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, 2009

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, 2009 together with the comparative figures for the corresponding period in 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2009

	NOTES	**Six months ended 30th June, 2009 HK$'000 (Unaudited)**	2008 HK$'000 (Unaudited)
Revenue	3	**451,005**	493,409
Cost of sales		**(396,719)**	(438,503)
Gross profit		**54,286**	54,906
Other income		**318**	1,559
Selling and distribution costs		**(8,220)**	(8,787)
Administrative expenses		**(38,101)**	(41,388)
Other expenses		**(6,198)**	(4,031)
Finance costs		**(25)**	(192)
Profit before taxation	5	**2,060**	2,067
Income tax expense	6	**(896)**	(1,114)
Profit for the period		**1,164**	953
Profit for the period attributable to:			
- Owners of the Company		**3,370**	954
- Minority interests		**(2,206)**	(1)
		1,164	953
		HK cents	HK cents
Earnings per share	8		
- Basic		**1.05**	0.29
- Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2009

	Six months ended 30th June,	
	2009	2008
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit for the period	**1,164**	953
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**4**	706
Other comprehensive income for the period	**4**	706
Total comprehensive income for the period	**1,168**	1,659
Total comprehensive income attributable to:		
- Owners of the Company	**3,374**	1,660
- Minority interests	**(2,206)**	(1)
	1,168	1,659

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2009

	30th June, 2009 HK$'000 (Unaudited)	31st December, 2008 HK$'000 (Audited)
Non-current assets		
Property, plant and equipment	75,087	81,605
Intangible assets	978	6,371
	76,065	87,976
Current assets		
Inventories	77,293	139,834
Trade debtors, deposits and prepayments	216,482	354,335
Tax recoverable	-	946
Bank balances and cash	141,950	110,436
	435,725	605,551
Current liabilities		
Trade creditors and accrued charges	156,310	315,393
Bills payable	6,758	7,077
Tax liabilities	450	-
Obligations under finance leases - due within one year	307	523
Bank borrowings - due within one year	20,833	30,167
	184,658	353,160
Net current assets	251,067	252,391
Total assets less current liabilities	327,132	340,367
Capital and reserves		
Share capital	3,222	3,222
Reserves	320,563	331,048
Equity attributable to owners of the Company	323,785	334,270
Minority interests	-	2,206
Total equity	323,785	336,476
Non-current liabilities		
Obligations under finance leases – due after one year	-	44
Deferred tax liabilities	3,347	3,847
	3,347	3,891
Total equity and liabilities	327,132	340,367

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2009

1. BASIS OF PREPARATION

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

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, 2008.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group's financial year beginning on 1st January, 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14 (see note 4). The adoption of the other new and revised HKFRSs has had no material effect on the reported results and 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:

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Amendments to HKFRSs issued in 2009[2]
HKAS 27 (Revised in 2008)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-Based Payment Transactions[3]
HKFRS 3 (Revised in 2008)	Business Combinations[1]
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – INT 18	Transfers of Assets from Customers[4]

1 Effective for annual periods beginning on or after 1st July, 2009

2 Amendments that are effective for annual periods beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate.

3 Effective for annual periods beginning on or after 1st January, 2010.

4 Effective for transfers on or after 1st July, 2009

The application of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1st January, 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in a Group's ownership interest in a subsidiary. The directors of the Company are in the process of assessing the potential impact of other 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 the financial position of the Group.

3. REVENUE

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

4. SEGMENTAL INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1st January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segment. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss. For the period ended 30th June, 2009, an additional reportable segment "Speaker drivers" is added as its reported revenue is more than 10 per cent of the combined revenue. This segment was previously included in the segment "Others". In addition, certain open models items aggregated in the segment "Others" are reallocated to reportable segments under HKFRS 8. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

The information reported to the Group's chief operating decision maker (i.e. Executive Directors) for the purposes of resource allocation and assessment of performance is focused on the type of products. Thus, the Group is currently organised into four reportable segments which are sales of communication peripheral, portable audio, desktop audio and speaker drivers. The information of each reportable segment is as follows:

- Communication peripheral mainly comprises wireless and wired audio accessories for mobile communications.

- Portable audio mainly comprises portable speaker systems.

- Desktop audio mainly comprises stationary speaker systems.

- Speaker drivers mainly comprises speaker drivers for automotive, flat-panel TV and audio applications.

The analysis of the Group's revenue and results by operating segment for the period under review is set out below.

