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, 2013

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, 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31st December, 2013

	NOTES	**2013** **HK$'000**	2012 HK$'000 (restated)
Continuing operations			
Revenue	3	**433,643**	398,451
Cost of sales		**(402,708)**	(362,579)
Gross profit		**30,935**	35,872
Other income		**247**	394
Selling and distribution costs		**(4,232)**	(7,759)
Administrative expenses		**(21,736)**	(21,634)
Research and development expenses		**(2,624)**	(2,255)
Other gains and losses		**(1,537)**	(718)
Finance costs		**-**	(62)
Profit before taxation	4	**1,053**	3,838
Taxation	5	**(543)**	(1,283)
Profit for the year from continuing operations		**510**	2,555
Discontinued operations			
Profit (loss) for the year from discontinued operations	7	**5,073**	(35,953)
Profit (loss) for the year		**5,583**	(33,398)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

For the year ended 31st December, 2013

	NOTES	**2013** **HK$'000**	2012 HK$'000 (restated)
Profit (loss) attributable to owners of the Company			
- from continuing operations		**510**	2,555
- from discontinued operations		**5,073**	(35,953)
Profit (loss) for the year attributable to owners of the Company		**5,583**	(33,398)
Earnings (loss) per share	8		
From continuing and discontinued operations			
Basic (HK cents)		**1.74**	(10.39)
Diluted (HK cents)		**1.74**	(10.39)
From continuing operations			
Basic (HK cents)		**0.16**	0.79
Diluted (HK cents)		**0.16**	0.79

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2013

	2013	2012
	HK$'000	HK$'000
Profit (loss) for the year	**5,583**	(33,398)
Other comprehensive income (expense)		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**2,892**	(186)
Other comprehensive income (expense) for the year	**2,892**	(186)
Total comprehensive income (expense) for the year	**8,475**	(33,584)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2013

	NOTES	**2013**	2012
		HK$'000	HK$'000
Non-current Assets			
Property, plant and equipment		**16,887**	62,370
Intangible assets		**978**	978
Rental deposits		**649**	1,028
Deposits for acquisition of property, plant and equipment		**-**	1,518
		18,514	65,894
Current Assets			
Inventories		**46,864**	104,909
Trade debtors, deposits and prepayments	9	**137,353**	352,433
Tax recoverable		**-**	1,856
Bank balances and cash		**50,407**	87,421
		234,624	546,619
Assets classified as held for sale	7	**367,013**	-
		601,637	546,619
Current Liabilities			
Trade creditors and accrued charges	10	**147,682**	340,356
Tax liabilities		**598**	847
Bank borrowings - due within one year		**-**	15,000
		148,280	356,203
Liabilities associated with assets classified as held for sale	7	**210,089**	-
		358,369	356,203
Net Current Assets		**243,268**	190,416
Total Assets less Current Liabilities		**261,782**	256,310
Capital and Reserves			
Share capital	11	**3,215**	3,215
Reserves		**257,730**	252,359
Total Equity		**260,945**	255,574
Non-current Liability			
Deferred tax liability		**837**	736
		261,782	256,310

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 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 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 HKFRSs	Annual Improvements to HKFRSs 2009 - 2011 Cycle
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

<u>Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"</u>

The Group has applied the amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income". Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" and the "income statement" is renamed as the "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad:

- the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements; and
- disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realizable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. The application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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[1]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[2]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 - 2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 - 2013 cycle[3]
HK(IFRIC) - Int 21	Levies[2]

1 Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
2 Effective for annual periods beginning on or after 1st January, 2014.
3 Effective for annual periods beginning on or after 1st July, 2014.
4 Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions.
5 Effective for first annual HKFRS financial statements beginning on or after 1st January, 2016.

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors do not anticipate that the adoption of HKFRS 9 in the future will have material impact on amounts reported in respect of the Group's financial assets and financial liabilities.

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

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

The directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1st July, 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1st July, 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortization when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortization is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

<u>Annual Improvements to HKFRSs 2011-2013 Cycle</u>

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's consolidated financial statements.

