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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 2010

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, 2010 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2010

	NOTES	2010 HK\$'000	2009 HK\$'000
Revenue	3	1,056,154	1,031,122
Cost of sales		(927,588)	(893,555)
Gross profit		128,566	137,567
Other income	4	1,272	908
Selling and distribution costs		(19,077)	(17,661)
Administrative expenses		(77,951)	(74,987)
Research and development expenses		(17,415)	(13,333)
Other gains and losses		(2,692)	(5,634)
Finance costs	5	(11)	(29)
Profit before taxation	6	12,692	26,831
Taxation	7	(2,009)	(2,723)
Profit for the year		10,683	24,108
Profit for the year attributable to:			
- Owners of the Company		10,683	26,314
- Non-controlling interests		-	(2,206)
		10,683	24,108
Earnings per share	9		
Basic (HK dollar)		0.03	0.08
Diluted (HK dollar)		0.03	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2010

	2010 HK\$'000	2009 HK\$'000
Profit for the year	<u>10,683</u>	<u>24,108</u>
Other comprehensive income		
Exchange differences arising on translation of foreign operations	<u>953</u>	<u>34</u>
Other comprehensive income for the year	<u>953</u>	<u>34</u>
Total comprehensive income for the year	<u>11,636</u>	<u>24,142</u>
Total comprehensive income attributable to:		
- Owners of the Company	11,636	26,348
- Non-controlling interests	<u>-</u>	<u>(2,206)</u>
	<u>11,636</u>	<u>24,142</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2010

	NOTES	2010 HK\$'000	2009 HK\$'000
Non-current Assets			
Property, plant and equipment		60,645	66,644
Intangible assets		978	978
Rental deposits		961	589
Deposits for acquisition of property, plant and equipment		6,664	401
		<u>69,248</u>	<u>68,612</u>
Current Assets			
Inventories		116,040	77,856
Trade debtors, deposits and prepayments	10	267,039	297,965
Tax recoverable		2,167	-
Bank balances and cash		135,560	143,835
		<u>520,806</u>	<u>519,656</u>
Current Liabilities			
Trade creditors and accrued charges	11	234,507	222,327
Tax liabilities		871	183
Obligations under finance leases - due within one year		-	44
Bank borrowings - due within one year		21,000	20,000
		<u>256,378</u>	<u>242,554</u>
Net Current Assets		<u>264,428</u>	<u>277,102</u>
Total Assets less Current Liabilities		<u>333,676</u>	<u>345,714</u>
Capital and Reserves			
Share capital	12	3,215	3,215
Reserves		327,288	339,125
Equity attributable to owners of the Company		330,503	342,340
Non-controlling interests		-	-
Total Equity		<u>330,503</u>	<u>342,340</u>
Non-current Liabilities			
Deferred tax liabilities		3,173	3,374
		<u>3,173</u>	<u>3,374</u>
		<u>333,676</u>	<u>345,714</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")

New and revised Standards, Amendments and Interpretations applied in the current year

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations (collectively the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments) HKAS 27 (as revised in 2008)	Improvements to HKFRSs issued in 2009 Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 2 (Amendments)	Group Cash-settled Share-Based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners
HK – INT 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in the consolidated financial statements.

New and revised Standards, Amendments and Interpretations issued but not yet effective

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 2010 ¹
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets ³
HKFRS 9	Financial Instruments ⁴
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ⁵
HKAS 24 (Revised)	Related Party Disclosures ⁶
HKAS 32 (Amendments)	Classification of Right Issues ⁷
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a Minimum Funding Requirement ⁶
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments ²

¹ Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate

² Effective for annual periods beginning on or after 1st July, 2010

³ Effective for annual periods beginning on or after 1st July, 2011

⁴ Effective for annual periods beginning on or after 1st January, 2013

⁵ Effective for annual periods beginning on or after 1st January, 2012

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

⁷ Effective for annual periods beginning on or after 1st February, 2010

The directors of the Company anticipate that the application of the new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

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 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:

2010

	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>179,832</u>	<u>426,542</u>	<u>144,296</u>	<u>262,921</u>	<u>42,563</u>	<u>1,056,154</u>
RESULT						
Segment result	<u>9,658</u>	<u>1,730</u>	<u>101</u>	<u>1,738</u>	<u>185</u>	13,412
Unallocated other income						1,272
Unallocated expenses						(1,981)
Finance costs						<u>(11)</u>
Profit before taxation						12,692
Taxation						<u>(2,009)</u>
Profit for the year						<u>10,683</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
Amounts included in the measure of segment profit:						
Depreciation	3,204	8,652	2,928	2,086	864	17,734
Loss on disposal of property, plant and equipment	242	145	46	1,425	14	1,872
Reversal of write down of inventories	84	1,294	68	117	20	1,583
Research and development expenses	3,124	8,318	2,814	2,329	830	17,415