Six months ended 30th June, 2009

	Communication peripheral HK$'000	**Portable audio HK$'000**	**Desktop audio HK$'000**	**Speaker drivers HK$'000**	**Others HK$'000**	**Total HK$'000**
REVENUE						
External sales	**57,111**	**243,846**	**82,051**	**54,871**	**13,126**	**451,005**
RESULT						
Segment result	**5,270**	**(3,734)**	**(847)**	**2,070**	**106**	**2,865**
Unallocated other income						**318**
Unallocated corporate expenses						**(1,098)**
Finance costs						**(25)**
Profit before taxation						**2,060**
Income tax expense						**(896)**
Profit for the period						**1,164**

Six months ended 30th June, 2008

	Communication peripheral HK$'000	Portable audio HK$'000	Desktop audio HK$'000	Speaker drivers HK$'000	Others HK$'000	Total HK$'000
REVENUE						
External sales	65,132	193,811	168,348	46,252	19,866	493,409
RESULT						
Segment result	1,381	1,116	105	172	445	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

Segment result represents the profit (loss) earned by each segment without allocation of finance costs, unallocated corporate expenses and other income. This is the measure reported to the Group’s chief operating decision maker for the purpose of resource allocation and performance assessment.

5. PROFIT BEFORE TAXATION

	Six months ended 30th June, 2009 HK$'000	2008 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Depreciation	**10,123**	8,901
Amortisation of intangible assets (included in cost of sales)	**449**	-
Impairment loss recognised in respect of intangible assets (included in other expenses)	**4,944**	-
Loss on disposal of property, plant and equipment	**352**	87
Write down of inventories	**1,185**	141
Interest income	**(70)**	(1,022)

6. INCOME TAX EXPENSE

	Six months ended 30th June, 2009 HK$'000	2008 HK$'000
Current tax for the period		
Hong Kong	**1,396**	1,114
Deferred tax for the period	**(500)**	-
	896	1,114

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the current and prior periods.

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

7. DIVIDEND PAID

During the period ended 30th June, 2009, a dividend of HK4.3 cents per share (six months ended 30th June, 2008: HK3.9 cents) was paid to shareholders as the final dividend for 2008.

The directors have determined that an interim dividend of HK1.2 cents per share (six months ended 30th June, 2008: HK1.2 cents per share) should be paid to the shareholders of the Company whose names appear in the register of members on 30th September, 2009.

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, 2009 HK$'000	2008 HK$'000
Earnings		
Earnings for the purposes of basic earnings per share (Profit for the period attributable to the owners of the Company)	**3,370**	954
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**322,294**	330,518

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, 2009, Shinhint Acoustic Link Holdings Limited (the "Company") and its subsidiaries (the "Group") reported a turnover of HK$451,005,000, representing a modest 9% decrease over the corresponding period of last year (2008 Interim: HK$493,409,000). Despite the challenge of the global economy, almost the same level of gross profit of HK$54,286,000 was recorded for the period under review (2008 Interim: HK$54,906,000) as the Group further strengthened its cost control initiatives and productivity. As a result of the gloomy economic climate which has hindered the acceptance of innovative product of acoustic devices for bicycles, the Group decided to fully recognize an impairment charge of HK$4,944,000 for the related intellectual property. The Group's net profit attributable to owners of the Company nevertheless managed to increase by 253% to HK$3,370,000 (2008 Interim: HK$954,000).

The continued impact of the global economic crisis on the consumer electronics market is deep and far reaching. However, the Group managed to maintain a decent level of gross margin and profit in the plummeting market during the reporting period. This is achieved through measures such as prudent management of material costs, manufacturing overheads and administrative expenses. The challenging conditions prompted the Group to initiate cost control measures, effectively reducing costs in various areas. Moreover, the Group was able to generate healthy cash inflow, with net cash and cash equivalents rising to HK$121,117,000 as of 30th June 2009 from HK$80,269,000 as of 31st December 2008.

The portable audio business has experienced revenue growth. Benefiting from the rapid development of portable electronic devices such as mobile phones, MP3 players and portable computers from which music can be played, the turnover for this business segment has grown to HK$243,846,000, representing an increase of approximately 26% from the turnover of HK$193,811,000 for the same period last year. However, a decrease in demand for mobile handsets and Internet telephony over this period has affected the communication peripheral business, pushing the Group's sales down by 12% to HK$57,111,000 (2008 Interim: HK$65,132,000). The desktop audio business was affected significantly by the overall industry downturn, leading to a revenue decline of 51% to HK$82,051,000 (2008 Interim: HK$168,348,000).

During the reporting period, the speaker drivers business has been segregated from its "Others" business segment in order to reflect the substantial sales growth achieved. The speaker drivers segment realized year-on-year growth of 19% to HK$54,871,000 (2008 Interim: HK$46,252,000) for the period under review, accounting for 12% of the Group's total turnover (2008 Interim: 9%). This strong performance was the result of a steady stream of orders from several automakers and renowned flat panel TV brands.

Financial Review

Liquidity and Financial Resources
As at 30th June, 2009, the Group's net current assets were HK$251,067,000 (31st December, 2008: HK$252,391,000). The Group's current ratio, being the proportion of total current assets against total current liabilities, was 2.4 as compared to 1.7 at last year end.

