

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.



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 2009

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, 2009 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2009

	NOTES	2009 HK\$'000	2008 HK\$'000
Revenue	3	1,031,122	1,359,491
Cost of sales		(893,555)	(1,207,822)
Gross profit		137,567	151,669
Other income	4	908	2,296
Selling and distribution costs		(17,661)	(23,038)
Administrative expenses		(85,462)	(87,589)
Other expenses and losses		(8,492)	(9,765)
Finance costs	5	(29)	(271)
Profit before taxation	6	26,831	33,302
Taxation	7	(2,723)	(4,951)
Profit for the year		24,108	28,351
Profit for the year attributable to:			
- Owners of the Company		26,314	31,391
- Minority interests		(2,206)	(3,040)
		24,108	28,351
Earnings per share	9		
Basic (HK dollar)		0.08	0.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the year ended 31st December, 2009*

	2009 HK\$'000	2008 HK\$'000
Profit for the year	<u>24,108</u>	<u>28,351</u>
Other comprehensive income		
Exchange differences arising on translation of foreign operations	<u>34</u>	<u>655</u>
Other comprehensive income for the year	<u>34</u>	<u>655</u>
Total comprehensive income for the year	<u>24,142</u>	<u>29,006</u>
Total comprehensive income attributable to:		
- Owners of the Company	<u>26,348</u>	32,046
- Minority interests	<u>(2,206)</u>	<u>(3,040)</u>
	<u>24,142</u>	<u>29,006</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2009

	NOTES	2009 HK\$'000	2008 HK\$'000
Non-current Assets			
Property, plant and equipment		66,644	81,605
Intangible assets		978	6,371
Rental deposits		589	-
Deposits for acquisition of property, plant and equipment		401	-
		<u>68,612</u>	<u>87,976</u>
Current Assets			
Inventories		77,856	139,834
Trade debtors, deposits and prepayments	10	297,965	354,335
Tax recoverable		-	946
Bank balances and cash		143,835	110,436
		<u>519,656</u>	<u>605,551</u>
Current Liabilities			
Trade creditors and accrued charges	11	222,327	315,393
Bills payable	12	-	7,077
Tax liabilities		183	-
Obligations under finance leases			
- due within one year		44	523
Bank borrowings - due within one year		20,000	30,167
		<u>242,554</u>	<u>353,160</u>
Net Current Assets		<u>277,102</u>	<u>252,391</u>
Total Assets less Current Liabilities		<u>345,714</u>	<u>340,367</u>
Capital and Reserves			
Share capital	13	3,215	3,222
Reserves		339,125	331,048
		<u>342,340</u>	<u>334,270</u>
Equity attributable to owners of the Company		342,340	334,270
Minority interests		-	2,206
Total Equity		<u>342,340</u>	<u>336,476</u>
Non-current Liabilities			
Obligations under finance leases			
- due after one year		-	44
Deferred tax liabilities		3,374	3,847
		<u>3,374</u>	<u>3,891</u>
		<u>345,714</u>	<u>340,367</u>

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 new and revised Standards, Amendments and revised Interpretations (collectively the “new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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
HK(IFRIC) – Int 18	Transfers of Assets to Customers
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) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the consolidated financial statements, and has resulted in a number of changes in format and content of financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group’s reportable segments (see note 3).

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 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)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 24 (Revised)	Related Party Disclosures ⁶
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendment)	Classification of Right Issues ⁴
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ⁵
HKFRS 2 (Amendment)	Group Cash-settled Share-Based Payment Transactions ³
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 9	Financial Instruments ⁷
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁶
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments ⁵

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 and 1st January, 2010, as appropriate

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

⁴ Effective for annual periods beginning on or after 1st February, 2010

⁵ Effective for annual periods beginning on or after 1st July, 2010

⁶ Effective for annual periods beginning on or after 1st January, 2011

⁷ Effective for annual periods beginning on or after 1st January, 2013

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combinations 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.

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 impact on the financial performance 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.

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. For the year ended 31st December, 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 products previously aggregated in the segment "Others" are reallocated to respective reportable segments under HKFRS 8 as they are included in the respective reportable segments in the internal reports that are regularly reviewed by the chief operating decision maker. Amounts reported for the prior period have been restated.

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.

In addition, others include miscellaneous parts and accessories.

