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 ENDED 31ST DECEMBER, 2014

The board of directors (the "Board") of Shinhint Acoustic Link Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31st December, 2014

	NOTES	**2014** **HK$'000**	2013 *HK$'000*
Continuing operations			
Revenue	*3*	**551,117**	433,643
Cost of sales		**(508,003)**	(402,708)
Gross profit		**43,114**	30,935
Other income		**1,591**	247
Selling and distribution costs		**(2,653)**	(4,232)
Administrative expenses		**(31,860)**	(21,736)
Research and development expenses		**(2,586)**	(2,624)
Other gains and losses		**(203)**	(1,537)
Finance costs		**(2)**	–
Profit before taxation	*4*	**7,401**	1,053
Taxation	*5*	**(2,126)**	(543)
Profit for the year from continuing operations		**5,275**	510
Discontinued operations			
Profit for the year from discontinued operations	*7*	**2,297**	5,073
Profit for the year		**7,572**	5,583

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the year ended 31st December, 2014

	NOTES	**2014** **HK$'000**	2013 *HK$'000*
Profit attributable to owners of the Company			
– from continuing operations		**5,275**	510
– from discontinued operations		**2,297**	5,073
Profit for the year attributable to owners of the Company		**7,572**	5,583
Earnings per share	*8*		
From continuing and discontinued operations			
Basic *(HK cents)*		**2.35**	1.74
Diluted *(HK cents)*		**2.35**	1.74
From continuing operations			
Basic *(HK cents)*		**1.64**	0.16
Diluted *(HK cents)*		**1.64**	0.16

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2014

	2014	2013
	HK$'000	*HK$'000*
Profit for the year	**7,572**	5,583
Other comprehensive income		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**356**	2,892
Other comprehensive income for the year	**356**	2,892
Total comprehensive income for the year	**7,928**	8,475

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2014

	NOTES	**2014** **HK$'000**	2013 *HK$'000*
Non-current Assets			
Property, plant and equipment		**14,992**	16,887
Intangible assets		**978**	978
Rental deposits		**643**	649
		16,613	18,514
Current Assets			
Inventories		**39,218**	46,864
Trade debtors, deposits and prepayments	*9*	**182,664**	137,353
Bank balances and cash		**228,063**	50,407
		449,945	234,624
Assets classified as held for sale	*7*	**–**	367,013
		449,945	601,637
Current Liabilities			
Trade creditors and accrued charges	*10*	**197,238**	147,682
Tax liabilities		**828**	598
Obligations under finance lease		**50**	–
		198,116	148,280
Liabilities associated with assets classified as held for sale	*7*	**–**	210,089
		198,116	358,369
Net Current Assets		**251,829**	243,268
Total Assets less Current Liabilities		**268,442**	261,782
Non-current Liabilities			
Obligations under finance lease		**22**	–
Deferred tax liability		**983**	837
		1,005	837
Net Assets		**267,437**	260,945
Capital and Reserves			
Share capital	*11*	**3,224**	3,215
Reserves		**264,213**	257,730
Total Equity		**267,437**	260,945

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 ("SEHK"). As at 31 December 2014, the Company did not have any immediate and ultimate holding company. The addresses of the registered office and the principal place of business of the Company are disclosed in the Corporate Information in 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")

Application of new and revised HKFRSs

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) – Int 21	Levies

The adoption of the above new and revised HKFRSs has no material impact on these consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 "Investment Entities"

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss.

Amendments to HKAS 32 "Offsetting Financial Assets and Financial Liabilities"

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32.

Amendments to HKAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash generating units whose recoverable amount is based on fair value less costs of disposal.

Amendments to HKAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

HK(IFRIC) – Int 21 "Levies"

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised.

Amendments and interpretation mentioned above are not expected to have a material effect on the group's operating results, financial position or comprehensive income.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[4]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from contracts with customers[3]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 19	Defined benefit plans: Employee Contributions[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exemption[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[2]

[1] *Effective for annual periods beginning on or after 1 July 2014.*

[2] *Effective for annual periods beginning on or after 1 January 2016.*

[3] *Effective for annual periods beginning on or after 1 January 2017.*

[4] *Effective for annual periods beginning on or after 1 January 2018.*

The Group has already commenced an assessment of the impact of other new and revised HKRSs, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the financial statements. The Group is not yet in a position to ascertain their impact on its results of operations and financial position.