2009

	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>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 <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
Amounts 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
Research and development expenses	1,880	7,466	2,400	1,123	464	13,333

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	
	Year ended		2010	2009
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Netherlands	243,166	337,648	-	-
United States of America	327,117	286,087	-	-
The People's Republic of China ("PRC")	233,608	126,589	69,248	68,612
Other countries	252,263	280,798	-	-
	<u>1,056,154</u>	<u>1,031,122</u>	<u>69,248</u>	<u>68,612</u>

Information about major customers

Included in revenues arising from sales of communication peripheral, portable audio and desktop audio are revenues of approximately HK\$461 million (2009: HK\$556 million) which arose from sales to the Group's major customer which accounted for over 10% of the Group's revenue. Sales of portable audio and speaker drivers to another major customer of approximately HK\$199 million (2009: HK\$174 million) also accounted for over 10% the Group's revenue for the year. Sales of communication peripheral, portable audio and desktop audio to another major customer of approximately HK\$158 million in 2009 accounted for over 10% the Group's revenue. However, revenue from this customer accounted for less than 10% of the Group's revenue in 2010.

4. OTHER INCOME

	2010	2009
	HK\$'000	HK\$'000
Bank interest income	367	170
Sundry income	905	738
	<u>1,272</u>	<u>908</u>

5. FINANCE COSTS

	2010	2009
	HK\$'000	HK\$'000
Finance charges on obligations under finance leases	-	8
Interest on bank borrowings wholly repayable within five years	11	21
	<u>11</u>	<u>29</u>

6. PROFIT BEFORE TAXATION

	2010 HK\$'000	2009 HK\$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	1,172	1,172
Cost of inventories recognised as an expense including reversal of write down of inventories of HK\$1,583,000 (2009: write down of inventories of HK\$4,900,000)	927,588	893,106
Depreciation		
Owned assets	17,734	19,357
Assets held under finance leases	-	164
	<u>17,734</u>	<u>19,521</u>
Amortisation of intangible assets (included in cost of sales)	-	449
Impairment loss recognised in respect of intangible assets (included in other gains and losses)	-	4,944
Net exchange loss (included in other gains and losses)	820	238
Staff costs		
Directors' emoluments	4,292	4,870
Retirement benefit scheme contributions	3,321	2,490
Other staff costs	151,350	124,708
Total staff costs	<u>158,963</u>	<u>132,068</u>
Operating lease rentals in respect of rented premises	7,831	4,906
Other rental expenses	9,673	9,527
Impairment loss recognised on trade and other debtors	389	95
Loss on disposal of property, plant and equipment (included in other gains and losses)	<u>1,872</u>	<u>452</u>

Note:

For the year ended 31st December, 2010, the management reviews the net realisable value of the existing inventories and the estimated selling prices of respective models, write down of inventories of HK\$1,583,000 have been reversed in consolidated income statement during the year.

7. TAXATION

	2010 HK\$'000	2009 HK\$'000
The charge comprises:		
Current tax for the year		
Hong Kong	1,733	4,032
PRC Enterprise Income Tax	781	-
	<u>2,514</u>	<u>4,032</u>
Overprovision in prior years		
Hong Kong	(304)	(836)
	<u>2,210</u>	<u>3,196</u>
Deferred taxation		
Current year	(201)	(473)
	<u>2,009</u>	<u>2,723</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

8. DIVIDENDS

	2010 HK\$'000	2009 HK\$'000
Dividend recognised as distribution during the year:		
Interim dividend paid in respect of dividend declared for 2010 of HK1.2 cents (2009: HK1.2 cents in respect of dividend declared for 2009) per share	3,859	3,867
Final dividend paid in respect of dividend declared for 2009 of HK4.3 cents (2009: HK4.3 cents in respect of dividend declared for 2008) per share	13,826	13,859
Special dividend paid in respect of dividend declared for 2009 of HK1.8 cents (2009: nil) per share	5,788	-
	<u>23,473</u>	<u>17,726</u>

The final dividend of HK2.0 cents (2009: HK4.3 cents) per share in total amounting to HK\$6,431,000 (2009: HK\$13,826,000) 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 owners of the Company is based on the following data:

	2010 HK\$'000	2009 HK\$'000
<u>Earnings</u>		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	<u>10,683</u>	<u>26,314</u>
	'000	'000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>321,545</u>	<u>322,113</u>

The computation of diluted earnings per share for the current year does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price of the Company's shares for 2010. No diluted earnings per share is presented for 2009 because there was no potential ordinary shares outstanding throughout the year.