Segment information of the Group's revenue and results by reportable segment is presented below:

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	<u>146,624</u>	<u>521,473</u>	<u>168,173</u>	<u>162,226</u>	<u>32,626</u>	<u>1,031,122</u>
RESULT						
Segment result	<u>18,649</u>	<u>1,730</u>	<u>206</u>	<u>7,205</u>	<u>1,608</u>	29,398
Unallocated other income						908
Unallocated expenses						(3,446)
Finance costs						<u>(29)</u>
Profit before taxation						26,831
Taxation						<u>(2,723)</u>
Profit for the year						<u>24,108</u>

Other information

	Communication peripheral HK\$'000	Portable audio HK\$'000	Desktop audio HK\$'000	Speaker drivers HK\$'000	Others HK\$'000	Total HK\$'000
Amount included in the measure of segment profit:						
Depreciation and amortisation	2,854	11,359	3,718	1,408	631	19,970
Impairment loss on intangible assets recognised in income statement	-	4,944	-	-	-	4,944
Loss on disposal of property, plant and equipment	63	195	57	126	11	452
Write down of inventories	533	2,865	544	852	106	4,900
Impairment loss on trade receivables recognised in income statement	-	95	-	-	-	95

2008	Communication <u>peripheral</u> HK\$'000	Portable <u>audio</u> HK\$'000	Desktop <u>audio</u> HK\$'000	Speaker <u>drivers</u> HK\$'000	<u>Others</u> HK\$'000	<u>Total</u> HK\$'000
REVENUE						
External sales	<u>162,218</u>	<u>694,815</u>	<u>355,263</u>	<u>102,168</u>	<u>45,027</u>	<u>1,359,491</u>
RESULT						
Segment result	<u>14,297</u>	<u>10,674</u>	<u>4,483</u>	<u>3,557</u>	<u>299</u>	33,310
Unallocated other income						2,296
Unallocated expenses						(2,033)
Finance costs						<u>(271)</u>
Profit before taxation						33,302
Taxation						<u>(4,951)</u>
Profit for the year						<u>28,351</u>

Other information

	Communication <u>peripheral</u> HK\$'000	Portable <u>audio</u> HK\$'000	Desktop <u>audio</u> HK\$'000	Speaker <u>drivers</u> HK\$'000	<u>Others</u> HK\$'000	<u>Total</u> HK\$'000	
Amount included in the measure of segment profit:							
Depreciation		2,209	9,921	5,276	726	318	18,450
Loss on disposal of property, plant and equipment		25	116	64	-	6	211
Write down of inventories		364	1,721	949	-	101	3,135

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

Total segment assets and liabilities are not disclosed as they are not regularly reviewed by the chief operating decision maker.

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets.

	Revenue from external customers		Non-current assets	
	<u>Year ended</u>			
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
The Netherlands	337,648	485,884	-	-
United States of America	286,087	407,140	-	-
The People's Republic of China (the "PRC")	126,589	50,731	68,612	82,583
Other countries	280,798	415,736	-	5,393
	<u>1,031,122</u>	<u>1,359,491</u>	<u>68,612</u>	<u>87,976</u>

Information about major customers

Included in revenues arising from sales of communication peripheral, portable audio and desktop audio are revenues of approximately HK\$556 million (2008: HK\$915 million) and HK\$158 million (2008: HK\$158 million) respectively which arose from sales to the Group's two major customers which individually accounted for over 10% of the Group's revenue for the year. Sales of portable audio and speaker drivers to another major customer of approximately HK\$174 million (2008: HK\$168 million) also accounted for over 10% the Group's revenue for the year.

4. OTHER INCOME

	2009 HK\$'000	2008 HK\$'000
Bank interest income	170	1,628
Sundry income	738	668
	<u>908</u>	<u>2,296</u>

5. FINANCE COSTS

	2009 HK\$'000	2008 HK\$'000
Finance charges on obligations under finance leases	8	34
Interest on bank borrowings wholly repayable within five years	21	237
	<u>29</u>	<u>271</u>