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 ("CODM") for the purposes of resource allocation and assessment of performance is focused on the type of products sold. During the year, the Group commenced the business of energy trading (including but not limited to fuel oil, oil and natural gas). Prior-year figures have been re-presented to conform with current year presentation.

Due to the disposal of Tai Sing Industrial Limited ("TSI" or the "Disposal Group") as described in note 7, which has the headphones and speaker systems businesses and the addition of energy trading business, the Group's reportable and operating segment from continuing operations under HKFRS 8 "Operating Segments" are as follows:

Continuing operations

- Speaker units mainly comprise speaker drivers for automotive, flat-panel TV and audio applications.
- Energy trading mainly comprises fuel oil, oil and natural gas.

Discontinued operations

- Headphones mainly comprise wireless and wired headphones.
- Speaker systems mainly comprise portable and stationary speaker systems.

In accordance with HKFRS 5, headphones, speaker systems and others are regarded as discontinued operations in current year. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 7.

Segment revenue and results

Reconciliation of segment results reviewed by CODM which are different from the Group's results are as follows:

Year ended 31 December 2014	Speaker units *HK$'000*	Energy trading *HK$'000*	Total *HK$'000*
Segment revenue			
Sales to external customers	**517,115**	**34,002**	**551,117**
Segment results	**7,944**	**(73)**	**7,871**
Reconciliation:			
Unallocated expense			**(2,063)**
Unallocated income			**1,591**
Finance costs	**2**	**–**	**2**
Profit before tax from continuing operations			**7,401**
Income tax expenses			**(2,126)**
Profit for the year from continuing operations			**5,275**
Segment assets	**424,039**	**41,541**	**465,580**
Reconciliation:			
Unallocated assets			**978**
Total assets			**466,558**
Segment liabilities	**196,437**	**873**	**197,310**
Reconciliation:			
Unallocated liabilities			**1,811**
Total liabilities			**199,121**
Other segment information			
Capital expenditure on property, plant and equipment	**2,413**	**762**	**3,175**
Depreciation	**4,951**	**5**	**4,956**
Reversal of write down of inventories	**100**	**–**	**100**
Research and development expenses	**2,586**	**–**	**2,586**

Year ended 31 December 2013	Speaker units	Energy trading	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue			
Sales to external customers	433,643	–	433,643
Segment results	2,593	–	2,593
Reconciliation:			
Unallocated expense			(1,787)
Unallocated income			247
Profit before tax from continuing operations			1,053
Income tax expenses			(543)
Profit for the year from continuing operations			510
Segment assets	252,160	–	252,160
Reconciliation:			
Unallocated assets			978
Total assets			253,138
Segment liabilities	147,682	–	147,682
Reconciliation:			
Unallocated liabilities			1,435
Total liabilities			149,117
Other segment information			
Capital expenditure on property, plant and equipment	8,809	–	8,809
Depreciation	5,159	–	5,159
Reversal of write down of inventories	1,329	–	1,329
Research and development expenses	2,604	–	2,604

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

Geographical information

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

	Revenue from external customers Year ended		**Non-current assets**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Japan	**2,578**	92,481	**–**	–
United States of America	**3,923**	80,790	**–**	–
Belgium	**391,230**	57,745	**–**	–
PRC	**86,706**	48,277	**16,613**	18,514
Germany	**22,491**	33,456	**–**	–
Canada	**33,133**	–	**–**	–
Other countries	**11,056**	120,894	**–**	–
	551,117	433,643	**16,613**	18,514

Information about major customer

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset.