The directors of the Company anticipate that the application of the other new and revised Standards and Interpretations issued but not yet effective will have no material effect on amounts reported in the consolidated financial statements and/or disclosures set out in these consolidated financial statements 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 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 revised its segment reporting for the purpose of more effective business analysis due to the convergence of technologies and product applications. The business activities of previously reported communication peripheral segment, portable audio segment and desktop audio segment are now combined into two segments, namely headphones and speaker systems. The business activities of speaker units (previously named as speaker drivers) and others remain unchanged. 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, the operations of speaker units becomes the single reportable and operating segment of the Group. Specifically, the Group's reportable and operating segment from continuing operations under HKFRS 8 "Operating Segments" is as follow:

Continuing operations

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

Discontinued operations

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

In addition, others include sales of miscellaneous parts and accessories.

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. Accordingly, the comparative figures have been restated.

Segment revenue and results

The segment revenue from speaker units business is the same as the Group's revenue from continuing operations for 2013 and 2012. Reconciliation of segment results reviewed by CODM which are different from the Group's results as are follows:

Continuing operations

	2013	2012
	HK$'000	HK$'000
		(restated)
Revenue – Speaker units	**433,643**	398,451
Segment result	**2,593**	5,381
Unallocated other income	**247**	394
Unallocated administrative expenses	**(1,787)**	(1,875)
Finance costs	**-**	(62)
Profit before taxation from continuing operations	**1,053**	3,838
Taxation	**(543)**	(1,283)
Profit for the year from continuing operations	**510**	2,555

Other information

Continuing operations

	2013	2012
	HK$'000	HK$'000 (restated)
Amounts included in the measure of segment result:		
Depreciation	**5,159**	5,241
Reversal of write down of inventories	**(1,329)**	(1,408)
Research and development expenses	**2,604**	2,354

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.

Total segment assets and liabilities are not disclosed as they set out in the consolidated statement of financial position.

Geographical information

The following table sets out information about the geographical location 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	
	2013	2012	**2013**	2012
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000
Japan	**92,481**	205	**-**	-
United States of America	**80,790**	71,183	**-**	-
Belgium	**57,745**	99,875	**-**	-
PRC	**48,277**	73,818	**18,514**	65,894
Germany	**33,456**	28,670	**-**	-
Canada	**-**	52,540	**-**	-
Other countries	**120,894**	72,160	**-**	-
	433,643	398,451	**18,514**	65,894

Information about major customer

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

	2013	2012
	HK$'000	HK$'000 (restated)
Revenue from customer attributable to speaker units		
Company A	**404,356**	325,105

4. PROFIT BEFORE TAXATION

	2013 HK$'000	2012 HK$'000 (restated)
Continuing operation		
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**465**	280
Cost of inventories recognised as an expense including net reversal of write down of inventories of HK$1,329,000 (2012: HK$1,408,000)	**402,708**	362,579
Depreciation	**5,159**	5,241
Net exchange loss (included in other gains and losses)	**1,537**	718
Staff costs		
Directors' emoluments (included share-based payment expense of HK$30,000 (2012: HK$72,000))	**780**	822
Retirement benefit scheme contributions	**1,144**	895
Other staff costs	**65,340**	53,484
Total staff costs	**67,264**	55,201
Operating lease rentals in respect of rented premises	**8,364**	8,223
Interest income	**(166)**	(67)

5. TAXATION

	2013 HK$'000	2012 HK$'000 (restated)
Continuing operations		
The charge comprises:		
Current tax for the year		
Hong Kong	**58**	250
PRC Enterprise Income Tax	**607**	694
	665	944
(Over)underprovision in prior years		
Hong Kong	**(223)**	(70)
PRC Enterprise Income Tax	**-**	252
	(223)	182
Deferred taxation		
Current year	**101**	157
	543	1,283

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, a PRC subsidiary of the Group is exempted from PRC Enterprise Income Tax for two years starting from its first profit-making year, or the year ended 31st December, 2008, whichever is earlier and is granted a 50% relief for the following three years. PRC Enterprise Income Tax is calculated at 12.5% for this PRC subsidiary which is eligible for the 50% relief for both years. Starting from 1st January, 2013, this PRC subsidiary is subject to PRC Enterprise Income Tax at 25%. For the PRC subsidiary without preferential tax rates, the subsidiary is subject to PRC Enterprise Income Tax at 25%.

