilities		**3,847**	3,697
		3,891	5,935
		340,367	328,869

Notes

1. General

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 ("HKFRSs")

In the current year, the Group has applied the following amendments to Hong Kong Accounting Standards (“HKAS”) and Hong Kong (IFRIC) Interpretations (“HK(IFRIC) – INT”) (collectively the “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
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 application of these new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements [2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]

HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC) – INT 13	Customer Loyalty Programmes[5]
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC) – INT 18	Transfers of Assets from Customers[7]

[1] Effective for annual periods beginning on or after 1st January, 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009
[2] Effective for annual periods beginning on or after 1st January, 2009
[3] Effective for annual periods beginning on or after 1st July, 2009
[4] Effective for annual periods ending on or after 30th June, 2009
[5] Effective for annual periods beginning on or after 1st July, 2008
[6] Effective for annual periods beginning on or after 1st October, 2008
[7] Effective for transfers on or after 1st July, 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st January, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. HKAS 1 (Revised) may affect the presentation of the financial statements and HKFRS 8 may affect the Group's disclosure for operating segments.

The directors of the Company 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 other new or revised standards, amendments 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 four revenue streams - sale of communication products, multi-media products, entertainment products and others which mainly consists of unit speaker drivers, complete acoustic solutions and open models which are individually below 10% of total segment revenue, results and assets. These revenue streams are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

2008

	Communication products HK$'000	Multi-media products HK$'000	Entertainment products HK$'000	Others HK$'000	Consolidated HK$'000
REVENUE					
External sales	160,894	663,342	346,551	188,704	1,359,491
RESULT					
Segment result	14,712	12,245	5,012	1,341	33,310
Unallocated income					2,296
Unallocated corporate expenses					(2,033)
Finance costs					(271)
Profit before taxation					33,302
Taxation					(4,951)
Profit for the year					28,351

Balance sheet

	Communication products HK$'000	Multi-media products HK$'000	Entertainment products HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	67,798	288,365	147,952	76,557	580,672
Unallocated corporate assets					112,855
Consolidated total assets					693,527
LIABILITIES					
Segment liabilities	38,264	153,049	76,794	53,544	321,651
Unallocated corporate liabilities					35,400
Consolidated total liabilities					357,051

Other information

	Communication products HK$'000	Multi-media products HK$'000	Entertainment products HK$'000	Others HK$'000	Consolidated HK$'000
Capital expenditure	2,965	17,454	6,237	3,707	30,363
Depreciation	2,199	9,454	5,147	1,650	18,450
Loss on disposal of property, plant and equipment	25	110	63	13	211
Write down of inventories	363	1,637	926	209	3,135

2007

	Communication products HK$'000	Multi-media products HK$'000	Entertainment products HK$'000	Others HK$'000	Consolidated HK$'000
REVENUE					
External sales	156,885	700,904	362,188	144,559	1,364,536
RESULT					
Segment result	13,335	35,396	18,109	1,332	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$'000	Others HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	66,412	303,415	156,659	55,468	581,954
Unallocated corporate assets					168,743
Consolidated total assets					750,697
LIABILITIES					
Segment liabilities	47,260	204,176	105,640	49,487	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$'000	Others HK$'000	Consolidated HK$'000
Capital expenditure	4,109	16,107	8,367	5,705	34,288
Depreciation	1,800	8,987	4,626	839	16,252
Loss on disposal of property, plant and equipment	74	293	153	101	621
Impairment losses on trade debtors	32	164	84	9	289
Write down of inventories	746	3,869	1,989	231	6,835
Bad debt written off	82	42	16	4	144

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	
	2008	2007
	HK$'000	HK$'000
Europe	**730,688**	724,000
North America	**407,173**	467,928
South America	**49,269**	34,670
The People's Republic of China (the "PRC")	**50,732**	43,179
Other Asia regions	**121,629**	94,759
	1,359,491	1,364,536

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	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Europe	**295,099**	323,859	**-**	-
North America	**1,944**	1,646	**-**	-
The PRC	**278,464**	253,924	**24,970**	34,288
Other Asia regions	**5,165**	2,525	**-**	-
	580,672	581,954	**24,970**	34,288

4. Other Income

	2008	2007
	HK$'000	HK$'000
Bank interest income	**1,628**	2,419
Sundry income	**668**	622
	2,296	3,041

5. Finance Costs

	2008	2007
	HK$'000	HK$'000
Finance charges on obligations under finance leases	**34**	72
Interest on bank borrowings wholly repayable within five years	**237**	1,500
	271	1,572