Revenue from a major customer which accounts for 10% or more of the Group's revenue from continuing operations is as follows:

	2014	2013
	HK$'000	*HK$'000*
Revenue from customer attributable to speaker units		
Company A	**458,938**	404,356

4. PROFIT BEFORE TAXATION

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**385**	465
Cost of inventories recognised as an expense including net reversal of write down of inventories of HK$100,000 (2013: HK$1,329,000)	**508,003**	402,708
Depreciation	**4,956**	5,159
Net exchange loss (included in other gains and losses)	**181**	1,537
Staff costs		
Directors' emoluments	**4,040**	780
Retirement benefit scheme contributions	**1,604**	1,144
Other staff costs	**68,802**	65,340
Total staff costs	**74,446**	67,264
Operating lease rentals in respect of rented premises	**8,671**	8,364
Interest income	**(1,603)**	(166)

5. TAXATION

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
The charge comprises:		
Current tax for the year		
Hong Kong	**546**	58
PRC Enterprise Income Tax	**1,135**	607
	1,681	665
Under (over) provision in prior years		
Hong Kong	**–**	(223)
PRC Enterprise Income Tax	**299**	–
	299	(223)
Deferred taxation		
Current year	**146**	101
	2,126	543

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

Pursuant to the relevant laws and regulations in the PRC, for the PRC subsidiaries without preferential tax rates, the subsidiary is subject to PRC Enterprise Income Tax at 25%.

Pursuant to the PRC Enterprise Income Tax Law and its detailed implementation rules, distribution of the profits earned by the PRC subsidiaries since 1 January 2008 shall be subject to PRC withholding tax. Deferred tax liability in respect of the withholding tax on the undistributed earnings of the Group's PRC subsidiary during the year has been provided at the applicable tax rate of 5%.

6. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
Interim dividend paid in respect of dividend declared for 2014 of HK$nil cents (2013: HK1.0 cent) per share	**–**	3,215

The directors do not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: HK$nil).

7. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

On 18 November 2013, the Group entered into a disposal agreement (the "Disposal Agreement") with Metro Star Investments Limited ("Metro Star"), which is 100% beneficially owned by Mr. Cheung Wah Keung, who is an ex-substantial shareholder, an ex-Executive Director and the ex-Chairman of the Company, to dispose of 100% equity interest in Tai Sing Industrial Company Limited ("TSI" or the "Disposal Group"), one of the subsidiaries of the Group, which has the headphones and speaker systems businesses for a consideration of HK$122.2 million (the "Disposal"). The Disposal was completed on 28 February 2014, on which date the Group lost control of the Disposal Group. The Group's headphones and speaker systems manufacturing and trading operations have been treated as discontinued operations accordingly.

The assets and liabilities attributable to the headphones and speaker systems businesses, which are expected to be disposed of within twelve months from 31 December 2013, have been classified as the disposal group held for sale as at 31 December 2013.

The (loss) profit from the discontinued operations is analysed as follows:

	2014	2013
	HK$'000	*HK$'000*
(Loss) Profit of discontinued operations for the year	**(2,970)**	5,073
Gain on disposal of TSI Group, net of transaction costs	**5,267**	–
	2,297	5,073

The results of headphones and speaker systems businesses are as follows:

	2014	2013
	HK$'000	*HK$'000*
Revenue	**83,320**	644,063
Cost of sales	**(74,322)**	(549,772)
Other income	**232**	1,375
Selling and distribution costs	**(1,408)**	(10,378)
Administrative expenses	**(7,177)**	(54,780)
Research and development expenses	**(3,181)**	(14,231)
Impairment loss recognised on trade debtors	**–**	(3,327)
Other gains and losses	**(69)**	(3,703)
Finance costs	**–**	(2)
(Loss) Profit before taxation	**(2,605)**	9,245
Taxation	**(365)**	(4,172)
(Loss) Profit for the year	**(2,970)**	5,073

(Loss) Profit for the year from the discontinued operations include the following:

	2014	2013
	HK$'000	*HK$'000*
Auditor's remuneration	**146**	310
Cost of inventories recognised as an expense including net write down of inventories of HK$420,000 (2013: HK$6,106,000)	**74,322**	549,772
Depreciation	**1,868**	12,826
Net exchange loss (included in other gains and losses)	**69**	3,606
Staff costs	**17,494**	131,307
Directors' emoluments	**566**	4,308
Retirement benefit scheme contributions	**724**	3,811
Other staff costs	**17,494**	131,283
Total staff costs	**18,784**	139,402
Operating lease rentals in respect of rented premises	**2,020**	11,705
Impairment loss recognised on trade debtors	**–**	3,327
Loss on disposal of property, plant and equipment (included in other gains and losses)	**–**	100
Interest income	**(180)**	(505)

The major classes of assets and liabilities of the headphones and speaker systems businesses as at 31 December 2013, which have been presented separately in the consolidated statement of financial position, are as follows:

	HK$'000
Property, plant and equipment	38,077
Rental deposits	399
Deposits for acquisition of property, plant and equipment	1,873
Inventories	62,466
Trade debtors, deposits and prepayments	210,903
Bank balances and cash	53,295
Total assets classified as held for sale	367,013
Trade creditors and accrued charges	207,827
Tax liabilities	2,262
Total liabilities associated with assets classified as held for sale	210,089

8. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2014	2013
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**7,572**	5,583
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**321,797**	321,545

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

	2014	2013
	HK$'000	*HK$'000*
Figures are calculated as follows:		
Profit for the year attributable to owners of the Company	**7,572**	5,583
Less: Profit for the year from discontinued operations	**2,297**	5,073
Profit for the purposes of basic and diluted earnings per share from continuing operations	**5,275**	510

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK0.71 cents (2013: HK1.58 cents). Based on the profit for the year from the discontinued operations of HK$2,297,000 (2013: HK$5,073,000) and the denominators detailed above for both basic and diluted earnings per share.

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options is higher than the average market price of the Company's share for both 2014 and 2013.

9. TRADE DEBTORS, DEPOSITS AND PREPAYMENTS

	2014	2013
	HK$'000	*HK$'000*
Trade debtors	**133,096**	128,520
Less: Allowance for doubtful debts	**–**	–
	133,096	128,520
Other debtors, deposits and prepayments	**49,568**	8,833
	182,664	137,353

An amount of HK$210,903,000 at 31 December 2013 (comprising (i) trade debtors of HK$195,290,000 (net of allowance for doubtful debts of HK$29,473,000); and (ii) other debtors, deposits and prepayments of HK$15,613,000) has been classified as held for sale in note 7.

Included in Group's debtors excluding those classified as held for sale are trade debtors with carrying amounts of HK$133,096,000 in 2014 (2013: HK$128,520,000), which were denominated in United States dollars which is a currency other than the functional currency of the respective group entity.

The Group normally allows a credit period of 30 days to 90 days (2013: 30 days to 90 days) to its trade customers and may further extend the credit period to selected customers depending on their trade volume and settlement history.

The following is an aged analysis of trade debtors (net of allowance for doubtful debts) presented based on the invoice dates at the end of the respective reporting periods, which approximated the respective revenue recognition dates. As at 31 December 2013, the analysis does not include the headphones and speaker systems businesses which are classified as held for sale in note 7.

	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**49,086**	54,600
31 to 60 days	**33,365**	34,381
61 to 90 days	**37,215**	38,854
91 to 120 days	**2,535**	419
Over 120 days	**10,895**	266
	133,096	128,520

Included in the Group's trade debtor balances are debtors with aggregate carrying amount of HK$51,087,000 (2013: HK$40,473,000) which have been past due at the end of reporting period. The Group does not hold any collateral over these balances. The balances that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on the past experience, the management estimated that the carrying amounts could be fully recovered, as there has not been a significant change in credit quality and there has been substantial settlement after the end of the reporting period. In addition, the Group enters into an agreement with an insurance company to cover part of the individual trade debts. Accordingly, the Group considers the amounts are recoverable, therefore, no impairment loss is considered necessary.

10. 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. As at 31 December 2013, the analysis does not include the headphones and speaker systems businesses which are classified as held for sale in note 7.