As at 30th June, 2009, the Group maintained a healthy cash level with net cash and cash equivalents of HK$121,117,000 (31st December, 2008: HK$80,269,000) and unutilized banking facilities of HK$80,742,000 (31st December, 2008: HK$81,923,000).

The gearing ratio of the Group decreased to 6.4% from 9.0% as at 31st December, 2008. The ratio is computed by dividing total borrowings of HK$20,833,000 (2008: HK$30,167,000) by shareholders' equity of HK$323,785,000 (2008: HK$334,270,000).

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 leveraged or 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 mainly conducted in US dollars and Hong Kong dollars, the Group believes that it 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 Group will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities
As at 30th June, 2009, the Group had no material contingent liabilities.

Human Resources
As at 30th June, 2009, the Group employed a total of approximately 4,300 employees (30th June, 2008: 5,900) in Hong Kong and the PRC collectively. Staff costs (excluding directors' emoluments) amounted to approximately HK$56,726,000 (30th June, 2008: HK$64,419,000). 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.

Prospects

The overall market has yet to recover from the global financial crisis and the remainder of this financial year remains challenging. The Group will continue to implement effective cost control measures and productivity enhancement for strengthening its financial position. Anticipating gradual economic rebound in the coming year, the Group is determined to capture the opportunity by broadening its customer base, enhancing its product portfolio and optimizing its operational efficiency.

Recognizing the future growth in demand for portable electronic devices such as 3G smartphones and netbooks, the Group will henceforth direct additional research and development ("R&D") efforts towards associated peripheral products for shortening the time to market. At the same time, the Group foresees increasing demand in high-end communication peripheral products that generate higher margin and will direct more resources to this segment. The Group will continue to strengthen its R&D capabilities to ensure that the latest electro-acoustic technologies are incorporated into its newest products.

To ensure balanced and stable revenue streams, the Group is reinforcing its ties with existing customers and establishing new ties across its core business segments. The Group will also strengthen its Original Design Manufacturer ("ODM") business. Capitalizing on its abilities to accurately forecast consumer trends, the Group will strive to design and develop more innovative products with higher margins. It does not only improve the Group's overall profitability, but can also expand its client base.

The Group has demonstrated a strong capability in controlling operating expenses during difficult times. It will further raise efficiency by automating business processes and adopting measures that promote effective operations. The Group will manage and monitor these measures in order to maintain a healthy financial position, which is crucial for readying the Group to build growth momentum once consumer demand picks up again.

Corporate Development

The Company announced on 29th July, 2009 the appointment of Mr. Wong Sau Lik, Weeky Peter as Chief Executive Officer ("CEO") of the Company, effective 1st August, 2009. Mr. Wong brings with him over 22 years working in international sales and marketing, over 10 years of which have been focused in corporate management positions. Mr. Cheung Wah Keung remains the Chairman ("Chairman") of the board of directors (the "Board") of the Company, maintaining his responsibility of formulating the Group's overall strategic direction. Whereas, Mr. Wong will focus on business development, R&D and the implementation of corporate strategies. With the separation of roles of Chairman and CEO to Mr. Cheung and Mr. Wong respectively, the Group deems the change beneficial to the strategic development of the Group.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.2 cents per share for the six months ended 30th June, 2009 (2008 interim dividend: HK1.2 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 30th September, 2009. It is expected that the interim dividend will be paid on or about 9th October, 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 28th September, 2009 to Wednesday, 30th September, 2009 (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, 25th September, 2009.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Company has, throughout the six months ended 30th June, 2009, applied and complied with the principles 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 of Hong Kong Limited (the "Stock Exchange"), 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, 2009, Mr. Cheung Wah Keung is the Chairman, the Chief Executive Officer and an Executive Director of the Company. The Board considered that, given the Group's stage of development at the prevailing time, vesting the roles of Chairman and Chief Executive Officer in the same person would facilitate the execution of the Group's business strategies and maximizes effectiveness of its operations. Subsequent to the six months ended 30th June, 2009, Mr. Cheung resigned as Chief Executive Officer of the Company with effect from 1st August, 2009 and the Board appointed Mr. Wong Sau Lik, Weeky Peter, an Executive Director, as Chief Executive Officer of the Company with effect from 1st August, 2009. The Board considers that Mr. Wong Sau Lik, Weeky Peter to be an appropriate person for the execution of the Group's business strategies and further maximization of the effectiveness of its operations and that the appointment is in the interest of the Company. Mr. Cheung Wah Keung continues to act as the Chairman and an Executive Director of the Company after his resignation as Chief Executive Officer.

Subsequent to the change, the roles of the Chairman and Chief Executive Officer are vested in separate individuals and CG Code Provision A.2.1 is now fully complied with.

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, 2009.

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, 2009 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, 2009.

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

Hong Kong, 11th September, 2009

As at the date of this announcement, the Company has two Executive Directors, namely Mr. Cheung Wah Keung (Chairman) 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.