10. TRADE DEBTORS, DEPOSITS AND PREPAYMENTS

	2010 HK\$'000	2009 HK\$'000
Trade debtors	256,779	290,817
Less: impairment losses on trade debtors	-	(95)
	<u>256,779</u>	<u>290,722</u>
Other debtors, deposits and prepayments	10,260	7,243
	<u>267,039</u>	<u>297,965</u>

Included in Group's debtors are trade debtors with carrying amounts of HK\$247,269,000 (2009: HK\$285,483,000) which denominated in United States dollars that is the currency other than the functional currencies of the respective group entities.

The Group normally allows an average credit period of 30 days to 105 days (2009: 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:

	2010 HK\$'000	2009 HK\$'000
0 to 30 days	79,334	78,926
31 to 60 days	83,337	104,758
61 to 90 days	65,537	79,394
91 to 120 days	26,838	27,549
Over 120 days	1,733	95
	<u>256,779</u>	<u>290,722</u>

Included in the Group's trade debtor balances are debtors with aggregate carrying amount of HK\$25,043,000 (2009: HK\$3,884,000) which are past due at the end of reporting period. The Group considers the amounts are recoverable, therefore, no impairment loss is considered necessary. The Group does not hold any collateral over these balances.

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:

	2010 HK\$'000	2009 HK\$'000
0 to 30 days	72,998	59,339
31 to 60 days	52,439	55,147
61 to 90 days	32,085	43,187
91 to 120 days	28,026	13,472
Over 120 days	3,181	4,425
	<u>188,729</u>	<u>175,570</u>
Accrued charges	45,778	46,757
	<u>234,507</u>	<u>222,327</u>

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

Included in the Group's creditors are trade creditors with carrying amounts of HK\$65,030,000 (2009: HK\$60,463,000) and HK\$47,324,000 (2009: HK\$29,724,000) which are denominated in United States dollars and Renminbi respectively that are currencies other than the functional currencies of the respective group entities.

12. SHARE CAPITAL

	<u>Number of</u> <u>shares</u>	<u>Amount</u> HK\$'000
Ordinary shares of HK\$0.01 each:		
Authorised:		
At 1st January, 2009, 31st December, 2009 and 31st December, 2010	<u>500,000,000</u>	<u>5,000</u>
Issued and fully paid:		
At 1st January, 2009	322,293,564	3,222
Repurchase of shares	(748,000)	(7)
At 31st December, 2009 and 31st December, 2010	<u>321,545,564</u>	<u>3,215</u>

During the year ended 31st December 2009, 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\$550,000.

All of the shares repurchased had been cancelled during the year ended 31st December 2009. Details of the repurchases are set out below:

Month of repurchase	Number of shares repurchased	Purchase price per share		Aggregate purchase price HK\$'000
		Highest HK\$	Lowest HK\$	
September	196,000	0.74	0.72	142
October	552,000	0.74	0.74	408
	<u>748,000</u>			<u>550</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In 2010, the global consumer electronics market remained challenging. Nevertheless, the smartphones and tablet computers continued to be the bright spot, and thus the demand of the related audio peripherals kept on rising. According to NPD Group, Inc., an industry and market research services provider in the United States, sales of headphones and portable audio devices increased by 40% and 4% respectively from January to October in 2010. These market analyses suggested that consumer confidence in purchasing high quality yet innovative peripheral products was picking up again. In the reporting year, the flat panel TV and automotive market, that the Group supplied its speaker drivers to, were also seeing healthy growing trend.

Business Review

Despite the sign of improving consumer confidence in purchasing high quality yet innovative peripheral products, on the operation side, like every other China based manufacturer, the Group had to face the rapidly increasing production costs that were induced by the significantly increased labour wage, appreciating Renminbi and rising material costs. While the Group was diligently seeking for opportunities for business growth, the significant operating cost increase was hindering the profitability of the Group.

The speaker drivers business continued as one of the key income streams of the Group. For the year ended 31st December, 2010, the segment achieved a noteworthy result with turnover climbing to HK\$262,921,000 (2009: HK\$162,226,000), a year-on-year growth of 62%. This significant growth was mainly derived from the strong demand in quality speaker drivers for use in flat-panel TVs and automotive applications. During the period under review, the Group relocated its production plant, specialising in producing speaker drivers, in order to boost the production capacity to accommodate the growing demand.

Driven by the expanding smartphone market, demand for enhancement peripherals, specifically, high-end Bluetooth products have been growing, and that explains the improvement achieved by the Group's communication peripheral business segment. Turnover from this segment reached HK\$179,832,000 (2009: HK\$146,624,000), representing a year-on-year growth of 23%. The management is fully committed to further developing this business segment, translating into a greater contribution towards the Group's overall performance.