	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**60,154**	37,986
31 to 60 days	**40,600**	43,476
61 to 90 days	**31,306**	30,367
91 to 120 days	**35,301**	22,234
Over 120 days	**13,904**	2,347
	181,265	136,410
Accrued charges	**15,973**	11,272
	197,238	147,682

An amount of HK$207,827,000 at 31 December 2013 (comprising (i) trade creditors of HK$144,432,000; and (ii) accrued charges of HK$63,395,000) has been classified as held for sale in note 7.

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$8,571,000 (2013: HK$4,390,000) which are denominated in United States dollars that are currencies other than the functional currencies of the respective group entities.

11. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each:		
Authorised:		
At 1 January 2013, 31 December 2013 and 31 December 2014	500,000,000	5,000
Issued and fully paid:		
At 1 January 2013 and 31 December 2013	321,545,564	3,215
Issue of shares upon exercise of share options	900,000	9
At 31 December 2014	322,445,564	3,224

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

For the year of 2014, the demand of the Group's speaker drivers has recorded stable growth due to the relatively stable automotive market. However, the operating cost in the People's Republic of China (the "PRC") continued to rise mainly because of the escalated staff cost. This continuously affects the Group's profit margin.

With China's continued future economic growth, the Central Government's determination in reforming the oil and gas market, as well as the sheer scale of that market, China's energy industry offers exceptional opportunities. By maximizing such opportunities, the Group would be able to overcome difficulties and achieve diversified development of its business.

BUSINESS REVIEW

The speaker drivers business recorded an increase in the reporting year as the Group has been able to leverage ties with its long-standing business partners. For the year ended 31st December, 2014, its turnover was approximately of HK517,115,000 (2013: HK$433,643,000), a year-on-year of surge of 19.25%. The improvement was mainly contributed by the additional sales of speaker drivers for automobiles.

During the year under review, the Group commenced the business of energy trading and recorded a turnover of approximately HK34,002,000. As this new business is still at the initial stage of development, it would inevitably only slightly affect the Group's overall financial performance. Nonetheless, the Group believes that, through continuous development, energy trading should become the Group's major source of income in the near term. At the same time, we also believe that the energy trading would drive the Group to greater heights.

OPERATION REVIEW

The operating environment in the PRC remained challenging for the manufacturing sector during the year under review. With the expected increase of operating costs in China in 2015, we shall continue to implement tighter cost control measures in order to improve our profitability.

FINANCIAL REVIEW

Results Performance

For the year ended 31st December, 2014, the Group's turnover, from continuing and discontinued operations, decreased by 41.13% from that of last year to HK634,437,000 (2013: HK$1,077,706,000). The gross profit, from continuing and discontinued operations, dropped to 8.21% and the Group has reported a profit for the year of HK7,572,000 (2013: HK$5,583,000).

For the year under review, basic profit per share, from continuing and discontinued operations, reached approximately HK2.35 cents (2013: HK1.74 cents). The Board did not recommend the payment of a final dividend for the year ended 31st December, 2014 (2013: nil).

Liquidity and Financial Resources

As at 31st December, 2014, the Group maintained a healthy cash level with net cash (cash and cash equivalents less bank borrowings) of HK$228,063,000 (2013: HK$103,702,000 from continuing and discontinued segments) and unutilized banking facilities of HK$15,133,000 (2013: HK$15,503,000 from continuing and discontinued segments). The Group's current ratio, being the proportion of total current assets against total current liabilities, was 2.3 (2013: 1.7).

As at 31st December, 2014, the Group had no bank borrowings (2013: nil). The gearing ratio, being computed by dividing total borrowings by shareholders' equity, was nil as at 31st December, 2014 (2013: nil).

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, 2014, the Group had no material contingent liabilities.

Pledge on the Group's Assets

As at 31st December, 2014, no assets had been pledged to secure the Groups banking facilities.

PROSPECTS

As disclosed in the annual report of the Company for the year ended 31 December 2013 and the interim report of the Company for the six months ended 30 June 2014, apart from the speaker driver business for both automotive and other audio application, the Group has been actively exploring other investment opportunities that are beneficial to our Shareholders.