6. Profit Before Taxation

	2008	2007
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	**1,300**	1,300
Cost of inventories recognised as an expense including write down of inventories of HK$3,135,000 (2007: HK$6,835,000)	**1,207,822**	1,188,401
Depreciation		
Owned assets	**18,286**	16,107
Assets held under finance leases	**164**	145
	18,450	16,252
Net exchange loss (included in other expenses)	**4,175**	6,039
Directors' emoluments	**4,275**	4,724
Retirement benefit scheme contributions	**2,421**	2,078
Other staff costs	**143,598**	113,158
Total staff costs	**150,294**	119,960
Operating lease rentals in respect of rented premises	**5,298**	2,441
Other rental expenses	**9,121**	8,792
Research and development costs (included in other expenses)	**5,590**	1,134
Loss on disposal of property, plant and equipment	**211**	621
Bad debt written off	**-**	144
Impairment losses on trade debtors	**-**	289

7. Taxation

	2008	2007
	HK$'000	HK$'000
The charge comprises:		
Hong Kong Profits Tax		
Current taxation	**5,525**	8,270
Overprovision in prior years	**(724)**	(71)
	4,801	8,199
Deferred taxation		
Current year	**361**	554
Attributable to change in tax rate	**(211)**	-
	150	554
	4,951	8,753

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year.

8. Dividends

	2008 **HK$'000**	2007 HK$'000
Dividend recognised as distribution during the year:		
Interim dividend paid in respect of 2008 of HK1.2 cents (2007: HK1.6 cents in respect of 2007) per share	**3,966**	5,288
Final dividend paid in respect of 2007 of HK3.9 cents (2007: HK3.8 cents in respect of 2006) per share	**12,890**	12,560
	16,856	17,848

The final dividend of HK4.3 cents (2007: HK3.9 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:

	2008 **HK$'000**	2007 HK$'000
Earnings		
Earnings for the purposes of basic earnings per share (Profit for the year attributable to the equity holders of the Company)	**31,391**	57,901

	2008 **'000**	2007 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**329,053**	323,162

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

10. Trade Debtors, Deposits and Prepayments

	2008	2007
	HK$'000	HK$'000
Trade debtors	**344,644**	355,078
Less: impairment losses on trade debtors	**(287)**	(289)
	344,357	354,789
Other debtors, deposits and prepayments	**9,978**	11,109
	354,335	365,898

The Group normally allows an average credit period of 30 days to 90 days (2007: 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 the Group.

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

	2008	2007
	HK$'000	HK$'000
0 to 30 days	**116,441**	128,835
31 to 60 days	**169,126**	153,304
61 to 90 days	**55,217**	69,430
91 to 120 days	**3,441**	2,252
Over 120 days	**132**	968
	344,357	354,789

11. Trade Creditors and Accrued Charges

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

	2008	2007
	HK$'000	HK$'000
0 to 30 days	**98,838**	94,713
31 to 60 days	**108,614**	108,131
61 to 90 days	**59,580**	81,676
91 to 120 days	**9,404**	62,654
Over 120 days	**2,209**	21,438
	278,645	368,612
Accrued charges	**36,748**	34,638
	315,393	403,250

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 360 days (2007: 90 days), at the respective balance sheet dates:

	2008 **HK$'000**	2007 HK$'000
0 to 30 days	**-**	929
31 to 60 days	**-**	799
61 to 90 days	**-**	2,706
Over 90 days	**7,077**	-
	7,077	4,434

13. Share Capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each:		
Authorised:		
At 1st January, 2007, 31st December, 2007 and 31st December, 2008	500,000,000	5,000
Issued and fully paid:		
At 1st January, 2007	303,397,500	3,034
Placement of new shares	27,120,064	271
At 31st December, 2007	330,517,564	3,305
Repurchase of shares	(8,224,000)	(83)
At 31st December, 2008	322,293,564	3,222

The following changes in the share capital of the Company took place during the years ended 31st December, 2007 and 31st December, 2008:

(i) 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.