6. DIVIDENDS

	2013	2012
	HK$'000	HK$'000
Dividend recognised as distribution during the year:		
Interim dividend paid in respect of dividend declared for 2013 of HK1.0 cent (2012: nil) per share	**3,215**	-

The directors do not recommend the payment of a final dividend for the year ended 31st December, 2013 (2012: nil).

7. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE

Discontinued operation on headphones and speaker systems businesses

On 18th November, 2013, the Group entered into a disposal agreement with Metro Star Investments Limited, which is 100% beneficially owned by Mr. Cheung Wah Keung, who is a substantial shareholder, an Executive Director and the Chairman of the Company, to dispose of 100% equity interest in Tai Sing Industrial Company Limited, one of the subsidiaries of the Group, which has the headphones and speaker systems businesses for an initial consideration of HK$122.2 million. (the "Disposal")

As at 31st December, 2013, the directors of the Company are of the opinion that the Disposal is highly probable. Hence, the headphones and speaker systems businesses are presented as discontinued operations and some of the comparative figures for the year ended 31st December, 2012 have been restated accordingly.

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

The headphones and speaker systems businesses are a cash generating unit ("CGU") for the purpose of impairment testing of the tangible assets. A CGU is considered to be impaired when its recoverable amount declines below its carrying amount.

The management conducted an impairment assessment of the Group's headphones and speaker systems businesses during the year ended 31st December, 2013 and determined that the recoverable amount of the CGU being the sales consideration in relation to the Disposal exceeds its carrying amount. Accordingly, no impairment loss has been recognised.

The profit (loss) for the year from the discontinued headphones and speaker systems businesses is set out below. The comparative figures in the statement of profit or loss have been restated to re-present the headphones and speaker systems businesses as discontinued operations.

	2013	2012
	HK$'000	HK$'000
Revenue	**644,063**	712,935
Cost of sales	**(549,772)**	(644,600)
Other income	**1,375**	550
Selling and distribution costs	**(10,378)**	(11,799)
Administrative expenses	**(54,780)**	(46,784)
Research and development expenses	**(14,231)**	(17,968)
Impairment loss recognised on trade debtors	**(3,327)**	(26,175)
Other gains and losses	**(3,703)**	(871)
Finance costs	**(2)**	(493)
Profit (loss) before taxation	**9,245**	(35,205)
Taxation	**(4,172)**	(748)
Profit (loss) for the year	**5,073**	(35,953)

Profit (loss) for the year from the discontinued operation include the following:

	2013	2012
	HK$'000	HK$'000
Auditor's remuneration	**310**	367
Overprovision in respect of prior year	**-**	(119)
Cost of inventories recognised as an expense including net write down of inventories of HK$6,106,000 (2012: HK$4,902,000)	**549,772**	644,600
Depreciation	**12,826**	16,002
Net exchange loss (included in other gains and losses)	**3,606**	885
Staff costs	**131,307**	131,694
Directors' emoluments (included share-based payment expense of HK$104,000 (2012: HK$262,000) and retirement benefit scheme contribution of HK$30,000 (2012: HK$28,000))	**4,308**	3,865
Retirement benefit scheme contributions	**3,811**	3,573
Other staff costs	**131,283**	131,583
Total staff costs	**139,402**	139,021
Operating lease rentals in respect of rented premises	**11,705**	11,270
Impairment loss recognised on trade debtors	**3,327**	26,175
Impairment loss reversed on other debtors	**-**	(42)
Loss (gain) on disposal of property, plant and equipment (included in other gains and losses)	**100**	(14)
Interest income	**(505)**	(395)

The major classes of assets and liabilities of the headphones and speaker systems businesses as at 31st 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 (LOSS) PER SHARE