The Group has recently started engagement in the business of energy trading (including but not limited to fuel oil, oil and natural gas) ("Energy Trading"). The Group considers that this market has great potential. Looking ahead, the Group intends to develop Energy Trading and its related businesses. This should provide more opportunities for the Group to enhance the profitability.

The whole management team is committed to working closely together for the most timely stabilization of the operations and maintaining profitability for the Group and the investors.

EMPLOYEES

As at 31st December, 2014, the Group's work force totaled approximately 1,400 (2013: approximately 3,900 from continuing and discontinued segment) in Hong Kong and the PRC collectively. Staff costs (excluding directors' emoluments) amounted to approximately HK$88,624,000 (2013: HK$201,578,000 from continuing and discontinued segment). 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 does not recommend the payment of a final dividend for the year ended 31st December, 2014 (2013: nil).

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES AND THE LISTING RULES

The Company is committed to maintaining a high standard of corporate governance and has 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, 2014, 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, except for certain deviations disclosed below:

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.

The role of Chairman is assumed by Mr. Lin Caihuo. The Chairman formulates the overall strategic direction of the Group. Following the resignation of Mr. Su Zhiyong on 21st November 2014, the Company did not have any officer with the CEO title. The role of the CEO has been performed collectively by all the executive Directors of the Company thereafter. The Board considers that this arrangement allows contributions from all executive Directors with different expertise and is beneficial to the continuity of the Company's policies and strategies and the interest of the shareholders of the Company as a whole. The Board shall nevertheless review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.

Pursuant to Code A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. One independent non-executive director was unable to attend the extraordinary general meeting of the Company held on 24th January, 2014 as he was away from Hong Kong at the time.

Under Rules 3.10(1) and 3.10A of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors which must at least represent one-third of the board. Following the retirement of Mr. Lai Ming, Joseph ("Mr. Lai") on 23rd May, 2014 and the resignation of Dr. Lam King Sun, Frankie ("Dr. Lam") and Mr. Goh Gen Cheung ("Mr. Goh") on 30th November 2014, the number of independent non-executive Directors fell below the minimum number and proportion required under Rules 3.10(1) and 3.10A of the Listing Rules.

Under Rule 3.21 of the Listing Rules, the audit committee established by a listed issuer must comprise a minimum of three members. Following the retirement of Mr. Lai and the resignation of Dr. Lam and Mr. Goh, the Audit Committee had two members and one member only on 23rd May, 2014 and 30th November 2014 respectively. Hence the number of members of the Audit Committee fell below the minimum number required under Rule 3.21 of the Listing Rules.

During the reporting year, the Company appointed the following persons as independent non-executive directors to fill in the vacancies.

Mr. Yen Chanan ("Mr. Yen")	(appointed on 20th June 2014)
Mr. Lum Pak Sum ("Mr. Lum")	(appointed on 1st December 2014)
Mr. Tsui Man Yin ("Mr. Tsui")	(appointed on 1st December 2014)

At the above date of appointment, Mr. Yen was appointed as the chairman of the Audit Committee and Mr. Lum and Mr. Tsui were appointed as the members of the Audit Committee also. Following the above appointments, the Company has complied with Rules 3.10(1), 3.10A, 3.21 of the Listing Rules.

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 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. 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, 2014.

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, 2014.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31st December, 2014.

SCOPE OF WORK OF CHENG AND CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2014 as set out in this preliminary announcement have been agreed by the Group's auditor, Cheng and Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Cheng and Cheng Limited 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 Cheng and Cheng Limited on the preliminary announcement.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my sincere gratitude to our business partners and shareholders for their continued support. The management team and all staff members should also be lauded for their unwavering efforts and dedication to the Group.

By Order of the Board
Shinhint Acoustic Link Holdings Limited
Lin Caihuo
Chairman

Hong Kong, 20th March, 2015

As at the date of this announcement, the Company has three Executive Directors, namely Mr. Lin Caihuo (Chairman), Ms. Kang Guiping and Mr. Wang Enguang, one Non-Executive Director, namely Mr. Yip Yat Ming and three Independent Non-Executive Directors, namely Mr. Liu Yang, Mr. Lum Pak Sum and Mr. Tsui Man Yin.