6. PROFIT BEFORE TAXATION

	2009 HK\$'000	2008 HK\$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	1,172	1,300
Cost of inventories recognised as an expense including write down of inventories of HK\$4,900,000 (2008: HK\$3,135,000)	893,555	1,207,822
Depreciation		
Owned assets	19,357	18,286
Assets held under finance leases	164	164
	<u>19,521</u>	<u>18,450</u>
Amortisation of intangible assets (included in cost of sales)	449	-
Impairment loss recognised in respect of intangible assets (included in other expenses and losses)	4,944	-
Net exchange loss (included in other expenses and losses)	238	4,175
Staff costs		
Directors' emoluments	4,870	4,275
Retirement benefit scheme contributions	2,490	2,421
Other staff costs	124,708	143,598
Total staff costs	<u>132,068</u>	<u>150,294</u>
Operating lease rentals in respect of rented premises	4,906	5,298
Other rental expenses	9,527	9,121
Research and development costs (included in other expenses and losses)	3,310	5,590
Impairment loss recognised on trade debtors	95	-
Loss on disposal of property, plant and equipment	<u>452</u>	<u>211</u>

7. TAXATION

	2009 HK\$'000	2008 HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current taxation	4,032	5,525
Overprovision in prior years	(836)	(724)
	<u>3,196</u>	<u>4,801</u>
Deferred taxation		
Current year	(473)	361
Attributable to change in tax rate	-	(211)
	<u>(473)</u>	<u>150</u>
	<u>2,723</u>	<u>4,951</u>

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% of the estimated assessable profits for both years.

8. DIVIDENDS

	2009 HK\$'000	2008 HK\$'000
Dividend recognised as distribution during the year:		
Interim dividend paid in respect of 2009 of HK1.2 cents (2008: HK1.2 cents in respect of 2008) per share	3,867	3,966
Final dividend paid in respect of 2008 of HK4.3 cents (2008: HK3.9 cents in respect of 2007) per share	13,859	12,890
	<u>17,726</u>	<u>16,856</u>

The final dividend of HK4.3 cents (2008: HK4.3 cents) per share and the special dividend of HK1.8 cents (2008: nil) 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 earnings per share attributable to owners of the Company is based on the following data:

	2009 HK\$'000	2008 HK\$'000
<u>Earnings</u>		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	<u>26,314</u>	<u>31,391</u>
	'000	'000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>322,113</u>	<u>329,053</u>

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

	2009 HK\$'000	2008 HK\$'000
Trade debtors	290,817	344,644
Less: impairment losses on trade debtors	<u>(95)</u>	<u>(287)</u>
	290,722	344,357
Other debtors, deposits and prepayments	<u>7,243</u>	<u>9,978</u>
	<u>297,965</u>	<u>354,335</u>

The Group normally allows an average credit period of 30 days to 105 days (2008: 30 days to 105 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) presented based on the invoice date at the end of the respective reporting periods:

	2009 HK\$'000	2008 HK\$'000
0 to 30 days	78,926	116,441
31 to 60 days	104,758	169,126
61 to 90 days	79,394	55,217
91 to 120 days	27,549	3,441
Over 120 days	<u>95</u>	<u>132</u>
	<u>290,722</u>	<u>344,357</u>

11. TRADE CREDITORS AND ACCRUED CHARGES

The following is an aged analysis of the trade creditors presented based on the invoice date at the end of the respective reporting periods:

	2009 HK\$'000	2008 HK\$'000
0 to 30 days	59,339	98,838
31 to 60 days	55,147	108,614
61 to 90 days	43,187	59,580
91 to 120 days	13,472	9,404
Over 120 days	<u>4,425</u>	<u>2,209</u>
	175,570	278,645
Accrued charges	<u>46,757</u>	<u>36,748</u>
	<u>222,327</u>	<u>315,393</u>

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

12. BILLS PAYABLE

As at 31st December 2008, the bills payable of the Group, with maturity date of 360 days, aged over 90 days. The bills payable has been settled during the year.

13. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each:		
Authorised:		
At 1st January, 2008, 31st December, 2008 and 31st December, 2009	<u>500,000,000</u>	<u>5,000</u>
Issued and fully paid:		
At 1st January, 2008	330,517,564	3,305
Repurchase of shares	<u>(8,224,000)</u>	<u>(83)</u>
At 31st December, 2008	322,293,564	3,222
Repurchase of shares	<u>(748,000)</u>	<u>(7)</u>
At 31st December, 2009	<u>321,545,564</u>	<u>3,215</u>

During the year, the Company had repurchased a total of 748,000 shares (2008: 8,224,000 shares) of HK\$0.01 each of the Company on the Stock Exchange at an aggregate purchase price of HK\$550,000 (2008: HK\$3,841,000). All of the shares repurchased had been cancelled during the year. Details of the repurchases are set out below:

2009				
Month of repurchase	Number of shares repurchased	Purchase price per share		Aggregate purchase price
		Highest HK\$	Lowest HK\$	HK\$'000
September	196,000	0.74	0.72	142
October	<u>552,000</u>	0.74	0.74	<u>408</u>
	<u>748,000</u>			<u>550</u>
2008				
Month of repurchase	Number of shares repurchased	Purchase price per share		Aggregate purchase price
		Highest HK\$	Lowest HK\$	HK\$'000
October	6,264,000	0.48	0.43	2,848
November	1,096,000	0.48	0.47	519
December	<u>864,000</u>	0.56	0.48	<u>474</u>
	<u>8,224,000</u>			<u>3,841</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The global economic downturn dealt the consumer electronics market a severe blow. The demand of most product categories fell substantially and the Group's sales were inevitably affected. Understandably, traditional categories, such as desktop computer, got bigger hit and so did the Group's related peripherals. Despite the decrease in demand for portable audio devices, a few innovative portable devices such as 3G smartphone, laptop and subnotebook (netbook) nevertheless are in a rising trend and the Group's performance in these segments were impacted by a lesser extent. Albeit lack of excitement in most segments, the Group was able to capture the opportunity of the surging flat panel TVs demand and in turn spiked sales of TV speaker drivers.

Business Review

Excluding the impairment charge of HK\$4,944,000 for the intellectual property relating to the acoustic devices for bicycles, the Group maintained a net profit attributable to owners of the Company similar to the previous year in spite of the underperforming market. In addition, the gross profit margin was improved by 2.1 percentage points to 13.3%.

This performance is attributable to the Company's implementation of prudent management strategies in controlling operating costs such as manufacturing overheads and cost of materials. Aiming at fastest recovery among competitions, it continued to strengthen the research and development ("R&D"), dedicating resources to developing products with higher margins. This brought about a tremendous improvement in the Company's original design manufacturer ("ODM") business that benefited the overall profit margins. Moreover, the Company's efforts to expand its customer base have borne fruit, solidifying ties with multinational customers. Finally, thanks to the recent surge in demand for flat panel TVs, the speaker drivers business witnessed strong performance over the year under review.

The Netherlands as a major logistic destination in Europe accounted for 33% of the Group's sales during the period under review, while the United States of America accounted for 28%. With the Group's key customers possessing a global reach, many of its products also penetrate other strategic markets such as Mainland China.

During the reporting period, segmental turnover from speaker drivers business reached HK\$162,226,000 (2008: HK\$102,168,000), representing a year-on-year rise of 59%. This positive result was achieved through a strong inflow of orders from established brands of flat panel TVs, as well as the automotive market.

The portable audio business experienced a 25% decline in turnover to HK\$521,473,000 (2008: HK\$694,815,000). This substandard performance reflected a generally slow demand for the mobile phones, MP3 players and portable computers to which the Group's portable audio products cater. The communication peripheral business also recorded a drop in performance owing to a slow general demand for mobile handsets and internet telephony. Turnover for this segment was down a modest 10% to HK\$146,624,000 (2008: HK\$162,218,000).

Segmental turnover for the desktop audio business dipped by 53% to HK\$168,173,000. This pattern reflects the overall trend of the industry as consumers continue to migrate towards portable computers from their desktop counterparts.

Financial Review

Results Performance

For the year ended 31st December, 2009, the Group's turnover decreased by 24% from that of last year to HK\$1,031,122,000 (2008: HK\$1,359,491,000). Despite the challenge of the global economy, the gross profit only dipped by 9% while the gross profit margin increased by 2.1 percentage points to 13.3%. As a result of the gloomy economic climate which has hindered the acceptance of the innovative product of acoustic devices for bicycles, an impairment charge of HK\$4,944,000 for the related intellectual property was fully recognized in 2009. Excluding the impairment charge, the net profit attributable to owners of the Company remained at a similar level to last year.

For the year under review, basic earnings per share reached approximately HK8.2 cents. The Board recommended the payment of a final dividend of HK4.3 cents per share for the year ended 31st December, 2009. Given the solid financial standing of the Group, the Board also recommended the payment of a special dividend of HK1.8 cents per share. Together with the interim dividend of HK1.2 cents per share already paid, total dividends for the year amounted to HK7.3 cents per share.

Liquidity and Financial Resources

As at 31st December, 2009, the Group maintained a healthy cash level with net cash and cash equivalents of HK\$123,835,000 (2008: HK\$80,269,000) and unutilized banking facilities of HK\$35,000,000 (2008: HK\$81,923,000). The Group's current ratio, being the proportion of total current assets against total current liabilities, was 2.1 compared with 1.7 in 2008.