The portable audio business experienced an 18% decline in turnover to HK\$426,542,000 (2009: HK\$521,473,000), mainly due to a drop in orders from our customers during the review year. However, with the expanding smartphone and tablet computer markets, coupling with the foreseeable growing trend of higher end headphones and portable speakers with more features, the Group will continue to invest in the portable audio segment for

capturing the business opportunities when arise. Following the Group's strategy of scaling down the production of its desktop audio business, the segmental turnover further declined to HK\$144,296,000 (2009: HK\$168,173,000), accounting for only 14% of the Group's overall turnover.

Expanding the customer base has been a key strategy of the Group. During the year under review, it has successfully acquired a number of targeted new customers who are popular brand owners with global distribution. The Group identified them as potential customers for significant turnover contribution. However, it is original design manufacturer's ("ODM") business nature that new product developments, and thus actual sales, need considerable time to grow.

In terms of geographical coverage, the United States became the Group's largest market, accounting for 31% of turnover for the year ended 31st December, 2010. The Netherlands, a major logistics hub in Europe, ranked as the Group's second largest market with 23% of sales. Given the global distribution capability of its established multinational customers, the Group's products are progressing well in reaching other major markets around the world, and Mainland China is a main focus.

Financial Review

Results Performance

For the year ended 31st December, 2010, the Group recorded a turnover of HK\$1,056,154,000 (2009: HK\$1,031,122,000), maintaining a similar level to that of last year. The gross profit dipped by 7% and the net profit attributable to owners of the Company declined by 59% which were mainly due to the rise in production costs as a result of the surge in labour costs, the increase in raw material prices as well as the appreciation of Renminbi.

For the year under review, basic earnings per share reached approximately HK3.3 cents. The Board recommended the payment of a final dividend of HK2.0 cents per share for the year ended 31st December, 2010. Together with the interim dividend of HK1.2 cents per share already paid, total dividends for the year amounted to HK3.2 cents per share.

Liquidity and Financial Resources

As at 31st December, 2010, the Group maintained a healthy cash level with net cash and cash equivalents of HK\$114,560,000 (2009: HK\$123,835,000) and unutilized banking facilities of HK\$74,000,000 (2009: HK\$35,000,000). The Group's current ratio, being the proportion of total current assets against total current liabilities, was 2.0 compared with 2.1 in 2009.

The Group's gearing ratio increased from 5.8% to 6.4% as at 31st December, 2010. The ratio was calculated by dividing total borrowings of HK\$21,000,000 (2009: HK\$20,000,000) by shareholders' equity of HK\$330,503,000 (2009: HK\$342,340,000).

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, 2010, the Group had no material contingent liabilities.

Pledge on the Group's Assets

As at 31st December, 2010, no assets had been pledged to secure the Group's banking facilities.

Prospects

Although there are signs of recovery in the United States and Europe, there remain uncertainties that can alter consumer confidence. Nevertheless, the management remains cautiously optimistic about the outlook of the consumer electronics market and will utilize the Group's competitive advantages to foster business growth and expand its customer base.

The operating environment remains challenging in the years ahead. For production and operating expenses, the management believes that the cost of raw materials and labour will continue to escalate. The Group will strive to counteract these negative impacts, including raising selling prices, expanding customer base, enhancing product mix and maximizing operational efficiency. To better position the Group for long-term growth, resources in research and development and marketing operations for ODM products have to be expanded for strengthening its competitiveness and building a more profitable product portfolio. Furthermore, the Group will maintain close ties with existing and potential new customers in realizing the value of high margin and high-end products.

Looking ahead, the Group is determined to focus on its core businesses for enhancing its competitiveness and profitability. With clear business direction and a series of operating strategies in place, the Group is committed to delivering long-term returns to its shareholders.

Employees

As at 31st December, 2010, the Group's work force totaled approximately 4,500 (2009: approximately 4,000) in Hong Kong and PRC collectively. Staff costs (excluding directors' emoluments) amounted to approximately HK\$154,671,000 (2009: HK\$127,198,000). 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 HK2.0 cents per share for the year ended 31st December, 2010 and, if such dividend is declared by the members at the forthcoming annual general meeting, it is expected to be paid on or about 25th May, 2011 to those shareholders whose names appeared on the register of members of the Company at the close of business on 18th May, 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 16th May, 2011 to Wednesday, 18th May, 2011 (both days 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 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, 2011.

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, 2010, applied and complied with the code provisions set out in the Code on Corporate Governance Practices set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange.

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, 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES

None of the Company or any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the year ended 31st December, 2010.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31st December, 2010.

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, 2010 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, 25th March, 2011

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