(ii) During the year, the Company had repurchased a total of 8,224,000 shares of HK$0.01 each of the Company on the Stock Exchange at an aggregate purchase price of HK$3,841,000. All of the shares repurchased had been cancelled during the year. Details of the repurchases are set out below:

Month of repurchase	**Number of shares repurchased**	**Purchase price per share**		**Aggregate purchase price**
		Highest	**Lowest**	
		HK$	HK$	HK$'000
October	6,264,000	0.48	0.43	2,848
November	1,096,000	0.48	0.47	519
December	864,000	0.56	0.48	474
				3,841

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The economic climate deteriorated rapidly in the second half of 2008 as aftershocks from the global financial crisis began to be felt around the world. Consequently, public enthusiasm for personal electronic products, including desk top Personal Computers, MP3 players and mobile phones quickly dampened. Nevertheless, demand for innovative consumer electronic products that offers significant consumer value remained relatively stable, i.e. 3G smartphones, laptops and sub-notebooks (netbooks). Accordingly, electro-acoustic peripheral products tailored for these popular devices continued to generate satisfactory sales. Meanwhile, helping spur interest in flat-panel TVs and digital home entertainment was widespread Digital Over-the-Air (terrestrial) broadcasting in the United States and Europe. As a result, associated accessories benefited from this development.

Directly affecting the Group's results during the year was the drastic increase in labor and material costs as well as strong Renminbi appreciation. While such costs stabilized towards the last quarter, and a portion of cost increases was passed on to customers, an erosion of results was nonetheless experienced.

Business Review

Constantly seeking to enhance the Group's competitiveness, particularly amidst increasingly complex market conditions, efforts were directed towards research and development of new products and turn-key solutions based on management's assessment of market trends. Specifically, development work on electro-acoustic peripherals for 3G smartphones, LCD TVs and sub-notebook PCs (netbooks) continued unabated. At the same time, the Group has completed its withdrawal from the shrinking and highly competitive home audio segment. It has been management's ability to correctly forecast consumption trends and quickly deliver products to market that has enabled the Group to perform satisfactorily despite being confronted with declining consumer confidence.

In terms of geographical coverage, Europe continued to represent the Group's largest market, accounting for 54% of sales. The United States, despite being most severely affected by the financial downturn, particularly towards the final quarter of 2008, remained the Group's second largest market.

The multi-media peripheral business, representing largely portable speaker systems equipped with amplifiers, achieved segmental turnover of HK$663,342,000 (2007: HK$700,904,000). The decline reflected a slowing down in demand for portable personal multi-media players in general. Nevertheless, the drop in sales of MP3 speaker systems during the second half of the year was partially compensated by the turnover generated from the speaker systems dedicated for a highly popular American 3G smartphone. In addition, riding on the increasing popularity of sub-notebook PCs, the Group started shipment of speaker systems tailor-designed for sub-notebook users towards the last quarter of the year.

Consisting of high acoustic quality stationary speaker systems with amplifiers, the Group's entertainment peripheral products are aimed at both portable and stationary sound sources including MP3 devices, gaming consoles and desktop computers. Unfortunately, this higher-end business segment proved to be vulnerable to the economic slump. Shipments slowed down significantly in the third and fourth quarters, resulting in a year-on-year decline in segmental turnover of 4% to HK$346,551,000 (2007: HK$362,188,000).

The communication peripheral business, which encompasses audio accessories for mobile handsets and telephony as well as Bluetooth wireless headsets, continued to deliver steady returns. Owing to ongoing take-up of wireless headset devices by motorists and further penetration of the internet telephony market in Europe and the United States, the Group recorded segmental turnover of HK$160,894,000, up from HK$156,885,000 last year. The Group will continue to allocate resources to the development of communication peripheral products in view of the popularization of multi-media mobile handsets, as well as the ever growing use of VoIP via the Internet.

In addition to its internet-related businesses, the Group's revenues in the "Others" business segment, which consists mainly of unit speaker drivers, complete acoustic solutions and open model businesses, continued to increase at a satisfactory rate. Though the demand for speaker drivers from the automotive segment softened during the year, this was compensated by demand from customers in the flat-panel TV sector. Consequently, the Group recorded turnover of HK$188,704,000 in contrast with HK$144,559,000 a year earlier. The Group has continued to utilize its research and development strength to develop more complete acoustic solutions and open models so as to extend applications beyond its current spheres.

Financial Review

Results Performance

For the year ended 31st December, 2008, despite the challenging global economic environment, increased operational costs and Renminbi appreciation, the Group is able to maintain turnover at HK$1,359,491,000 (2007: HK$1,364,536,000) while gross profit dipped by 14% and net profit attributable to equity holders of the Company declined by 46%.

