

**SHINHINT ACOUSTIC LINK HOLDINGS LTD:
ITS FUTURE IS LINKED TO JUST FIVE CUSTOMERS**

The next time that an uninformed person claims that electronic products, manufactured in the People's Republic of China (PRC) are not to be trusted, one may only mention one word: Logitech.

This is because the Logitech Group, which has offices in a number of countries, has many of its products, such as headphones for personal computers, speakers systems for personal computers, headsets for personal computers and golf-ball cameras, also known as webcams, manufactured by Shinhint Acoustic Link Holdings Ltd.

Shinhint Acoustic recently went public on the Main Board of The Stock Exchange of Hongkong and is, today, known by Stock Code Number 2728.

The Company has only been in existence since June 1990 and appears to be making quite a name for itself in its field although the glory for its products goes to its major customer, Logitech Incorporated, which contracts with Shinhint Acoustic on an ODM* or OEM* basis.

ODM = **Original Design Manufacturing**, in which the customer submits the basic design, including electronic circuits, and the manufacturer is responsible for the peripheral design, procurement of raw materials and parts as well as manufacturing the product, which is marketed and sold under the customer's brand name

OEM = **Original Equipment Manufacturing**, in which products are manufactured, in whole or in part, in accordance with specifications of the customer, who markets the product under his own brand name

While it is a given that the products of Shinhint Acoustic are, generally, of a very high standard, a weakness of this Company is that it is reliant on just 5 customers, with Logitech, being the biggest single customer.

The Flotation

Prospective investors of the Hongkong Special Administrative Region (HKSAR) of the PRC, on June 30, 2005, were presented with the Placing and Offer Prospectus of Shinhint Acoustic Link Holdings Ltd as this Company sought to collect about \$HK58.50 million by Offering a total of 75 million, one-cent Shares at a Premium of between 79 cents per Share and \$HK1.06 per Share.

After all the applications for Shares were tallied, the Offer Price was set at just 80 cents per Share since the flotation was not the hottest thing to hit the territory by a long shot.

The Public Offer Tranche of the float was only 7.50 million Shares and this Tranche was said to have been about 2.20 times oversubscribed.

The Placing Tranche of 67.50 million Shares were 'fully subscribed', the Company announced.

This Company stated that it wanted to raise money for the following purposes:

1. \$HK24 million to '*enhancing the Group's manufacturing capabilities and capacity*';

2. \$HK18 million to 'enhance product development capability';
3. \$HK10.10 million to retire some bank borrowings;
4. \$HK4 million to update Management's information systems; and,
5. \$HK2.40 million to be used as General Working Capital.

Since the Company only was able to gather about \$HK51 million from this flotation, it stands to reason that Item Number One and/or Item Number Two of the net proceeds will have to be reined in, materially.

In respect of Item Number 3 in the use of net proceeds, the retirement of some bank debt, Page 111 of the Prospectus states that, as at April 30, 2005, Shinhint Acoustic owed its bankers about \$HK23.80 million. However ... [CLICK TO ORDER FULL ARTICLE](#)

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