The Group's gearing ratio decreased from 9.0% to 5.8% as at 31st December, 2009. The ratio was calculated by dividing total borrowings of HK\$20,000,000 (2008: HK\$30,167,000) by shareholders' equity of HK\$342,340,000 (2008: HK\$334,270,000).

Share Capital

During the year, the Company had repurchased a total of 748,000 shares in the capital of the Company on the Stock Exchange at an aggregate purchase price of HK\$550,400. 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 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 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 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 31st December, 2009, the Group had no material contingent liabilities.

Pledge on the Group's Assets

As at 31st December, 2009, no assets had been pledged to secure the Group's banking facilities.

Prospects

Current market conditions will remain a challenge to the consumer electronics industry, but are expected to gradually improve in the wake of the global economic downturn. The Group remains cautiously optimistic about the full recovery of the market, and will capitalise on it by focusing on its portable audio, communication peripheral and speaker drivers businesses since they are expected to benefit from the booming popularity of 3G smartphones, flat panel TVs and other portable devices that music can be played from. For better allocation of resources, the Group intends to scale down production in its desktop audio business.

Looking towards the future, the Group intends to direct its focus on five major areas. It will further enhance operational efficiency by continuing with the cost-control measures that have proven so effective to date. It will also consolidate its supply base and enhance productivity in its major business segments to further achieve optimum efficiency. To meet the evolving needs of trend-centric consumers, the Group will also enhance its product portfolio by introducing a greater number of innovative and high-margin products, investing heavily in R&D both to sustain the long-term success of the business and to capture fresh business opportunities through its ability to foresee trends to come. Moreover, the Group will expand production capacity to meet the booming demand for speaker drivers. As fiscal success will ultimately rest on customer support, the Group will also seek to broaden its customer base both by providing a comprehensive suite of services ranging from R&D to manufacturing and by strengthening its ODM business. This proactive two-prong strategy will enable the Group to maintain its close relationship with both existing and potential new customers.

Maintaining a close scrutiny of market developments and technological trends, the Group's management team will make every effort to place the Group in a strong position that will enable it to capture fresh opportunities, paving the way for long-term growth.

Employees

As at 31st December, 2009, the Group's work force totaled approximately 4,000 (2008: approximately 5,800) in Hong Kong and the People's Republic of China (the "PRC") collectively. Staff costs (excluding directors' emoluments) amounted to approximately HK\$127,198,000 (2008: HK\$146,019,000). 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 of HK4.3 cents per share and a special dividend of HK1.8 cents per share for the year ended 31st December, 2009 and, if such dividends are declared by the members at the forthcoming annual general meeting, it is expected to be paid on or about 25th May, 2010 to those shareholders whose names appeared on the register of members of the Company at the close of business on 18th May, 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 14th May, 2010 to Tuesday, 18th May, 2010 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and special 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 and transfer office 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 13th May, 2010.

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, 2009, 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 (the "CEO") should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

During the year and up to 31st July, 2009, Mr. Cheung Wah Keung was the Chairman, CEO and an Executive Director of the Company. Mr. Cheung resigned as CEO of the Company with effect from 1st August, 2009 and the Board appointed Mr. Wong Sau Lik, Weeky Peter, an Executive Director, as CEO 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 CEO. Subsequent to the change, the roles of Chairman and CEO are vested in separate individuals and CG Code Provision A.2.1 is now fully complied with.

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, 2009.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year, the Company had repurchased a total of 748,000 shares of HK\$0.01 each of the Company on the Stock Exchange at an aggregate purchase price of HK\$550,400. 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 HK\$
		Highest HK\$	Lowest HK\$	
September	196,000	0.74	0.72	141,920
October	552,000	0.74	0.74	408,480

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, 2009.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31st December, 2009.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December, 2009 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 offer my gratitude to our business partners and shareholders for their continuous support. The management team and all staff members should also be lauded for their tireless efforts and dedication to the Group.

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

Hong Kong, 1st April, 2010

As at the date of this announcement, the Company has two Executive Directors, namely Mr. Cheung Wah Keung (Chairman) and Mr. Wong Sau Lik, Weekly Peter and three Independent Non-Executive Directors, namely Mr. Lai Ming, Joseph, Dr. Lam King Sun, Frankie and Mr. Goh Gen Cheung.