During the year, basic earnings per share reached approximately HK cents 9.5. The Board recommended the payment of a final dividend of HK cents 4.3 per share for the year ended 31st December, 2008. Together with the interim dividend of HK cents 1.2 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, 2008, the Group maintained a healthy cash level with net cash and cash equivalents of HK$80,269,000 (2007: HK$153,107,000) and unutilized banking facilities of HK$81,923,000 (2007: HK$116,566,000). The decline in the Group's cash position was due to early settlements made to suppliers so as to benefit from discounts offered. The Group's current ratio, being the proportion of total current assets against total current liabilities, was 1.7 compared with 1.6 in 2007.

The Group's gearing ratio rose from 4.4% to 9.0% as at 31st December, 2008. The ratio was calculated by dividing total borrowings of HK$30,167,000 (2007: HK$14,165,000) by shareholders' equity of HK$334,270,000 (2007: HK$322,934,000).

Share Capital

During the year, the Company had repurchased a total of 8,224,000 shares in the capital of the Company on the Stock Exchange at an aggregate price of HK$3,841,180. All of the shares repurchased had been cancelled during the year. The repurchases were made by the Directors, pursuant to the mandate granted by the shareholders, with a view to benefit the Company and the shareholders as a whole in the enhancement of the net assets per share and earnings per share.

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 towards 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 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, 2008, the Group had no material contingent liabilities.

Pledge on the Group's Assets
As at 31st December, 2008, no bank deposits had been pledged to secure the Group's banking facilities.

Prospects

The operating environment is expected to remain challenging as consumers will be cautious about their spending. Only products which deliver real value will be successful. The Group will closely monitor consumption trends to develop products that satisfy consumers' needs while at the same time integrate the latest technologies available.

Having accurately assessed developing trends, specifically, the growing popularity of 3G smartphones, LCD TVs and netbooks, the Group aims to make further inroads in these segments with the design, development and launch of more innovative electro-acoustic peripheral products. Having seen rising public interest in maintaining a healthy, active lifestyle, which has resulted in widespread popularity of bicycling, hiking, and other outdoor activities; management aims to tap this latest trend as well. Already, the Group has launched a multi-media product near the end of the year aimed squarely at recreational bicyclists. Still other technologies, not just related with acoustics, will possibly be adopted as the Group continues to explore this avenue of business.

In addition to possessing foresight in identifying consumer trends, management has been adept at detecting the changing dynamics of the supply chain. Accordingly, the Group will be looking at ways to best exploit its knowledge of this network to drive growth.

While fully determined to enhance the all-round capabilities of the Group, develop and deliver new technologies that address the latest trends and strengthen its position in core businesses, management remains conscious of its duty as a responsible business. Accordingly, energy conservation, development of energy-efficient products and the cost-effective use of resources are among the areas that management is determined to make progress on. Furthermore, the Group continues to invest in human resources particularly in research and development to sustain long term success of the business. While all of these endeavors are consistent with being a good corporate citizen, such efforts also make good business sense.

Employees

As at 31st December, 2008, the Group's work force totaled approximately 5,800 (2007: approximately 5,400) in Hong Kong and the PRC collectively. Staff costs (excluding directors' emoluments) amounted to approximately HK$146,019,000 (2007: HK$115,236,000). 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, 2008 of HK4.3 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 3rd June, 2009 to those shareholders whose names appeared on the register of members of the Company at the close of business on 27th May, 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 25th May, 2009 to Wednesday, 27th May, 2009 (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 22nd May, 2009.

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, 2008, 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 the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. On specific enquiries made by the Company, all Directors have confirmed that they have fully complied with the required standards set out in the Model Code throughout the year ended 31st December, 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year, the Company had repurchased a total of 8,224,000 shares of HK$0.01 each of the Company on the Stock Exchange at an aggregate purchase price of HK$3,841,180. All of the shares repurchased had been cancelled during the year. Details of the repurchases are set out below:

Month of repurchase	**Number of shares repurchased**	**Purchase price per share**		**Aggregate purchase price**
		Highest	**Lowest**	
		HK$	HK$	HK$
October	6,264,000	0.48	0.43	2,848,100
November	1,096,000	0.48	0.47	518,960
December	864,000	0.56	0.48	474,120

The repurchases were made by the Directors, pursuant to the mandate granted by the shareholders, with a view to benefit the Company and the shareholders as a whole in the enhancement of the net assets per share and earnings per share.

Save as disclosed above, 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, 2008.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31st December, 2008.

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, 2008 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 and Chief Executive Officer

Hong Kong, 17th April, 2009

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. Wong Sau Lik, Weeky Peter and three Independent Non-Executive Directors, namely Mr. Lai Ming, Joseph, Dr. Lam King Sun, Frankie and Mr. Goh Gen Cheung.