From continuing and discontinued operations

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

	2013	2012
	HK$'000	HK$'000
Earnings (loss)		
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share	**5,583**	(33,398)
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**321,545**	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:

	2013	2012
	HK$'000	HK$'000
		(restated)
Figures are calculated as follows:		
Profit (loss) for the year attributable to owners of the Company	**5,583**	(33,398)
Less: Profit (loss) for the year from discontinued operations	**5,073**	(35,953)
Profit for the purposes of basic and diluted earnings per share from continuing operations	**510**	2,555

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK1.58 cents (2012: loss per share of HK11.18 cents), based on the profit for the year from the discontinued operations of HK$5,073,000 (2012: loss for the year of HK$35,953,000 as restated) and the denominators detailed above for both basic and diluted earnings (loss) per share.

The computation of diluted earnings (loss) 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 2013 and 2012.

9. TRADE DEBTORS, DEPOSITS AND PREPAYMENTS

	2013	2012
	HK$'000	HK$'000
Trade debtors	**128,520**	352,179
Less: Allowance for doubtful debts	**-**	(26,175)
	128,520	326,004
Other debtors, deposits and prepayments	**8,833**	26,429
	137,353	352,433

An amount of HK$210,903,000 at 31st 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.

Included in Group's debtors excluding those classified as held for sale are trade debtors with carrying amounts of HK$128,520,000 (2012: HK$314,890,000) 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 (2012: 30 days to 105 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 31st December, 2013, the analysis does not include the headphones and speaker systems businesses which are classified as held for sale.

	2013 HK$'000	2012 HK$'000
0 to 30 days	**54,600**	73,846
31 to 60 days	**34,381**	111,657
61 to 90 days	**38,854**	81,643
91 to 120 days	**419**	52,883
Over 120 days	**266**	5,975
	128,520	326,004

Included in the Group's trade debtor balances are debtors with aggregate carrying amount of HK$40,473,000 (2012: HK$46,101,000) 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 31st December, 2013, the analysis does not include the headphones and speaker systems businesses which are classified as held for sale.

	2013 HK$'000	2012 HK$'000
0 to 30 days	**37,986**	91,958
31 to 60 days	**43,476**	66,915
61 to 90 days	**30,367**	55,807
91 to 120 days	**22,234**	50,106
Over 120 days	**2,347**	17,141
	136,410	281,927
Accrued charges	**11,272**	58,429
	147,682	340,356

An amount of HK$207,827,000 at 31st 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.

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$4,390,000 (2012: HK$91,602,000) and HK$nil (2012: HK$39,000) which are denominated in United States dollars and Renminbi, respectively 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 1st January, 2012, 31st December, 2012 and 31st December, 2013	500,000,000	5,000
Issued and fully paid:		
At 1st January, 2012, 31st December, 2012 and 31st December, 2013	321,545,564	3,215

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The year of 2013 saw gradual economic recovery in most of the Group's export markets. Thanks also to the growth of smartphones and tablet computers, the overall demand of the Group's electro-acoustic products was increasing. However, the operating cost in the PRC continued to rise mainly attributable to the appreciated RMB, increased minimum wage and rising CPI. These unfavorable factors, coupled with the long-standing competitive environment, the Group's profit margin continued to get pressured.

On the technology front, the application of wireless audio streaming on headphones and portable speakers grew substantially during the reporting period. The Group was able to capitalise the R&D investment we have made in previous years and seeing wider applications on our products.

Business Review

The Speaker Drivers business recorded a moderate increase in the reporting year. For the year ended 31st December, 2013, its turnover was HK$433,643,000 (2012: HK$398,451,000), a year-on-year surge of 8.8%. The improvement was mainly attributable sales growth to the automotive industry, while the turnover of the traditional audio and video applications dropped because of the severe competition.

The combined turnover of the discontinued segments, comprised of Speaker Systems, Headphones and Others, for the reporting period was HK$644,063,000 (2012: HK$712,935,000), representing a year-on-year decrease of 9.7%. The drop was mainly caused by the planned discontinuation of some low margin products. The turnover loss was partially compensated by the introduction of various new portable wireless speakers, which were providing much healthier profit margin that helped the Group resumed profitability.

During the reporting year, the Group has concluded an export insurance policy with a major insurance company. It has substantially reduced the collection risk of the Group and allowed more flexible selling approach for business expansion.

In terms of geographical coverage, for the combined turnover of the continuing and discontinued segments, the United States remained the Group's largest market, accounting for 29% of turnover for the year ended 31st December, 2013. The PRC recorded 19% of the turnover of the Group, while the Netherlands remained the third at 13%. It was a healthy balance of geographical risk.

Operation Review

On 1st May, 2013, the mandatory minimum wage of Dongguan City was increased by 19.1% compared with preceding salary level, together with the appreciated RMB and increased CPI, the operating environment in the PRC remained challenge to the manufacturing sector. With the expected increase of operating cost in China in 2014, we shall continue to focus on cost control for the Group.

Financial Review

Results Performance
For the year ended 31st December, 2013, the Group's turnover, from continuing and discontinued operations, decreased by 3.0% from that of last year to HK$1,077,706,000 (2012: HK$1,111,386,000). The gross profit, from continuing and discontinued operations, increased to 11.6% and the Group has reported a profit for the year of HK$5,583,000 (2012: loss of HK$33,398,000).

For the year under review, basic earnings per share, from continuing and discontinued operations, reached approximately HK1.7 cents (2012: basic loss per share of HK10.4 cents). An interim dividend of HK cent 1 per share was paid during the year. The Board did not recommend the payment of a final dividend for the year ended 31st December, 2013 (2012: nil).

Liquidity and Financial Resources
As at 31st December, 2013, the Group maintained a healthy cash level with net cash (cash and cash equivalents less bank borrowings), from continuing and discontinued segments, of HK$103,702,000 (2012: HK$72,421,000) and unutilised banking facilities, from continuing and discontinued segments, of HK$15,503,000 (2012: HK$56,007,000). The Group's current ratio, being the proportion of total current assets against total current liabilities, was 1.7 (2012: 1.5).

As at 31st December, 2013, the Group had no bank borrowings (2012: HK$15,000,000). The gearing ratio, being computed by dividing total borrowings by shareholders' equity, was nil as at 31st December, 2013 (2012: 5.9%).

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, 2013, the Group had no material contingent liabilities.

Pledge on the Group's Assets
As at 31st December, 2013, no assets had been pledged to secure the Group's banking facilities.

Material Disposal

On 18th November, 2013, the Group entered into a disposal agreement with Metro Star Investments Limited, which is 100% beneficially owned by Mr. Cheung Wah Keung, who is a substantial shareholder, an Executive Director and the Chairman of the Company, to dispose of 100% equity interest in Tai Sing Industrial Company Limited (TSI), one of the subsidiaries of the Group, which has headphones and speaker systems businesses for an initial consideration of HK$122.2 million.

Prospects

After the disposal of TSI on 28th February 2014, the Group would have received a significant amount of proceed for expanding the core business of the remaining group. Efforts will be put on expanding the Speaker Driver business for both automotive and audio applications. The Group will also keep eyes on other investment opportunities that are beneficial to our shareholders.

Employees

As at 31st December, 2013, the Group's work force totaled, from continuing and discontinued segment, approximately 3,900 (2012: approximately 4,200) in Hong Kong and the People's Republic of China (the "PRC") collectively. Staff costs (excluding directors' emoluments) amounted to approximately HK$201,578,000 (2012: HK$189,535,000). 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 does not recommend the payment of a final dividend for the year ended 31st December, 2013 (2012: nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 21st May, 2014 to Friday, 23rd May, 2014 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for 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 Tuesday, 20th May, 2014.

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, 2013, 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.

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, 2013.

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, 2013.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31st December, 2013.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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, 2013 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 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
Cheung Wah Keung
Chairman

Hong Kong, 21st March, 2014

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